



# 星空華文控股有限公司 STAR CM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6698



## 2025 ANNUAL REPORT

# Contents

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	8
Report of Directors	22
Directors and Senior Management	52
Corporate Governance Report	56
Environmental, Social and Governance Report	82
Independent Auditor's Report	119
Consolidated Statement of Profit or Loss	124
Consolidated Statement of Comprehensive Income	125
Consolidated Statement of Financial Position	126
Consolidated Statement of Changes in Equity	128
Consolidated Statement of Cash Flows	129
Notes to the Financial Statements	131
Financial Summary	236
Definitions and Glossary of Technical Terms	237

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Tian Ming (*Chairman and Chief Executive Officer*)

Mr. Jin Lei

Mr. Xu Xiangdong

Mr. Lu Wei

Ms. Wang Yan

Ms. Shen Ning

### Independent Non-executive Directors

Mr. Li Liangrong

Mr. Chen Rehao

Mr. Sheng Wenhao

## AUDIT COMMITTEE

Mr. Chen Rehao (*Chairman*)

Mr. Li Liangrong

Mr. Sheng Wenhao

## REMUNERATION COMMITTEE

Mr. Li Liangrong (*Chairman*)

Mr. Jin Lei

Mr. Chen Rehao

## NOMINATION COMMITTEE

Mr. Tian Ming (*Chairman*)

Mr. Chen Rehao

Mr. Li Liangrong

## COMPANY SECRETARY

Ms. Cheng Lai (appointed on 22 December 2025)

Ms. Wang Yan (resigned on 22 December 2025)

Ms. Leung Wing Han Sharon (resigned on 22 December 2025)

## AUTHORIZED REPRESENTATIVES

Ms. Wang Yan

Ms. Cheng Lai

## AUDITOR

Crowe (HK) CPA Limited

Registered Public Interest Entity Auditor

9/F, Leighton Centre

77 Leighton Road

Causeway Bay

Hong Kong

## REGISTERED OFFICE

P.O. Box 309, Ugland House

Grand Cayman KY1-1104

Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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No. 158 Longqi Road

Shanghai, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place

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Hong Kong

## LEGAL ADVISORS

### As to Hong Kong law

Zhong Lun Law Firm LLP  
4/F, Jardine House  
1 Connaught Place  
Central, Hong Kong

### As to PRC law

Zhong Lun Law Firm  
6/10/11/16/17F  
Two IFC, 8 Century Avenue  
Pudong New Area, Shanghai  
PRC

### As to Cayman Islands law

Maples and Calder (Hong Kong) LLP  
26th Floor, Central Plaza  
18 Harbour Road  
Wan Chai, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## PRINCIPAL BANKS

China CITIC Bank Shanghai Wanping  
Road Sub Branch  
203 Wanping South Road  
Shanghai  
PRC

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

China Merchants Bank Shanghai Branch  
No. 1092 Hualing Road  
Baoshan District, Shanghai  
PRC

## STOCK CODE

6698

## COMPANY WEBSITE

[www.starcmgroup.com](http://www.starcmgroup.com)



# Chairman's Statement

Dear Shareholders,

On behalf of our Board, I hereby present you the annual report of our Group for the year ended December 31, 2025.

## FINANCIAL HIGHLIGHTS

For the year ended December 31, 2025, our Group recorded a revenue of RMB168.3 million, representing a slight increase from RMB163.1 million in 2024. Our gross profit increased to RMB88.1 million from RMB40.0 million in the prior year, with the gross profit margin improving to 52.3% from 24.5% in 2024. This improvement was largely attributable to a strategic shift in our variety program business towards higher-margin directing and post-production services.

Our net loss amounted to RMB118.8 million in 2025 as compared to the net loss of RMB230.0 million in 2024. The reduction in net loss in 2025 was primarily attributable to (a) an increase in our gross profit margin from 24.5% in 2024 to 52.3% in 2025, through enhanced cost control measures and improved operational efficiency; (b) a significant decrease in impairment loss on goodwill from RMB48.5 million in 2024 to RMB3.0 million in 2025, following a large impairment recognized by our Group in the prior year; and (c) a decrease in administration expenses from RMB90.4 million in 2024 to RMB49.6 million in 2025, driven by cost control measures and a reduction in staff numbers. Nevertheless, our Group still recorded a net loss in 2025, primarily due to impairment charges on properties held by certain associates of the Group which led to a significant change in the carrying value of these investments.

## BUSINESS REVIEW

### Industry Challenges

The year 2025 presented a challenging operating environment for China's cultural entertainment industry. The traditional variety program sector continued to face structural headwinds, including intense content saturation leading to viewer fatigue with derivative formats, rising production costs, and shrinking advertising budgets. Major broadcasting platforms and streaming services have fundamentally shifted their strategies, pivoting from advertiser-driven models toward direct user monetization, which has increased scrutiny on content investment returns and raised the bar for project approval.

These industry-wide pressures have resulted in a reduction in the number of large-scale variety programs commissioned, compressed profit margins across the sector, and heightened competition for audience attention from emerging formats such as short-form videos and micro-dramas. The polarization of the market, where a small number of blockbuster programs capture the majority of viewership and advertising spend, has made it increasingly difficult for mid-tier productions to achieve profitability.

### Group Performance

Against this challenging backdrop, our Group's performance during the Reporting Period remained at a low level. While our programs have historically been recognized for their production quality, the business environment has become increasingly difficult. One of our core variety programs has been affected by certain events since 2023, and the overall reduction in market demand for traditional variety formats has impacted our revenue generation capacity in this segment.

Despite these rapid changes and the surge of new program launches, we believe our competitive position remains resilient. Based on our internal tracking of publicly available industry data, we estimate that we remained among the top tier of China's variety program IP creators during the Reporting Period by volume of new projects delivered. However, we recognize that maintaining market share in a contracting segment is not sufficient to ensure sustainable growth, and we have therefore taken decisive steps to diversify our business model.

### **Variety Program IP Production, Operation and Licensing**

In response to these industry challenges and the underperformance of certain core programs since 2023, our Group strategically pivoted its variety program operations in 2025 from full-scale production management to specialized directing and post-production services. For the year ended December 31, 2025, our Group participated in the directing and post-production services of several variety programs, namely, "Singing for the Central Axis of Beijing" (最美中軸線) on Beijing Radio & Television Station, "Sing! Asia" (亞洲新聲) on iQIYI platform, "The Top Racer" (風馳賽車手) on Youku platform and "Let's Go! Singing Tour Crew" (出發吧唱遊團) on Tencent platform. In addition, we participated in the directing services for an AI music variety show, which is scheduled to air in 2026. Our Group has been actively exploring strategic cooperation opportunities with other broadcasting platforms.

### **Music IP Operation and Licensing**

Our music IP operation and licensing business continues to demonstrate the power of our content library as a source of sustainable value, even in a challenging market. As at December 31, 2025, our music library contained 9,948 IPs, consisting of 3,765 live music recordings produced during the creation of our music variety programs, 3,859 songs produced for our managed artists, and 2,324 lyrics and music compositions licensed and acquired.

### **Film and Drama Series IP Operation and Licensing**

A cornerstone of our diversified IP strategy is our extensive and valuable film library, which has provided a stable revenue base during the Reporting Period. By combining this rich asset base with our experienced in-house production teams and long-standing cooperative relationships with major media platforms, we have continued to expand our footprint in both film licensing and drama series production.

As at December 31, 2025, our Group owned and operated a large library consisting of 757 Chinese film IPs and one drama series "Reading Class" (閱讀課) produced by our Group.

However, we also recognize the challenges in this segment. The film licensing market has become increasingly competitive, with online platforms exercising greater bargaining power and consolidating their content acquisition strategies. The anticipated timeline for new drama series production has also been subject to delays due to regulatory review processes and changing platform commissioning priorities.



## Chairman's Statement

### Other IP-related Business

Our Group's other IP-related business primarily includes (i) artist management; (ii) concert organization and production; (iii) art education and training; (iv) mobile apps; (v) consumer products; and (vi) themed attractions. As at December 31, 2025, we had a total number of 65 managed artists.

As noted in the "Management Discussion and Analysis" section in this Report, the revenue, gross profit, and gross profit margin of our variety programs are subject to inherent volatility due to factors such as cooperation models, platform negotiations, the macroeconomic environment, and shifting audience preferences. Our financial performance may therefore fluctuate from year to year, and our diversification into short dramas, comic series, interactive film-games, and AI-driven content is intended to mitigate these risks over the long term.

### PROSPECTS

Our Group maintains confidence in the long-term potential of China's cultural entertainment IP industry. However, we recognize that the business environment in 2025 and the near future presents a complex landscape of both significant challenges and transformative opportunities. Our strategy is therefore built on a realistic assessment of these market dynamics.

According to official data released by the National Bureau of Statistics, China's cultural and related industries demonstrated resilience and vitality in 2025, recording steady overall growth. However, this growth has been unevenly distributed. Cultural enterprises operating in "new business forms", such as short-dramas, live-streaming e-commerce integration, and AI-driven content, have grown at a much faster pace, contributing the majority of the industry's overall expansion. In contrast, traditional content formats, such as conventional variety shows and long-form dramas, have experienced flat or declining growth. This polarization of the market confirms our strategic decision to diversify beyond traditional formats while also highlighting the risks of remaining reliant on legacy business models.

Looking ahead to 2026, our strategic focus will be on navigating challenges while pursuing growth through three key initiatives. We will accelerate AI integration in content creation, with our first interactive film-game and AI-powered comic series expected by mid-2026, alongside a newly established AI-driven music joint venture. These efforts require upfront investment but are essential for long-term competitiveness. We will expand short-form content by leveraging our library of over 700 film titles to develop dramas, comic series, and interactive film-games, actively seeking diversified collaborations to revitalize our classic IPs. And we will maintain prudent financial management, upholding our conservative strategy and continued cost control, supported by a solid cash position that provides flexibility to invest while navigating market uncertainties.

Our performance in the coming year will be measured not only by our financial results but also by our progress on these strategic fronts. Key performance indicators will include: (i) the number of short-drama, comic series, and interactive film-game projects launched and their viewership metrics; (ii) the growth in licensing revenue from our core film and music libraries; and (iii) the successful implementation of AI tools to achieve measurable cost savings.

While challenges remain, including sustained market pressure on traditional formats, execution risks associated with new initiatives, and broader macroeconomic uncertainties, we are confident that our clear strategic focus, our valuable IP assets, and the dedication of our team position us to navigate the changing landscape and capture the opportunities that lie ahead.

### APPRECIATION

On behalf of our Board, may I express my sincerest gratitude to our Shareholders, audience members, customers, suppliers and business partners for making our Group's business journey a worthwhile one. I would also like to send my warmest thanks to all our management and staff members for their hard work and dedication throughout the year.

**Mr. Tian Ming**

Chairman and Executive Director

Hong Kong, March 27, 2026

# Management Discussion and Analysis

## BUSINESS OVERVIEW

### Business Analysis by Business Line

#### (i) Variety Program IP Production, Operation and Licensing

As always, the programs produced by our Group have earned the trust of major broadcasting platforms and popularity among audience for the high quality production contents.

For the year ended December 31, 2025, our Group participated in the directing and post-production service of several variety programs, namely, "Singing for the Central Axis of Beijing" (最美中軸線) on Beijing Radio & Television Station, "Sing! Asia" (亞洲新聲) on iQIYI platform, "The Top Racer" (風馳賽車手) on Youku platform and "Let's Go! Singing Tour Crew" (出發吧唱遊團) on Tencent platform. In addition, we participated in the directing services for an AI music variety show, which is scheduled to air in 2026. Our Group has been actively exploring strategic cooperation opportunities with other broadcasting platforms.

The revenue, gross profit and gross profit margin of our variety programs are affected by multiple factors, including but not limited to (i) the cooperation model we adopted for the programs; (ii) our negotiations with investing media platforms; (iii) the overall economic environment; and (iv) shift in audience preferences. As a result, due to the inherent risks in the business model of our variety program intellectual property ("IP") production, operation and licensing, our financial performance may fluctuate from year to year. For details, see the section headed "Financial Review" in this announcement.

#### (ii) Music IP Operation and Licensing

As at December 31, 2025, our Group's music library contained 9,948 IPs, consisting of 3,765 live music recordings produced during the creation of our music variety programs, 3,859 songs produced for our managed artists, and 2,324 lyrics and music compositions.

#### (iii) Film and Drama Series IP Operation and Licensing

Our Group has leveraged our extensive film library, experienced in-house professional teams and long-term cooperative relationships with media platforms to actively expand into the fields of film licensing and drama series production.

As at December 31, 2025, our Group owned and operated a large library consisting of 757 Chinese film IPs and one drama series "Reading Class" (閱讀課) produced by our Group.

Our Group generally licenses our films to domestic and overseas TV networks and online video platforms for rebroadcasting in exchange for a fixed licensing fee during a specified timeframe. The licensing fee is usually determined based on certain factors, including the number of films licensed and the length of the licensing period.

### (iv) Other IP-related Business

Our Group's other IP-related business primarily includes (i) artist management; (ii) concert organization and production; (iii) art education and training; (iv) mobile apps; (v) consumer products; and (vi) themed attractions. As at December 31, 2025, we had a total number of 65 managed artists.

## FUTURE DEVELOPMENT

Looking ahead, our Group is dedicated to leveraging our strengths and experience to create more cultural and entertainment IPs to accommodate the fast-changing market demands and audience preferences in the industry. Our development initiatives include:

- Further strengthening our IP creation and operation capabilities: We will continue to operate our music IP library and film IP library. We will further enhance our content production capabilities in the field of variety programs, music, films and drama series, and enrich the genres and themes of our IPs. We are deeply aware that AI is exerting a profound impact on the entertainment industry, with the potential to fundamentally reshape the market landscape. In response, we have adopted a proactive approach, continuously exploring the effective integration of AI technologies with our core content assets. Currently, we are collaborating with partners to advance the application of AI in content creation, and are in the process of developing our first interactive film-game and our first AI-powered comic series, with initial outcomes expected by mid-2026. In addition, at the end of 2025, we established a joint venture with a partner focusing on AI-driven music, further strengthening our presence in the music sector.

At the same time, we firmly believe that no matter how AI evolves, IP, along with the core creativity and content it embodies, will always represent a source of value that technology cannot replace. We will continue to enrich our IP portfolio and remain committed to becoming a creator and operator of IP, driving long term growth through high quality content.

- Further expanding our audience outreach and brand influence, and enhance our monetization capabilities: We will continue to establish and expand distribution channels to reach wider audience. We will increase the number of our partner television platforms, online video platforms, and music service providers, while diversifying our distribution channels. Music and songs produced for our artists have also been released on numerous overseas streaming platforms. At the same time, we will prudently develop IP-centered experience centers, electronic music hubs, and street dance centers to offer immersive offline experiences. We will continue to attract talented artists from around the world to further enhance the influence and value of our cultural and entertainment IP in the global market.
- Further expanding our business through acquisitions and joint ventures with partner companies: We will closely monitor and continuously evaluate high-quality acquisition targets and equity partners that are complementary to our business and aligned with our strategy. Our goal is to effectively integrate premium industry resources along the upstream and downstream of the entertainment market value chain, so as to further accelerate our Group's business expansion.



## Management Discussion and Analysis

- Continuing to attract talents and build our team: We provide excellent training, highly competitive compensations and incentive plans for our employees. We plan to attract top talents in the fields of IP production, operation and management via continuous improvements in our talent acquisition and retention system.

We believe that, despite certain challenges in the market environment, the overall prospects of China's cultural and entertainment IP industry, as well as the business environment in which the Group operates, remain underpinned by solid growth potential. The Group is confident that, leveraging our vision in the entertainment industry and our experienced management team, we will continue to strengthen our competitive position in the variety show segment and deliver high-quality content to our audiences.

### PROSPECTS

Our Directors are of the view that, in recent years, despite a reduction in the number of large-scale variety shows and sustained pressure on the market environment, our Group's performance during the Reporting Period remained at a low level. Nevertheless, we have consistently remained committed to content creation and have stayed at the forefront of the entertainment industry. We firmly believe that the overall prospects of China's cultural and entertainment IP industry, as well as the business environment in which our Group operates, will continue to offer broad development opportunities in the future.

Leveraging our vision in the entertainment industry and our experienced management team, our Group will continue to strengthen our leading position in the variety show segment and is dedicated to delivering high-quality content to audiences. At present, our Group owns a library of over 700 film titles, which have been distributed globally over the years, while our overall business remains relatively stable in terms of market and sales performance.

In parallel, our Group is actively expanding into emerging sectors such as short-form dramas, comic series, and interactive film-games, and is continuously exploring the integration of short-form video with e-commerce, content industries, and social platforms, with the aim of converting these opportunities into commercial prospects and revenue streams. Although achieving significant results in the short term presents challenges, our Group remains steadfast in its strategy of revitalizing our existing film library resources through formats such as micro-dramas and comic series, striving to produce short-form content that meets the needs of today's users and breathing new life into classic IP.

Our Group also owns an extensive music library and a roster of signed artists. We will carefully assess the impact of artificial intelligence on the music industry and actively explore commercialization pathways in the field of AI-driven music in collaboration with our partners.

Furthermore, our Group places great emphasis on the in-depth application of AIGC technologies in the entertainment sector, with a view to reducing costs and enhancing user experience through technological empowerment, thereby further strengthening the efficiency and innovation capabilities of content creation.

Notwithstanding the challenges outlined above, our Group will continue to maintain a prudent approach toward the overall outlook of both the Chinese economy and the global economy, and will proactively take appropriate measures to address any changes that may affect our Group's business, financial condition, operating results, and future development.

## FINANCIAL REVIEW

### Overview

For the year ended December 31, 2025, we recorded revenue of RMB168.3 million, a slightly increase from RMB163.1 million in 2024. This was primarily due to an increase in revenue from license renewals of the old songs in our Group's music library, which offset a decline in other IP-related business. Our gross profit increased to RMB88.1 million in 2025 from RMB40.0 million in 2024, with the gross profit margin improving to 52.3% in 2025 from 24.5% in 2024. This improvement was largely attributable to a strategic shift in our variety program business towards higher-margin directing and post-production services.

Our net loss amounted to RMB118.8 million in 2025 as compared to the net loss of RMB230.0 million in 2024. The reduction in net loss in 2025 was primarily attributable to (a) an increase in our gross profit margin from 24.5% in 2024 to 52.3% in 2025, through enhanced cost control measures and improved operational efficiency; (b) a significant decrease in impairment loss on goodwill from RMB48.5 million in 2024 to RMB3.0 million in 2025, following a large impairment recognized by our Group in the prior year; and (c) a decrease in administration expenses from RMB90.4 million in 2024 to RMB49.6 million in 2025, driven by cost control measures and a reduction in staff numbers. Nevertheless, our Group still recorded a net loss in 2025, primarily due to impairment charges on properties held by certain associates of the Group which led to a significant change in the carrying value of these investments.

### Revenue by Business Line

During the years ended December 31, 2025 and 2024, we generated our revenues primarily from (i) variety program IP production, operation and licensing; (ii) music IP operation and licensing; (iii) film and drama series IP operation and licensing; and (iv) other IP-related business. The table below sets forth a breakdown of our revenue by business segment for the years ended December 31, 2025 and 2024:

	For the year ended	
	December 31,	
	2025	2024
	<i>(RMB in millions)</i>	
Variety program IP production, operation and licensing	39.1	33.9
Music IP operation and licensing	31.5	14.0
Film and drama series IP operation and licensing	62.2	60.6
Other IP-related business	35.5	54.6
<b>Total</b>	<b>168.3</b>	163.1



## Management Discussion and Analysis

### (i) Variety Program IP Production, Operation and Licensing

Our revenue generated from variety program IP production, operation and licensing consists primarily of (i) revenue from advertising sales; (ii) commission received from producing variety programs; (iii) licensing fees received from licensing the broadcasting rights of our variety programs; and (iv) licensing fees received from licensing the right to host offline entertainment events.

Our Group's revenue generated from variety program IP production, operation and licensing increased by 15.3% from RMB33.9 million for the year ended December 31, 2024 to RMB39.1 million for the year ended December 31, 2025, primarily due to a slight increase in the scale of variety programs as compared to that in 2024.

### (ii) Music IP Operation and Licensing

Our revenue generated from music IP operation and licensing consists primarily of the royalties or licensing fees received from licensing the music IPs we produced to music service providers such as (i) online music platforms; (ii) media companies; and (iii) karaoke operators. Revenue generated from music IP operation and licensing increased by 125.0% from approximately RMB14.0 million in 2024 to approximately RMB31.5 million in 2025. The increase was primarily due to a significant increase in revenue from license renewals of the old songs in our Group's music library in 2025.

### (iii) Film and Drama Series IP Operation and Licensing

Our revenue generated from film and drama series IP operation and licensing consists primarily of the licensing fees received from licensing the broadcasting rights of the films in our film IP library. Revenue generated from film and drama series IP operation and licensing remained stable, and recorded approximately RMB60.6 million and RMB62.2 million in 2024 and in 2025 respectively.

### (iv) Other IP-related Business

Our revenue generated from other IP-related business primarily consists of (i) service fees received from customers who engaged our artists for concerts, tours, in-person appearances and endorsement deals, and (ii) ticket sales from the concerts that we organized. Revenue generated from other IP-related business decreased by 35.0% from approximately RMB54.6 million in 2024 to approximately RMB35.5 million in 2025, primarily due to (i) the expiration of contracts with several contracted artists, resulting in a decline in commercial performance income, and (ii) a decrease in the number of offline events, leading to reduced revenue.

## Cost of Sales

The following table sets forth our cost of sales by business segment for the years ended December 31, 2025 and 2024:

	For the year ended	
	December 31,	
	2025	2024
	<i>(RMB in millions)</i>	
Variety program IP production, operation and licensing	14.4	56.9
Music IP operation and licensing	12.8	4.9
Film and drama series IP operation and licensing	21.8	20.2
Other IP-related business	31.2	41.1
<b>Total</b>	<b>80.2</b>	123.1

### (i) Variety Program IP Production, Operation and Licensing

Cost of sales associated with variety program IP production, operation and licensing significantly decreased by 74.7% from RMB56.9 million in 2024 to RMB14.4 million in 2025, which was primarily due to (i) the provision of directing and post-production services for variety program IPs, which led to a decrease in production costs; and (ii) the reduction in the number of production team members, which led to a corresponding decrease in staff costs.

### (ii) Music IP Operation and Licensing

Cost of sales associated with music IP operation and licensing increased by 161.2% from RMB4.9 million in 2024 to RMB12.8 million in 2025, primarily because of the cost recognition associated with the license renewals of our legacy music library, and such increase was in line with the increase in revenue.

### (iii) Film and Drama Series IP Operation and Licensing

Cost of sales associated with film and drama series IP operation and licensing increased by 7.9% from RMB20.2 million in 2024 to RMB21.8 million in 2025, primarily due to a slight increase in film-related rights protection costs.

### (iv) Other IP-related Business

Cost of sales associated with other IP-related business decreased by 24.1% from RMB41.1 million in 2024 to RMB31.2 million in 2025, which was in line with a decrease in revenue generated from other IP-related business.

## Management Discussion and Analysis

### Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The following table sets forth our gross (loss)/profit and gross (loss)/profit margin by each business segment for the years ended December 31, 2025 and 2024:

	For the year ended December 31,			
	2025	2024	2025	2024
	Gross (Loss)/ Profit	Gross (Loss)/ Profit Margin (%)	Gross (Loss)/ Profit	Gross (Loss)/ Profit Margin (%)
<i>(RMB in millions except in percentage)</i>				
Variety program IP production, operation and licensing	24.7	63.2	(23.0)	(67.8)
Music IP operation and licensing	18.7	59.4	9.1	65.0
Film and drama series IP operation and licensing	40.4	65.0	40.4	66.7
Other IP-related business	4.3	12.1	13.5	24.7
<b>Total</b>	<b>88.1</b>	<b>52.3</b>	40.0	24.5

As a result of the foregoing, our gross profit increased by 120.3% from RMB40.0 million in 2024 to RMB88.1 million in 2025.

#### (i) Variety Program IP Production, Operation and Licensing

We recorded the gross profit for variety program IP production, operation and licensing of RMB24.7 million in 2025 and the gross loss of RMB23.0 million in 2024, and recorded a gross profit margin of 63.2% in 2025 as opposed to a gross loss margin of 67.8% in 2024. The shift was primarily due to (i) the variety programs in 2025 primarily involved directing and post-production services, which enabled us to maintain a certain level of gross profit margin, and (ii) a reduction in the number of production team members which lowered our costs.

#### (ii) Music IP Operation and Licensing

Our gross profit for music IP operation and licensing increased by 105.5% from RMB9.1 million in 2024 to RMB18.7 million in 2025. Our gross profit margin for music IP operation and licensing decreased from 65.0% in 2024 to 59.4% in 2025, primarily due to the significant increase in gross profit resulting from the licence renewals of our legacy music library in 2025, while the gross profit margin slightly declined mainly because of a slightly increase in production costs associated with new songs licensing.

### (iii) Film and Drama Series IP Operation and Licensing

Our gross profit from film and drama series IP operation and licensing remained stable at RMB40.4 million in 2024 and RMB40.4 million in 2025. Our gross profit margin for film and drama series IP operation and licensing decreased from 66.7% in 2024 to 65.0% in 2025, which was due to a slight increase in film-related rights protection costs.

### (iv) Other IP-related Business

As a result of the foregoing, our gross profit for other IP-related business decreased by 68.1% from RMB13.5 million in 2024 to RMB4.3 million in 2025. Our gross profit margin decreased from 24.7% in 2024 to 12.1% in 2025. The decrease was in line with the decrease in commercial performance income.

### Other Incomes and Gains

Our other incomes and gains decreased by 28.3% from RMB24.4 million in 2024 to RMB17.5 million in 2025, which was primarily due to a decrease in interest income.

### Selling and Distribution Expenses

Our selling and distribution expenses decreased by 13.9% from RMB17.3 million in 2024 to RMB14.9 million in 2025, primarily due to a decrease in staff costs resulting from the reduction in the number of our sales staff.

### Administrative Expenses

Our administrative expenses decreased by 45.1% from RMB90.4 million in 2024 to RMB49.6 million in 2025, primarily due to (i) a decrease in staff costs resulting from the reduction in the number of our administrative and R&D staff; (ii) a decrease in depreciation expenses for the year as impairment losses on right-of-use assets and property, plant and equipment were recognized in the prior year; and (iii) a decrease in professional services fees and expenses.

### Impairment Loss on Goodwill

We recorded an impairment loss on goodwill of RMB3.0 million in 2025 (2024: RMB48.5 million), primarily due to the recognition of goodwill impairment in the prior year following an expected decline in future revenue from our film broadcasting rights licensing, with only a minor adjustment recorded in 2025.

### Impairment Loss on Trade and Other Receivables

We recorded an impairment loss on trade and other receivables of RMB14.0 million in 2025 (2024: RMB50.2 million), primarily due to a significant increase in credit risk for certain customers assessed in the prior year did not persist.

### Impairment Loss (reversed)/Recongised on Loans to a Joint Venture and an Associate

We recorded a reversal of impairment loss on loans to a joint venture and an associate of RMB1.8 million in 2025 as compared to an impairment loss of RMB10.7 million in 2024, which was primarily due to some related balances of loans were recovered.

### **Impairment Loss on Property, Plant and Equipment and Right-of-use Assets**

We recorded no impairment loss on property, plant and equipment and right-of-use assets in 2025 as compared to an impairment loss of RMB21.0 million in 2024. The impairment loss in the prior year was primarily due to the recoverable amount of the cash-generating unit engaged in the business of variety program IP production, operation and licensing being lower than its carrying amount, as the unit was operating at a loss in prior year, while no such impairment loss was required in 2025.

### **Increase/(Decrease) in Fair Value of Financial Assets at Fair Value Through Profit or Loss**

We recorded a gain in changes in fair value of financial assets at fair value through profit or loss of RMB9.8 million in 2025, compared to a loss in changes in fair value of financial assets at fair value through profit or loss of RMB2.8 million in 2024, primarily due to fluctuations in the stock prices of listed companies in which we invested.

### **Other Expenses**

Our other expenses decreased significantly by 65.1% from RMB17.5 million in 2024 to RMB6.1 million in 2025. The decrease was primarily due to a reduction in litigation compensation expenses, partially offset by an increase in exchange losses resulting from fluctuations in foreign exchange rates.

### **Finance Costs**

Our finance costs decreased from RMB0.4 million in 2024 to RMB0.2 million in 2025.

### **Share of Losses of a Joint Venture and Associates**

Our share of losses of a joint venture decreased by 43.8% from RMB29.0 million in 2024 to RMB16.3 million in 2025, primarily because of a decrease in loss in connection with the investment in Mengxiang Qi'an. Our share of losses from associates significantly increased by 1,280.0% from RMB7.5 million in 2024 to RMB103.5 million in 2025, which was primarily attributable to impairment provisions recognized against properties held by our associates, Shaanxi Star Shuolan Real Estate Co., Ltd. (陝西星空碩藍置業有限公司) (“**Shaanxi Shuolan**”) and Shaanxi Star Yuanlv Real Estate Co., Ltd. (陝西星空原綠置業有限公司) (“**Shaanxi Yuanlv**”), resulting in a material reduction in the carrying value of these investments.

### **Income Tax Credit/(Expenses)**

We recorded income tax expenses of RMB28.4 million in 2025 as compared to income tax credit of RMB1.1 million in 2024, primarily due to (i) an increase in income tax arising from the disposal of certain stocks by a subsidiary, and (ii) a supplementary provision for income tax resulting from the reassessment of the film IP licensing business of Fortune Star Media Limited (“**FSML**”) under the foreign source income exemption (FSIE) regime.

### **Loss for the Years**

As a result of above, we recorded reduction of a net loss from RMB230.0 million in 2024 to RMB118.8 million in 2025.

## FINANCIAL POSITION

### Property, Plant and Equipment

Our property, plant and equipment remained relatively stable at RMB179.0 million as at December 31, 2024 and RMB179.5 million as at December 31, 2025.

### Goodwill

Our goodwill decreased by RMB8.2 million or 3.2% from RMB256.6 million as at December 31, 2024 to RMB248.4 million as at December 31, 2025, primarily due to (i) the impact of foreign exchange translation on the goodwill of FSML, and (ii) an impairment loss resulting from a slight decline in the expected future earnings of MXQY.

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	For the year ended	
	December 31,	
	2025	2024
	<i>(RMB in millions)</i>	
MXQY unit	21.0	24.0
FSML unit	227.4	232.6
At end of year	248.4	256.6

### Interests in Associates

Our interests in associates remained stable at RMB865.5 million and RMB876.2 million as at December 31, 2024 and 2025, respectively. During the Reporting Period, our Group made an investment of RMB115 million in a newly established associate. Reference is made to the announcement of the Company dated 13 November 2025 in relation to the formation of joint venture company. This increase was offset by impairment provisions recognised against properties held by our associates, Shaanxi Shuolan and Shaanxi Yuanlv, which resulted in a material reduction in the carrying value of these investments.

## Management Discussion and Analysis

The following table sets forth our interests in associates as at December 31, 2025 and 2024:

	As at December 31,	
	2025	2024
	<i>(RMB in millions)</i>	
Cost of investments plus share of post-acquisition profits or loss and other comprehensive income, net of dividend received	<b>615.6</b>	605.4
Loans to an associate*	<b>260.6</b>	260.1
<b>Total</b>	<b>876.2</b>	865.5

\* The loans to an associate were advanced to Shanghai Binqiao Enterprise Management Co., Ltd. (上海濱橋企業管理有限公司) ("Shanghai Binqiao"). The loans are unsecured of which RMB250,811,000 is interest-free and without fixed terms of repayment; and the remaining balances bear interest at the rate of 6% per annum and repayable in three years from the date of drawdown of the respective loans. In the opinion of the Directors, the loans are not expected to be settled within the next twelve months from the end of the Reporting Period.

### Interests in a Joint Venture

Our interests in a joint venture remained stable at RMB507.8 million and RMB493.0 million as at December 31, 2024 and 2025.

The following table sets forth our interests in joint ventures as at December 31, 2025 and 2024:

	As at December 31,	
	2025	2024
	<i>(RMB in millions)</i>	
Cost of investments plus share of post-acquisition profits or loss and other comprehensive income, net of dividend received	<b>367.5</b>	383.7
Loan to a joint venture*	<b>125.5</b>	124.1
<b>Total</b>	<b>493.0</b>	507.8

\* The loan to a joint venture was advanced to Mengxiang Qi'an. The loan is unsecured, interest-free and without fixed terms of repayment. In the opinion of the Directors, the loan is not expected to be settled within the next twelve months from the end of the Reporting Period.

### Significant Investments

Save as disclosed in this announcement, we did not make or hold any significant investments (including any investment in an investee company with a value of 5.0 percent or more of our Company's total assets) during 2025.

### **Amount Due from Related Parties**

Our Group recorded amounts due from related parties of RMB0.5 million as at December 31, 2025 (December 31, 2024: RMB112.5 million). For details, please refer to Note 35 to the financial statements.

### **Other Intangible Assets**

Our other intangible assets decreased by RMB23.5 million or 17.9% from RMB131.3 million as at December 31, 2024 to RMB107.8 million as at December 31, 2025, primarily due to (i) regular amortization of film IP licensing, and (ii) the transfer of intangible assets resulting from the licence renewals of our legacy music library in 2025.

### **Financial Assets at Fair Value Through Profit or Loss**

Our financial assets at fair value through profit or loss amounted to RMB22.9 million as at December 31, 2025, representing a decrease of RMB29.6 million or 56.4% from RMB52.5 million as at December 31, 2024, which was primarily due to (i) the disposal of listed shares, and (ii) fluctuations in the stock prices of the remaining shares held.

### **Restricted Cash**

Our restricted cash decreased by RMB53.9 million or 78.7% from RMB68.5 million as at December 31, 2024 to RMB14.6 million as at December 31, 2025, primarily due to the release of restricted cash following the conclusion of certain litigation cases.

### **Inventories**

In 2025, the inventories of our Group amounted to RMB53.5 million, compared with RMB0.02 million in 2024. The increase in 2025 was primarily due to our Group's acquisition of scripts which require adaptation before they can be sold.

### **Trade and Bill Receivables**

Our trade and bill receivables amounted to RMB69.7 million as at December 31, 2025, representing a decrease of RMB29.3 million or 29.6% from RMB99.0 million as at December 31, 2024, which was due to the collection of trade receivables from prior years.

### **Prepayments, Other Receivables and Other Assets**

Our prepayments, other receivables and other assets amounted to RMB84.7 million as at December 31, 2025, representing an increase of RMB10.3 million or 13.8% from RMB74.4 million as at December 31, 2024, which was primarily due to an increase in prepayments for concert collaboration.

### **Trade Payables**

Our trade payables amounted to RMB73.9 million as at December 31, 2025, representing a decrease of RMB43.2 million or 36.9% from RMB117.1 million as at December 31, 2024, which was primarily due to the settlement of program-related payables from prior years in 2025.

## Other Payables and Accruals

Our other payables and accruals amounted to RMB38.8 million as at December 31, 2025, representing a decrease of RMB7.7 million or 16.6% from RMB46.5 million as at December 31, 2024, primarily due to settlement of certain other payables.

## Contract Liabilities

Our contract liabilities amounted to RMB12.7 million as at December 31, 2025, representing an decrease of RMB3.3 million or 20.6% from RMB16.0 million as at December 31, 2024, which was primarily due to a decrease in contract liabilities received in advance.

## Provisions

Our provisions amounted to RMB5.3 million as at December 31, 2025, representing a significant decrease of RMB30.1 million or 85.0% from RMB35.4 million as at December 31, 2024. This decrease was primarily attributable to payment of provisions following the conclusion of litigation proceedings in 2024.

## Lease Liabilities

Our lease liabilities amounted to RMB3.1 million as at December 31, 2025, representing a decrease of RMB3.8 million or 55.1% from RMB6.9 million as at December 31, 2024, which was primarily due to shorter lease terms and a reduction in leased area.

## Liquidity and Capital Resources

As at December 31, 2025, we funded our cash requirements primarily from cash flows mainly through equity financing and the retained earnings of our Company. We had cash and cash equivalents of RMB427.4 million and RMB425.3 million as at December 31, 2025 and 2024, respectively. Meanwhile, our Group had no borrowings as at December 31, 2025 and 2024, respectively.

Our principal uses of cash have been for our business operations and expansion plans which require a significant amount of capital, including costs for variety program production, costs for music IPs production, and other working capital requirements. In the foreseeable future, our Company believes that our liquidity requirements will be satisfied by a combination of cash flow generated from our operating activities and other funds raised from capital markets from time to time.

## Gearing Ratio

As at December 31, 2025, our gearing ratio was 0.12% (2024: 0.26%). The gearing ratio is calculated as total debts (consisting of interest-bearing bank loans, lease liabilities, and amounts due to related parties) divided by total equity. Our Group had no bank loans as at December 31, 2025 and 2024. The ratio is presented as a key measure of our Group's financial leverage. In comparison to industry peers who often utilize debt to fund content production, the Group's current position with no borrowings reflects a conservative financial management strategy.

### Material Acquisitions and Disposals

On November 13, 2025, Shanghai Jiuwu Yisheng Culture & Media Co., Ltd.\* (上海久吾一生文化傳媒有限公司) (“**Shanghai Jiuwu Yisheng**”), our indirect wholly-owned subsidiary, entered into a joint venture agreement with Beijing Unbounded Sound Field Culture Media Co., Ltd.\* (北京無界音場文化傳媒有限公司) (the “**Joint Venture Partner**”), to establish an AI music business in the PRC. The registered capital of the joint venture company is RMB1 million. After the registered capital of the Joint Venture Agreement has been fully paid up, Shanghai Jiuwu Yisheng will contribute further investment amount of RMB114,680,000, and the Joint Venture Partner will contribute further investment amount of RMB243,700,000 upon satisfaction of certain conditions as set out in the joint venture agreement. The joint venture company is owned by Shanghai Jiuwu Yisheng and the Joint Venture Partner as to 32% and 68% respectively. For further details, please refer to the announcement of the Company dated November 13, 2025.

Save as disclosed above, we did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during 2025.

### Pledge of Assets

As at December 31, 2025, pledged time deposit amounting to RMB14.6 million were pledged for litigation.

### Contingent Liabilities

As at December 31, 2025, except for the lawsuits set out in Note 33 to the financial statements, our Group had no other significant contingent liabilities.

### Foreign Exchange Exposure

Our Group's businesses are principally conducted in RMB. We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As at December 31, 2025, major non-RMB assets are cash and cash equivalents which denominated in HK\$ or US\$. Fluctuation of the exchange rate of RMB against HK\$ or US\$ could affect our Group's results of operations. Our Group does not intend to hedge its exposure to foreign exchange fluctuations. We will constantly monitor the economic situation and our Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

### Future Plans for Material Investments

Our Company has no other plans for material investments or capital assets, save as disclosed in this report/except the intended use of proceeds as disclosed in our Prospectus. However, the Group will continue to explore investment opportunities that would benefit the shareholder of the Company as a whole.

The header features a blue background with a glowing globe at the bottom. In the top left, there is a stylized graphic of a DNA helix or a similar structure. In the top right, there are two musical notes. The text "Report of Directors" is written in a bold, blue, sans-serif font.

# Report of Directors

Our Board is pleased to present this report of Directors together with the consolidated financial statements of the Group for the financial year ended December 31, 2025.

## OVERVIEW OF THE COMPANY

Our Company was incorporated in the Cayman Islands on March 29, 2021 as an exempted limited liability company. The Shares were listed on the Main Board of the Stock Exchange on December 29, 2022.

### Our Business

Our Group is a variety program IP creator and operator in China and has a broad spectrum and a number of popular variety program IPs in diverse genres, including music variety programs, dance variety programs, talent shows, talk shows, outdoor/cultural variety programs and other variety programs.

Our Group also owns and operates a large library of Chinese film IPs, and is a music IP creator and operator in China.

Our Company is an investment holding company and the principal businesses of its principal subsidiaries are set out in Note 1 to the financial statements.

### Subsidiaries

Particulars of our Company's subsidiaries are set out in Note 1 to the financial statements.

### Purchase, Sale or Redemption of our Company's Listed Securities

During the Reporting Period, neither our Company nor any of our subsidiaries purchased, sold or redeemed any of our Company's securities listed on the Stock Exchange (including sale of treasury shares). As at December 31, 2025, the Company did not hold any treasury shares.

### Sufficiency of Public Float

Rule 8.08(1) of the Listing Rules provides that there must be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities. This normally means that at least 25% of the issuer's total issued shares must at all times be held by the public. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if the issuer meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

- (a) the issuer will have an expected market capitalization at the time of listing of over HK\$10.0 billion;
- (b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;

- (c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing documents;
- (d) the issuer will confirm the sufficiency of the public float in successive annual reports after listing; and
- (e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

The Stock Exchange had granted a waiver under Rule 8.08(1)(d) of the Listing Rules ("**Public Float Waiver**") to accept a lower public float percentage falling below 25% of the total issued share capital of the Company, subject to:

- (i) the minimum public float will be the higher of: (1) 20.58% of the total issued share capital of the Company; or (2) such percentage of Shares to be held by the public immediately after the completion of the Global Offering of our Company and the exercise of the over-allotment option, if any;
- (ii) our Company will have an expected market capitalization at the time of Listing of over HK\$10 billion;
- (iii) our Company will make appropriate disclosure of the lower percentage of public float in its prospectus;
- (iv) our Company will confirm sufficiency of public float in our Company's annual reports after the Listing;
- (v) our Company will as soon as practicable announce the percentage of Shares held by the public immediately after the completion of the Global Offering of our Company (but before the exercise of the over-allotment option), such that the public will be informed of the minimum public float requirement applicable to our Company;
- (vi) our Company will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Stock Exchange; and
- (vii) our Company will comply with Rule 8.08 of the Listing Rules to ensure there is an open market for the Shares.

Based on the information that is publicly available to our Company and to the knowledge of our Directors, throughout the Reporting Period and up to the Latest Practicable Date, our Company has maintained the prescribed amount of public float as required under the Public Float Waiver.

## OVERVIEW OF OUR PERFORMANCE OVER THE REPORTING PERIOD

A fair review of the business of our Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of our Group's financial performance and an indication of likely future developments in our Group's business, is set out in "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Those discussions form part of this report. Events affecting our Company that have occurred since the end of the Reporting Period are set out in "Important Events After the Reporting Period" in this annual report. An account of our Company's key relationships with our employees, customers and suppliers and others that have a significant impact on our Company is set out in "Environmental, Social and Governance Report" at pages 82 to 118 of this annual report.

### Results of our Group

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

### Pre-emptive Rights

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

### Tax Relief and Exemption

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

### Share Capital and Shares Issued

Our Company has one class of shares with a nominal or par value of US\$0.000001 each. Details of movements in the share capital of our Company, and details of our Shares issued, during the Reporting Period are set out in Note 29 to the financial statements.

### Reserves

Details of movements in the reserves of our Group in 2025 are set out in the consolidated statement of changes in equity on page 128 of this annual report.

### Distributable Reserves

Our distributable reserves comprise undistributed profits. As of December 31, 2025, our Company did not have any reserves available for distribution (2024: Nil).

### Donation

During the Reporting Period, our Group made no charitable and other donations (2024: Nil).

### Debenture Issued

During the Reporting Period, our Group did not issue any debenture.

## Equity-linked Agreements

Save as disclosed in the Prospectus and this report, there were no equity-linked agreements entered into by our Group, or subsisting during the Reporting Period.

## Dividends

Our Board has resolved not to recommend payment of a final dividend for the year ended December 31, 2025 (2024: Nil).

## Permitted Indemnity

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director, Auditor or other officer of our Company shall be entitled to be indemnified out of the assets of our Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of our Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

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

## Bank Loans and Other Borrowings

As of December 31, 2025, our Group did not have any bank loans or other borrowings (2024: Nil).

## Loan and Guarantee

In January 2024, the Group made a loan of HK\$28,000,000 (equivalent to RMB25,485,600) to CMC Asia, a company controlled by Mr. Tian Ming, a director and controlling shareholder of the Company. The loan is unsecured, interest-free and repayable within one year. On 1 March 2024, the loan was partially settled by offsetting against the trade payable of RMB8,716,000 due to Star China Media Limited, a subsidiary of CMC Asia. After the offsetting the remaining balance of the loan was RMB16,770,000. On 1 October 2024, the Group entered into a supplementary agreement with CMC Asia to extend the loan maturity date to 1 October 2025. The loan accrues interest at a rate of 5% per annum, retroactively effective from 1 March 2024. In March 2025, CMC Asia partially repaid the loan, remitting US\$850,000 to the Group. On 21 October 2024, 5 November 2024 and 26 November 2024, the Group made additional three loans of US\$850,000, US\$500,000 and US\$700,000 to CMC Asia, respectively. These loans are unsecured, bear interest at 5% per annum and repayable within one year after the drawdown date. The maximum outstanding debit balances of the loans due from CMC Asia during the year ended 31 December 2024 was RMB32,590,000. The loans were fully settled on 21 October 2025.

Save as disclosed above, our Group had not made any loan or provided any guarantee for loan, directly or indirectly, to Directors, senior management of our Company, the Controlling Shareholders or any of their respective connected persons during the Reporting Period.

## Property, Plant and Equipment

Details of movements in the property, plant and equipment of our Group during the Reporting Period are set out in Note 13 to the financial statements.

### **Major Customers and Suppliers**

During the Reporting Period, revenue from our Group's five largest customers together accounted for 32.3% (2024: 33.67%) of our Group's total revenue. Our Group's largest customer for the year ended December 31, 2025 accounted for 8.0% (2024: 12.67%) of our Group's total revenue.

During the Reporting Period, cost of revenue from our Group's five largest suppliers accounted for 49.9% (2024: 15.6%) of our Group's total purchase amount. Our Group's largest supplier accounted for 44.4% (2024: 6.1%) of our Group's total purchase amount.

During the Reporting Period, our Group did not experience any significant disputes with its customers or suppliers.

During the Reporting Period, none of our Directors, their associates or any shareholders which, to the knowledge of our Directors, owned more than 5% of the issued share capital of our Company, had any interest in any of the customers or suppliers of our Group.

### **Employee and Remuneration Policy**

As of December 31, 2025, our Group had 116 employees. Total staff remuneration expenses including Directors' remuneration in 2025 amounted to RMB38.2 million. Remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policies of our Group are determined based on prevailing market levels and performance of the respective Group companies and individual employees. These policies are reviewed on a regular basis. Our Group strongly believes that our staff is an invaluable asset to our Group and is significant to our Group's business. Therefore, our Group recognizes the importance of maintaining a good relationship with employees. In addition to salary, our Group also offers to its employees other fringe benefits, including year-end bonus, discretionary bonus, allowances and benefits in kind and pension scheme contributions.

For details of our Directors and the five highest paid individuals during the Reporting Period, please refer to Note 8 and Note 9, respectively, to the financial statements. For details of the remuneration of the senior management of our Group during the Reporting Period, please refer to Note 35(c) to the financial statements.

### **Retirement and Employee Benefit Plans**

Details of our Company's retirement and employee benefits are set out in Notes 2.4 and 6 to the financial statements.

## SHARE AWARD SCHEME

On July 29, 2024 (the “**Adoption Date**”), the Share Award Scheme was approved and adopted by the Company. Further details of the Share Award Scheme are set out in the Company’s announcement dated July 29, 2024. No award has been granted or agreed to be granted under the Share Award Scheme since its adoption.

A summary of the principal terms of the Share Award Scheme is set out below:

### 1. Purposes of the Share Award Scheme

The purposes of the Share Award Scheme are to provide the Selected Participants (as defined below) with an opportunity to acquire a proprietary interest in the Company, to encourage and retain such individuals to work with the Group, to provide additional incentives for them to achieve performance goals, to attract suitable personnel for further development of the Group, and to motivate the Selected Participants to maximize the value of the Company for the benefits of both the Selected Participants and the Company.

### 2. Participants in the Share Award Scheme

Participants of the Share Award Scheme (the “**Participant(s)**”) include the following:

- (1) directors and employees of the Company or any of its subsidiaries (including persons who are granted Awards under the Share Award Scheme as an inducement to enter into employment contracts with these companies);
- (2) directors and employees of the holding companies, fellow subsidiaries, or associated companies of the Company; and
- (3) persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (excluding placing agents, financial advisers, professional service providers such as auditors and valuers).

### 3. Total number of Shares under the Share Award Scheme

At no time shall the maximum number of Shares which may be awarded, or the total number of Shares held by the trustee exceed 10% of the issued Share of the Company as at the Adoption Date, being 39,853,816 Shares representing 10% of the issued Shares as of the date of this report.

#### 4. Maximum entitlement of each Selected Participant

The maximum number of Award Shares which may be granted to a Selected Participant at any one time or in aggregate may not exceed 1% of the issued Share of the Company as at the Adoption Date (i.e. 3,985,381 Shares).

#### 5. Grant and acceptance of Awards

The Board or an administration committee of the Board may, at any time during the scheme period in its sole and absolute discretion, select any Participant to be a selected participant (the "**Selected Participant(s)**") and make an Award to such Selected Participant on and subject to any terms and conditions that the Board or an administration committee of the Board may impose.

After the Board or an administration committee of the Board has determined a Selected Participant, the number of the Award Shares to be granted, the purchase price and other terms and conditions of the Award, it shall notify the trustee and the Selected Participant on the grant date in writing (which may also be made through the designated online portal facilities) (the "**Grant Letter**"), setting out, among other things, the terms, conditions and amount, if any, payable on acceptance of such Award.

Upon receipt of the Grant Letter, the Selected Participant is required to confirm his/her acceptance of the Award within five Business Days after the grant date (the "**Acceptance Period**") by returning the notice of acceptance and completing any other required steps to confirm his/her acceptance of the Award within the Acceptance Period to the Company. For any failure to confirm his/her acceptance within the Acceptance Period, the Award shall automatically lapse forthwith and the Shares pursuant to the Award shall become unaccepted Shares.

#### 6. Vesting of Award Shares

Any Award Shares granted to a grantee pursuant to the Share Award Scheme shall vest in such grantee in accordance with the vesting conditions as set out in the Grant Letter. If the Board or an administration committee of the Board is satisfied that a grantee has satisfied the vesting conditions (save for the receipt of the purchase price, if any), the Board or an administration committee of the Board shall send to the grantee (or his/her representative or lawful successor as the case may be) a vesting notice (which may also be made through the designated online portal facilities) (the "**Vesting Notice**") at least 10 Business Days before the vesting date notifying the grantee of the intended vesting of the Award Shares. The Board or an administration committee shall have the sole and absolute discretion in determining whether the Award Shares shall be satisfied by Shares or cash of the equivalent value of such Award Shares at the vesting date.

Upon receipt of the vesting notice, the grantee is required to return to the Company a reply slip duly executed by him/her substantially at least five Business Days before the vesting date. If the Board or an administration committee of the Board specifies in the Vesting Notice that actual Award Shares will be transferred to a nominee account upon vesting, the grantee shall complete the payment of the purchase price (if any) within the specified period set out in the Vesting Notice.

As soon as practicable after the Award Shares have vested in a grantee in accordance with the Share Award Scheme, the Board or an administration committee of the Board shall issue to the trustee a confirmation letter that the vesting conditions have been fulfilled to effect the transfer of the relevant vested Award Shares to a nominee account or, if so determined and instructed by the Board or an administration committee of the Board, direct and procure the trustee to pay to the grantee in cash the amount of equivalent value of such Award Shares after deducting the purchase price (if any) thereof and/or the amount to be withheld or deducted in accordance with the Share Award Scheme. The vesting period of Awarded Shares granted under the Share Award Scheme shall be determined by the Board subject to a minimum period of 12 months, or a shorter vesting period at the discretion of the Board under certain circumstances in relation to the grant of an offer to the director or employee of the Group.

### **7. Basis of determining the purchase price of the Award Shares**

The purchase price of the Award Shares under the Share Award Scheme shall be determined at the sole discretion of the Board or an administration committee of the Board, and stipulated in the Grant Letter.

### **8. Remaining life**

Unless terminated earlier by the Company in accordance with the rules of the Share Award Scheme, the Share Award Scheme is valid and effective for a term of 10 years commencing from the Adoption Date. The Share Award may be terminated by ordinary resolution of the general meeting or by resolution of the Board. Upon termination, (i) no further grant of Award Shares may be made under the Share Award Scheme; and (ii) the Awards granted prior to such termination shall continue to be valid.

As of the date of this report, the remaining life of the Share Award Scheme was approximately 8 years and 4 months.

### **9. Share awards granted, lapsed or canceled**

There was no share award outstanding as of December 31, 2025. During the Reporting Period, no share award was granted (2024: Nil), lapsed (2024: Nil) or canceled (2024: Nil).

## PRINCIPAL RISKS AND UNCERTAINTIES

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

- (a) our Group relies on its major variety programs and a potential decline in popularity of those programs may materially and adversely affect its business and results of operations;
- (b) our Group may be unable to adapt to changing trends in the entertainment content market in the PRC to effectively meet the evolving needs and preferences of corporate sponsors, viewers and media platforms;
- (c) the production and distribution of new variety programs and drama series are subject to uncertainties;
- (d) our Group may not be able to recover production costs incurred, or achieve its target profit margin for the variety programs it produced, which may affect its business, financial condition and results of operation;
- (e) the performance of the advertising market will affect the ability of our Group's customers to pay for its variety programs;
- (f) our Group relies on a limited number of major customers in its business. Any interruption in its cooperation with them could materially and adversely impact its business, financial condition and results of operations;
- (g) our Group's business depends on the continual release of successful programs and its operating results may be affected by changes in schedule or mix of its program portfolio;
- (h) information on our Group's pipeline programs may not prove to be accurate or indicative of its future result of operations;
- (i) our Group relies on the contribution of industry professionals participating in the development, production and promotion of its variety programs and other third-party suppliers of services and products. Its failure to retain the services of such professionals and suppliers, unsatisfied services provided by them or even any negative news about them in the future may materially and adversely affect its business and results of operations; and
- (j) failure to create, operate and protect the intellectual property rights of our Group's IPs could have a negative impact on its business, competitive position and prospects.

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 our Shares.

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

### RELATIONSHIP WITH KEY STAKEHOLDERS

Our 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

Our Group recognizes the importance of protecting the interests of the Shareholders and of having effective communication with them. Our Group believes communication with the Shareholders is a two-way process and have thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been and will be done through general meetings, corporate communications, interim and annual reports and results announcements.

#### Staff

Our Group understands that employees are its valuable assets, and the realization and enhancement of employees' values will facilitate the achievement of our Group's overall goals. Our Group has been endeavoring to provide its staff with competitive compensation packages, attractive promotion opportunities and a respectful and professional working environment. Our Group contributes to social security insurance and housing provident funds for the employees in all material aspects in accordance with applicable PRC laws, rules and regulations. Our Group also provides the employees with holiday gifts and annual health checkups. Our Group will continue to attract and retain more talent and the new talent will be offered advancement through performance-based compensation packages, on-the-job training programs and promotion opportunities.

#### Customers

The key customers of our Group include, online video platforms, state-owned radio and television media group, technology and social media conglomerate, IP operation and advertising company and education institution. Our Group is committed to providing good quality service to its customers and enhance the loyalty of the customers by increasing the interaction with customers through communication and field visits from time to time in order to understand the customer demands, which provide good development to our Group's overall performance in the long run.

#### Suppliers

Our Group believes that its suppliers are equally important in providing high-quality variety program, talent show, music IP and drama series. Our Group has maintained solid and good relationships with its suppliers which ensures quality supply so as to deliver high quality programs, shows and series to customers.

Save as disclosed in this annual report, for the year ended December 31, 2025, there was no significant and material dispute between our Group and its stakeholders.

## **FINANCIAL SUMMARY**

A summary of our Group's financial results, assets and liabilities for the last five financial years are set out on page 236 of this annual report. This summary does not form part of the audited consolidated financial statements.

## **CONTRACTS WITH CONTROLLING SHAREHOLDERS**

Save as disclosed in Note 35 to the financial statements, the section headed "Continuing Connected Transactions" of the Report of Directors in this report, and the section headed "Connected Transactions" in the Prospectus, neither contract of significance made between our Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, nor contract of significance made for the provisions of services to our Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries was entered into during the year ended December 31, 2025.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of our Company were entered into or exited during the Reporting Period.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

As a socially responsible corporation, our Group has endeavoured to strictly comply with laws and regulations regarding environmental protection. During the Reporting Period, the businesses of our Group were in compliance with all the relevant laws and regulations with regard to environmental protection in all material aspects.

Our Company recognizes the importance of environmental protection. Our Company is committed to providing an eco-friendly energy environment for our staff and has developed energy conservation and carbon reduction policy so as to minimize negative environmental impacts.

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

## **COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS**

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

## **MATERIAL LITIGATION**

The Directors are not aware of any material litigations or claims that are pending or threatened against our Group during the Reporting Period and up to the Latest Practicable Date.

## OVERVIEW OF THE BOARD

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

### Executive Directors:

Mr. Tian Ming (*Chairman and Chief Executive Officer*)

Mr. Jin Lei

Mr. Xu Xiangdong

Mr. Lu Wei

Ms. Wang Yan

Ms. Shen Ning

### Independent Non-Executive Directors:

Mr. Li Liangrong

Mr. Chen Rehao

Mr. Sheng Wenhao

In accordance with the Articles of Association, Mr. Tian Ming, Mr. Jin Lei and Mr. Li Liangrong will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

## BIOGRAPHY OF OUR DIRECTORS AND SENIOR MANAGEMENT

Biographical details of our Directors and the senior management of our Company are set out in the section headed “Directors and Senior Management” of this report.

There was no change of the information of our Directors which is required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

### Independence of Independent Non-executive Directors

Our Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rule from each of our independent non-executive Directors and our Company considers such Directors to be independent during the Reporting Period and up to the date of this annual report.

## INFORMATION RELATING TO OUR DIRECTORS

### Directors' Service Contracts

Each of our Executive Directors, has entered into a service contract with our Company . Details of the service contracts mainly include: (i) a term of directorship for three years with effect from the date of appointment or re-election; and (ii) the contracts shall be terminated according to the terms of each contract.

Each of our independent non-executive Directors entered into an appointment letter with our Company . Details of the letters of appointment mainly include: (i) a term of directorship for three years with effect from the date of appointment or re-election; and (ii) the contracts shall be terminated according to the terms of each contract.

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

In accordance with the Articles of Association, a person may be appointed as a Director either by the shareholders in general meetings or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the first annual general meeting, and are eligible for re-election by the shareholders. In addition, all Directors are required to retire by rotation at least once every three years at the annual general meeting, and are eligible for re-election by the shareholders.

### Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save for the related party transactions as disclosed in Note 35 to the financial statements and the connected transactions as disclosed in the section headed "Connected Transactions" in this report, none of our Directors nor any entity connected with our Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which our Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2025.

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

As of December 31, 2025, the interests and short positions of the Directors and chief executives of our Company's Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code were as follows:

#### Interest in our Company

Name of Director	Capacity/Nature of interest	Number of ordinary Shares	Approximate percentage of holding <sup>(3)</sup>	Long position/ Short position
Mr. Tian Ming	Interest in controlled corporations; interest held jointly with other persons <sup>(1)(2)</sup>	274,079,177	68.77%	Long position
Mr. Jin Lei	Interest in controlled corporations; interest held jointly with other persons <sup>(1)(2)</sup>	274,079,177	68.77%	Long position
Mr. Xu Xiangdong	Interest in controlled corporations; interest held jointly with other persons <sup>(1)(2)</sup>	274,079,177	68.77%	Long position

# Report of Directors

## Notes:

- (1) As of December 31, 2025, the ultimate controlling shareholders of our Company were Mr. Tian Ming, Mr. Jin Lei and Mr. Xu Xiangdong (together the "**Ultimate Controlling Shareholders**").
- (2) As of December 31, 2025, Unionstars is owned as to 7.53%, 17.64%, 34.18% and 40.65% by East Brothers, Goldenbroad, Beamingstars and Harvest Sky, respectively. East Brothers is owned as to 81.76%, 6.22% and 12.02% by Mr. Tian Ming, Mr. Jin Lei and Mr. Xu Xiangdong, respectively. Goldenbroad is wholly-owned by Mr. Jin Lei. Beamingstars is owned as to 51.99% and 48.01% by SH Zhihua and Harvest Sky, respectively. Harvest Sky is wholly-owned by Mr. Tian Ming. Pursuant to a joint control agreement dated August 3, 2021 and its supplemental agreement dated December 22, 2025 entered into by and among our Ultimate Controlling Shareholders and each of Unionstars, East Brothers, Goldenbroad, Beamingstars, Harvest Sky, Mr. Tian Ming, Mr. Jin Lei, Mr. Xu Xiangdong (together, the "Controlling Group Entities"), SH Zhihua, CMC (Shanghai) and CMC (Tianjin), each of the Controlling Group Entities agreed to vote unanimously at board meetings and general meetings (as applicable) at all levels along the control chain to jointly exercise control over our Company. Therefore, each of the Controlling Group Entities is deemed to be interested in the 214,569,496 Shares held by Unionstars and the 59,509,681 Shares held by Harvest Sky under the SFO. For further details, see "History, Reorganization and Corporate Structure – Reorganization – Offshore Restructuring – Step 5. Signing of the Joint Control Agreement" of the Prospectus and announcement of our Company dated December 22, 2025.
- (3) The calculation is based on the total number of 398,538,168 Shares in issue as of December 31, 2025.

## Interest in our associated corporations

Name of Director	Capacity/Nature of interest	Associated Corporations	Approximate Percentage of Shareholding <sup>(1)</sup>	Long position/ Short position
Mr. Tian Ming	Interest in a controlled corporation	Shaanxi Star Shuolan Real Estate Co., Ltd	100.0% <sup>(2)</sup>	Long position
	Interest in a controlled corporation	Shaanxi Star Yuanlv Real Estate Co., Ltd.	100.0% <sup>(3)</sup>	Long position
	Beneficial interest	Canxing Culture	1.77%	Long position
	Interest in a controlled corporation		23.09% <sup>(4)</sup>	Long position
	Interest in a controlled corporation; interest held jointly with other persons		73.71% <sup>(5)</sup>	Long position
Mr. Jin Lei	Interest in a controlled corporation; interest held jointly with other persons	Canxing Culture	73.71% <sup>(5)</sup>	Long position
Mr. Xu Xiangdong	Interest in a controlled corporation; interest held jointly with other persons	Canxing Culture	73.71% <sup>(5)</sup>	Long position

*Notes:*

- (1) To the best knowledge of the Company, as of the Latest Practicable Date and based on publicly available information.
- (2) As of December 31, 2025, Shaanxi Star Shuolan Real Estate Co., Ltd. was owned as to 60% by SH Zhouxing Investment Co., Ltd., a company wholly-owned by Mr. Tian Ming and 40% by Qinhan New City Star Chinese Culture Media Co., Ltd., a wholly-owned subsidiary of our Company in which Mr. Tian Ming controlled more than one-third of voting power, respectively. Therefore Mr. Tian Ming is deemed to be interested in the Shares in Shaanxi Star Shuolan Real Estate Co., Ltd. held by SH Zhouxing Investment Co., Ltd. and the Shares in Qinhan New City Star Chinese Culture Media Co., Ltd. held by our Company under the SFO.
- (3) As of December 31, 2025, Shaanxi Star Yuanlv Real Estate Co., Ltd. was owned as to 60% by SH Zhouxing Investment Co., Ltd., a company wholly-owned by Mr. Tian Ming and 40% by Qinhan New City Star Chinese Culture Media Co., Ltd., a wholly-owned subsidiary of our Company in which Mr. Tian Ming controlled more than one-third of voting power, respectively. Therefore Mr. Tian Ming is deemed to be interested in the shares in Shaanxi Star Yuanlv Real Estate Co., Ltd. held by SH Zhouxing Investment Co., Ltd. and the shares in Qinhan New City Star Chinese Culture Media Co., Ltd. held by our Company under the SFO.
- (4) As of December 31, 2025, SH Zhouxing Investment Co., Ltd. was wholly-owned by Mr. Tian Ming. Therefore Mr. Tian Ming is deemed to be interested in the shares in Canxing Culture held by SH Zhouxing Investment Co., Ltd. under the SFO.
- (5) Each of Mr. Tian Ming, Mr. Jin Lei, and Mr. Xu Xiangdong is a party to the Canxing JCA. See "History, Reorganization and Corporate Structure – Reorganization" of the Prospectus. In light of the Canxing JCA, each of Mr. Tian Ming, Mr. Jin Lei and Mr. Xu Xiangdong is deemed to be interested in the shares in Canxing Culture held by SH Xingtou under the SFO. For further details, see "History, Reorganization and Corporate Structure – Our History and Corporate Development – Entering into the Canxing JCA and Joint-stock Reform" of the Prospectus.

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

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

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

<b>Name of Shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of ordinary Shares</b>	<b>Approximate percentage of holding<sup>(5)</sup></b>	<b>Long position/ Short position</b>
Unionstars <sup>(1)(2)</sup>	Beneficial interest	214,569,496	53.84%	Long position
	Interest held jointly with other persons	59,509,681	14.93%	Long position
Harvest Sky <sup>(1)(2)(4)</sup>	Beneficial interest	59,509,681	14.93%	Long position
	Interest in a controlled corporation; interest held jointly with other persons	214,569,496	53.84%	Long position

## Report of Directors

<b>Name of Shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of ordinary Shares</b>	<b>Approximate percentage of holding<sup>(5)</sup></b>	<b>Long position/ Short position</b>
Mr. Tian Ming <sup>(1)(2)(3)</sup>	Interest in a controlled corporation; interest held jointly with other persons	274,079,177	68.77%	Long position
East Brothers <sup>(1)(2)</sup>	Interest in a controlled corporation; interest held jointly with other persons	274,079,177	68.77%	Long position
Goldenbroad <sup>(1)(2)</sup>	Interest in a controlled corporation; interest held jointly with other persons	274,079,177	68.77%	Long position
Beamingstars	Interest in a controlled corporation	214,850,896	53.91%	Long position
Mr. Jin Lei <sup>(1)(2)</sup>	Interest in a controlled corporation; interest held jointly with other persons	274,079,177	68.77%	Long position
Mr. Xu Xiangdong <sup>(1)(2)</sup>	Interest in a controlled corporation; interest held jointly with other persons	274,079,177	68.77%	Long position
SH Zhihua	Interest in a controlled corporation	214,850,896	53.91%	Long position
CMC (Shanghai)	Interest in a controlled corporation	214,850,896	53.91%	Long position
CMC (Tianjin)	Interest in a controlled corporation	214,850,896	53.91%	Long position

Name of Shareholder	Capacity/Nature of interest	Number of ordinary Shares	Approximate percentage of holding <sup>(5)</sup>	Long position/ Short position
Tibet Yuanhe Enterprise Management Co., Ltd. <sup>(3)(4)</sup>	Beneficial interest	21,851,163	5.49%	Long position
Zhefu Group <sup>(3)(4)</sup>	Interest in a controlled corporation	21,851,163	5.49%	Long position

## Notes:

- (1) As of December 31, 2025, the Ultimate Controlling Shareholders of our Company are Mr. Tian Ming, Mr. Jin Lei and Mr. Xu Xiangdong.
- (2) As of December 31, 2025, Shaanxi Star Shuolan Real Estate Co., Ltd. was owned as to 60% by SH Zhouxing Investment Co., Ltd., a company wholly-owned by Mr. Tian Ming and 40% by Qinhan New City Star Chinese Culture Media Co., Ltd., a wholly-owned subsidiary of our Company in which Mr. Tian Ming controlled more than one-third of voting power, respectively. Therefore Mr. Tian Ming is deemed to be interested in the Shares in Shaanxi Star Shuolan Real Estate Co., Ltd. held by SH Zhouxing Investment Co., Ltd. and the Shares in Qinhan New City Star Chinese Culture Media Co., Ltd. held by our Company under the SFO.
- (3) Tibet Yuanhe Enterprise Management Co., Ltd. (西藏源合企業管理有限公司) ("**Tibet Yuanhe**"), a company established in the PRC on August 31, 2015 and one of our Pre-IPO investors. For further details, see "History, Reorganization and Corporate Structure – Reorganization – Pre-IPO Investments – Information about the Pre-IPO Investors" of the Prospectus.
- (4) As of December 31, 2025, Tibet Yuanhe was wholly-owned by Zhefu Holding Group Co., Ltd. (浙富控股集團股份有限公司) ("**Zhefu Group**"). Therefore Zhefu Group is deemed to be interested in the Shares held by Tibet Yuanhe under the SFO.
- (5) The calculation is based on the total number of 398,538,168 Shares in issue as of December 31, 2025.

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

### **Directors' Rights to Acquire Shares or Debenture**

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

### **Emolument Policy and Directors' Remuneration**

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code, our Company has established a Remuneration Committee to assist the Board in formulating remuneration policies. Remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for our independent non-executive Directors, their remuneration is determined by our Board upon recommendation from our Board's Remuneration Committee. Details of the remuneration of our Directors, senior management (which is also our key management) and the five highest paid individuals are set out in Notes 8, 35(c) and 9, respectively to the financial statements.

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

Over the Reporting Period, the aggregate amount of remuneration (including basic salaries, housing allowances, other allowances, and benefits in kind, contributions to pension plans and discretionary bonuses) for our Directors was RMB5.6 million (as set out in Note 8 to the financial statements).

### **Directors' Interests in Competing Business**

During the Reporting Period, none of our Directors control a business similar to principal business of our Group that competes or is likely to compete, either directly or indirectly, with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

### **Changes to Directors' Information**

There was no change to information which is required to be disclosed and has been disclosed by our Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules for the Reporting Period.

### **Continuing Disclosure Obligations pursuant to the Listing Rules**

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

## CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the following transactions constituted non-exempt continuing connected transactions of our Group, which are subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules.

### Contractual Arrangements

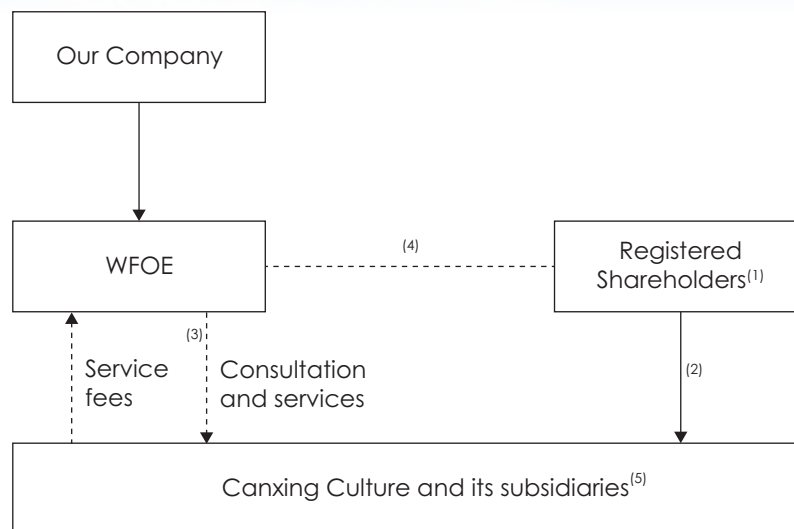
#### Overview

Certain businesses currently operated by our Group in the PRC, including but not limited to variety programs production, distribution and streaming, television drama series production and distribution, operation of WeChat mini-app and the minority investment in the production house of reality show and documentaries under the respective prohibited business categories of radio and television program production, internet cultural activities, television drama production and value-added telecommunication services (the “**Relevant Business**”) are subject to foreign investment restrictions and license requirement under the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021 年版)》). Accordingly, the term “ownership” or the relevant concept, as applied to our Company with respect to its Consolidated Affiliated Entities, refers to an economic interest in the assets or businesses through the Contractual Arrangements without holding any equity interest in its Consolidated Affiliated Entities. As a result of the restrictions imposed by the PRC laws, our Group is unable to own or hold any direct equity interest in its Consolidated Affiliated Entities. The Contractual Arrangements, through which our Company is able to exercise control over and derive the economic benefits from its Consolidated Affiliated Entities, are narrowly tailored to achieve its business purpose and minimize the potential for conflict with relevant PRC laws.

In order to comply with the PRC laws and regulations while availing our Group of international capital markets and maintaining effective control over all of our Group's operations, our Group's wholly-owned subsidiary, Shanghai Jiuwu Yisheng Culture & Media Co., Ltd. (上海久吾一生文化傳媒有限公司) (“**WFOE**”), entered into the Contractual Arrangements with, among others, Canxing Culture and its subsidiaries, namely Beiyi Culture and Canxing Film (the “**Consolidated Affiliated Entities**”), pursuant to which all economic benefits arising from the business of the above Consolidated Affiliated Entities are transferred to WFOE to the extent permitted under the PRC laws and regulations by means of service fees payable by the Consolidated Affiliated Entities to WFOE.

## Report of Directors

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



- (1) The Registered Shareholders refer to the shareholders of Canxing Culture, namely SH Xingtou, SH Zhouxing, Mr. Tian, Mr. Cao Bin and Hanfu Capital who hold 73.71%, 23.09%, 1.77%, 0.78% and 0.65%, respectively. For further information about the Registered Shareholders, see "History, Reorganization and Corporate Structure."
- (2) "—>" denotes direct legal and beneficial ownership in the equity interest.
- (3) ".....>" denotes the control by WFOE over the business of the Consolidated Affiliated Entities through exclusive consulting and services agreements.
- (4) "....." denotes the control by WFOE over the equity interest of the Consolidated Affiliated Entities through (i) exclusive purchase option agreements, (ii) equity pledge agreements and (iii) voting right trust agreements.
- (5) As of the Latest Practicable Date, the subsidiaries of Canxing Culture included Beiyi Culture and Canxing Film. Beiyi Culture was wholly-owned by Canxing Culture. Canxing Film was held by Canxing Culture as to 78% and Mr. Zhang Jun (張軍) and Mr. Jing He (景赫) (employees of Canxing Film) and Ms. Shi Min (石敏) (a director of Canxing Film), as to 15%, 5% and 2%, respectively.

Under the Contractual Arrangements, each of the Consolidated Affiliated Entities entered into an exclusive consulting and service agreement, exclusive purchase option agreement, equity pledge agreement and voting right trust arrangement with, among others, WFOE, pursuant to which each of the Consolidated Affiliated Entities will be directly bound by and subject to the terms and conditions thereof.

### Summary of the material terms of the Contractual Arrangements

#### (i) Exclusive Consulting and Service Agreements

WFOE and Canxing Culture entered into an exclusive consulting and service agreement on July 23, 2021; further, WFOE and each of Beiyi Culture and Canxing Film entered into exclusive consulting and service agreements on November 7, 2022 (collectively, the “**Exclusive Consulting and Service Agreements**”).

Pursuant to the Exclusive Consulting and Service Agreements, our Consolidated Affiliated Entities agreed to engage WFOE as the exclusive provider to the Consolidated Affiliated Entities of consultancy and relevant services in relation to media and program production, which include, among other things, application software research and development, staff training, technology development, technology transfer, public relations, market research and business management consulting services, and the Consolidated Affiliated Entities shall pay the service fees to the WFOE quarterly, which shall be equivalent to the consolidated quarterly profit after taxation to which Canxing Culture is entitled, after deducting any accumulated losses from the preceding fiscal quarter, and any costs, expenses, tax and other statutory contribution in relation to the respective fiscal quarter.

Without the WFOE's prior written consent, our Consolidated Affiliated Entities shall not receive services which are covered by the Exclusive Consulting and Service Agreements from any third party. WFOE is entitled to own all intellectual property rights arising out of the performance of these agreements. Our Consolidated Affiliated Entities agree to pay the entirety of their total income for the services provided by WFOE (net of costs, expenses, taxes and accumulated losses (if any)).

Under the Exclusive Consulting and Service Agreements, our Consolidated Affiliated Entities shall, among others: (i) subject to the relevant PRC laws and regulations, appoint the person recommended by WFOE as their directors or senior management members; and (ii) allow WFOE to inspect their accounts and provide other information including relevant records and data.

The Exclusive Consulting and Service Agreements shall remain effective unless terminated by WFOE with a 30-day prior written notice.

(ii) Exclusive Purchase Option Agreements

WFOE, the Registered Shareholders and Canxing Culture entered into an exclusive purchase option agreement on July 23, 2021; further, WFOE, Canxing Culture and Canxing Film entered into an exclusive purchase option agreement on November 7, 2022 (collectively, the “**Exclusive Purchase Option Agreements**”).

Under the Exclusive Purchase Option Agreements entered into by Canxing Culture, its Registered Shareholders, the WFOE and each of Beiyi Culture and Canxing Film, the Registered Shareholders/Canxing Culture (as the case may be) irrevocably granted the WFOE an option to purchase or cause any person(s) designated by the WFOE to purchase, to the extent permitted under any applicable PRC laws, a portion of or all of (i) their equity interests in the Consolidated Affiliated Entities (as the case may be) and/or (ii) assets or interests in any of the assets of the Consolidated Affiliated Entities (as the case may be) at any time and from time to time, for a consideration equals to RMB1, or otherwise for the minimum amount of consideration permitted by applicable PRC laws.

Our Group has the sole discretion to decide when to exercise the option, and whether to exercise the option in part or in full. The key factor for us to decide whether to exercise the option is whether the applicable foreign investment restrictions in relation to the Relevant Businesses will be removed in the future, the likelihood of which our Group was not in a position to know or comment on, as of the Latest Practicable Date. Where such foreign investment restrictions have been relaxed and there exist clear procedures and guidance for our Group to directly hold the maximum permitted interest in the Consolidated Affiliated Entities, our Group will unwind or modify (as the case may be) the Contractual Arrangements such that our Company (or its subsidiary(ies) of which it holds equity interest) will directly hold the maximum percentage of ownership interests permissible in the Consolidated Affiliated Entities, under relevant PRC laws and regulations, through either sino-foreign equity joint ventures or wholly-owned foreign investment entities.

To prevent the flow of the assets and value of the Consolidated Affiliated Entities to its shareholders, pursuant to the Exclusive Purchase Option Agreements, none of the assets and equity interests in the Consolidated Affiliated Entities are to be sold, transferred or otherwise disposed of without the prior written consent of the WFOE. In addition, under the Exclusive Purchase Option Agreements, the Registered Shareholders/Canxing Culture (as the case may be) may not transfer or permit the encumbrance of or allow any guarantee or security to be created on any of its equity interest in our Consolidated Affiliated Entities without the WFOE's prior written consent.

The Registered Shareholders/Canxing Culture (as the case may be) may not receive any profit distribution or dividend from the Consolidated Affiliated Entities without prior written consent from the WFOE. If the WFOE exercises this option, all or any part of the equity interests in the Consolidated Affiliated Entities acquired would be transferred to the WFOE and the benefits of equity ownership would flow to the WFOE and its shareholders.

### (iii) Equity Pledge Agreements

WFOE, Canxing Culture and the Registered Shareholders entered into an equity pledge agreement on July 23, 2021; further, WFOE, Canxing Culture and each of Beiyi Culture and Canxing Film entered into equity pledge agreements on November, 7 2022 (collectively, the “**Equity Pledge Agreements**”).

Under the Equity Pledge Agreements entered into by the WFOE, Canxing Culture, the Registered Shareholders and each of Beiyi Culture and Canxing Film, the Registered Shareholders/Canxing Culture (as the case may be) agreed to pledge all of their respective equity interests in the Consolidated Affiliated Entities that they legally own to the WFOE as collateral security to guarantee performance of their contractual obligations under the Contractual Arrangements and obligations of our Consolidated Affiliated Entities in relation with the Contractual Arrangements.

Under the Equity Pledge Agreements, among other things, the Registered Shareholders/Canxing Culture (as the case may be) have agreed that, without prior written consent of the WFOE, they will not transfer or dispose the pledged equity interests or create or allow any third party to create any encumbrance on the pledged equity interests that would prejudice the WFOE’s interest. The Equity Pledge Agreements shall remain valid until two years after all the contractual obligations of the Registered Shareholders/Canxing Culture (as the case may be) and the Consolidated Affiliated Entities under the relevant Contractual Arrangements have been fully performed. The equity pledges under the Equity Pledge Agreements have been duly registered with the relevant PRC authority pursuant to the relevant PRC laws.

### (iv) Voting Right Trust Agreements

WFOE, Canxing Culture and the Registered Shareholders entered into a voting right trust agreement on July 23, 2021; further, WFOE, Canxing Culture and each of Beiyi Culture and Canxing Film entered into voting rights trust agreements on November 7, 2022 (collectively, the “**Voting Right Trust Agreements**”).

Under the Voting Right Trust Agreements entered into by the WFOE, Canxing Culture, the Registered Shareholders and each of Beiyi Culture and Canxing Film, the Registered Shareholders/Canxing Culture (as the case may be) have irrevocably appointed the WFOE or the person designated by the WFOE or his/her successor (including a liquidator replacing the person designated by the WFOE) as their agent and attorney to act on their behalf on all matters concerning the Consolidated Affiliated Entities and to exercise all of their rights as registered shareholders of the Consolidated Affiliated Entities, including: (i) the right to propose to convene and attend shareholders’ meetings; (ii) the right to exercise voting rights on all matters that require discussion and resolution at shareholders’ meeting, approve and sign resolutions on behalf of the relevant Registered Shareholders; (iii) the right to submit any required documents to the relevant authorities; and (iv) the right to exercise all shareholder rights under applicable PRC laws and the articles of association.

The Registered Shareholders/Canxing Culture (as the case may be) undertake that the authorization under the Voting Right Trust Agreements will not lead to any actual or potential conflict of interest with WFOE and/or its designee(s). If there is any conflict of interest (subject to WFOE's sole discretion) with WFOE and other members of the Group, the Registered Shareholders/Canxing Culture (as the case may be) shall prioritize to protect and will hold harmless of WFOE. Where the Registered Shareholders are the Directors or senior management of the Company, the rights in relation to the Voting Right Trust Agreements will be granted to our Directors or senior management of our Company who are not the Registered shareholders. The Registered Shareholders/Canxing Culture (as the case may be) shall not take or omit to take any actions which may lead to a conflict of interest with WFOE or its shareholders, nor the Registered Shareholders/Canxing Culture (as the case may be) shall execute any agreement or make any undertaking therein which has the conflict of interest with any agreement signed or being performed between the Consolidated Affiliated Entities, WFOE or its designee(s).

(v) Undertakings from the Individual Registered Shareholders

Each of the individual Registered Shareholders, namely Mr. Tian and Mr. Cao, signed an undertaking, pursuant to which he unconditionally and irrevocably undertakes that (i) his interests do not fall within the scope of communal properties, and his spouse does not have the right to claim any interests in Canxing Culture (together with any other interests therein); (ii) each of them will perform obligations or take any necessary measures to procure the execution of the Contractual Arrangements which do not require authorization or consent from his spouse; and (iii) his successors (including his spouse) will not take any actions that would affect his obligations under the Contractual Arrangements.

(vi) Spousal Undertakings

The spouse of each of the individual Registered Shareholders has signed a spousal undertaking letter, pursuant to which the signed spouses unconditionally and irrevocably undertake their respective spouses' performance under the Contractual Arrangements.

The signed spouses further undertake, among other things, that: (i) any equity interests held by their respective spouse as a Registered Shareholder in Canxing Culture do not fall within the scope of their communal properties; (ii) any necessary measures taken or obligations performed by her spouse to procure the execution of the Contractual Arrangements do not require her authorization or consent; and (iii) each of them will take any necessary measures to procure the execution of the Contractual Arrangements.

### Business activities and revenues from the Contractual Arrangements

Substantially all of our Group's total revenue and certain net assets are derived from the Consolidated Affiliated Entities that are subject to the Contractual Arrangements. The total revenue and net assets derived from the Consolidated Affiliated Entities that are subject to the Contractual Arrangements are RMB55.1 million for the year ended December 31, 2025 and RMB874.2 million as of December 31, 2025, respectively, and RMB42.7 million for the year ended December 31, 2024 and RMB890.5 million as of December 31, 2024, respectively.

### Risks relating to the Contractual Arrangements and actions taken to mitigate the risks (where applicable)

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

- (a) If the PRC government determines that the agreements establishing the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, our Group could be subject to severe consequences, including the nullification of the contractual arrangements and the relinquishment of our interest in the Consolidated Affiliated Entities.
- (b) Substantial uncertainties exist with respect to whether the control of PRC onshore VIEs by foreign investors via contractual arrangements will be recognized as "foreign investment" and how it may impact the viability of our Group's current corporate structure and operations.
- (c) Our Group relies on its contractual arrangements for our operations in China, which may not be as effective in providing operational control as direct ownership. The Consolidated Affiliated Entities and/or their Registered Shareholders (as defined herein below) may fail to perform their obligations under the contractual arrangements, which may result in our Group resorting to litigation to enforce our rights, which may be time-consuming, unpredictable, expensive and damaging to our operations and reputation.
- (d) As some of our Group's contractual arrangements may not have fully detailed the parties' rights and obligations, our remedies for a breach of these arrangements may not be guaranteed.

- (e) Our Group may not be able to conduct our operations without the services provided by certain of its Consolidated Affiliated Entities.
- (f) Our Group may lose the ability to use and enjoy assets held by the Consolidated Affiliated Entities that are material to its business operations if the Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.
- (g) The Registered Shareholders (as defined herein below) of our Group's Consolidated Affiliated Entities may have conflicts of interest with it, which may materially and adversely affect its business.
- (h) Our Group conducts its business operations in China through the Consolidated Affiliated Entities by way of the contractual arrangements. However, certain terms of the contractual arrangements may not be enforceable under PRC laws and regulations.
- (i) The contractual arrangements may subject us to scrutiny by the PRC tax authorities and may result in a finding that our Group owes additional taxes or are ineligible for tax exemptions, or both, which could substantially increase its taxes owed and thereby reduce our profit attributable to equity shareholders of the Company.
- (j) If our Group exercises the option to acquire equity ownership and assets of the Consolidated Affiliated Entities, the ownership or asset transfer may subject it to certain limitations and substantial costs.
- (k) A transfer of shares in some of the Consolidated Affiliated Entities may trigger tax liability.

### **Implication under the Listing Rules and Confirmations**

#### [Waivers applied for under the Listing Rules](#)

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

In relation to the contractual arrangements, our Group has applied to the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules for, and the Stock Exchange has granted us, a waiver from (i) strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the contractual arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, under Rule 14A.53 of the Listing Rules for the fees payable to WFOE from the Consolidated Affiliated Entities under the contractual arrangements; and (iii) fixing the term of the contractual arrangements to three years or less under Rule 14A.52 of the Listing Rules for as long as our Shares are listed on the Stock Exchange, subject to certain conditions set out in the Prospectus.

### Confirmation from our Independent Non-executive Directors

The aforesaid continuing connected transactions have been reviewed by our independent non-executive Directors. Our independent non-executive Directors confirmed that such continuing connected transactions have been on normal commercial terms and entered into in the ordinary and usual course of business of our Company, and the terms of which are fair and reasonable and in the interests of our Shareholders as a whole.

### Confirmation from our Company's Independent Auditor

Our Company's independent auditor Ernst & Young has reviewed the transactions carried out under the Contractual Arrangements in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, and a letter has been sent to the Directors to confirm that the transactions have been approved by the Directors and have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.

During the Reporting Period, save as disclosed in "Continuing Connected Transactions" of this annual report, no related party transactions disclosed in Note 35 to the financial statements constituted a connected transaction or continuing connected transaction that should be disclosed pursuant to the Listing Rules. Our Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to these continuing connected transactions entered into by our Group during the Reporting Period.

### Related Party Transactions

Details of the material related party transactions which were undertaken by our Group in the normal course of business are set out in note 35 to the consolidated financial statements. Those related party transactions which constituted connected transactions or continuing connected transactions under the Listing Rules had complied with the applicable requirements under Chapter 14A of the Listing Rules.

## USE OF NET PROCEEDS FROM GLOBAL OFFERING

Our Company's Shares were listed on the Stock Exchange on December 29, 2022. Net proceeds from the Listing (including the partial exercise of the over-allotment option) of HK\$328.3 million (equivalent to RMB293.0 million), after deducting the underwriting commissions, fees and expenses payable by us in connection with the Listing, will be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Set out below is the status of use of proceeds from the Global Offering by the Group:

Purpose	% of use of proceeds	Net proceeds as of December 31, 2023 (including net proceeds from the partial exercise of the over-allotment option dated January 19, 2023)	Utilized for the year ended December 31, 2024	Utilized proceeds as of December 31, 2024	Utilized for the year ended December 31, 2025	Unutilized proceeds as of December 31, 2025	Expected timeline of the intended use of the unutilized proceeds as of December 31, 2025
		(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
(1) To fund our Company's IP production and operations	80.0	262.6	0.8	246.8	1.8	14.0	December 2027
(i) To fund our Company's variety program IP creation and operation;	70.0	229.8	-	229.8	-	-	-
(ii) To fund our Company's music IP production and operation;	4.0	13.1	0.8	13.1	-	-	-
(iii) To fund our Company's film and drama series IP production and operation;	4.0	13.1	-	-	1.8	11.3	December 2027
(iv) To fund the purchase and upgrade of equipment, hardware and software for our Company's technical team, production team and short-video team.	2.0	6.6	-	3.9	-	2.7	December 2027
(2) To expand our Company's audience reach to provide better customer service and build our Company's established entertainment IP Industry value chain.	20.0	65.7	-	6.7	-	59.0	December 2027
<b>Total</b>	<b>100%</b>	<b>328.3</b>	<b>0.8</b>	<b>253.5</b>	<b>1.8</b>	<b>73.0</b>	

During the Reporting Period and up to the Latest Practicable Date, there was no change in the intended use of net proceeds as disclosed in the Prospectus. The expected timeline of full utilization set out above is based on our Directors' best estimation barring unforeseen circumstances, and is subject to change in light of future development of market conditions. Should there be any change in the use of proceeds, further announcement(s) will be made by our Company as soon as practicable.

### **CORPORATE GOVERNANCE**

Our Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by our Company is set out in the Corporate Governance Report on page 56 of this annual report.

### **AUDIT COMMITTEE**

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

### **AUDITOR**

The consolidated financial statements of our Group have been audited by Crowe (HK) CPA Limited, Certified Public Accountants and Registered Public Interest Entity Auditor, who will retire and, being eligible, offer themselves for reappointment at our upcoming annual general meeting.

### **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

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

By the order of our Board of Directors

**Mr. Tian Ming**  
*Chairman and Chief Executive Officer*

Hong Kong  
March 27, 2025



## Directors and Senior Management

Our Board consists of six executive Directors and three independent non-executive Directors.

### DIRECTORS

#### Executive Directors

**Mr. Tian Ming (田明)**, aged 56, is the chairman of our Board, executive Director and chief executive officer of our Company. Mr. Tian has been the director and general manager of Canxing Culture since April 2011. He is primarily responsible for the overall corporate and business strategies and overseeing the management and operation of our Group. Mr. Tian has profound influence in the TV production industry, and has led the production of a number of the Group's variety programs with high popularities. In addition, Mr. Tian also serves as directors of major subsidiaries and operating entities including Star China International Media Co., Ltd. and Fortune Star Media Limited. Prior to joining our Group, Mr. Tian held directorships and positions at various well recognized media companies. From September 2010 to May 2011, he successively served as the deputy director and the director of variety programs department of Shanghai Dragon Media Group Limited (上海東方傳媒集團有限公司), a multimedia group in China and concurrently served as the director and the general manager of Dragon Television (東方衛視), a Chinese satellite TV network. Mr. Tian successively served as a deputy director of chief editor office, the editor-in-chief of entertainment channel, the director of variety programs department of Shanghai Media Group (上海文廣新聞傳媒集團), the deputy director and director of Shanghai Dragon Television (上海東方電視台), a Chinese TV channel, and the general manager of Shanghai Dragon Television Media Limited (上海東方衛視傳媒有限公司), from March 2003 to September 2010. From November 2004 to August 2006, he worked concurrently at Shanghai Dongfang Zhixing Culture Development Co., Ltd. (上海東方之星文化發展有限公司), where he served as its general manager. From December 1992 to March 2003, Mr. Tian served as a reporter and a deputy director of news center of Shanghai Dragon Television (上海東方電視台). Mr. Tian obtained a bachelor's degree in journalism from Fudan University (復旦大學) in the PRC in July 1991, and a doctorate degree in journalism and communications from Fudan University in January 2006.

**Mr. Jin Lei (金磊)**, aged 50, is an executive Director of our Company. Mr. Jin joined our Group as a deputy general manager of Canxing Culture in June 2011. He is primarily responsible for the content production and research and development of our Group. Prior to joining our Group, from October 2009 to June 2011, he worked at Dragon Television as a deputy general manager and a member of Communist Party Committee at Shanghai New Entertainment Media Limited (上海新娛傳媒有限公司). Before that, he worked as a deputy director of variety programs department and a member of Communist Party Committee at Shanghai Media Group from November 2005 to October 2009. From August 1997 to November 2005, he worked at Dragon Television as a scenarist, and a producer and director assistant of music channel. Mr. Jin obtained a bachelor's degree in international journalism from Shanghai International Studies University (上海外國語大學) in the PRC in June 1997.



## Directors and Senior Management

**Mr. Xu Xiangdong (徐向東)**, aged 62, is an executive Director of our Company. Mr. Xu joined our Group as a deputy general manager of Canxing Culture in June 2011. He is primarily responsible for offline business development and team management. Prior to joining our Group, from October 2009 to June 2011, he served as a deputy director of Dragon Television. From December 2005 to October 2009, Mr. Xu served successively as a deputy director and producer of variety programs department at Shanghai Media Group and deputy director of Dragon Television. Before that, he served as a scenarist and producer of Shanghai Dragon Television from January 1996 to December 2005. Mr. Xu obtained a bachelor's degree in literature from Shanghai University (上海大學) in the PRC in July 1985.

**Mr. Lu Wei (陸偉)**, aged 49, is an executive Director of our Company. Mr. Lu joined our Group as vice president of Canxing Culture in June 2011. He is primarily responsible for overseeing the research and development of original content and the development of overseas business and online business. Prior to joining our Group, Mr. Lu worked as the principal of entertainment news channel of Shanghai Media Group from December 2005 to May 2011. Before that, he was a reporter of Shanghai Dragon Television from July 1999 to December 2005. Mr. Lu obtained a bachelor's degree in journalism from Fudan University in the PRC in July 1999.

**Ms. Wang Yan (王艷)**, aged 52, is an executive Director and the chief financial officer of our Company. Ms. Wang has been a director and the chief financial officer of Canxing Culture since March 2015. She is primarily responsible for financial operation, risk management and investor relations of our Group. In addition, Ms. Wang also serves as directors of certain major subsidiaries and operating entity including Star China International Media Co., Ltd. and Fortune Star Media Limited. From March 2013 to February 2015, she worked at Shanghai Yuyuan Jewelry Fashion Group Co., Ltd. (上海豫園珠寶時尚集團有限公司), a fashion jewelry company, where she served as the chief financial officer and the deputy chief executive officer from March 2013 to December 2014. Before that, Ms. Wang served as the deputy head of preparatory team for Yuyuan Jewelry Fashion Group from December 2012 to March 2013. From November 2008 to November 2011, Ms. Wang worked as a director, the chief financial officer and board secretary of Sanjiang Shopping Club Co., Ltd. (三江俱樂部股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601116). Prior to that, she worked as a researcher at Institute for China Finance Research of China Europe International Business School (中歐國際工商學院中國金融研究中心) from March 2005 to July 2008. Ms. Wang obtained a master's degree in enterprise management from Shanghai International Studies University (上海外國語大學) in March 2005 and a bachelor's degree in management information system from Shanghai University of Finance and Economics (上海財經大學) in July 1995. Ms. Wang has been a Certificate Public Accountant since February 2003.

**Ms. Shen Ning (沈寧)**, aged 48, is an executive Director of our Company. Ms. Shen joined the Group in 2011 and is currently the chairwoman of Mengxiang Qiangyin Culture Broadcast (Shanghai) Company Ltd. which is the artist brokerage and derivative business sector of the Group. She is mainly responsible for offline business development and team management. Before joining the Group, Ms. Shen served as the deputy director of the department of variety show of Shanghai Oriental Television (上海東方電視台). Ms. Shen received a bachelor's degree in Broadcasting and Television Playwright-directing (Art Directing) (文藝編導學士學位) from the Communication University of China (中國傳媒大學) (formerly known as the Beijing Broadcasting College (北京廣播學院)) in July 1999.



## Directors and Senior Management

### Independent Non-executive Directors

**Mr. Li Liangrong (李良榮)**, aged 80, is an independent non-executive Director of our Company. He is primarily responsible for providing independent opinion and judgment to our Board. Mr. Li has been serving as the principal of the school of journalism and communication of Zhejiang University of Media (浙江傳媒學院) since March 2019. He held various positions at Fudan University including serving as the principal at the International Communication Institution of Fudan University, a professor since 1993, a doctoral supervisor of journalism school since 1994, and a deputy dean of journalism school from 1987 to 1993. Mr. Li has been working as a lecturer at Fudan University since 1982. Mr. Li obtained a master's degree and a bachelor's degree in journalism from Fudan University in the PRC in July 1982 and July 1968, respectively.

**Mr. Chen Rehao (陳熱豪)**, aged 57, is an independent non-executive Director of our Company. He is primarily responsible for providing independent opinion and judgment to our Board. Mr. Chen had been serving in various positions at Shanghai Gongxin Zhongnan Accountant Co., Ltd. (上海公信會計師事務所有限公司) since April 1996 including its executive director, senior accountant and manager and is currently the chairman of the board of Shanghai Gongxin Zhongnan Accountant Co., Ltd.. Mr. Chen obtained an executive master's degree in business administration from Nankai University (南開大學) in the PRC in June 2014 and graduated from Zhengzhou University of Aeronautics (鄭州航空學院) in the PRC with a bachelor's degree in economics in July 1992. Mr. Chen has been admitted as a member of the Chinese Institute of Certified Public Accountants. Mr. Chen 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. Sheng Wenhao (盛文灝)**, aged 58, is the independent non-executive Director of our Company. He is primarily responsible for providing independent opinion and judgment to our Board. Mr. Sheng has been the chairman of the board and the general manager of Theland New Cloud (Shanghai) Digimart Limited (紐仕蘭新雲(上海)電子商務有限公司), a company engaged in the import of dairy products, and a director of Pengdu Agriculture & Animal Husbandry Co., Ltd. (鵬都農牧股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 002505), from June 2015 to May 2020. He also served as the vice president of Shanghai Jiaoda Onlly Co., Ltd. (上海交大昂立股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600530) until February 2015. Mr. Sheng obtained an executive master's degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in March 2001.

### SENIOR MANAGEMENT

**Mr. Tian Ming (田明)**, aged 56, is the chairman of our Board, executive Director and chief executive officer of our Company. Please refer to the above section for his biography.

**Mr. Jin Lei (金磊)**, aged 50, is our Company's executive Director and vice president. Please refer to the above section for his biography.

**Mr. Xu Xiangdong (徐向東)**, aged 62, is our Company's executive Director and vice president. Please refer to the above section for his biography.

**Mr. Lu Wei (陸偉)**, aged 49, is our Company's executive Director and vice president. Please refer to the above section for his biography.

**Ms. Wang Yan (王艷)**, aged 52, is our Company's executive Director and chief financial officer. Please refer to the above section for her biography.

### COMPANY SECRETARY

**Ms. Cheng Lai (鄭勵)**, is a company secretary of our Company. Ms. Cheng is a solicitor qualified to practice in Hong Kong. Ms. Cheng is currently an associate of Zhong Lun Law Firm LLP, specialising in corporate finance work including initial public offerings, mergers and acquisitions and post-listing compliance matters. Ms. Cheng received her Bachelor of Business Administration in Professional Accounting from the Hong Kong University of Science and Technology in November 2018. Ms. Cheng graduated from the Chinese University of Hong Kong with a Juris Doctor in November 2020 and Postgraduate Certificate in Laws in July 2021, respectively



# Corporate Governance Report

Our Board of Directors is pleased to report to the Shareholders on the corporate governance of our Company for the year ended December 31, 2025.

## CORPORATE GOVERNANCE CULTURE AND STRATEGIES

Our Company is committed to ensuring that our affairs are conducted in accordance with high ethical standards. This reflects our belief that, in the achievement of our long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, our Company believes that our Shareholders' wealth will be maximized in the long term and that our employees, those with whom we do business and the communities in which we operate will all be benefitted.

Corporate governance is the process by which our Board instructs the management of our Group to conduct affairs with a view to ensuring that our objectives are met. Our Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to our Shareholders;
- that the interests of our stakeholders are safeguarded; and
- that our high standards of ethics are maintained.

## CORPORATE GOVERNANCE PRACTICES

Our Board believes that high corporate governance standards are essential in providing a framework for our Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

Our Company has adopted the principles and code provisions of the CG Code as contained in Appendix C1 of the Listing Rules on the Stock Exchange as the basis of our Company's corporate governance practices. Our Company has also applied the principles of the CG Code on our corporate governance structure and operation in the manner as stated in this report, and will always and has complied with all applicable code provisions of the CG Code for the Reporting Period. Our Company will continue to review and oversee the corporate governance practices to ensure its compliance with the CG Code.

Code provision C.2.1 of the CG Code recommends that the roles of chairman and chief executive officer to be separate and not be performed by the same individual. Our Company deviates from this provision as Mr. Tian Ming performs both the roles of chairman of our Board and the chief executive officer of our Company. As Mr. Tian Ming has been managing our Group's business and overall strategic planning for several years, our Directors consider that vesting the roles of chairman and chief executive officer in Mr. Tian Ming is beneficial to the business prospects and management of our Group by ensuring consistent leadership within our Group. Taking into account all the corporate governance measures that our Group implemented, our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Accordingly, our Company had not segregated the roles of its chairman and chief executive officer. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at an appropriate time if necessary, taking into account the circumstances of our Group as a whole.

Saved as disclosed above, to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, our Directors are not aware of any deviation from code provisions in the CG Code as set out in Appendix C1 to the Listing Rules.

### **CORPORATE GOVERNANCE FUNCTIONS**

The Board is collectively responsible for performing the corporate governance functions set out in code provision A.2.1 of Part 2 of the CG Code, including at least the following:

- 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;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the Company's code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## MODEL CODE FOR SECURITIES TRANSACTIONS

Our Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions.

Specific enquiry has been made of all of our Directors and our Directors have confirmed that they have complied with the Model Code during the Reporting Period.

Our Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who, because of such office or employment, are likely to possess inside information in relation to our Company or our securities. The Employees Written Guidelines stipulate that insiders should not deal with the securities of our Company or should report his/her securities transactions in advance. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by our Company.

## BOARD OF DIRECTORS

Our Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting our Company's success by directing and supervising our Company's affairs. Directors take decisions objectively in the best interests of our Company.

Our Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of our Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to our Company and whether our Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. Our Board includes a balanced composition of executive Directors and non-executive Director (including independent non-executive Directors) so that there is a strong independent element on our Board, which can effectively exercise independent judgement.

### Board Composition

The Board currently comprises the following nine Directors:

#### Executive Directors

Mr. Tian Ming (*Chairman of the Board and Chief Executive Officer*)

Mr. Jin Lei

Mr. Xu Xiangdong

Mr. Lu Wei

Ms. Wang Yan

Ms. Shen Ning

## Independent Non-executive Directors

Mr. Li Liangrong  
 Mr. Chen Rehao  
 Mr. Sheng Wenhao

The biographical information of our Directors and the relationships between our Directors are set out in the section headed “Directors and Senior Management” of this annual report. Save as disclosed above, none of our Directors has any relationships (including financial, business, family or other material/relevant relationship(s)) between our Board members and in particular, between the chairman and the chief executive of our Company.

## Directors’ Attendance Records

The attendance record of each Director at Board meetings, Board Committee meetings and general meetings of our Company held during the Reporting Period is set out in the table below:

Name of Director	Attendance/Number of Meetings					Annual General Meeting	Other General Meetings (if any)
	Board	Audit Committee	Remuneration Committee	Nomination Committee			
<b>Executive Directors</b>							
Mr. Tian Ming	6/6	N/A	N/A	1/1	1/1	N/A	
Mr. Jin Lei	6/6	N/A	1/1	N/A	1/1	N/A	
Mr. Xu Xiangdong	6/6	N/A	N/A	N/A	1/1	N/A	
Mr. Lu Wei	6/6	N/A	N/A	N/A	1/1	N/A	
Ms. Wang Yan	6/6	N/A	N/A	N/A	1/1	N/A	
Ms. Shen Ning	6/6	N/A	N/A	N/A	1/1	N/A	
<b>Independent Non-executive Directors</b>							
Mr. Li Liangrong	6/6	2/2	1/1	1/1	1/1	N/A	
Mr. Chen Rehao	6/6	2/2	1/1	1/1	1/1	N/A	
Mr. Sheng Wenhao	6/6	2/2	N/A	N/A	1/1	N/A	



## Corporate Governance Report

Apart from regular Board meetings, our Chairman also held one meeting with our independent non-executive Directors without the presence of other Directors during the year.

Our independent non-executive Directors and non-executive Director have attended general meetings of our Company to gain and develop a balanced understanding of the view of the Shareholders.

### **Board Meetings**

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

### **Responsibilities, Accountabilities and Contributions of the Board and Management**

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

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

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to our Board for its efficient and effective functioning. Our independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of our Company and providing a balance in our Board for bringing effective independent judgement on corporate actions and operations.

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

Our Directors shall disclose to our Company details of other offices held by them.

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

Our Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors arising out of corporate activities. The insurance coverage would be reviewed on an annual basis. See also "Permitted Indemnity" on page 25 of this annual report.

### **Chairman and Chief Executive Officer**

The position of chairman and chief executive officer are held by Mr. Tian Ming. Please refer to the section headed “Corporate Governance Practices” for details.

### **Independent Non-executive Directors**

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

Our Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Our Company is of the view all independent non-executive Directors are independent.

### **BOARD SKILLS MATRIX**

The Board places strong emphasis on maintaining an appropriate balance of skills, experience and diversity to support the Company’s strategy and governance responsibilities. The Board regularly reviews its composition to ensure that Directors, collectively and individually, contribute effectively to the Company’s long-term success.

The skills matrix below sets out the skills, expertises, diversity, knowledge and experience of the Board that are most relevant to Company’s strategy, governance and business and to enabling the Board to effectively discharge its duties and responsibilities in attaining Company’s strategic objectives and achieving sustainable and balanced development for the Group, particularly in terms of:

- Overseeing the implementation of the Company’s strategic imperatives to solidify its leadership in the IDC solutions services, bridging innovative Edge and intelligent computing services with evolving market demands;
- Promoting sustainability and better governance and corporate responsibility practices across its business, markets and communities; and
- Overseeing implementation of robust risk management framework and internal controls.

# Corporate Governance Report

Name of Directors	Strategy & Governance	Financial & Capital Markets	Risk & Regulatory	Industry Insight
<b>Executive Directors</b>				
Mr. Tian Ming	✓	✓	✓	✓
Mr. Jin Lei	✓		✓	✓
Mr. Xu Xiangdong	✓		✓	✓
Mr. Lu Wei	✓	✓	✓	✓
Ms. Wang Yan	✓	✓	✓	✓
Ms. Shen Ning	✓	✓	✓	✓
<b>Independent non-Executive Directors</b>				
Mr. Li Liangrong	✓		✓	✓
Mr. Chen Rehao	✓	✓	✓	
Mr. Sheng Wenhao	✓	✓	✓	

## Continuous Professional Development of Directors

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

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of our Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Our Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

All Directors have complied with code provision C.1.4 of the CG Code in relation to the training of Directors. During the Reporting Period, the Directors have attended seminars and training sessions arranged by relevant business and professional/financial institutions/law firms, and have read latest materials relating to issuers' obligations and regulatory updates, industry developments and business strategies, corporate governance and ESG matters, risk management and internal controls and directors' duties, roles and functions. The relevant details are set out below and the Company has also provided management with internal training in relation to the Company.

The training records of our Directors for the year ended December 31, 2025 and up to date of this annual report are summarized as follows:

<b>Directors</b>	<b>Type of Training<sup>Note</sup></b>
<b><i>Executive Directors</i></b>	
Mr. Tian Ming	A/B
Mr. Jin Lei	A/B
Mr. Xu Xiangdong	A/B
Mr. Lu Wei	A/B
Ms. Wang Yan	A/B
Ms. Shen Ning	A/B
<b><i>Independent Non-executive Directors</i></b>	
Mr. Li Liangrong	A/B
Mr. Chen Rehao	A/B
Mr. Sheng Wenhao	A/B

*Note:*

Types of Training

A: Attending training sessions, including but not limited to briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

## BOARD COMMITTEES

Our Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of our Company's affairs. All Board committees of our Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on our Company's website and the Stock Exchange's website.

### Audit Committee

Our Audit Committee consists of three members, all being independent non-executive Directors, namely Mr. Chen Rehao, Mr. Li Liangrong and Mr. Sheng Wenhao. Mr. Chen Rehao is the chairman of our Audit Committee.

The primary duties of our Audit Committee include, among others:

- (1) to review our compliance, accounting policies and financial reporting procedures;
- (2) to review the risk management and internal control systems of our Company;
- (3) to review the effectiveness of our Company's internal audit function;
- (4) to supervise the implementation of our internal audit system;
- (5) to advise on the appointment or replacement of external auditors;
- (6) to liaise between our internal audit department and external auditors; and
- (7) to review other responsibilities as authorized by our Board.

The written terms of reference of our Audit Committee are available on the websites of the Stock Exchange and our Company.

During the Reporting Period, our Audit Committee held two meetings to review the annual financial results and reports for the financial year ended December 31, 2024, the interim financial results and report for the six months ended June 30, 2025, the continuing connected transactions of our Group, the significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, the appointment of external auditor and engagement of non-audit services and relevant scope of works, and the arrangements for employees to raise concerns about possible improprieties.

During the Reporting Period, our Audit Committee also met twice with the external auditor without the presence of our executive Directors.

### **Remuneration Committee**

Our Remuneration Committee consists of three members, namely Mr. Li Liangrong (independent non-executive Director), Mr. Chen Rehao (independent non-executive Director) and Mr. Jin Lei (executive Director). Mr. Li Liangrong is the chairman of our Remuneration Committee.

The primary duties of our Remuneration Committee include, among others:

- (1) to make recommendations to our 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;
- (2) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (3) to make recommendations to our Board on the remuneration packages of individual executive Directors and senior management of our Company (i.e. code provision E.1.2(c)(ii) of the CG Code is adopted);
- (4) to make recommendations to our Board on the remuneration of non-executive Directors;
- (5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Group;
- (6) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with such contractual terms and is otherwise fair and not excessive;
- (7) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (8) to review and/or approve matters relating to share schemes described under Chapter 17 of the Listing Rules; and
- (9) to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration.

The written terms of reference of our Remuneration Committee are available on the websites of the Stock Exchange and our Company.

## Corporate Governance Report

During the Reporting Period, our Remuneration Committee held one meeting to report to our Board on the remuneration packages of individual executive Directors and senior management, review and make recommendations to our Board on the remuneration of non-executive Directors, and to review and make recommendations to the Board on our Company's policy and structure for the remuneration of all Directors and senior management.

Details of our Directors' remuneration for the year ended December 31, 2025 are set out in Note 8 to the financial statements.

The remuneration of non-director and non-chief executive highest paid employee during the Reporting Period falls within the following bands:

<b>Band of remuneration</b>	<b>Number of individuals</b>
HK\$1,000,001 to HK\$1,500,000	1
HK\$2,000,001 to HK\$2,500,000	1

Our Company offers executive Directors and senior management members, who are also employees, compensation in the form of salaries, bonus, social security plans, housing provident fund plans and other benefits. Our independent non-executive Directors receives compensation based on their responsibilities while the non-executive Director is not entitled to any remuneration.

### **Nomination Committee**

Our Nomination Committee consists of three members, namely Mr. Tian Ming (chairman of our Board and executive Director), Mr. Li Liangrong (independent non-executive Director) and Ms. Shen Ning (executive Director). Mr. Tian Ming is the chairman of our Nomination Committee.

The primary duties of our Nomination Committee include, among others:

- (1) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of our Board at least annually and make recommendations on any proposed changes to our Board to complement the Company's corporate strategy;
- (2) to identify individuals suitably qualified to become Board members and select or make recommendations to our Board on the selection of individuals nominated for directorships;
- (3) to make recommendations to our Board on relevant matters relating to the appointment and re-appointment of our Directors and succession planning for directors (in particular the chairman or chairlady and the chief executive);
- (4) to assess the independence of independent non-executive Directors; and
- (5) to review the policy on Board diversity (the "**Board Diversity Policy**") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by our Board from time to time and to review the progress on achieving the objectives; and to make disclosures of review results of its progress in the annual report of our Company annually.

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

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

The written terms of reference of our Nomination Committee are available on the websites of the Stock Exchange and our Company.

### **Board Diversity Policy**

Our Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at our Board level as an essential element in maintaining our Company's competitive advantage.

# Corporate Governance Report

Pursuant to our Board Diversity Policy, our Nomination Committee reviews regularly the structure, size and composition of our Board and where appropriate, make recommendations on changes to our Board to complement our Company's corporate strategy and to ensure that our Board maintains a balanced diverse profile. In relation to reviewing and assessing our Board composition, our Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, ethnicity, language, cultural and educational background, industry experience and professional experience.

Our Company aims to maintain an appropriate balance of diversity perspectives that are relevant to our Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from our Board downwards) are appropriately structured so that a diverse range of candidates are considered.

Our Nomination Committee is responsible for reviewing our Board Diversity Policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving the objectives.

An analysis of our Board's current composition based on the measurable objectives is set out below:

## Gender

Male: 7 Directors  
Female: 2 Directors

## Age Group

41-50: 3 Directors  
51-60: 4 Directors  
61-70: 1 Director  
71-80: 1 Director

## Designation

Executive Directors: 6 Directors  
Independent non-executive Directors: 3 Directors

## Educational Background

Business Administration: 1 Directors  
Account and Finance: 2 Directors  
Other: 6 Directors

## Nationality

Chinese: 9 Directors

## Business Experience

Accounting & Finance: 2 Directors  
Experience relevant to the Company's business: 7 Directors

Our Nomination Committee and our Board are of the view that the current composition of our Board has achieved the objectives set in the Board Diversity Policy.

Our Nomination Committee will review our Board Diversity Policy and the measurable objectives at least annually to ensure the continued effectiveness of the Board.

## Gender Diversity

Our Company values gender diversity across all levels of our Group. The following table sets out the gender ratio in the workforce of our Group, including our Board and senior management as of the date of this annual report:

	Female	Male
<b>Board</b>	33% (2)	67% (4)
<b>Senior Management</b>	33% (2)	67% (4)
<b>Other employees</b>	61% (74)	39% (47)
<b>Overall workforce</b>	60% (76)	40% (51)

Our Board is currently of the opinion that it generally meets the diversity requirements under the Listing Rules. The Group will continue to maintain and progressively enhance gender diversity across all levels of the workforce, taking into account its business model and operational needs. Our Board will review the implementation and effectiveness of the Board Diversity Policy on an annual basis to ensure its continued effectiveness.

## Director Nomination Policy

Our Board has delegated our responsibilities and authority for selection and appointment of Directors to our Nomination Committee of our Company.

Our Company has adopted a director nomination policy in relation to our nomination process of directors ("**Director Nomination Policy**") which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of our Company and aims to ensure that our Board has a balance of skills, experience and diversity of perspectives appropriate to our Company and the continuity of our Board and appropriate leadership at Board level.

The nomination process set out in our Director Nomination Policy is as follows:

## **Nomination Procedures**

- (i) Our Nomination Committee shall convene committee meetings and invite our Board members to nominate candidates (if any) for the Nomination Committee to consider before convening the meeting. The Nomination Committee may also nominate candidates who have not been nominated by our Board members.
- (ii) For the appointment of any director candidate, our Nomination Committee shall conduct adequate due diligence in respect of such candidate and make recommendations to our Board for consideration.
- (iii) For the re-appointment of any existing members of our Board, our Nomination Committee shall make recommendations to our Board for consideration.
- (iv) For the procedures for Shareholders to nominate any director candidates, please refer to the Procedures for Shareholders to Propose a Person for Election as a Director of our Company on our Company's website.

Our Board shall have the right of final decision on all matters relating to the election of recommended candidates or re-appointed directors at a general meeting.

Our Director Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to our Board of a proposed candidate, including but not limited to the following:

- integrity and reputation;
- educational background, professional qualifications and work experience (including part-time jobs);
- whether or not they have the necessary knowledge, skills and experience;
- whether or not they are able to spend sufficient time and energy to handle our Company's affairs;
- whether or not they will promote the diversity of our Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and term of office;
- whether or not the candidates for independent directors meet the requirements for independence under Rule 3.13 of the Listing Rules; and
- any other relevant factors as determined by our Nomination Committee or the Board from time to time.

During the year ended December 31, 2025, there was no change in the composition of our Board.

Our Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

### **RISK MANAGEMENT AND INTERNAL CONTROLS**

Our Board acknowledges it is the responsibility of the Board for maintaining sound, efficient and adequate risk management, internal control systems and internal audit function to safeguard Shareholders' investments and our Company's assets. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Our Company has established an internal audit function. During the Reporting Period, our internal audit function and our Board conducted an annual review on the effectiveness of the risk management and internal control systems of our Company. The annual review covered, among others, operational risk management, regulatory compliance risk management, legal risk management, the financial reporting and credit risk management, intellectual property rights risks management, information system risk management, human resources risk management and, particularly, public sentiment risk management.

Although there is room for improvement, no significant deficiency in our current risk management and internal control systems has been identified during the review. As a result, our Board considers that our Company had complied with the code provisions relating to risk management and internal control of the CG code during the Reporting Period.

However, considering the Suspension and the unprecedented consequential effect it has brought to our Group, our Company intends to strengthen and improve our current risk management and internal control systems by introducing some more sensitive and efficient risk and emergency management mechanisms, which include:

- (1) in response to those principal risks that newly emerged without an appropriate contingency plan, the Audit Committee shall take the responsibility of coordinating with relevant internal departments of the Company and deploying responsible personnel to conduct studies and formulate relevant responding plans;
- (2) our Company shall set up a crisis management group chaired by the Chairman of the Board immediately upon the occurrence of some principal risk events;
- (3) based on the results subsequent to a comprehensive investigation and evaluation of a principal risk event, our Company shall make a decisive decision as a response in order to avoid further deterioration of the situation;
- (4) for those principal risk events that have caused adverse effects on the operation of our Company, our Company shall maintain communication with the relevant parties involved and make appropriate disclosures when necessary, in order to help the public report and evaluate the relevant events objectively and fairly.



## Corporate Governance Report

### **Operational Risk Management**

Our Company recognises that risk management is critical to the success of the business operation. Key operational risks faced by our Company primarily arise from inadequate or failed internal controls and systems, human errors, IT system failures or external events. To ensure effective risk management, we have put in place a detailed risk management policy which sets out the main operational risks and risk control measures of each department within our Company. We conduct risk management evaluation on an annual basis and our internal audit department will report the evaluation results to our Directors for further improvement.

### **Regulatory Compliance Risk Management**

We are subject to extensive and evolving regulatory requirements, including requirements to obtain and renew certain licenses, permits, approvals and certificates for our business operations. 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 department is responsible for reviewing and approving contracts, monitoring updates to and changes in laws and regulations applicable to our business and operations. In addition, we require our legal department to review the status of our licenses and permits on a regular basis and ensure we obtain requisite licenses to operate our business and we have the up-to-date understanding with the applicable requirements. Furthermore, we keep abreast of the developments of regulations and policies and keep our directors, management and employees informed of the latest regulatory development during internal meetings on a regular basis. We also engage third-party legal counsels to provide legal support and services.

### Legal Risk Management

During our business operations, we have implemented comprehensive internal control measures and policies in managing our legal risks.

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

- (a) **Contract Management.** We require our legal department to participate in the whole process of contract negotiation and identify potential legal risks. Our management oversees the performance and fulfillment of the contracts, and are required to address any potential problems identified in a timely manner. In addition, we engage third-party legal counsels to provide legal support and services, including contract review services, legal feasibility analysis for our business plans, and legal-related risk trainings to our legal department and other internal departments.
- (b) **Artist Participation.** We have implemented internal control measures to standardize our performance service contracts with artists who participate in our variety program production. Performance service contracts shall be reviewed and approved by the chief director of the relevant variety programs, the legal department, as well as our chief financial officer or chief executive officer.
- (c) **Music IP Management.** We have implemented internal control measures regarding the production of our music works to avoid potential infringement on third party's intellectual property rights, and have set up task forces within our legal department and music production team to oversee the intellectual property issues during our daily operation. For example, for music works produced in association with our variety programs, the lyrics and music compositions have to be pre-approved by the intellectual property task force within the music production team, which will be responsible for identifying the relevant copyright holders and obtaining their consent, before they can be used in the programs. The task force within our legal team will conduct a comprehensive review on the program and identify any intellectual property issues. In addition, we require our intellectual property task force to conduct review on our variety programs and the music works on an on-going basis after the programs and music works are published. In the event that the task force identifies any potential copyright infringement issues, it will take remedial measures to minimize the risks. Furthermore, we have engaged external legal counsel to (i) provide case support, contract review and legal feasibility analysis with respect to important copyright issues, and (ii) provide our management members, legal department and other relevant departments with trainings on legal risk management, who will communicate important legal compliance requirements to employees through internal meetings.

## **Financial Reporting and Credit Risk Management**

We have established an internal policy to monitor our receivables and working capital on an on-going basis to minimize potential credit risks. Our accounting team performs ongoing credit evaluations of our counterparties and works closely with our legal team and business development team to evaluate the credit worthiness of each customer to minimize the risk of overdue payments. See "Business – Our Customers – Payment Terms and Credit Management" of our Prospectus for more information about our efforts and measures in credit risk management.

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policy and budget management policy. We also have various procedures in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. Specifically, we have adopted the Financial Accounting Management Policies (《財務會計管理制度》) and the Major Accounting Process Accounting Reporting Process (《重大會計處理會計報告流程》), which incorporated the relevant requirements under the Listing Rules and have been reviewed by our internal control advisor.

We have also established an internal audit team which will perform internal review over our financial reporting process annually. The scope of work of our internal audit team includes, without limitation, preparing periodic reports for the review of the Audit Committee, proposing appropriate measures in response to risk exposure where necessary, and continuously monitor major risks related to our operations and internal control systems. In addition, we have established an Audit Committee which reviews and oversees the compliance, accounting policies and financial reporting procedures and the implementation of such policies and procedures performed by the internal audit team with appropriate qualifications and adequate experience in internal control and risk management industry.

## **Intellectual Property Rights Risk Management**

We have devoted ourselves 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 department also assists our business department 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. See "Business – Intellectual Property" of our Prospectus for more information about our efforts and measures in intellectual property rights risk management.

### **Information System Risk Management**

Sufficient maintenance, security and protection of our data and other related information are critical to our business. We have implemented various internal procedures and controls to ensure that our data are protected and that leakage and loss of any information is avoided. See “Business – Data Protection and Privacy” of our Prospectus for more information about our efforts and measures in information system risk management.

### **Human Resources Risk Management**

We have in place an employee handbook and a code of conduct which have been distributed to all of our employees. The handbook contains internal rules and guidelines regarding anti-corruption, conflicts of interests, work ethics, confidentiality, data security and intellectual property protection. We provide employees with regular training as well as guidance on the requirements contained in the employee handbook. In particular, we have in place an anti-bribery and corruption policy to safeguard against any corruption within our Company. The policy explains potential bribery and corruption conduct and our anti-bribery and corruption measures. We make our internal reporting channel open and available for our employees to report any bribery and corruption acts on an anonymous basis.

### **Internal Control Measures Regarding ESG**

We have implemented internal control measures to reduce our environmental impact and carbon footprint. For details of internal control measures in relation to our ESG-related issues, see “Business – Environmental, Social and Governance – Environmental Sustainability – Internal Control Measures” of our prospectus.

To improve our risk management and internal control systems, we have engaged an internal control advisor to make recommendations to us on, amongst others, measures over internal compliance, accounting policies, human resources, research and development, information system, and on-going measures to monitor the effectiveness of the policies, procedures and measures of our Company.

### **Public Sentiment Risk Management**

Our Company has established an emergency management and public opinion management team and developed emergency disposal response mechanisms. We have also established a response system for public opinion-related issues on the Internet to review the procedures of public opinion emergency response mechanisms. In addition, in response to the false and untrue rumors fabricated and circulated on the Internet and among the media, we have also established relevant mechanisms in order to take timely legal measures and actions to protect our legitimate rights and interests.



# Corporate Governance Report

## Corporate Governance Measures

We have established an Audit Committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The qualifications and experiences for each of the members in the Audit Committee are set out in the section headed “Directors and Senior Management” of this annual report. During the Reporting Period, our Group has complied with the risk management and internal control provision in Appendix C1 to the Listing Rules.

Our Audit Committee takes lead to ensure that our Board reviews the effectiveness of our Group’s risk management and internal control systems and reports at least annually to our Shareholders. The review will cover topics on all material controls, including financial, operational and compliance controls; the adequacy of resources, staff qualifications and experience and training programs; and budget of our Company’s accounting, internal audit and financial reporting functions. During the Reporting Period, our Company has conducted the said review and make disclosures in compliance with risk management and internal control provisions pursuant to Appendix C1 to the Listing Rules.

Based on the above, our Directors are of the view that adequate risk management and internal control systems and corporate governance measures are in place for our business operations.

## DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Our Directors acknowledge their responsibility for preparing the financial statements with the support of the accounting and finance team.

Our Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

Our Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon our Company’s ability to continue as a going concern/The financial statements of our Company are prepared on a going concern basis, our Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of our Group for the year ended December 31, 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

The statement of the external auditors of our Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor’s Report of this annual report.

## AUDITORS' REMUNERATION

The remuneration paid and payable to the external auditors of our Company in respect of audit services and non-audit services for the year ended December 31, 2025 is set out below:

<b>Service Category</b>	<b>Fees Paid/Payable RMB'000</b>
Audit Services related to the Group	1,800
Other audit related services	–
<b>Total</b>	<b>1,800</b>

## COMPANY SECRETARY

Ms. Cheng Lai has been appointed as our company secretary since 22 December 2025. Ms. Cheng is currently an associate of Zhong Lun Law Firm LLP, specialising in corporate finance work including initial public offerings, mergers and acquisitions and post-listing compliance matters. She is also responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

Ms. Wang Yan and Ms. Leung Wing Han Sharon have resigned as our Company's joint company secretaries since 22 December 2025.

All Directors have access to the advice and services of company secretary on corporate governance and board practices and matters. Ms. Wang, our executive Director has been designated as the primary contact person at our Company which would work and communicate with Ms. Cheng on our Company's corporate governance and secretarial and administrative matters.

For the year ended December 31, 2025, Ms. Cheng has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHTS

### Convening an Extraordinary General Meeting

Pursuant to the Article 12.3 of the Articles of Association of our Company, our Board may, whenever it thinks fit, convene an extraordinary general meeting. One or more members (including a member which is a recognized clearing house (or its nominee(s))), holding as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of our Company, shall at all times have the right, by written requisition signed by the requisitioner(s) deposited at the principal office of our Company in Hong Kong or, in the event our Company ceases to have such a principal office, our registered office, to require an extraordinary general meeting to be called for the transaction of any business specified in such requisition and/or add resolutions to the meeting agenda (if any). If our Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitioner(s) themselves or any of them representing more than one-half of the voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by our Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of our Board shall be reimbursed to them by our Company.

### Putting Forward Proposals at General Meetings

There are no provisions under the Articles of Association or the Companies Act of the Cayman Islands regarding procedures for Shareholders to put forward proposals at a general meeting. Shareholders who wish to submit a proposal may request our Company to convene a general meeting in accordance with the procedure set out in the preceding paragraph, to consider the matters specified in the request.

### Putting Forward Enquiries to our Board

For putting forward any enquiries to our Board, Shareholders may send written enquiries to our Company. Our Company will not normally deal with verbal or anonymous enquiries.

### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 23M/F, Canxing Building, No. 158 Longqi Road, Shanghai, PRC  
(For the attention of the Board of Directors)  
Telephone: +86 2152032888  
Fax: +86 2152032678  
Email: [ir@canxingmedia.com](mailto:ir@canxingmedia.com)

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

### **COMMUNICATION WITH SHAREHOLDERS AND INVESTORS**

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

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of our Company and of the Stock Exchange after each general meeting.

#### **Shareholders' Communication Policy**

Our Company has in place a Shareholders' Communication Policy. The policy aims at ensuring our Shareholders are provided with equal and timely access to information about our Company, in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with our Company. Our Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

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

#### **Shareholders' enquiries**

- Shareholders may at any time make a request for our Company's information to the extent such information is publicly available.
- Shareholders will be provided with designated contacts, email addresses and enquiry telephone number of our Company in order to enable them to make any query in respect of our Company.



# Corporate Governance Report

## Corporate communication

- “Corporate Communication” refers to any document issued or to be issued by our Company for the information or action of the Shareholders, including, but not limited to, the report of directors and annual accounts together with a copy of the auditors’ report, the interim report, a notice of meeting, a circular and a proxy form. Corporate communication will be provided to the Shareholders in plain language and in both English and Chinese versions to facilitate the Shareholders’ understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).
- Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

## Corporate website

- A dedicated Investor Relations section is available on the Company’s website at [www.starcmgroup.com](http://www.starcmgroup.com). Information on our Company’s website is updated on a regular basis.
- Information released by our Company to the Stock Exchange is also posted on our Company’s website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.
- All presentation materials provided in conjunction with our Company’s annual general meeting and results announcement each year will be made available on our Company’s website.
- All press releases and Shareholders’ newsletters will be made available on our Company’s website.

### Shareholders' meetings

- Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.
- Appropriate arrangements for the annual general meetings will be in place to encourage Shareholders' participation.
- The process of our Company's general meeting will be monitored and reviewed on a regular basis, and if necessary, changes will be made to ensure that Shareholders' needs are best served.
- Board members, in particular, the chairmen/chairladies of our Board committees or our delegates, appropriate senior management and external auditors will attend annual general meetings to answer Shareholders' questions.
- Shareholders are encouraged to attend Shareholders' activities organized by our Company, where information about our Company, including its latest strategic plan, products and services will be communicated.

### Amendments to Constitutional Documents

During the Reporting Period, our Company did not make any changes to its Articles of Association. An up-to-date version of our Company's Articles is also available on our Company's website and the Stock Exchange's website.

### Dividend Policy

Our Company has adopted a Dividend Policy on payment of dividends. Our Company do not have any pre-determined dividend payout ratio. Depending on the financial conditions of our Company and our Group, the prevailing economic environment and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by our Board during a financial year and any final dividend(s) for a financial year will be subject to our Shareholders' approval.

Considering the increasingly competitive environment in the entertainment content market, alongside with the Group's current development, it is essential for the Group to retain adequate funds to fulfil its operational needs and enhancement of market share, which are conducive to maintaining the stability of the Group's operations, promoting its long-term development plans, and strengthening its competitive position in the variety show segment. Therefore, the Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2025 (2024: Nil).

The Board shall review the Dividend Policy as appropriate from time to time.



# Environmental, Social and Governance Report

## 1. ABOUT THIS REPORT

### 1.1 Introduction

This report is the environmental, social and governance (“**ESG**”) report published by the Company to provide a comprehensive view of the Company’s strategy, performance and vision on ESG. This report should be read in conjunction with the Annual Report, and in particular the Corporate Governance Report section contained in the Annual Report.

### 1.2 Basis of Preparation

This report has been prepared in accordance with the requirements set out in Appendix C2 of the Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). This report has complied with the “mandatory disclosure” and “comply or explain” disclosure requirements and the principles of materiality, quantification, balance and consistency.

### 1.3 Reporting Period

This report covers the period from January 1, 2025 to December 31, 2025 (the “**Reporting Period**”), with some retroactive references to prior years or extensions to 2026.

### 1.4 Scope of the Report

The qualitative and quantitative information disclosed in this report covers the Group.

### 1.5 Data Source and Reliability Guarantee

The information and data disclosed in this report are derived from the Company’s statistical reports and official documents, and have been audited by the relevant authorities. The Company undertakes that this report does not contain any false or misleading statements and is responsible for the truthfulness, accuracy and completeness of its contents.

### 1.6 Language and Format of the Report

This report is available in English and Chinese and in electronic format. For more information on the Group’s background, business development and sustainability philosophy, please visit the Group’s official website ([www.starcmgroup.com](http://www.starcmgroup.com)).

### 1.7 Preparation Process of the Report

This report was prepared through a process of working group formation, data collection, stakeholder interviews, framework finalization, report preparation and internal review.

# Environmental, Social and Governance Report

## 1.8 Confirmation and Approval

This report was approved by the Board of Directors after confirmation by the management.

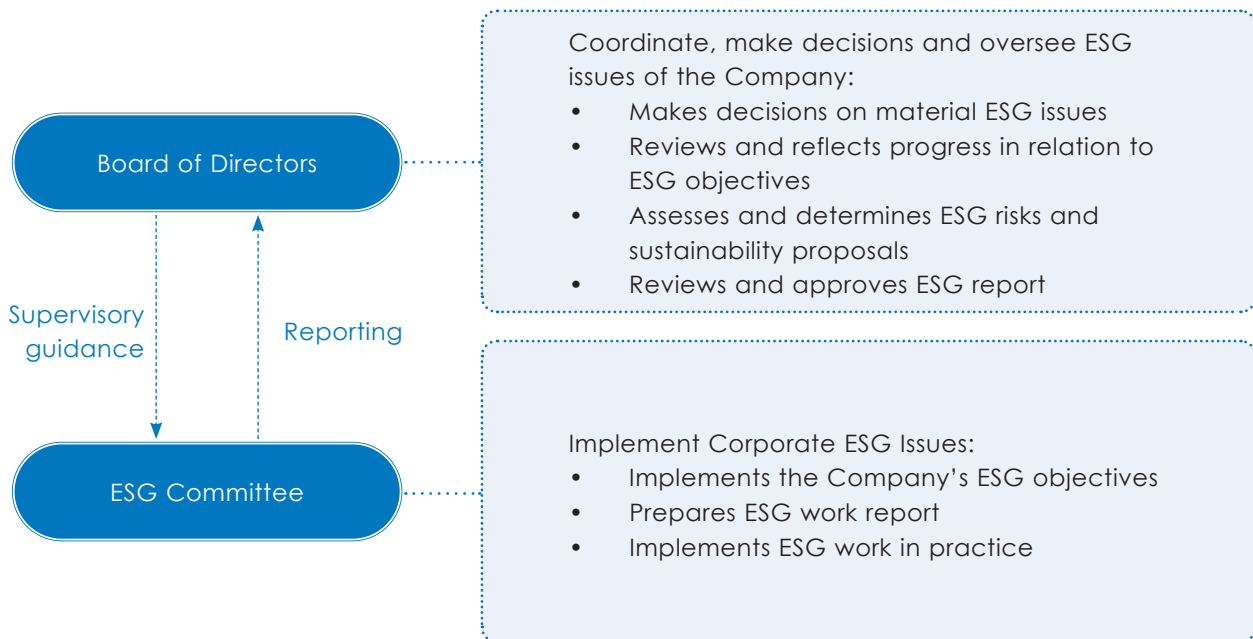
## 1.9 Receive and Respond to this Report

We value feedback from our stakeholders and welcome readers to contact us via the contact information below. Your comments will help us to further improve this report and enhance our ESG performance.

Email: [ir@canxingmedia.com](mailto:ir@canxingmedia.com)

## 1.10 ESG Governance Framework

The Company's ESG governance structure is as follows:



## 2 MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE

### 2.1 Statement of the Board of Directors

The Board of Directors of the Company takes fully responsible for the ESG strategy and reporting, the development, adoption and review of our ESG vision, policies and objectives, and the evaluation, identification and addressing of ESG-related risks. The Board and all Directors warrant that there are no false statements, misleading statements or material omissions in this report. The Board is responsible for developing and adopting the Company's ESG policy, strategy and objectives, reviewing the Company's performance against ESG-related objectives and revising the strategy if significant deviations from the ESG objectives are identified. The Board has an Environmental, Social and Governance Committee, which is led by our Chief Executive Officer, assisting the Board of Directors in coordinating the resources required for ESG-related objectives, implementing the ESG Policy, and periodically evaluating the implementation of the Company's ESG-related policies to implement our ESG-related policies. Our production managers are the key personnel in the implementation of ESG policies in our daily business operations.

We attach great importance to the expectations and demands of our stakeholders, and through active communication with each stakeholder, we have given more attention to the following: product quality, intellectual property protection, compliance, corporate governance, risk management, remuneration and benefits, anti-corruption, health and safety, business ethics, legal employment, privacy protection and data security. In the future, we will adjust our ESG management focus according to the expectations of our stakeholders and our actual operations, and continue to improve our sustainability measures and performance to work together for sustainable environmental, economic and social development.

### 2.2 Responses to Stock Exchange ESG Reporting Principles

**Materiality:** In accordance with the relevant regulatory requirements such as the "Environmental, Social and Governance Reporting Guide" of the Stock Exchange, the Company conducts benchmarking analysis of ESG reporting issues of enterprises in the same industry through communication and exchange with various stakeholders in various forms, and accordingly determines the material ESG issues of the Company.

**Quantitative:** All data in this report are obtained from relevant statistical reports and internal company documents, and comparative data will be provided in future ESG reports.

**Consistency:** The scope of disclosure in this report has not been materially adjusted from the Company's annual report and the statistical methods of disclosure are consistent.

# Environmental, Social and Governance Report

## 2.3 Stakeholder Communication and Response

As groups closely related to the development of the Company, the communication with and participation of stakeholders are important part of the sustainable development of the Company. Therefore, the Company attaches great importance to the expectations and demands of its stakeholders, and each important functional department has built channels with its corresponding stakeholders in its daily work, and seeks to maintain regular communication and exchange with them through different channels.

Stakeholders	Expectations and Demands	Communication Channels
Clients	Premium product content Intellectual property protection Customer privacy and data security Content Compliance	Signing contracts and agreements Daily communication Case closure debriefing meeting Content review
Shareholders and Investors	Corporate performance Return on equity and growth Transparent information disclosure Diversified communication channels	Annual general meeting Results announcement Investor relations page and dedicated email address on the Company's website
Government and Regulatory Agencies	Compliance Compliance with national policies Regulated taxation	Written document submission Regular or unscheduled meetings On-the-spot investigation
Employees	Remuneration and benefits Health and safety Employee communication and training Career development platform	Employment contract Employee handbook Face-to-face communication Performance appraisal and feedback
Partners and Industry Associations	Industry experience sharing Promoting the industry	Industry seminars Daily communication
Suppliers	Standardize procurement management Anti-corruption, bribery Business ethics	Signing contracts and agreements Supplier management system Public tendering Regular assessment
Community and Non-Governmental Organizations	Support social welfare Environmental protection	Participating in volunteer activities Assisting in public welfare propaganda Environmental protection
Media	Corporate Development Product Responsibility Corporate Governance Social Responsibility information Disclosure	Social media Official Website

## 2.4 Analysis of Important Issues

In accordance with the requirements of the ESG reporting guidelines of the Stock Exchange, In-depth analysis of the macro policy guidance and trends of sustainable development at home and abroad, taking into account the latest trends of various social responsibility and media industry issues, the demands of stakeholders and the company's own social responsibility work-related planning, the Company has collected issues of concern to key stakeholders through various channels and analyzed the importance of the issues through a series of processes in order to identify closely related and important issues relevant to the sustainable development of the Company.

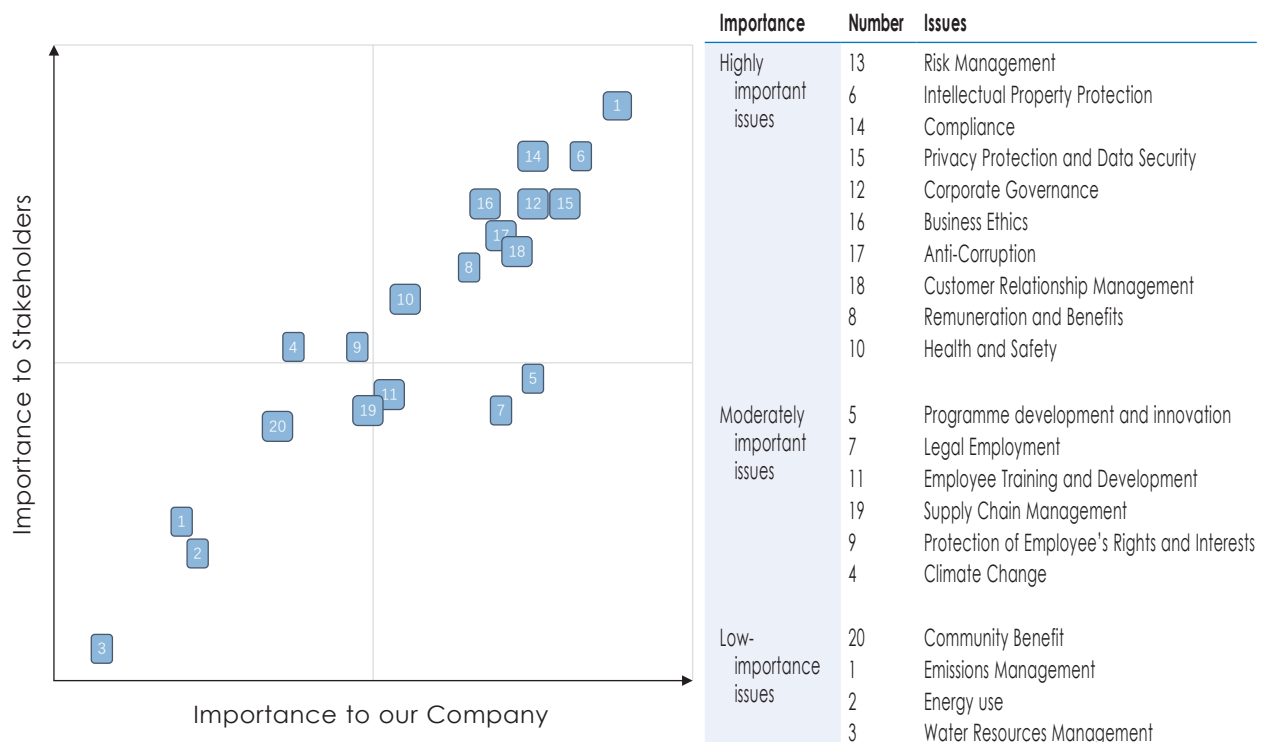
**Identify:** The issues are derived from the ESG reporting guide of the Stock Exchange, domestic and international peer disclosure issues, etc., and we identify ESG issues that are potentially relevant for the sustainable development of the Company, taking into account industry trends and the actual situation of the Company's business operations.

**Assessment:** The importance of the issue to the stakeholders and the Company is assessed in conjunction with the issue. The main considerations of the stakeholders include the Company's commitment to social responsibility and the degree of impact on its own interests; the main considerations of the Company include the impact on the Company's business operations, the impact on the Company's financial performance and the impact on the Company's future development strategy.

**Confirmation and reporting:** Based on the results of the assessment of important issues, those that are highly important will be disclosed in the report with emphasis.

During the Reporting Period, the Company identified 10 highly important issues, 6 moderately important issues and 4 low important issues.

Assessment of Important Issues in 2025



### 3 SOCIAL

#### 3.1 Employment

We are committed to fostering a collaborative company culture based on honesty, innovation and passion. We hire employees on merit and it is our company policy to provide equal opportunity to employees without regard to gender, age, race, religion or any other social or personal characteristic. We value the contributions of each employee in different functions and strive to provide an environment that stimulates teamwork. We expect employees to care about each other, treat each other with respect, and have accesses to put their talents to work.

We strictly comply with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other laws and regulations, and have established internal management systems such as our employee handbook. During the Reporting Period, we have complied in all material respects with all applicable labor laws, rules and regulations, and there has been no incident of overwork or illegal labor practice or any complaint arising therefrom.

We pay medical insurance, pension insurance, unemployment insurance, industrial injury insurance, maternity insurance and housing fund for our employees in strict accordance with the law, provide statutory annual leave, and safeguard every right that our employees must enjoy according to the law. We actively respond to Shanghai's public rental housing policy and assist our eligible employees to apply for public rental housing, which reduces their housing burden and ensures that they are adequately cared for physically and mentally. In addition, we provide our employees with generous labour remuneration and adequate skills training to ensure that they can maintain their progress in their career development and continuously enhance their competitiveness in the market.

**Anti-discrimination:** We strictly adhere to the principles of fairness and non-discrimination and are firmly opposed to any form of discrimination and unequal competition, without discrimination on the basis of age, gender, race, nationality, marital and family status, health status or religion. In addition, we are firmly against all forms of harassment.

**Employees' Diversity and Equality:** We have always regarded diversity as a core driver of innovation and are committed to building a composite talent ecosystem that is cross-cultural, cross-generational, and cross-spectrum of competence. We practice the guidelines of diversity in terms of employee background, employee age and employee gender. During the reporting period, the Board of Directors of the Company further practiced the concept of diversified governance. Ms Shen Ning (Communication University of China, majoring in Literature Choreography and Direction), who was newly elected, formally joined the Board of Directors, which increased the proportion of female directors from 11% to 22%. Her participation in the Board has significantly enhanced the Board's professional decision-making ability on issues such as programme innovation and production, and promoted a more practical and forward-looking strategic plan. We firmly believe that diversity will bring the company a more energetic staff team, a more harmonious working atmosphere and a healthier working environment.

# Environmental, Social and Governance Report



**Remuneration performance:** In order to ensure the reasonableness of remuneration performance, we have established a perfect performance management specification.

**Employee benefits:** We have established a tiered and progressive non-monetary incentive system, covering three modules: physical and mental health support, career development empowerment, and quality of life enhancement. On top of the statutory paid annual leave, we have also implemented a flexible working cloud platform, which supports telecommuting, staggered commuting and personalised scheduling.

Physical and Mental Health Support Regular medical examination Paid sick leave	Career Development Empowerment Vocational training Professional guidance	Quality of Life Enhancement Flexible working arrangement Festive gifts
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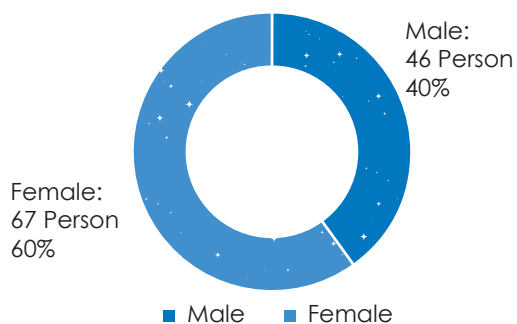
In the future, we will continue to foster a positive work environment that will enable us to build a talented team with excellent operational capabilities.

# Environmental, Social and Governance Report

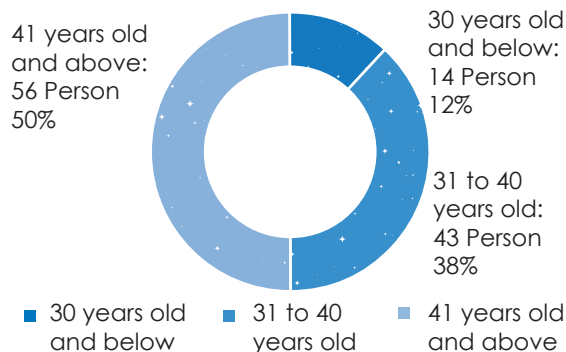
Table: Our Employees by Gender, Age, Employment Type and Region in 2025

Indicators		Unit	2025
Total number of employees		Persons	113
Number of employees by gender	Male	Persons	46
	Female	Persons	67
Number of employees by age	30 years old and below	Persons	14
	31 to 40 years old	Persons	43
	41 years old and above	Persons	56
Number of employees by employment type	Full-time employees	Persons	113
	Part-time employees	Persons	0
Number of employees by region	Mainland China	Persons	101
	Hong Kong, Macau and Taiwan	Persons	12
	Overseas	Persons	0

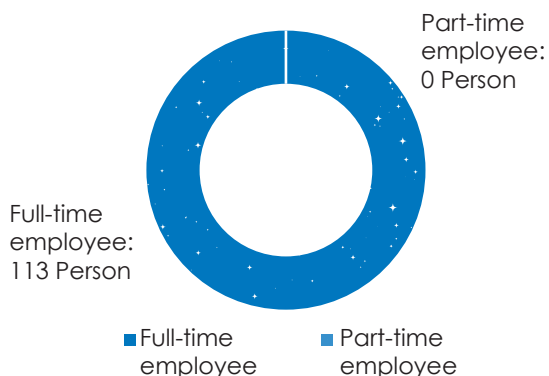
Number of employees by gender (persons)



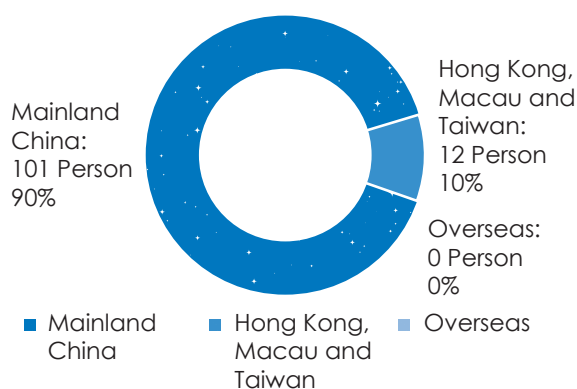
Number of employees by age (persons)



Number of employees by employment type (persons)



Number of employees by region (persons)

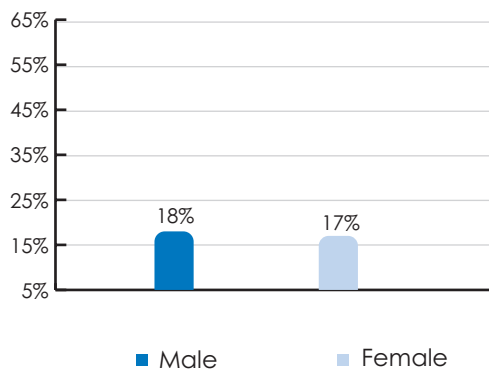


# Environmental, Social and Governance Report

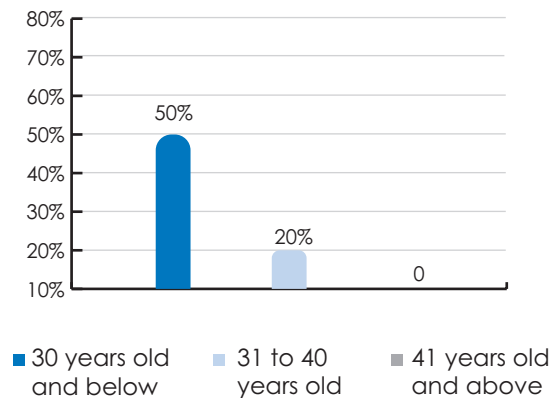
Table: Our Employees' Turnover Data by Gender, Age and Region in 2025

Indicators		Unit	2025
Total employee turnover rate		%	18
Employee turnover rate by gender	Male	%	17
	Female	%	18
Employee turnover rate by age	30 years old and below	%	50
	31 to 40 years old	%	20
	41 years old and above	%	0
Employee turnover rate by region	Mainland China	%	17
	Hong Kong, Macau and Taiwan	%	0
	Overseas	%	0

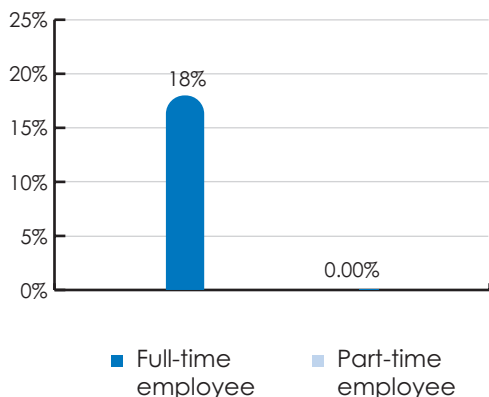
Employee turnover rate by gender



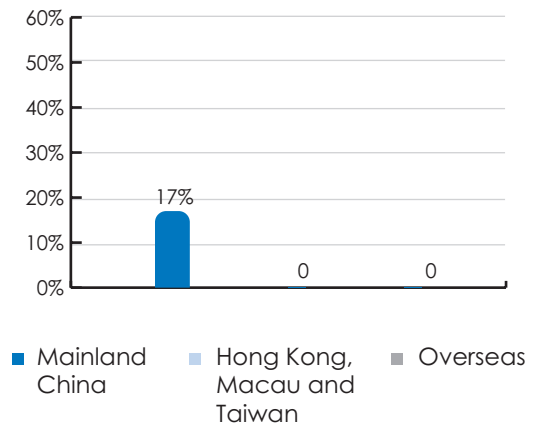
Employee turnover rate by age



Employee turnover rate by employment type



Employee turnover rate by region



### 3.2 Health and Safety

The Company attaches great importance to the health and safety of our employees and is committed to providing them with a fair, safe and heart-warming working environment. The Company strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Regulations on Work Injury Insurance (《工傷保險條例》), and has established internal systems such as our safety management code for program production to identify safety risks and prevent safety accidents in a timely manner. For example, at the recording site of a variety program, we require our suppliers to provide safe and secure working space and include this in the relevant contracts, and provide ambulances at the recording site to respond to any safety accidents in a timely manner. At our office, we provide fire-fighting facilities in strict accordance with the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》), and conduct regular inspections and maintenance. We also disinfect and clean our office regularly to provide a safe and warm working environment for our employees. Besides, we provide diverse health and safety protection measures for our employees, including organizing regular annual physical examinations for all employees, purchasing supplementary medical insurance for our employees, implementing a flexible working model that takes into account the epidemic and the situation of our employees, and providing 12 days of paid sick leave per year for our employees. During the Reporting Period and in the past three years, the Company had no work-related deaths and zero work days lost due to work-related injuries.

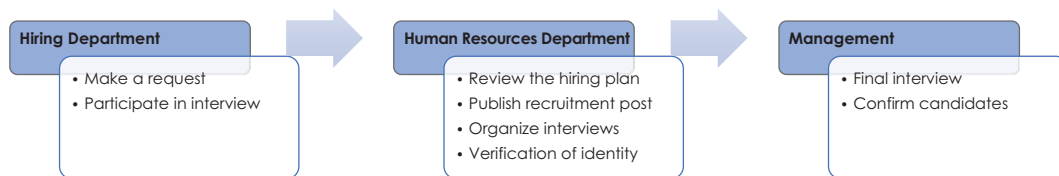
### 3.3 Labor Guidelines

The Company strictly abides by the Regulations on the Prohibition of Child Labor (Decree No. 364 of the State Council of the People's Republic of China) (《禁止使用童工規定》(中華人民共和國國務院令 第364號)) and the Labor Law of the People's Republic of China and other relevant laws and regulations, which are stipulated in the Employee handbook, and we firmly eliminate the use of child labor and forced labor. We strictly control the recruitment process by examining whether the actual age of the candidates meets the recruitment criteria by checking identity documents to avoid the misuse of child labor, and if we find the misuse of child labor, we will strictly follow the laws and regulations to immediately terminate their labor relations.

Recruitment for the Group is requested by the hiring department to our human resources department. It can only be carried out after it is in line with the hiring plan and with the approval of the appropriate management. The Group conducts recruitment mainly for the community and adheres to the principle of fairness and impartiality, regardless of the candidate's gender, age or religious beliefs. Our human resources department will verify the candidates' identification, qualifications and past experience. Once a candidate is hired by the Group, the Group will sign a formal employment contract with the candidate to protect his or her rights and interests.

# Environmental, Social and Governance Report

We have established a labor union since 2018 in order to develop and implement policies to protect the labor rights of our employees. The trade union regularly organises employee training to improve employees' legal awareness and self-protection ability. During important festivals such as Mid-Autumn Festival and Women's Day, the trade union elaborately prepares festive gifts and blessings for employees to create a warm corporate cultural atmosphere. In addition, the labour union also strengthens communication between employees and management through regular employee seminars and suggestion boxes to ensure that employees' demands can be responded to and resolved in a timely manner. Through these measures, we are committed to building harmonious labour relations and providing a fair, safe and caring working environment for our employees. During the reporting period, the Group did not have any irregularities such as employment of child labour or forced labour, which fully demonstrated our strong commitment and practical actions in the protection of employees' rights and interests.



The recruitment process flowchart of the Company

## 3.4 Development and Training

Talents are the key factor for our company to maintain its leading position in the market. We provide excellent training opportunities for our employees to promote the continuous improvement of our team and enhance our long-term business prospects. Our training programs are mainly divided into induction training and professional training.

**Induction training:** To help employees get familiar with the Company's rules and regulations and corporate culture, we arrange induction training for each new employee. We advocate team work mode, and the induction training is conducted by team managers and experienced senior staff to form team work goals and shared values, to help new employees quickly integrate into the Company's cultural atmosphere and regulate the work environment.

## Environmental, Social and Governance Report

**Professional training:** According to the characteristics of the media industry and the professional competence needs of our employees, we have organised diversified professional training programmes. For example, we regularly invite industry experts and legal advisors to provide employees with legal risk prevention and control training, covering copyright protection, AI skills and interpretation of industry regulations. In addition, we organise hands-on training for our employees in short video creation, fusion media content planning and production to help them master the latest industry skills and technology applications. With the rapid development of artificial intelligence, we have invited experts in the field to conduct training for our staff to improve their ability to create programme content using artificial intelligence, and to further strengthen our competitive advantage in the integration of 'technology + art'.

Table: 2025 Company's Employee Training Data

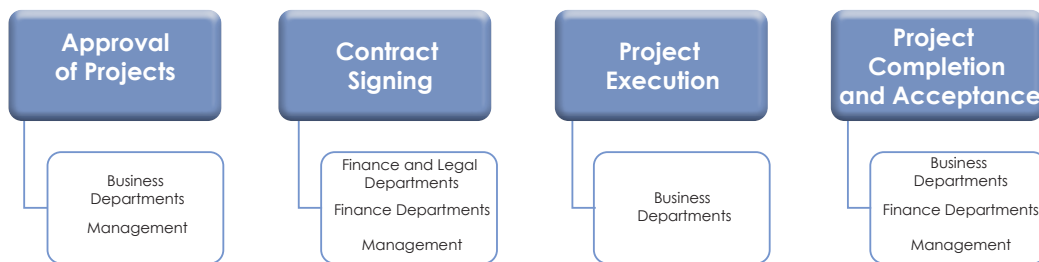
Indicators		Unit	2025
Ratio of trained employees by gender	Male	%	100
	Female	%	100
Ratio of trained employees by grade	Senior Management	%	100
	Middle Management	%	100
Hours of training per employee by gender	Male	Hours	20
	Female	Hours	20
Number of hours of training per employee by grade	Senior Management	Hours	16
	Middle Management	Hours	18

Moreover, we encourage our employees to participate in industry forums, seminars and external training to broaden their horizons and enhance their professionalism. We actively encourage our employees to obtain relevant skill certifications to enhance their professionalism and offer the possibility of flexible working hours where necessary.



## 3.5 Supply Chain Management

We understand the important contribution of suppliers to the development, production and promotion of our business. While improving our own ESG capabilities, we drive the healthy development of our suppliers and promote win-win cooperation between them. We strictly follow relevant national laws and regulations, and have established a comprehensive supplier management system, covering the whole process of supplier admission, assessment, quality control and other management links. For example, we have formulated the "Large-scale Project Establishment and Closing Process Management System", which ensures the stability and compliance of the supply chain by clarifying the management requirements for the approval of projects, contract signing, project execution and project completion and acceptance.



Large-scale Project Establishment and Closing Process Management System Flowchart

Currently, our suppliers mainly include (i) media platforms and advertising agencies that provide us with time slots for commercials; (ii) third-party service providers providing production services for our variety programs; (iii) service providers or media platforms that offer guest recording; and (iv) composers and lyricists who license their rights to us.

We have established a comprehensive and detailed supplier access policy, to strictly screen suppliers, and conduct daily management and regular assessment of suppliers in order to identify and reduce potential environmental and social risks in our supply chain. We usually cooperate with suppliers on a project basis.

1. Supplier admission process: firstly, the procurement department (usually the production department) searches for sources in the market according to the project requirements, or recommended by other business departments, and then, after confirmation by the head of the procurement department and the project manager, submits the materials to the company's auditing, finance, and legal departments, and then becomes an alternative supplier after the audit of the above departments. In the admission process, we conduct a comprehensive assessment of the supplier's qualifications, production capacity, quality control system, environmental management system, social responsibility fulfilment, etc., to ensure that they comply with national laws and regulations and the company's ESG requirements.

# Environmental, Social and Governance Report

2. **Contract review:** We sign contracts with suppliers for each project, and depending on the services provided by the suppliers, our legal department will review the clauses involving environmental and social risks in the contracts. For example, for suppliers providing variety show production services, we will specify in the contract clauses relating to the proper disposal of waste generated and the use of environmentally friendly materials, taking into account the specific circumstances of the variety show production.
3. **Supplier evaluation:** We regularly assign our internal quality control personnel to carefully evaluate the quality of our third-party suppliers' services or products and provide constructive feedback in a timely manner. The evaluation indicators include, but are not limited to, service quality, delivery timeliness, cost control, environmental responsibility, social responsibility and so on. For poorly performing suppliers, subject to compliance with applicable contractual arrangements, we may: (i) discuss relevant remedial measures with them and require the suppliers to improve the quality of their services; or (ii) reduce the frequency of co-operation; and (iii) terminate the contract.
4. **Risk management:** We have agreed force majeure clauses in all our contracts to avoid business risks to our supply chain caused by extreme weather, etc. We have also set up an information-sharing programme with our suppliers. At the same time, we have established a supplier information sharing mechanism so that core departments directly related to the internal needs of the enterprise (business requirements department, procurement, finance, etc.) can instantly access the information of suppliers already in the supplier pool during the procurement process to ensure the stable and efficient operation of the supply chain.

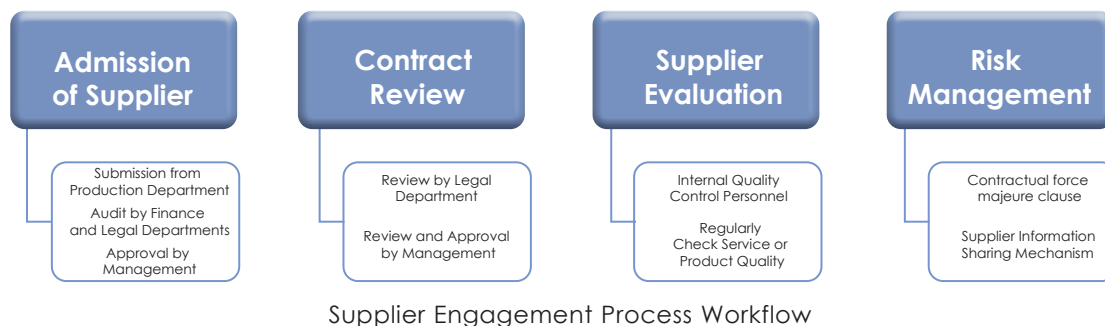


Table: Number of our new suppliers and their regional distribution in 2025

Indicators		Unit	2025
Number of suppliers by region	Total	Supplier	83
	Domestic	Supplier	82
	Overseas	Supplier	1

### 3.6 Product Liability

As a leading enterprise in China's entertainment sector, we focus on the development and operation of variety show, music, film and drama IP, and have built a comprehensive IP ecosystem covering content creation, production, distribution and derivative products. Always upholding the concepts of innovation-driven and quality-first, we are constantly exploring new forms and values of entertainment IP, and are committed to exceeding the expectations of our audience with excellent content and services. We adopt strict quality control guidelines and procedures throughout the life cycle of the production of variety programs, music productions, drama series and other IP-related products to ensure our products with quality content. We strictly comply with the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Law of the People's Republic of China on the Protection of Personal Information (《中華人民共和國個人信息保護法》) and other relevant laws and regulations. During the Reporting Period, we did not violate any of the above-mentioned laws or regulations.

#### Variety Program

In the case of variety programs, our project approval committee evaluates the quality of each program concept before the production phase begins. Our team of directors oversees the quality of the program throughout the production process, and we assign quality control personnel to each important aspect such as sound, staging, casting and post-production editing. We also invite industry experts to advise on the quality of the variety program after the post-production work is completed, while the investment media platform, our content production professionals and senior management thoroughly review the program before it is sent to the media platform for broadcast.

In 2025, we completed the broadcast of the variety program "Sing! Asia"(亞洲新聲). In addition to some small-scale projects, commercial performances and music concerts, we participated in the directing and post-production services of variety shows on several platforms, such as "Singing for the Central Axis of Beijing" Season 4(最美中軸線第四季) on Beijing Satellite TV, "The Top Racer" (風馳賽車手) on Youku platform and "Let's Go! Singing Tour Crew"(出發吧唱遊團) and so on. In 2025, our Group shifted its focus to the directorial team and post-production aspects of variety shows, rather than managing the entire production process.



## Environmental, Social and Governance Report

### Music Works

For music works, our music production team is responsible for quality control at the production stage. After the music work is completed, the music production team and the contracted artists will jointly evaluate the quality of the work before it is released.

As of December 31, 2025, the Group's music library has 9,948 IPs, including 3,765 live music recordings produced during the creation of our music variety programs, 3,859 songs produced for our contracted artists, and 2,324 lyrics and music compositions.

### Film and Drama Series

For the drama series we produce, the producer is responsible for the overall quality of the series and works with the director's team to monitor the quality and progress of the production process. We also assign quality control personnel to each specific task to ensure the quality of the drama series.

The Group has leveraged our large library of films, our experienced in-house professional team and our long-standing relationships with media platforms to actively explore the film licensing, drama series production and licensing business. As of December 31, 2025, the Group owns and operates a large film library consisting of 757 Chinese film IPs and a set of drama series "Reading Class" produced by the Group. In the future, we will go deeper into the field of short drama development and operation with our partners and continue to create outstanding episodes.

### Other IP-related Business

For other IP-related products produced by our authorized partners, we work with trusted authorized partners who have a solid corporate background, trading history and reputation. For other IP-related products produced by our suppliers, we regularly inspect the products and evaluate their quality.

The Group's other IP-related businesses mainly include (i) artist management; (ii) concert organization and production; (iii) arts education and training; (iv) mobile apps; (v) consumer products; and (vi) themed attractions. As at December 31, 2025, we had a total of 65 contracted artists.

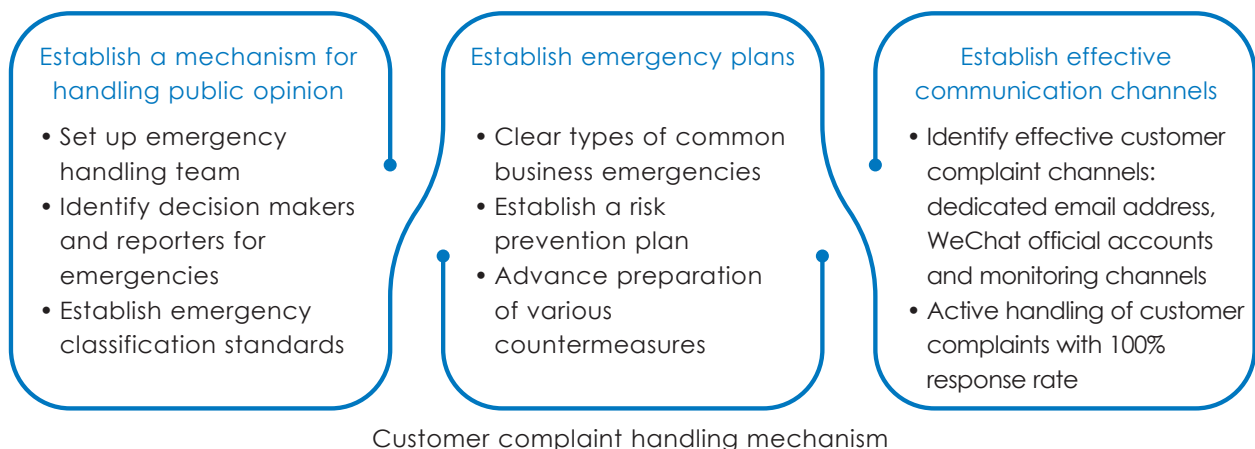
Benefiting from the Group's efficient synergy with IP resource providers and effective business model, the Group ensures the quality of production and operation of variety programs, music IP, film and drama series IP and other IP-related businesses.

Going forward, we will further strengthen our IP creation and operation capabilities. We will enhance our content production capabilities in the areas of variety programs, music, films and dramas, and enrich the genres and themes of our IPs. We will continue to enrich our product distribution channels and provide live experiences through our IP-centric Experience Hall, Electronic Music Center and Street Dance Center. We will focus on the whole industry chain development model, deeply cultivate local culture, and actively seek cross-border co-operation with other fields, such as cultural tourism and e-commerce. We will drive the development of related industries through the content of the programme. Leveraging the growth of the global entertainment industry, we will increase our efforts to recruit professionals in overseas entertainment markets and attract talented artists from around the world to further enhance the influence and value of our entertainment IPs in the global market.

In conclusion, we will enhance our IP creation and operation capabilities, enrich our product distribution channels and expand our overseas markets through continuous innovation and optimisation, so as to provide audiences with more high-quality, unique and personalised entertainment content, and further enhance the influence and value of our entertainment IPs in the global market.

### 3.7 Customer Complaints Handling

Proper handling of customer complaints and ensure smooth channels for handling customer complaints are important aspects of the Group's efforts to make improve itself and enhance customer satisfaction. We are striving to improve our mechanisms and provide satisfactory services to our customers.



During the Reporting Period, the Group has not recalled any products sold or shipped due to safety and health reasons (our business does not involve product recalls).

### 3.8 Intellectual Property Protection

Intellectual property is a fundamental element of our achievements and competitiveness. We fully respect the intellectual property rights of others, while firmly protecting our own intellectual property rights from infringement. We have established a four-pronged governance structure for intellectual property protection, namely, 'creation, enforcement, protection and operation', and strictly follow the principle of 'intellectual property protection'. We strictly comply with the laws and regulations of the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and the Trademark Law of the People's Republic of China (《中華人民共和國商標法》).to form a digital protection system covering the entire IP process. We have established and maintained intellectual property risk management and internal control procedures to protect our intellectual property rights and prevent liability for infringement of third party intellectual property rights.

#### Protecting Our Own Intellectual Property Rights

On the one hand, we have strict internal measures in place to safeguard our intellectual property rights. We ensure that our intellectual property is legally protected by the relevant laws by applying, registering, and filing for intellectual property rights (including copyrights, trademarks, patents, and domain names). Our legal department keeps records and regularly reviews the status of our variety program IPs, music IPs, film and drama series IPs, and uses a combination of legal and administrative procedures and negotiations to protect our intellectual property. In the event of unauthorized use of our variety program IPs, music IPs, film and drama series IPs, and other IP products, we will take proactive steps to protect our rights through legal proceedings.

#### Avoid Infringement of Third Party Intellectual Property Rights

On the other hand, we have taken a number of effective measures to avoid potential infringement of third party intellectual property rights. We have set up special teams in our legal department and music production team to oversee intellectual property issues in our daily operations. For example, for musical compositions related to our variety programs, the lyrics and music compositions must be approved in advance by a special IP team within the music production team, which will be responsible for identifying and obtaining the consent of the relevant copyright owners. The task force within our legal team will conduct a thorough review of the program and identify intellectual property issues. In addition, we require our IP task force to conduct ongoing reviews of our variety programs and musical productions after they are released to ensure that they comply with the relevant provisions of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》). If the task force identifies any potential infringement issues, remedial measures will be taken to minimize the risk. We also engage external legal counsel to (i) provide case support, contract review and legal feasibility analysis on material copyright issues; and (ii) provide legal risk management training to members of our management, legal department and other relevant departments, who will communicate material legal compliance requirements to employees through internal meetings.

Through the above measures, we are committed to building a healthy and sustainable intellectual property protection ecosystem in the fields of variety shows, music, movies and dramas, providing viewers with more high-quality, unique and personalised cultural and entertainment content, while further enhancing the influence and value of our cultural and entertainment IP in the global market.

### 3.9 Privacy and Data Security

We are committed to protecting the security of our users' data and strictly comply with the Personal Information Protection Law of the People's Republic of China, Cybersecurity Review Measures (《網絡安全審查辦法》) and other relevant laws and regulations. We have established data asset management norms from top to bottom, starting from management and leadership, forming a comprehensive system of standard rules and execution scheduling processes, and assigning corresponding responsibilities to each department. For our APPs and WeChat apps, we have formulated and fully adopted a set of rigorous access control policies. Employees are granted appropriate and limited permissions based on their level and position, ensuring that only those with a genuine 'need to know' have access to customer data. Furthermore, these authorised employees are explicitly required to use the data purely for the purpose of completing their job tasks, within the authorised workplace designated by the company, and any misappropriation or unauthorised transfer of the data is strictly prohibited. At the same time, we have invested in technological research and development and resource allocation to vigorously implement advanced and efficient encryption programmes. Whether it is the massive user registration information, consumption records and other sensitive data stored in the cloud server, or confidential information involving business cooperation and user privacy preferences, they are all under the strict protection of the encryption system.

In addition, we have a dedicated data security team with experience to implement procedures related to data security management. The data security team maintains network security, application security and data security through various technologies such as encryption, antivirus software and firewalls to safeguard the security and integrity of our clients' data and prevent any data leakage, cyber attacks or loss of confidential information. Our internal personnel must comply with data security regulations regarding information system security, including those related to the storage, transmission, handling and destruction of confidential data. In addition, we include confidentiality agreements in our employment contracts that prohibit employees from disclosing any confidential data related to their work and clients without our consent.

# Environmental, Social and Governance Report

## Data Access Control

- Limited authority is granted only to employees at certain levels in certain positions
- Accessing and processing customer data at authorized workplaces only when necessary for the purpose of completing work tasks

## Dedicated Data Security Team

- Maintain network security, application security and data security through various technologies such as encryption, antivirus software and firewalls to avoid any data leakage, network attacks or loss of confidential information
- Internal data security requirements, including those relating to the storage, transmission, processing and destruction of confidential data

## Data Storage Encryption

- Encryption of stored sensitive and confidential data
- Implement confidential, sensitive data desensitization programs

## Internal Data Security Requirements

- Information system security requirements related to the storage, transmission, processing and destruction of confidential data
- Prohibition of disclosure of confidential data related to work and clients

During the Reporting Period, the Company had no data security-related violations.

### 3.10 Anti-Corruption

The Company strictly complies with the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and other relevant laws and regulations, and has formulated internal policies and systems such as our "Anti-Fraud, Anti-Money Laundering and Anti-Bribery Management System" and "Conflict of Interest Declaration System" in accordance with the relevant laws to regulate the professional conduct of management staff and ordinary employees to ensure the achievement of the Company's business objectives and the Company's sustainable, stable and healthy development of the Company. The Company has established an internal whistleblowing policy to encourage employees to report misconducts and take protective measures for whistleblowers. During the Reporting Period, the Company had no incidents involving bribery, fraud or money laundering, and there were no corruption lawsuits.

#### Anti-Fraud

The Company has established an anti-fraud system and process. The anti-fraud work is led by the Audit Committee of the Board of Directors, and the Audit Department, as a standing body for anti-fraud work, is responsible for the specific implementation of anti-fraud work. The Company's anti-fraud work is carried out through four procedures of accusation, acceptance, investigation and reporting, and provides for accountability and remedial measures for fraudulent acts. The Company takes a number of measures to prevent and control fraudulent acts, including strengthening special anti-corruption training for directors and employees, which includes internal codes of conduct, bribery prevention and compliance management, and conflict of interest prevention guidelines, and conducting regular internal control self-assessment exercises.

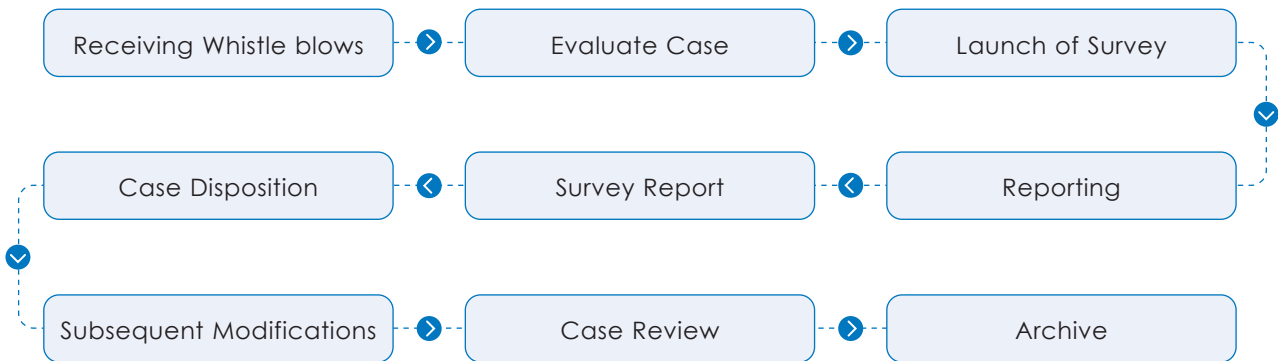
#### Anti-Money Laundering

The Company has established "Anti-Money Laundering Management Measures" and set up an anti-money laundering management structure with "three lines of defense", including the business department, legal affairs and other back-office risk control departments, and the audit department. Through various anti-money laundering measures such as customer identification and risk classification management, customer data and transaction record keeping, large transaction and suspicious transaction reporting, money laundering risk assessment, etc., we encourage all employees to jointly prevent money laundering and terrorist financing risks faced by the Company in the course of daily business.

# Environmental, Social and Governance Report

## Anti-Bribery

We have always attached importance to supply chain management and insisted on building a safe and reliable supply chain structure by means of sunshine procurement and due diligence investigation, so as to promote friendly cooperation among suppliers and win-win situation. The Company strictly abides by the procurement requirements of 'integrity, honesty and transparency' and implements the Anti-Bribery Management System and other normative systems in conjunction with the actual operation of the business to ensure that the procurement normative system follows the principles of legality, openness, fairness, equity and efficiency in the public tendering process, bid opening, bid evaluation, complaint handling and other aspects of the procurement process, and that all relevant departments adopt the principles of 'separation of functions, cross-auditing and review,' and 'fairness and efficiency. The relevant departments of the Company participate in the bidding work by adopting the method of 'separation of functions, cross-examination, centralised deliberation and leadership approval'. The legal department of the Company will also include anti-bribery related clauses in the process of reviewing contracts with customers or suppliers. At the same time, the Company actively accepts the sunshine supervision of suppliers and customers, so as to effectively prevent commercial bribery in procurement activities and protect the interests of all parties. In addition, the Company has a reporting box and a reporting telephone number for the prevention of commercial bribery for all employees, suppliers, business partners and other stakeholders to report corruption and bribery.



Anti-corruption Workflow

# Environmental, Social and Governance Report



## 3.11 Social Welfare

We are deeply aware of the need to fulfill our social responsibility while focusing on our own development and to realize the joint development of commercial and social values. We believe in the power of the performing arts to inspire people and actively engage in public service to give back to society.

In the past years, we have made charitable donations to the China Women's Development Foundation, Shanghai Charity Foundation, One Foundation, China Youth Development Foundation, etc. in the name of "Sing! China" program.

The Company has always maintained a high sense of social responsibility. While contributing to charity, it also calls on its employees to join public welfare, encourages and supports its artists to actively participate in public welfare activities, and uses public influence to spread positive social energy. During the Reporting Period, A number of artists under the banner of Mengxiang Qiangyin Culture Broadcast (Shanghai) Company Ltd. are actively involved in social welfare activities, covering core areas such as rural revitalisation, youth education, care for special groups, environmental protection, etc., realising the dual empowerment of social value and industry leadership.



Wu Keyue, an artist of the Company, participated in a condolence performance to celebrate the 60th anniversary of the founding of Tibet Autonomous Region as a member of the Volunteer Service Group of the Chinese Federation of Literary and Art Circles.

# Environmental, Social and Governance Report



Wu Keyue, an artist of the Company, participated in the performance of the Filmmakers' Charity Demonstration



Zahi Bing Zo, an artist of the Company, participated in the Tibet Condolence Performance

# Environmental, Social and Governance Report



主办单位：佛山市文化广电旅游体育局 中国广电联合会·音乐创作基地

Guo Qin, an artist of the Company, participated in the “Public Welfare Sports Lottery • Music Listening Party”



Ren Yinsong, an artist of the Company, serves as the Intangible Cultural Heritage Guardian of Mountain and River Scenery Collection by CCTV

## 4 ENVIRONMENT

### 4.1 Emissions

The Company's business does not involve waste water or green house gas emissions, the main types of waste include office garbage, domestic garbage, food waste and other daily office garbage. The Company strictly abides by the laws and regulations such as the Law on the Prevention and Control of Solid Waste Pollution of the People's Republic of China (《中華人民共和國固體廢物環境防治法》) and the Law on the Prevention and Control of Water Pollution of the People's Republic of China (《中華人民共和國水污染防治法》). We actively reduce all kinds of waste generated in our business. The hazardous waste generated by the Company is mainly a small amount of discarded toner cartridges and ink cartridges generated in the office working process. For the waste generated during the Company's operation, the Company usually makes it classified, and for harmless waste it is handed over to the municipality for treatment, while for hazardous waste it is collected by the office building property and handed over to a qualified third party for disposal.

Table: Energy Use by Our Shanghai Headquarter in 2025

Indicator	Unit	2025
Hazardous waste	Kilogram	13
Non-hazardous waste	Kilogram	8,195
Hazardous waste generation density	Kilogram/square meter	0.0057
Non-hazardous waste generation density	Kilogram/square meter	3.65

In order to better implement environmental management, the Group continues to maintain management strategies such as separate collection of solid waste and 100% recycling rate. The Group effectively disposes of various types of waste according to the different types of waste to reduce the adverse impact of waste on the environment. For waste disposal, the Group strictly complies with the regulations on the management of domestic waste at each office location and the waste classification requirements of the properties, sets up different types of garbage cans in the office area to collect garbage, urges its employees to classify garbage and reasonably dispose of the garbage in accordance with the waste classification requirements, as well as puts up posters and notices in the office area to advocate the reduction of garbage for all its employees.



## Old office electronic equipment

If employees' notebook computers and monitors reach the end of their service life, they will be recycled by employees as a priority to meet their home use, so as to reduce the consumption of electronic products and make the best use of them



## Hardware equipment that has reached the end of its useful life

For hardware and equipment that have reached the end of their useful life, we will entrust them to suppliers with resource recovery qualifications for recycling



## General household waste

For general household waste after waste separation, the municipalities are entrusted to carry out centralized transportation



## Hazardous waste

If the hazardous waste such as toner cartridges, ink cartridges, batteries and used lamps generated by the office is entrusted to a qualified third party for compliance disposal



## Food waste

Entrust a third party to collect and transport the goods to the city for processing

During the Reporting Period, the Group did not violate any of the aforementioned laws and regulations. The laws and regulations related to environmental protection and waste discharge in the region where the Group is located, including those related to the emission of exhaust gases and greenhouse gases and the discharge of waste to water bodies or land, as well as the generation of hazardous or non-hazardous waste, did not have a significant impact on the Group's operations.

## 4.2 Resource Usage

The use of resources involved in our operations is mainly electricity, paper and water. Since our business is not related to the manufacture and production of physical products, we do not use or consume packaging materials. We strictly comply with the Law on Environmental Protection of the People's Republic of China (《中華人民共和國環境保護法》), the Law on Energy Conservation of the People's Republic of China (《中華人民共和國節約能源法》) and the Law on the Prevention and Control of Water Pollution of the People's Republic of China and other relevant laws and regulations. We are committed to the protection of resources and the improvement of resource utilization efficiency, and actively practice the concept of green and sustainable development. During the Reporting Period, there was no violation of the above-mentioned laws and regulations by the Company.

Table: Energy Usage at Our Shanghai Headquarters in 2025

Indicators	Unit	2025
Power consumption	kWh	278,595
Power consumption density	kWh/m <sup>2</sup>	124
Paper consumption	sheets	125,568
Consumption of paper density	sheets/m <sup>2</sup>	55.94

We have been promoting water conservation among our employees and have taken measures to prevent water wastage, such as the use of sensor taps in bathrooms. To better protect the environment, we have been gradually adopting more sustainable and environmentally friendly measures and intend to reduce the energy consumption of our daily operations. We have decided to set the following targets: to reduce our electricity consumption per square meter by 1% and 2% of the current level by the end of 2026 and 2027 respectively; and to reduce our paper consumption by 1% and 2% of the current level by the end of 2026 and 2027 respectively.

To this end, we have developed a number of energy-saving measures, including but not limited to:

- In order to strengthen the management of the use of electricity products such as public lighting fixtures and air-conditioners, a switch-on-demand approach is adopted, whereby the company's administrative staff check and turn off unused power supplies and equipment from time to time; turn off some of the lights during the staff's lunch breaks; and turn off all the lighting fixtures, printers and air-conditioners in the public areas after office hours, so as to minimize the unnecessary use of electricity scenarios.
- Install the display with a timer switch and set the switch for different time periods according to the function of different displays.

# Environmental, Social and Governance Report

- Temperature control is implemented for air-conditioning, with environmentally friendly temperatures for summer and winter air-conditioning, optimized air-conditioning temperature-control skill plans, and specific requirements for wind speed and mode set to improve energy-use efficiency.
- Adjust the original lighting habits, every night at 10:30 pm to turn off 80% of the lights in specific areas of the channel, outdoor lighting and spotlights according to the length of the day and night in a timely manner to adjust the switching time in summer and winter. Reduce the number of light strips and bulbs in public areas and meeting rooms as appropriate, and replace the lighting on both sides of the building with voice-activated lights to avoid long-term switching on and save electricity.
- Water-saving modification of water equipment, adjusting and controlling the water pressure and water flow rate of faucets; insisting on regular maintenance and management of water purifiers, faucets and other water equipment, arranging maintenance personnel to inspect the drainage system, and dealing with malfunctions in a timely manner when they are detected.
- The annual report of the company is distributed in a paperless way to realize paper saving as much as possible; internal documents are required to be printed on both sides, and single-sided paper is utilized twice. The company's internal approvals are paperless, with online approvals to reduce the use of paper.

## Energy use efficiency targets

Accelerate the construction of the energy system to improve the efficiency of energy use

## Waste reduction efficiency targets

Increase the efforts of various waste reduction measures, sorting operations generated in the process, and entrust the disposal of the waste to the qualified third parties for disposal with compliance

### 4.3 Environment and Natural Resources

The Company advocates a low-carbon and environmentally friendly office concept, is committed to environmental protection, and advocates our employees to protect the environment and conserve resources. We have taken a number of effective measures to reduce negative environmental and resource impacts, including:

- Encouraging employees to actively use teleconferencing systems and web-based video conferencing systems to reduce the resource consumption caused by offline meetings
- Recycling clothing, costumes and stage props from our variety program productions
- Using and recycling of environmentally friendly materials during the production of our variety program

Promoting employees to reduce carbon emissions by walking, cycling and public transportation

### 4.4 Climate Change

The Company continues to monitor the risks posed by climate change, such as global warming, extreme weather and climate conditions (e.g. snowstorms, typhoons and heavy rainfall), and is aware of the potential risks and shifts in public perceptions and preferences for more environmentally friendly products and services, and is actively taking countermeasures and fully supporting global climate action.

Our administration department is responsible for closely monitoring daily climate observations and notifying our employees and personnel in the event of extreme weather conditions, and taking necessary measures, such as adjusting office hours or work from home when appropriate, to minimize and mitigate the risks associated with natural disasters. Meanwhile, we closely monitor market perceptions of environmental issues and climate-related regulatory and policy changes, and respond to them on a daily basis. In the medium to long term, governments may change existing or enact new environmental, social and climate-related laws and regulations, which may directly or indirectly affect our business, results of operations and financial condition. We will consider these issues in developing our business strategy and may adjust accordingly to changes in the environmental, social and climate-related landscape.

# Environmental, Social and Governance Report



## Climate Risk Identification and Responses under the TCFD Framework

In 2025, the company identified and analysed the physical and transition risks associated with climate change based on the framework and recommendations of the Task Force on Climate – Related Financial Disclosures (TCFD), and developed corresponding responses.

Risk Type	Description	Measure
Transition	Policy and legal	Enhanced emissions reporting obligations
	Reputation	Legal and regulatory requirements and supervision
		Changing consumer preferences
	Growing concern from stakeholders about the negative feedback	

Risk Type	Description	Impact
Physical	Acute	Typhoon
	Chronic	Extreme weather, such as rainstorms
		Increase in average temperature
	Sea level rise	

## APPENDIX: THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Environmental, Social and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)		Chapter	
<b>Environment</b>			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.  relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <small>Note: Air emissions include nitrogen oxides, sulfur oxides and other pollutants regulated by national laws and regulations. Hazardous waste is as defined in national regulations</small>	4.1 Emissions
	A1.1	The types of emissions and respective emission data.	4.1 Emissions
	A1.3	Total hazardous waste produced (in tons) and, where appropriate intensity (e.g. per unit of production volume, per facility).	4.1 Emissions
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate intensity (e.g. per unit of production volume, per facility).	4.1 Emissions
	A1.5	Describe the emissions target(s) set and steps taken to achieve them.	4.2 Resource Usage
	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.	4.1 Emissions



## APPENDIX: THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Environmental, Social and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)			Chapter
<b>Environment</b>			
A2: Resource use	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 Resource Usage
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). <i>Note: Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.</i>	4.2 Resource Usage
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	During the Reporting Period, the Company shared water facilities with other companies in the same office building and did not conduct daily data collection, therefore, no relevant disclosure was made.
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.2 Resource Usage
	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.	4.2 Resource Usage
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Our business does not involve the use of packaging materials
A3: Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	4.3 Environment and Natural Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.3 Environment and Natural Resources

## APPENDIX: THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Environmental, Social and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)		Chapter
<b>Social</b>		
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.
		3.1 Employment 3.2 Health and Safety 3.3 Labor Standards 3.4 Development and Training
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.
	B1.2	Employee turnover rate by gender, age group and geographical region.
		3.1 Employment
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.
		3.2 Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.
	B2.2	Lost days due to work injury.
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.
		3.2 Health and Safety 3.2 Health and Safety 3.2 Health and Safety



## APPENDIX: THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Environmental, Social and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)			Chapter
<b>Social</b>			
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.	3.4 Development and Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.4 Development and Training
	B3.2	The average training hours completed per employee by gender and employee category.	3.4 Development and Training
B4: Labor Standards	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	3.3 Labor Standards
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.3 Labor Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	3.3 Labor Standards

# Environmental, Social and Governance Report

## APPENDIX: THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Environmental, Social and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)			Chapter
<b>Social</b>			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of supply chain.	3.5 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	3.5 Supply Chain Management
	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.	3.5 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.5 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.5 Supply Chain Management
B6: Product Liability	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.6 Product Liability 3.8 Intellectual Property Protection 3.9 Privacy Protection and Data Security
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Our business does not involve product recycling
	B6.2	Number of products and service related complaints received and how they are dealt with.	3.6 Product Liability ; 3.7 Customer Complaints Handling
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.8 Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	Our business does not involve product recycling
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.9 Privacy Protection and Data Security



## APPENDIX: THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Environmental, Social and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)			Chapter
<b>Social</b>			
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, fraud and money laundering.	3.10 Anti-corruption
	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.	3.10 Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.10 Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	3.10 Anti-corruption
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.	3.11 Social Welfare
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	3.11 Social Welfare
	B8.2	Resources contributed (e.g. money or time) to the focus area.	3.11 Social Welfare



# Independent Auditor's Report



國富浩華（香港）會計師事務所有限公司  
**Crowe (HK) CPA Limited**  
香港 銅鑼灣 禮頓道77號 禮頓中心9樓  
9/F Leighton Centre,  
77 Leighton Road,  
Causeway Bay, Hong Kong

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STAR CM HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of STAR CM Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 124 to 235, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("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 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 judgement, 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.

## KEY AUDIT MATTERS (CONTINUED)

### The key audit matter

#### Impairment testing of goodwill

Refer to notes 3 and 16 to the consolidated financial statements and the accounting policies on note 2.4 to the consolidated financial statements

The carrying amount of goodwill amounting to approximately RMB248,414,000, represented 9% of the Group's total assets as at 31 December 2025 and an impairment loss of approximately RMB3,008,000 on goodwill was recognised for the year ended 31 December 2025.

Goodwill is allocated to the cash generating unit(s) ("CGU(s)"). Impairment test was performed by management on the CGUs to which goodwill has been allocated at least annually by comparing the carrying amount with the recoverable amount of the CGUs, which is the higher of value in use and fair value less costs of disposal. The value in use of the CGUs was determined by management using discounted cash flow forecasts.

We identified assessing impairment of goodwill as a key audit matter because the preparation of discounted cash flow forecasts involves the exercise of significant management judgement in determining key assumptions, particularly the estimated future revenue growth rates, gross margin rates and the discount rate applied, which could be subject to management bias.

### How the matter was addressed in our audit

Our audit procedures to assessing impairment of goodwill included the following:

- Understanding and evaluating the design and implementation of key internal controls over the impairment assessment;
- Assessing management's identification of CGUs and allocation of goodwill, assets and liabilities to each CGU with reference to the requirements of the prevailing accounting standards;
- Discussing future operating plans with management and comparing key assumptions in the discounted cash flow forecasts, such as the estimated future revenue growth rate and corresponding gross margin rates with the approved budget and with reference to historical revenue growth rates and corresponding gross margin rates;
- With the assistance of our internal valuation specialist, where appropriate, evaluating the methodology adopted with reference to the prevailing accounting standards, and assessing the discount rate used in the discounted cash flow forecasts;
- Performing a retrospective review of last year's impairment assessment and comparing the forecast data with the current year's results to assess the reasonableness of the prior year's discounted cash flow forecasts and making enquiries of management as to the reasons for any significant variations identified and whether these have been considered in the forecasts of the current year; and
- Assessing the disclosures in the consolidated financial statements in respect of the impairment assessment with reference to the requirements of the prevailing accounting standards.

### OTHER INFORMATION

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

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

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

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

### RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made 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.

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, 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 Chan Wai Dune, Charles.

#### **Crowe (HK) CPA Limited**

*Certified Public Accountants*

Hong Kong, 27 March 2026

Chan Wai Dune, Charles

Practising Certificate Number P00712

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	5(a)	<b>168,276</b>	163,147
Cost of sales		<b>(80,151)</b>	(123,162)
Gross profit		<b>88,125</b>	39,985
Other income and gains	5(b)	<b>17,534</b>	24,434
Increase/(decrease) in fair value of financial assets at fair value through profit or loss		<b>9,779</b>	(2,813)
Selling and distribution expenses		<b>(14,944)</b>	(17,333)
Administrative expenses		<b>(49,620)</b>	(90,432)
Other expenses		<b>(6,146)</b>	(17,542)
Impairment of goodwill	16	<b>(3,008)</b>	(48,536)
Impairment loss on trade and other receivables		<b>(14,022)</b>	(50,200)
Impairment loss reversed/(recognised) on loans to a joint venture and an associate		<b>1,838</b>	(10,727)
Impairment loss on property, plant and equipment	13	–	(16,000)
Impairment loss on right-of-use assets	15	–	(5,000)
Finance costs	7	<b>(178)</b>	(402)
Share of losses of:			
A joint venture	17	<b>(16,282)</b>	(29,025)
Associates	18	<b>(103,515)</b>	(7,528)
<b>LOSS BEFORE TAX</b>	6	<b>(90,439)</b>	(231,119)
Income tax (expense)/credit	10	<b>(28,353)</b>	1,073
<b>LOSS FOR THE YEAR</b>		<b>(118,792)</b>	(230,046)
Loss attributable to:			
Owners of the Company		<b>(118,153)</b>	(232,541)
Non-controlling interests		<b>(639)</b>	2,495
		<b>(118,792)</b>	(230,046)
<b>LOSS PER SHARE</b>		<b>RMB</b>	RMB
Basic and diluted	12	<b>(0.30)</b>	(0.58)

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>LOSS FOR THE YEAR</b>	<b>(118,792)</b>	(230,046)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(10,840)	8,595
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>	<b>(10,840)</b>	8,595
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(129,632)</b>	(221,451)
Total comprehensive loss attributable to:		
Owners of the Company	(128,993)	(223,946)
Non-controlling interests	(639)	2,495
	<b>(129,632)</b>	(221,451)

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	179,484	179,023
Other intangible assets	14	107,762	131,260
Right-of-use assets	15(a)	91,509	92,627
Goodwill	16	248,414	256,585
Interests in a joint venture	17	492,960	507,766
Interests in associates	18	876,159	865,458
Financial assets at fair value through profit or loss ("FVTPL")	19	22,907	52,464
Restricted deposits	24(b)	14,609	68,549
Deferred tax assets	28	31,847	33,801
<b>Total non-current assets</b>		<b>2,065,651</b>	<b>2,187,533</b>
<b>CURRENT ASSETS</b>			
Inventories	20	53,463	21
Program copyrights	21	605	202
Trade and bill receivables	22	69,678	98,957
Prepayments, other receivables and other assets	23	84,654	74,394
Due from related parties	35(b)	500	112,498
Cash and cash equivalents	24(a)	427,385	425,251
<b>Total current assets</b>		<b>636,285</b>	<b>711,323</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	25	73,863	117,117
Other payables and accruals	26	32,012	39,460
Contract liabilities	27	6,961	3,693
Provision	33	5,281	35,423
Tax payable		47,822	25,525
Lease liabilities	15(b)	2,590	4,582
<b>Total current liabilities</b>		<b>168,529</b>	<b>225,800</b>
<b>NET CURRENT ASSETS</b>		<b>467,756</b>	<b>485,523</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,533,407</b>	<b>2,673,056</b>

# Consolidated Statement of Financial Position

As at 31 December 2025

	<i>Notes</i>	<b>2025</b> RMB'000	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	<i>15(b)</i>	<b>479</b>	2,309
Deferred tax liabilities	<i>28</i>	<b>3,627</b>	3,731
Other payables and accruals	<i>26</i>	<b>6,784</b>	7,021
Contract liabilities	<i>27</i>	<b>5,751</b>	12,347
<b>Total non-current liabilities</b>		<b>16,641</b>	25,408
<b>NET ASSETS</b>		<b>2,516,766</b>	2,647,648
<b>EQUITY</b>			
Share capital	<i>29</i>	<b>3</b>	3
Reserves	<i>31</i>	<b>2,527,253</b>	2,656,246
<b>Equity attributable to owners of the Company</b>		<b>2,527,256</b>	2,656,249
<b>Non-controlling interests</b>		<b>(10,490)</b>	(8,601)
<b>TOTAL EQUITY</b>		<b>2,516,766</b>	2,647,648

Approved and authorised for issue by the board of directors on 27 March 2026.

**Tian Ming**  
*Director*

**Wang Yan**  
*Director*

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the parent								Total equity RMB'000
	Share capital RMB'000 (note 29)	Capital reserve* RMB'000 (note 31)	Statutory surplus reserve* RMB'000 (note 31)	Exchange fluctuation reserve* RMB'000 (note 31)	Share award scheme reserve* RMB'000 (note 30)	Retained profits/ losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2025	3	3,016,046	139,282	42,769	136,130	(677,981)	2,656,249	(8,601)	2,647,648
Loss for the year	-	-	-	-	-	(118,153)	(118,153)	(639)	(118,792)
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	-	-	-	(10,840)	-	-	(10,840)	-	(10,840)
Total comprehensive loss for the year	-	-	-	(10,840)	-	(118,153)	(128,993)	(639)	(129,632)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(1,430)	(1,430)
Deregistration of a subsidiary	-	-	-	-	-	-	-	180	180
<b>At 31 December 2025</b>	<b>3</b>	<b>3,016,046</b>	<b>139,282</b>	<b>31,929</b>	<b>136,130</b>	<b>(796,134)</b>	<b>2,527,256</b>	<b>(10,490)</b>	<b>2,516,766</b>
At 1 January 2024	3	3,016,046	139,282	34,174	136,130	(445,440)	2,880,195	(10,012)	2,870,183
Loss for the year	-	-	-	-	-	(232,541)	(232,541)	2,495	(230,046)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	8,595	-	-	8,595	-	8,595
Total comprehensive loss for the year	-	-	-	8,595	-	(232,541)	(223,946)	2,495	(221,451)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(1,084)	(1,084)
<b>At 31 December 2024</b>	<b>3</b>	<b>3,016,046</b>	<b>139,282</b>	<b>42,769</b>	<b>136,130</b>	<b>(677,981)</b>	<b>2,656,249</b>	<b>(8,601)</b>	<b>2,647,648</b>

\* These reserve accounts comprise the consolidated reserves of RMB2,527,253,000 (2024: RMB2,656,246,000) in the consolidated statement of financial position.

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(90,439)</b>	(231,119)
Adjustments for:			
Bank interest income	<i>5(b)</i>	<b>(10,400)</b>	(16,188)
Interest income from loans to related parties	<i>5(b)</i>	<b>(1,584)</b>	(4,570)
Finance costs	<i>7</i>	<b>178</b>	402
Depreciation of property, plant and equipment	<i>13</i>	<b>1,227</b>	12,436
Loss on disposal of property, plant and equipment	<i>6</i>	<b>-</b>	441
Depreciation of right-of-use assets	<i>15(c)</i>	<b>3,079</b>	5,056
Amortisation of other intangible assets	<i>14</i>	<b>27,301</b>	10,947
Share of losses of a joint venture	<i>17</i>	<b>16,282</b>	29,025
Share of losses of associates	<i>18</i>	<b>103,515</b>	7,528
Gain on lease termination	<i>15(c)</i>	<b>(1,565)</b>	-
Loss on deregistration of a subsidiary		<b>180</b>	-
Impairment loss (reversed)/recognised on trade receivables	<i>22</i>	<b>(4,560)</b>	54,517
Written off of trade receivables as uncollectible	<i>22</i>	<b>(4,946)</b>	(22,932)
Impairment loss recognised on/(reversed) other receivables	<i>23</i>	<b>18,582</b>	(4,317)
(Written off)/recovery of other receivables as uncollectible	<i>23</i>	<b>(4,717)</b>	4,000
Impairment loss on goodwill	<i>16</i>	<b>3,008</b>	48,536
Impairment loss (reversed)/recognised on loans to a joint venture and an associate	<i>6</i>	<b>(1,838)</b>	10,727
Impairment loss on property, plant and equipment	<i>6</i>	<b>-</b>	16,000
Impairment loss on right-of-use asset	<i>6</i>	<b>-</b>	5,000
(Increase)/decrease in fair value of financial assets at fair value through profit or loss		<b>(9,779)</b>	2,813
		<b>43,524</b>	(71,698)
Decrease in trade receivables		<b>38,785</b>	90,250
Increase in prepayments, other receivables and other assets		<b>(24,504)</b>	(4,920)
Increase in inventories		<b>(53,442)</b>	-
(Increase)/decrease in program copyrights		<b>(403)</b>	22
Decrease in trade payables		<b>(43,254)</b>	(60,249)
Decrease in other payables and accruals		<b>(5,724)</b>	(16,300)
(Decrease)/increase in contract liabilities		<b>(3,328)</b>	4,341
(Decrease)/increase in provision		<b>(30,142)</b>	19,256
Decrease in restricted deposits		<b>53,940</b>	986
Cash used in operations		<b>(24,548)</b>	(38,312)
Interest received		<b>10,400</b>	16,188
Income tax paid		<b>(4,206)</b>	(10,910)
Net cash flows used in operating activities		<b>(18,354)</b>	(33,034)

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(1,704)	(8,385)
Addition to other intangible assets		(6,335)	(6,701)
Capital injection into an associate		(115,000)	–
Loan to a joint venture	35(a)	–	(34,850)
Loan to a related party	35(a)	–	(40,560)
Repayment from loan a related party		32,590	–
Repayment of loans from a joint venture		81,246	–
Proceeds from disposal of the note instruments		–	192,554
Cash inflow from disposal of associates		394	–
Proceeds from items of financial assets at fair value through profit or loss		39,336	–
<b>Net cash flows generated from investing activities</b>		<b>30,527</b>	102,058
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid to non-controlling shareholders		(2,514)	–
Repayment of lease liabilities		(4,218)	(5,083)
Interest paid on lease liabilities		(178)	(402)
<b>Net cash flows used in financing activities</b>		<b>(6,910)</b>	(5,485)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		425,251	353,878
Effect of foreign exchange rate changes, net		(3,129)	7,834
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>427,385</b>	425,251
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balance	24(a)	427,385	425,251

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 29 March 2021. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 December 2022.

The Company is an investment holding company. The Company's subsidiaries were principally involved in variety program intellectual property ("IP") production, operation and licensing, music IP operation and licensing, drama series and film IP operation and licensing and other IP-related business.

In the opinion of the directors, the ultimate controlling shareholders of the Company are Mr. Tian Ming, Mr. Jin Lei and Mr. Xu Xiangdong ("Controlling Shareholders").

### Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai CanXing Culture & Media Co., Ltd. (b) ("Canxing Culture") 上海燦星文化傳媒股份有限公司*	People's Republic of China (the "PRC")/ Chinese Mainland 24 March 2006	RMB320,813,865	-	100	Variety program IP production, operation and licensing
Star China International Media Co., Ltd. ("Star International") 星空華文國際傳媒有限公司*	PRC/Chinese Mainland 26 April 2012	RMB63,195,800	-	100	Provision of advertising and marketing solutions
Shanghai CanXing Film & Culture Co., Ltd. (b) ("Canxing Film") 上海燦星影視文化有限公司*	PRC/Chinese Mainland 1 August 2018	RMB10,000,000	-	78	Drama series operation and licensing
Shanghai Beiji Culture & Media Co., Ltd. (b) ("Beiji Culture") 上海北楮文化傳媒有限公司*	PRC/Chinese Mainland 12 June 2020	RMB3,000,000	-	100	Variety program IP production, operation and licensing

# Notes to the Financial Statements

For the year ended 31 December 2025

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CanXing International Media Limited ("Canxing International")	Hong Kong/ 1 December 2017	HKD1,000,000	-	100	Variety program IP production, operation, and licensing
Mengxiang Qiangyin Culture Broadcast (Shanghai) Company Ltd. ("MXQY") 夢響強音文化傳播(上海)有限公司*	PRC/Chinese Mainland 6 December 2022	RMB30,000,000	-	100	Operation and licensing of music IP and artiste management
Mengxiang Dangran Music Culture & Communication (Shanghai) Co., Ltd. ("MXDR") 夢響當然音樂文化傳播(上海)有限公司*	PRC/Chinese Mainland 25 November 2014	RMB13,000,000	-	51	Music IP operation and licensing/other IP-related business
Fortune Star Media Limited ("FSML")	Hong Kong/ 31 May 2010	HKD10,000	100	-	Film IP library and licensing
Shanghai Xinfeng Culture Development Co., Ltd. ("Xinfeng Culture") 上海歆豐文化發展有限公司*	PRC/Chinese Mainland 23 October 2019	RMB400,000,000	-	100	Real estate development

# Notes to the Financial Statements

For the year ended 31 December 2025

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Qinhan New City Star Chinese Culture Media Co., Ltd. (a) ("Qinhan New City") 秦漢新城星空華文文化傳媒有限公司*	PRC/Chinese Mainland 29 November 2018	HKD468,000,000	-	100	Cultural and art events planning
Shanghai Jiuwu Yisheng Cultural Culture & Communication Co., Ltd. (a) ("Shanghai Jiuwu Yisheng") 上海久吾一生文化傳媒有限公司*	PRC/Chinese Mainland 16 June 2020	RMB2,000,000,000	-	100	Conference and exhibition services
Shanghai Mengxiangshuan Enterprise Development Co., Ltd. ("MXSA") 上海夢響水岸企業發展有限公司*	PRC/Chinese Mainland 30 September 2023	RMB10,000,000	-	100	Consulting and exhibition services

#### Notes:

- (a) These entities are registered as wholly-foreign-owned enterprises under PRC law.
- (b) Due to regulatory prohibitions on foreign ownership in the radio and television program production, internet cultural activities, television drama production and value-added telecommunication services in the PRC, the business carried out by Canxing Culture and its subsidiaries, Canxing Film and Beiyi Culture (the "PRC Consolidated Entities") was prohibited or restricted from foreign ownership. The wholly-owned subsidiary of the Company, Shanghai Jiuwu Yisheng, has entered into a series of contractual arrangements (the "Contractual Arrangements") with the PRC Consolidated Entities and their respective equity holders (hereafter the equity holders of the PRC Consolidated Entities are referred to as the "Registered Shareholders"). The Contractual Arrangements enable Shanghai Jiuwu Yisheng to exercise effective control over the PRC Consolidated Entities and obtain substantially all economic benefits of the PRC Consolidated Entities. Accordingly, the Company regards the PRC Consolidated Entities as indirect subsidiaries and consolidated the assets, liabilities and results of operations of the PRC Consolidated Entities in the consolidated financial statements of the Group. These entities are owned through Contractual Arrangements.

\* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.



# Notes to the Financial Statements

For the year ended 31 December 2025

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 2.1 BASIS OF PREPARATION (CONTINUED)

#### Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 AMENDMENTS TO IFRS ACCOUNTING STANDARDS THAT ARE MANDATORY EFFECTIVE FOR THE CURRENT YEAR

The following is a list of amendments to accounting standards, issued by IASB, which are mandatorily effective for financial statements for the year ended 31 December 2025:

Amendments to IAS 21                  Lack of Exchangeability

The nature and impact of the revised IFRS Accounting Standards are described below:

#### Amendments to IAS 21 Lack of Exchangeability

The amendments specify a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. When a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the prevailing economic conditions.

When a currency is not exchangeable, an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The amendments have no material impact on the Group's consolidated financial statements for the current and prior years.

# Notes to the Financial Statements

For the year ended 31 December 2025



## 2.3 NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS IN ISSUED BUT NOT YET EFFECTIVE

The Group has not applied the following new and amendments to IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amendments to IFRS, if applicable, when they become effective.

The following is a list of new and amendments to accounting standards, issued by IASB, which are not mandatorily effective for financial statements for the year ended 31 December 2025:

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>1</sup></i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<sup>1</sup></i>
IFRS 18 and consequential amendments to other IFRS Accounting Standards	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
IFRS 19 and subsequent amendments	<i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency<sup>2</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

### IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively. Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management defined performance measures in a single note in the financial statements. The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICIES

#### Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognised its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interest in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### **Business combinations and goodwill (Continued)**

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained, unless the entity can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

#### **Fair value measurement**

The Group measures its equity investments at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. An impairment loss is charged to the statement of profit or loss in the period in which it arises in the expense category consistent with the function of the impaired asset. Impairment loss for a cash-generating unit is allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of those parts that are replaced is derecognised.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment (other than construction in progress) to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

	20.00%~37.50%
	or over the
	remaining term
Leasehold improvements	of the lease, if shorter
Motor vehicles	20.00%
Office equipment	20.00%~33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### Trademarks

Trademarks are acquired in a business combination. Trademark with finite useful lives are stated at cost less any impairment losses and is amortised on a straight-line basis over their estimated useful lives of 20 to 30 years. The Group determines the useful life of trademarks with reference to the estimated periods that the Group intends to derive future economic benefits from the use of the assets.

#### Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 10 years.

#### Film rights

Film rights are stated at cost less accumulated amortisation and any impairment losses.

Film rights acquired separately are measured on initial recognition at cost. The cost of film rights acquired in a business combination is the fair value as at the date of acquisition. Film rights are subsequently amortised on a systematic basis, that reflects the pattern in which their future economic benefits are expected to be consumed by the Group. The cost of the film rights is allocated to three distinct film groups, which are identified based on the grading of each film, and is amortised based on the amortisation rate of each film group. The amortisation rate is the proportion of actual license of film rights in a particular film group granted during the year to the total estimated license of film rights in that particular film group expected to be granted. The total estimated license of film rights expected to be granted is reassessed by the Group at each financial year end based on the historical information and management judgement to reflect the change in expected pattern of consumption of future economic benefits embodied in the asset. The amortisation method is reviewed regularly, and revised if appropriate. Film rights are assessed for impairment whenever there is an indication that the film rights may be impaired.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Intangible assets (other than goodwill) (Continued)

#### Music copyrights

Music copyrights are stated at cost less accumulated amortisation and any impairment losses.

Music copyrights acquired separately are measured on initial recognition at cost. Music copyrights are subsequently amortised on a systematic basis, that reflects the pattern in which their future economic benefits are expected to be consumed by the Group. The pattern is based on management's estimate of the total licence of music copyrights expected to be granted and on an accelerated amortisation rate. The total estimated licence of music copyrights expected to be granted and the amortisation rate are reassessed by the Group at each financial year end based on the historical information and management judgement to reflect the change in expected pattern of consumption of future economic benefits embodied in the asset. The amortisation method is reviewed regularly, and revised if appropriate. Music copyrights are assessed for impairment whenever there is an indication that the music copyrights may be impaired.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases without a purchase option and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	1-5 years
Leasehold land	50 years

The Group presents right-of-use assets, that do not meet the definition of investment property, as a separate line item in the consolidated statement of financial position.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### Group as a lessee (Continued)

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

##### (c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.



# Notes to the Financial Statements

For the year ended 31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets (Continued)

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments with embedded derivative which is required to be classified in its entirety as a financial asset at fair value through profit or loss. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for its financial assets stated at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-adjusted effective interest rate). The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (Continued)

#### General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (Continued)

#### Simplified approach (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (Continued)

#### Simplified approach (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the debtors;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (Continued)

#### Simplified approach (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case, interest income is calculated based on amortised cost of the financial asset.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Financial liabilities

##### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals and lease liabilities.

##### Subsequent measurement – Financial liabilities at amortised cost

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

#### Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct costs/ expenses incurred during the purchase and development of scripts. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and sale.

#### **Program copyrights**

Program copyrights represent legal rights of variety programs and drama series held by the Group. These rights are stated at cost less accumulated amortisation and identified impairment loss.

Costs of variety program copyrights comprise fees/investments paid and payable for the production of program copyrights under agreements, direct costs/expenses incurred during the production. The cost of variety program copyright is amortised based on the broadcast of each episode of the variety program, normally within one year after the first customer's acceptance of the respective variety programs and is recognised as cost of sales in the statement of profit or loss. The period is determined based on the estimated beneficial period and individual title basis.

Costs of drama series comprise fees/investments paid and payable for the production of drama series under agreements, direct costs/expenses incurred during the production and the cost of purchased copyrights or broadcasting rights of drama series. Drama series are subsequently amortised on a systematic basis, that reflects the pattern in which their future economic benefits are expected to be consumed by the Group, normally within one year after the first customer's acceptance of the respective drama series and is recognised as cost of sales in the statement of profit or loss.

Program copyrights are assessed for impairment whenever there is an indication that the program copyrights may be impaired. Impairment loss is recognised in the statement of profit or loss. The recoverable amounts of the program copyrights are determined and reviewed on a title-by-title basis and are based on the higher of fair value less costs of disposal and value in use which include unobservable inputs and assumptions derived by the Group.

Any gain or loss arising from the disposal of program copyright is recognised in profit or loss. Gains or losses arising from the disposal of program copyright are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of disposal.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new variety programs is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the variety programs so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses.

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

# Notes to the Financial Statements

For the year ended 31 December 2025



## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition

#### Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

#### (a) Variety program IP production, operation, and licensing

The Group creates and distributes variety programs to various media platforms, including major TV networks and online video platforms. In most cases, the Group jointly invests in the programs with the media platforms and shares the revenue from advertising sales. In other cases, the Group is commissioned by media platforms to produce programs or commercials for a fixed commission fee or license fee ("commissioned production model"). The Group develops its own program content and generally retains part or all of the IP rights on that content, except for the variety programs under commissioned production model. During the reporting period, the Group licenses customers the right to host offline entertainment events for singing, dance and talent competition shows in exchange for a fixed licensing fee.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (Continued)

#### Revenue from contracts with customers (Continued)

(a) Variety program IP production, operation, and licensing (Continued)

(i) Licensing of broadcasting rights of programs

Revenue from licensing of broadcasting rights of variety programs is recognised at the point in time when the licensed content is made available for the customer's use and benefit, typically when the variety program has been transferred and accepted by the media platform.

(ii) Revenue from collaborating with media platforms

Revenue from collaborating with media platforms is realised in the form of advertising sales. It is recognised at a point in time when each episode of the variety program is transferred to and accepted by the media platform, generally on the broadcast of the variety program.

(iii) Revenue from the production of commissioned variety programs

Revenue from the production of commissioned variety programs is recognised over time, using an output method to measure progress towards complete production of commissioned variety programs, because the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced.

(iv) Licensing of the right to host offline entertainment events

The Group authorises customers to use its brand and program materials for their offline marketing activities. Revenue from the licensing of the right to host offline entertainment events is recognised on a straight-line basis over the period as the Group's promise in granting the license is a promise to provide a right to access the Group's intellectual property.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (Continued)

#### Revenue from contracts with customers (Continued)

(b) Music IP operation and licensing

The Group licenses content to the customers either on a fixed-payment basis or a minimum guarantee plus revenue-sharing basis.

For the licensing of individual songs, fixed payment and minimum guarantees are recognised when the licensed content is made available for the customer's use and benefit, typically upon the transfer of the licensed content to the customer. For the licensing of music library, the Group's performance obligation is to maintain the music library and grant the right to access such music library to customers which is satisfied over the specified licensing period. Royalties exceeding the minimum guaranteed amount are recognised when the usage of the licensed content exceeding specified thresholds occurs and the amount is based on the relevant monthly or quarterly reports provided by the respective operators.

(c) Drama series and film IP operation and licensing

Revenue from the licensing of drama series and films is recognised at the point in time when the licensed contents are available to the licencees, generally on delivery of the licensed contents after the start of the licensing period.

(d) Artiste management

The Group provides artiste management services by arranging its artistes to provide services to its customers, such as participating in concerts, tours, in-person appearances and sponsorship.

Revenue is recognised on a straight-line basis over the period that the artistes rendered relevant services to the organisers of the entertainment events and TV programs by attending those entertainment events and TV programs.

(e) Concert organisation and production

The Group organises concerts and earns revenue from ticket sales. Revenue from concert ticket sales is recognised over the contract period when the relevant concerts are held by the Group and the customers simultaneously receive and consume the benefits provided by the Group's performance.

#### Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

### Employee benefits

#### Pension schemes

Contributions made to the government retirement benefit fund under defined contribution retirement plans are charged to the statement of profit or loss as incurred.

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in central pension schemes operated by the local municipal government and the central government, respectively. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

One subsidiary of the Company operates an occupational retirement scheme registered under the Hong Kong Occupational Retirement Schemes Ordinance. This scheme has been granted exemption under the Hong Kong Mandatory Provident Fund Schemes Ordinance. When an employee leaves the scheme before his/her interest in the Company's employer contributions vesting fully, the ongoing contributions payable by the Company are reduced by the relevant amount of the forfeited employer's contributions.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vest fully, in accordance with the rules of the MPF Scheme.

Contributions to these schemes are based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the schemes. The assets of these schemes are held separately from those of the Group in independently administered funds.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **Dividends**

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

#### **Foreign currencies**

The functional currency of the Company is RMB. As the major revenues and assets of the Group are derived from operations in Chinese Mainland, RMB is chosen as the presentation currency to present the consolidated financial statements. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on changes in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Foreign currencies (Continued)

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their profits or losses are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### Identifying performance obligations in a bundled sale of music copyright licensing arrangement

The Group is required to deliver licensed content from its existing musical content and additional musical content when it is produced in the future to operators of those third parties' online platforms. The Group licenses both content separately or within a bundle.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Judgements (Continued)

#### Identifying performance obligations in a bundled sale of music copyright licensing arrangement (Continued)

The Group determined that each existing song copyright licensing and each new song copyright licensing are each capable of being distinct. The fact that the Group regularly licenses both existing and new songs copyright on a standalone basis indicates that the customer can benefit from each product on their own. The Group also determined that the promises to license each existing song and each new song copyright are distinct within the context of the contract. The existing and new songs copyright licensing is not an input to a combined item in the contract. The Group is not providing a significant integration service because the presence of the existing and new songs copyright licensing together in the contract does not result in any additional or combined functionality. In addition, the existing and new songs copyright licensing is not highly interdependent or highly interrelated, because the Group would be able to provide the existing songs copyright licensing even if the customer declined the new songs copyright licensing and would be able to provide new songs copyright licensing in relation to other customers. Consequently, the Group has allocated a portion of the transaction price to the new songs copyright licensing and existing songs copyright licensing based on their relative stand-alone selling prices.

As for the contracts of licensing of music library, that typically contain a single performance obligation, which is ongoing access to all intellectual property in an evolving content library which is maintained by the Group on an ongoing basis. No transaction price allocation is needed. Revenue is recognised on a straight-line basis over the licensing period.

#### Principal versus agent

Determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group needs to first identify who controls the specified goods or services before they are transferred to the customer. The Group is a principal that controls the specified goods or services before they are transferred to a customer when: (i) the Group is primarily responsible for fulfilling the promise to provide the specified good or service; (ii) the Group has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; or (iii) the Group has discretion in establishing the price for the specified good or service.



## Notes to the Financial Statements

For the year ended 31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Judgements (Continued)

##### Contractual Arrangements

The PRC Consolidated Entities are engaged in the radio and television program production, internet cultural activities, television drama production and value-added telecommunication services. Under the scope of "Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2021 Version)", foreign investors are prohibited to invest in such business.

As disclosed in note 1 to the financial statements, the Group exercises control over the PRC Consolidated Entities and enjoys substantially all economic benefits of the PRC Consolidated Entities through the Contractual Arrangements.

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

##### Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing periods and days past due for groups of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the media and entertainment sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The provision for impairment of trade receivables at 31 December 2025 amounted to RMB325,832,000 (31 December 2024: RMB335,387,000) details of which are set out in note 22 to the financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Estimation uncertainty (Continued)

#### Provision for expected credit losses on other receivables

The Group has applied the general approach to provide for expected credit losses for other receivables and considered the default event, historical loss rate and adjusted for forward – looking macroeconomic data in calculating the expected credit loss rate, details of which are set out in note 23 to the financial statements.

#### Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose suitable discount rates in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB248,414,000 (31 December 2024: RMB256,585,000). Further details are given in note 16 to the financial statements.

#### Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment, other intangible assets, right-of-use assets, investments in joint ventures and associates at 31 December 2025 in aggregate are RMB1,747,874,000 (31 December 2024: RMB1,776,134,000).



## Notes to the Financial Statements

For the year ended 31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (Continued)

##### Deferred tax assets

Deferred tax assets are recognised for impairment of financial assets, accrued expenses deferred income and lease liabilities to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 28 to the financial statements.

##### Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

##### Amortisation of film rights and music copyrights

The amortisation of film rights and music copyrights recognised as cost of sales for a given period is on a systematic basis, that reflects the pattern in which their future economic benefits are expected to be consumed by the Group. The total estimated license of film rights and music copyrights expected to be granted is estimated based on historical experience of the Group and they are reassessed by the Group at each financial year end based on the historical information and management judgement to reflect the change in expected pattern of consumption of future economic benefits embodied in the asset. The amortisation method is reviewed regularly, and revised if appropriate. The carrying amounts of film rights and music copyrights are disclosed in note 14 to the financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

### Geographical information

#### (a) Revenue from external customers

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Chinese Mainland	<b>111,141</b>	102,283
USA	<b>22,321</b>	27,266
United Kingdom	<b>2,726</b>	4,365
Japan	<b>1,359</b>	6,027
Hong Kong	<b>4,698</b>	7,449
Macau	<b>1,248</b>	121
Other regions	<b>24,783</b>	15,636
<b>Total revenue</b>	<b>168,276</b>	163,147

The revenue information above is based on the locations of the customers.

#### (b) Non-current assets

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Chinese Mainland	<b>1,644,763</b>	1,610,638
Hong Kong	<b>351,525</b>	422,081
<b>Total non-current assets</b>	<b>1,996,288</b>	2,032,719

The non-current asset information above is based on the locations of the assets and excludes financial assets at FVTPL, restricted deposits and deferred tax assets.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the years ended 31 December 2025 and 2024 is set out below:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Customer 1	<b>N/A</b>	20,669

N/A Transactions during the year did not exceed 10% of the Group's revenue.

For the year ended 31 December 2025, no revenue from a single external customer contributed 10% or more of the total revenue of the Group.

## 5. REVENUE, OTHER INCOME AND GAINS

### (a) Revenue

An analysis of revenue is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Revenue from contracts with customers	<b>168,276</b>	163,147

# Notes to the Financial Statements

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### (a) Revenue (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

	2025	2024
	RMB'000	RMB'000
<b>Types of goods or services</b>		
Variety program IP production, operation and licensing	<b>39,082</b>	33,897
Music IP operation and licensing	<b>31,472</b>	13,970
Drama series and film IP operation and licensing	<b>62,169</b>	60,578
Other IP-related business	<b>35,553</b>	54,702
<b>Total revenue from contracts with customers</b>	<b>168,276</b>	163,147
<b>Timing of revenue recognition</b>		
At a point in time	<b>97,899</b>	90,853
Over time	<b>70,377</b>	72,294
<b>Total revenue from contracts with customers</b>	<b>168,276</b>	163,147

# Notes to the Financial Statements

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### (a) Revenue (Continued)

#### Revenue from contracts with customers (Continued)

##### (i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of the reporting period:		
Variety program IP production, operation, and licensing	–	308
Music IP operation and licensing	665	1,481
Drama series and film IP operation and licensing	3,534	1,706
Other IP-related business	3,549	2,677
<b>Total</b>	<b>7,748</b>	<b>6,172</b>

##### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

#### *Variety program IP production, operation and licensing*

As for the variety programs, the performance obligation is satisfied upon delivery of the video materials, and payment is generally due within 30 days after the final account of variety programs with the media platforms, except for the production of commissioned variety programs, where payment made in advance is normally required.

As for the licensing of the right to host offline entertainment events, the performance obligation is to support the customers' offline marketing activities and payment is normally made in advance.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### (a) Revenue (Continued)

#### Revenue from contracts with customers (Continued)

#### (ii) Performance obligations (Continued)

##### *Music IP operation and licensing*

As for licensing which provides right-to-use, the performance obligation is satisfied upon delivery of the audio materials and the payment is usually made on an annual basis. As for licensing which provides right-to-access, the performance obligation is satisfied over the period when the customers are granted with access to the Group's music library and the payment is usually made on an annual basis.

##### *Drama series and film IP operation and licensing*

The performance obligation is satisfied upon delivery of the video materials and payment is generally due within 30 days from delivery.

##### *Other IP-related business*

As for artiste management, the performance obligation is satisfied over the period that artistes rendered relevant services to the organisers of the entertainment events and TV programs by attending those entertainment events and TV programs and payment is generally made in advance. As for concert organisation and production, the performance obligation of concert tickets is satisfied when the concert has been held and payment is generally made in advance.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Amounts expected to be recognised as revenue:		
Within one year	<b>8,830</b>	12,059
After one year	<b>8,134</b>	12,347
<b>Total</b>	<b>16,964</b>	24,406

# Notes to the Financial Statements

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### (a) Revenue (Continued)

#### Revenue from contracts with customers (Continued)

#### (ii) Performance obligations (Continued)

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to variety program IP and music IP production, operation, and licensing, of which the performance obligations are to be satisfied within five years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

### (b) Other income and gains

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Government grants-related to income*	1,253	2,570
Government grants-related to assets*	237	256
Bank interest income	10,400	16,188
Interest income from loans to related parties	1,584	4,570
Interest income on financial assets measured at amortised cost	11,984	20,758
Rental income from a related party	402	327
Others	1,607	157
<b>Total other income</b>	<b>15,483</b>	<b>24,068</b>
<b>Gains</b>		
Dividend income from FVPL	486	366
Gain on termination of lease (note 15(c))	1,565	–
<b>Total gains</b>	<b>2,051</b>	<b>366</b>
<b>Total other income and gains</b>	<b>17,534</b>	<b>24,434</b>

\* The government grants mainly represent incentives awarded by the local governments to support the Group's operation.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Cost of variety program IP production, operation and licensing*		<b>14,425</b>	56,918
Cost of music IP operation and licensing		<b>12,833</b>	4,858
Cost of drama series and films IP operation and licensing		<b>21,823</b>	20,242
Cost of other IP related business		<b>31,070</b>	41,144
		<b>80,151</b>	123,162
Depreciation of property, plant and equipment	<i>13</i>	<b>1,227</b>	12,436
Depreciation of right-of-use assets	<i>15(c)</i>	<b>3,079</b>	5,056
Amortisation of other intangible assets	<i>14</i>	<b>27,301</b>	10,947
Lease payments not included in the measurement of lease liabilities	<i>15(c)</i>	<b>2,244</b>	781
Loss on disposal of property, plant and equipment		-	441
Impairment loss/(reversal of impairment loss) on other receivables	<i>23</i>	<b>18,582</b>	(4,317)
(Reversal of impairment loss)/impairment loss on trade receivables	<i>22</i>	<b>(4,560)</b>	54,517
		<b>14,022</b>	50,200
Auditor's remuneration		<b>1,800</b>	1,800
Impairment of goodwill	<i>16</i>	<b>3,008</b>	48,536
Impairment loss (reversed)/recognised on loans to a joint venture and an associate		<b>(1,838)</b>	10,727
Impairment loss on property, plant and equipment	<i>13</i>	-	16,000
Impairment loss on right-of-use assets	<i>15</i>	-	5,000
Research and development costs*		-	10,518
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages, salaries and bonuses		<b>36,385</b>	52,515
Pension scheme contributions (defined contribution scheme)^		<b>1,818</b>	6,114
<b>Total</b>		<b>38,203</b>	58,629

# Notes to the Financial Statements

For the year ended 31 December 2025

## 6. LOSS BEFORE TAX (CONTINUED)

\* The cost of variety program IP production, operation and licensing includes RMB11,374,000 relating to staff costs during the year (2024: RMB19,665,000), which are also included in "Employee benefit expense" disclosed above. Research and development costs RMBnil relating to staff costs during the year (2024: RMB10,518,000), which are also included in "Employee benefit expense" disclosed above.

^ At 31 December 2025 and 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	178	402
Total	178	402

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, sections 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	213	213
Other emoluments:		
Salaries, allowances and benefits in kind	5,055	5,275
Pension scheme contributions	371	373
Subtotal	5,426	5,648
Total	5,639	5,861

# Notes to the Financial Statements

For the year ended 31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Mr. Chen Rehao	<b>71</b>	71
Mr. Li Liangrong	<b>71</b>	71
Mr. Sheng Wenhao	<b>71</b>	71
Total	<b>213</b>	213

The emoluments were for their services as directors of the Company. There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

### (b) The fees paid to Non-executive directors during the year were as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Mr. Lee Wei Choy *	<b>-</b>	-

\* Mr. Lee Wei Choy retired on 20 June 2024.

The emoluments were for his services as director of the Company. There were no other emoluments payable to the non-executive director during the year, (2024: nil).

# Notes to the Financial Statements

For the year ended 31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

### (c) Executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
<b>2025</b>				
Executive directors:				
Mr. Tian Ming*	–	1,895	87	1,982
Mr. Jin Lei	–	981	71	1,052
Ms. Wang Yan	–	805	71	876
Mr. Xu Xiangdong	–	–	–	–
Mr. Lu Wei	–	687	71	758
Ms. Shen Ning <sup>#</sup>	–	687	71	758
<b>Total</b>	<b>–</b>	<b>5,055</b>	<b>371</b>	<b>5,426</b>

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
<b>2024</b>				
Executive directors:				
Mr. Tian Ming*	–	1,933	71	2,004
Mr. Jin Lei	–	962	71	1,033
Ms. Wang Yan	–	804	71	875
Mr. Xu Xiangdong	–	202	18	220
Mr. Lu Wei	–	687	71	758
Ms. Shen Ning <sup>#</sup>	–	687	71	758
<b>Total</b>	<b>–</b>	<b>5,275</b>	<b>373</b>	<b>5,648</b>

# Notes to the Financial Statements

For the year ended 31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

### (c) Executive directors and the chief executive (Continued)

\* Mr. Tian Ming was also the chief executive officer of the Company during the year.

# Ms. Shen Ning was appointed as executive director on 20 June 2024.

The emoluments were for their services in connection with the management of the affairs of the Company and the Group.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	4,010	3,754
Pension scheme contributions	233	210
Total	<b>4,243</b>	3,964

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	1	–
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$2,000,001 to HK\$2,500,000	1	1
Total	<b>3</b>	3

During the year, no remuneration was paid by the Group to the non-director and non-chief executive highest paid employee as an inducement to join or upon joining the Group or as compensation for loss of office.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Pursuant to the relevant tax law of the Macau Special Administrative Region, Macau profits tax has been provided at the rate of 12% (2024: 12%) on the estimated assessable profits arising in Macau during the year.

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% (2024: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

Canxing Culture is qualified as High and New Technology Enterprises and was entitled to a preferential income tax rate of 15% (2024: 15%) during the year, which will expire on 12 December 2026.

The major components of income tax expense/(credit) of the Group during the year are analysed as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Current tax – charge/(credit) for the year	<b>11,634</b>	(772)
Current tax – under-provision in respect of prior years	<b>14,789</b>	1,990
	<b>26,423</b>	1,218
Deferred tax (note 28)	<b>1,930</b>	(2,291)
<b>Income tax expense/(credit) for the year</b>	<b>28,353</b>	(1,073)

# Notes to the Financial Statements

For the year ended 31 December 2025

## 10. INCOME TAX (CONTINUED)

A reconciliation of the tax (credit)/expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and its subsidiaries operate to the tax (credit)/expense at the effective tax rates is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	<b>(90,439)</b>	(231,119)
Tax at the tax rate of 25%	<b>(22,610)</b>	(57,780)
Effect of preferential lower tax rates entitled	<b>(4,392)</b>	16,330
Losses attributable to associates and joint ventures	<b>30,184</b>	9,766
Income not subject to tax	<b>(1,440)</b>	(8,398)
Effect of overseas withholding taxes	<b>2,982</b>	7,256
Expenses not deductible for tax	<b>2,175</b>	11,503
Tax losses not recognised	<b>6,802</b>	10,852
Temporary differences not recognised	<b>(137)</b>	7,408
Under-provision in respect of prior years	<b>14,789</b>	1,990
Tax charge/(credit) at the Group's effective tax rate	<b>28,353</b>	(1,073)

## 11. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2025 (2024: Nil). The board of the directors of the Company does not recommend the payment of any dividend for the year ended 31 December 2025 (2024: Nil).

## 12. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss of RMB118,153,000 (2024: RMB232,541,000) for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 398,538,168 (2024: 398,538,168) in issue during the year. Diluted loss per share is equal to the basis loss per share as the Company does not have any potential dilutive ordinary shares outstanding for both years.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2025</b>					
At 1 January 2025					
Cost	25,068	2,758	76,834	173,116	277,776
Accumulated depreciation	(10,285)	(2,506)	(69,962)	-	(82,753)
Accumulated impairment loss	(12,776)	(45)	(3,179)	-	(16,000)
Net carrying amount	2,007	207	3,693	173,116	179,023
At 1 January 2025, net of accumulated depreciation					
	2,007	207	3,693	173,116	179,023
Additions	-	-	1,350	354	1,704
Depreciation provided during the year (note 6)	(619)	(207)	(401)	-	(1,227)
Exchange realignment	-	-	(16)	-	(16)
At 31 December 2025, net of accumulated depreciation	1,388	-	4,626	173,470	179,484
At 31 December 2025					
Cost	25,068	2,758	78,155	173,470	279,451
Accumulated depreciation	(10,904)	(2,713)	(70,350)	-	(83,967)
Accumulated impairment losses	(12,776)	(45)	(3,179)	-	(16,000)
Net carrying amount	1,388	-	4,626	173,470	179,484

# Notes to the Financial Statements

For the year ended 31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2024</b>					
At 1 January 2024					
Cost	32,327	2,758	73,779	165,797	274,661
Accumulated depreciation	(7,929)	(2,025)	(67,185)	-	(77,139)
Net carrying amount	24,398	733	6,594	165,797	197,522
At 1 January 2024, net of accumulated depreciation					
	24,398	733	6,594	165,797	197,522
Additions	-	-	3,058	7,319	10,377
Disposal	(439)	-	(2)	-	(441)
Depreciation provided during the year (note 6)	(9,176)	(481)	(2,779)	-	(12,436)
Impairment loss (note 6)	(12,776)	(45)	(3,179)	-	(16,000)
Exchange realignment	-	-	1	-	1
At 31 December 2025, net of accumulated depreciation	2,007	207	3,693	173,116	179,023
At 31 December 2024					
Cost	25,068	2,758	76,834	173,116	277,776
Accumulated depreciation	(10,285)	(2,506)	(69,962)	-	(82,753)
Impairment loss (note 6)	(12,776)	(45)	(3,179)	-	(16,000)
Net carrying amount	2,007	207	3,693	173,116	179,023

The depreciation of property, plant and equipment are included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

## Notes to the Financial Statements

For the year ended 31 December 2025

### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment assessment of property, plant and equipment and right-of-use assets of CGU engaged in the business of variety program IP production, operation and licensing.

The variety program IP production, operation and licensing cash-generating unit operated at a loss. As a result, the Group performs an impairment test on the related property, plant and equipment and right-of-use assets. The recoverable amount of the CGU has been determined based on a value in use calculation.

The calculation uses cash flow forecast projections based on financial budgets approved by management covering a five-year period.

The following table set out the key assumptions used in the value in use calculation:

	2024
Revenue growth rate	(0.21%)-1.97%
Budgeted gross margin	62.2%-62.7%
Long-term growth rate	0.0%
Pre-tax discount rate	13.18%

# Notes to the Financial Statements

For the year ended 31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

<b>Assumption</b>	<b>Approach used to determine values</b>
Revenue growth rate	– Based on past performance and management's expectation of future income.
Budgeted gross rate	– Gross margins achieved in the year immediately before the budget year, adjusted for expect market development.
Long-term growth rate	– Based on the historical data and management expectation of the future market.
Pre-tax discount rate	– The discount rate used is before tax and reflect specific risk relating to the relevant business unit.

Based on the value in use calculation, the recoverable amount is lower than the carrying amount of the CGU, and thus impairment losses were made on the related assets of the CGU as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Impairment loss on property, plant and equipment	–	16,000
Impairment loss on right-of-use assets (note 15)	–	5,000
	–	21,000

At 31 December 2025, the directors considered that a reasonably possible change in key assumptions mentioned above would not cause further impairment losses on the related assets of the CGU.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 14. OTHER INTANGIBLE ASSETS

	Trademarks RMB'000	Software RMB'000	Film rights RMB'000	Music copyrights RMB'000	Total RMB'000
<b>31 December 2025</b>					
At 1 January 2025					
Cost	28,213	2,166	318,806	188,483	537,668
Accumulated amortisation	(15,141)	(1,647)	(209,930)	(179,690)	(406,408)
Net carrying amount	13,072	519	108,876	8,793	131,260
Cost at 1 January 2025, net of accumulated amortisation	13,072	519	108,876	8,793	131,260
Additions	-	-	-	6,335	6,335
Amortisation provided during the year (note 6)	(1,063)	(179)	(14,591)	(11,468)	(27,301)
Exchange realignment	(278)	-	(2,254)	-	(2,532)
At 31 December 2025, net of accumulated amortisation	11,731	340	92,031	3,660	107,762
At 31 December 2025					
Cost	27,587	2,166	311,728	194,818	536,299
Accumulated amortisation	(15,856)	(1,826)	(219,697)	(191,158)	(428,537)
Net carrying amount	11,731	340	92,031	3,660	107,762

# Notes to the Financial Statements

For the year ended 31 December 2025

## 14. OTHER INTANGIBLE ASSETS (CONTINUED)

	Trademarks RMB'000	Software RMB'000	Film rights RMB'000	Music copyrights RMB'000	Total RMB'000
<b>31 December 2024</b>					
At 1 January 2024					
Cost	27,798	2,166	314,119	181,782	525,865
Accumulated amortisation	(13,859)	(1,437)	(196,757)	(174,543)	(386,596)
Net carrying amount	13,939	729	117,362	7,239	139,269
Cost at 1 January 2024, net of accumulated amortisation	13,939	729	117,362	7,239	139,269
Additions	-	-	-	6,701	6,701
Amortisation provided during the year (note 6)	(1,067)	(210)	(4,523)	(5,147)	(10,947)
Exchange realignment	200	-	(3,963)	-	(3,763)
At 31 December 2025, net of accumulated amortisation	13,072	519	108,876	8,793	131,260
At 31 December 2024					
Cost	28,213	2,166	318,806	188,483	537,668
Accumulated amortisation	(15,141)	(1,647)	(209,930)	(179,690)	(406,408)
Net carrying amount	13,072	519	108,876	8,793	131,260

The amortisation of trademarks, film rights and music copyrights are included in "Cost of Sales" in the consolidated statement of profit or loss. The amortisation of software is included in "Administrative expense" in the consolidated statement of profit or loss.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 15. LEASES

### The Group as a lessee

The Group has lease contracts for office premises and land used in its operations. Leases of office premises generally have lease terms within 1 to 5 years. Leases of land generally have lease terms within 50 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office premises RMB'000	Leasehold land RMB'000	Total RMB'000
At 1 January 2024	10,576	94,099	104,675
Depreciation charge	(5,056)	(1,992)	(7,048)
Impairment loss (note 13)	(5,000)	–	(5,000)
At 31 December 2024 and 1 January 2025	<b>520</b>	<b>92,107</b>	<b>92,627</b>
Additions	<b>1,875</b>	–	<b>1,875</b>
Termination of lease	<b>86</b>	–	<b>86</b>
Depreciation charge	<b>(1,089)</b>	<b>(1,990)</b>	<b>(3,079)</b>
At 31 December 2025	<b>1,392</b>	<b>90,117</b>	<b>91,509</b>

The depreciation of leasehold land is capitalised in Construction in progress under "Property, plant and equipment" in the consolidated statement of financial position during the year ended 31 December 2024. The depreciation of office premises is included in "Administrative expenses" in the consolidated statement of profit or loss.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 15. LEASES (CONTINUED)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	6,891	11,974
New leases	1,875	–
Termination of lease	(1,479)	–
Accretion of interest recognised during the year	178	402
Payments	(4,396)	(5,485)
<b>Carrying amount at 31 December</b>	<b>3,069</b>	<b>6,891</b>
	2025 RMB'000	2024 RMB'000
Lease liabilities payables:		
Within one year	2,590	4,582
1 to 2 years	479	2,309
	<b>3,069</b>	<b>6,891</b>
Less: Amounts due with one year shown under current liabilities	(2,590)	(4,582)
<b>Amounts due after one year</b>	<b>479</b>	<b>2,309</b>

# Notes to the Financial Statements

For the year ended 31 December 2025

## 15. LEASES (CONTINUED)

### The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025	2024
	RMB'000	RMB'000
Interest on lease liabilities (note 7)	178	402
Depreciation of right-of-use assets (note 6)	3,079	5,056
Gain on termination of lease (note 5(b))	(1,565)	–
Expenses relating to short term leases (included in administrative expenses)	2,244	781

(d) The total cash outflow for leases is disclosed in note 32(c) to the financial statements.

## 16. GOODWILL

	MXQY 2025	MXQY 2024	FSML 2025	FSML 2024	Total 2025	Total 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January:						
Cost	1,983,134	1,983,134	281,474	277,336	2,264,608	2,260,470
Accumulated impairment	(1,959,127)	(1,959,127)	(48,896)	–	(2,008,023)	(1,959,127)
Net carrying amount	24,007	24,007	232,578	277,336	256,585	301,343
Cost at 1 January, net of accumulated impairment	24,007	24,007	232,578	277,336	256,585	301,343
Exchange realignment	–	–	(5,163)	3,778	(5,163)	3,778
Impairment during the year (note 6)	(3,008)	–	–	(48,536)	(3,008)	(48,536)
Cost and net carrying amount at 31 December	20,999	24,007	227,415	232,578	248,414	256,585
At 31 December						
Cost	1,983,134	1,983,134	275,225	281,474	2,258,359	2,264,608
Accumulated impairment	(1,962,135)	(1,959,127)	(47,810)	(48,896)	(2,009,945)	(2,008,023)
Net carrying amount	20,999	24,007	227,415	232,578	248,414	256,585

# Notes to the Financial Statements

For the year ended 31 December 2025

## 16. GOODWILL (CONTINUED)

### Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- (a) MXQY cash-generating unit ("MXQY unit"), which engages in music IP operation and licensing and other IP-related business; and
- (b) FSML cash-generating unit ("FSML unit"), which engages in drama series and film IP operation and licensing.

The recoverable amounts of the cash-generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period for all units. Management considers that cash-generating unit's value in use is higher than its fair value less costs of disposal based on the current available information. The following table set out the key assumptions used in the value in use calculation:

	FSML unit		MXQY unit	
	2025	2024	2025	2024
MXQY unit				
Revenue growth rate	<b>(2.06%)-16.86%</b>	(1.20%)-2.5%	<b>(34.26%)-0.00%</b>	(17.61%)-0.00%
Budgeted gross margins	<b>76.58%-81.96%</b>	78.26%-80.59%	<b>40.40%-47.40%</b>	36.43%-37.00%
Pre-tax discount rate	<b>13.16%</b>	12.57%	<b>13.60%</b>	13.14%
Terminal growth rate	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%

# Notes to the Financial Statements

For the year ended 31 December 2025

## 16. GOODWILL (CONTINUED)

### Impairment testing of goodwill (Continued)

Assumptions were used in the value in use calculation of the cash-generating units for the year. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

<b>Assumptions</b>	<b>Approach used to determine values</b>
Revenue growth rates	The growth rates used are based on the historical data and management's expectation of the future market.
Budgeted gross margins	Based on the gross margins achieved in the year immediately before the budget year, adjusted for expected market development.
Pre-tax discount rates	The discount rates used are before tax and reflect specific risk relating to the relevant business units.
Terminal growth rates	The growth rates used to extrapolate the cash flows beyond the five-year period are based on the estimated growth rate of each unit taking into account similar long term growth rates of music IP operation and licensing and other IP-related business and drama series and film IP operation and licensing industry.

During the year ended 31 December 2025, the Group recognised an impairment loss of RMB3,008,000 on goodwill relating to MXQY unit due to an expected decline in artist management of MXQY unit in the future. The recoverable amount of MXQY unit was RMB34,000,000 at 31 December 2025 (2024: RMB66,000,000).

During the year ended 31 December 2024, the Group recognised an impairment loss of RMB48,536,000 on goodwill relating to FSML due to an expected decline in film broadcasting rights licensing of FSML unit in the future. The recoverable amount of FSML unit was RMB356,206,000 at 31 December 2025. (2024: RMB354,611,000).

# Notes to the Financial Statements

For the year ended 31 December 2025

## 16. GOODWILL (CONTINUED)

### Sensitivity analysis

MXQY unit

Both gross margin and growth rate have a direct impact on the CGU valuation. Movements in discount rates, whilst driven by different assumptions, would also have an impact.

- When there is 1% decrease in revenue growth rate, the recoverable amount would be below its carrying amount by RMB10,000,000.
- When there is 1% decrease in gross margin, the recoverable amount would be below its carrying amount by RMB2,000,000.
- When there is 1% increase in discount rate, the recoverable amount would be below its carrying amount by RMB3,000,000.
- When there is 1% decrease in terminal growth rate, the recoverable amount would be below its carrying amount by RMB3,000,000.

As at 31 December 2024, the directors considered that a reasonably possible change in key assumptions mentioned above would not cause the carrying amount of MXQY unit exceed its recoverable amount.

FSML unit

Both gross margin and growth rate have a direct impact on the CGU valuation. Movements in discount rates, whilst driven by different assumptions, would also have an impact.

- When there is 1% decrease in revenue growth rate, the recoverable amount would be exceed its carrying amount by RMB13,543,000 (2024: below its carrying amount by RMB24,842,000).
- When there is 1% decrease in gross margin, the recoverable amount would be exceed its carrying amount by RMB30,292,000 (2024: below its carrying amount by RMB5,565,000).
- When there is 1% increase in discount rate, the recoverable amount would be exceed its carrying amount by RMB10,141,000 (2024: below its carrying amount by RMB25,382,000).
- When there is 1% decrease in terminal growth rate, the recoverable amount would be exceed its carrying amount by RMB17,801,000 (2024: below its carrying amount by RMB17,893,000).

These sensitivities are based on changing the relevant assumption while holding other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 17. INTERESTS IN A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Cost of investments in an unlisted joint venture	457,800	457,800
Share of post-acquisition loss and other comprehensive income, net of dividends received	(90,356)	(74,074)
	<b>367,444</b>	383,726
Loans to a joint venture (Note)	128,386	126,910
Less: Impairment loss	(2,870)	(2,870)
	<b>125,516</b>	124,040
	<b>492,960</b>	507,766

Note:

The loan to a joint venture was advanced to Mengxiang Qi'an. Mengxiang Qi'an used the loan for acquisition of parcels of land and construction of properties, both of which necessitate extended periods for completion. The loan is unsecured, interest free and without fixed terms of repayment. In the opinion of the directors, the loan to a joint venture should be classified as long-term interests in the joint venture, forming part of the net investment in the joint venture. During the year ended 31 December 2024, a portion of the loan provided to the joint venture, amounting to RMB51,800,000, was converted into the registered capital of the joint venture. In the opinion of the directors, the loan to a joint venture is not expected to be settled within the next twelve months from the end of the reporting period.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 17. INTERESTS IN A JOINT VENTURE (CONTINUED)

Particulars of the Group's joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name	Particulars of paid-up registered capital RMB'000	Place of registration and business	Proportion of ownership interest		Principal activities
			2025	2024	
Mengxiang Qi'an Culture Development (Shanghai) Co., Ltd. <i>("Mengxiang Qi'an")</i> 夢響啟岸文化發展(上海)有限公司	654,000	PRC	70.00%	70.00%	Real estate development

The Group holds 70% equity interest in Mengxiang Qi'an, however, unanimous consent from all investors is required for the decisions regarding relevant activities of Mengxiang Qi'an. As a result, Mengxiang Qi'an is accounted for as a joint venture of the Group. The Group's equity interest in this joint venture is held through a wholly-owned subsidiary of the Company.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 17. INTERESTS IN A JOINT VENTURE (CONTINUED)

The following table illustrates the summarised financial information in respect of Mengxiang Qi'an adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	91,764	377,066
Non-current assets	1,435,922	1,176,292
Current liabilities	(276,124)	(441,502)
Non-current liabilities	(726,642)	(563,676)
<b>Net assets</b>	<b>524,920</b>	548,180
Included in the above assets and liabilities:		
Cash and cash equivalents	22,396	3,845
Current financial liabilities (excluding trade payables, other payables and accruals and provisions)	(519)	(2,732)
Non-current financial liabilities (excluding other payables and accruals and provisions)	(672,252)	(563,676)
Revenue	61,233	43,419
Loss for the year	(23,260)	(41,464)
Other comprehensive income	-	-
Total comprehensive loss	(23,260)	(41,464)
Dividend received from the joint venture	-	-
Included in the above loss:		
Depreciation	(46,375)	(40,537)
Interest income	93	18
Interest expense	(20,200)	(26,179)
Income tax	-	-
Reconciliation to the Group's interest in the joint venture:		
Net assets of Mengxiang Qi'an	524,920	548,180
Proportion of the Group's ownership	70%	70%
<b>Group's share of net assets of Mengxiang Qi'an</b>	<b>367,444</b>	383,726
Group's share of loss of the joint venture in the consolidated financial statements	(16,282)	(29,025)

# Notes to the Financial Statements

For the year ended 31 December 2025

## 18. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Cost of investments in unlisted associate	741,345	628,545
Share of post-acquisition loss and other comprehensive income, net of dividends received	(125,759)	(23,173)
	<b>615,586</b>	605,372
Loans to associate (Note)		
– Interest-free loans	250,811	250,811
– Interest-bearing loans	15,781	15,294
	<b>266,592</b>	266,105
Less: Impairment loss	(6,019)	(6,019)
	<b>260,573</b>	260,086
	<b>876,159</b>	865,458

Note:

The loans to an associate, were advanced to Shanghai Bingqiao. Shanghai Bingqiao used the loans for acquiring parcels of land and construction of properties. In the opinion of the directors of the Company, the loans to an associate are considered part of the Group's net investments in the associate. The interest-free loans are without fixed terms of repayment. On 29 January 2024, the Group along with the associate and other shareholders, agreed that the interest-free loans shall have a term of five years and will mature on 27 July 2027. The interest-bearing loans bear interest at a rate of 6% per annum, and repayable in three years from the date of drawdown of the respective loans. In the opinion of the directors, all the loans are not expected to be settled within the next twelve months from the end of the reporting period.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 18. INTERESTS IN ASSOCIATES (CONTINUED)

Particulars of the Group's material associates, which is accounted for using the equity method in the consolidated financial statements, as at 31 December 2025 are as follows:

Name	Particulars of paid-up registered capital RMB'000	Place of registration and business	Proportion of ownership interest		Proportion of voting rights		Principal activities
			2025	2024	2025	2024	
Shaanxi Star Shuolan Real Estate Co., Ltd. (" <i>Shuolan</i> ") 陝西星空碩藍置業有限公司	120,000	PRC	<b>40.00%</b>	40.00%	<b>40.00%</b>	40.00%	Real estate development and operation
Shaanxi Star Yuanlv Real Estate Co., Ltd.* (" <i>Yuanlv</i> ") 陝西星空原綠置業有限公司	200,000	PRC	<b>40.00%</b>	40.00%	<b>40.00%</b>	40.00%	Real estate development and operation
Shanghai Binqiao Enterprise management Co., Ltd.* (" <i>Shanghai Binqiao</i> ") 上海濱橋企業管理有限公司	1,100,000	PRC	<b>17.59%</b>	17.59%	<b>17.59%</b>	17.59%	Real estate development and operation
Beijing Haomiao Ludong Cultural Technology Co., Ltd. (" <i>Haomiao</i> ") 北京浩渺律動文化科技有限公司**	1,000	PRC	<b>32.00%</b>	-	<b>32.00%</b>	-	AI music production

\* The Group has significant influence even though it holds less than 20 percent of the equity interest of Shanghai Binqiao as it serves as a member of the key management personnel of Shanghai Binqiao by serving one-fifth of the Board's composition, hence the Company has significant influence over its management, including participation in the financial, operating policy and strategic investment decisions.

\*\* On 1 December 2025, the Group set up an associate, Haomiao, with 32% equity interest held by the Group.

The Group's equity interests in the above associates are held through a wholly-owned subsidiary of the Company.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 18. INTERESTS IN ASSOCIATES (CONTINUED)

### (a) Material associates

The following tables illustrate the summarised financial information in respect of material associates adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements:

	Shuolan		Yuanlv		Shanghai Bingqiao		Haomiao	
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	80	153	726,287	931,860	3,757,186	3,292,673	115,684	N/A
Non-current assets	97,148	123,277	-	-	21	28	-	N/A
Current liabilities	(16,232)	(14,995)	(13,955)	(8,365)	(1,495,296)	(1,538,151)	(350)	N/A
Non-current liabilities	-	-	(16,982)	-	(1,183,176)	(671,046)	-	N/A
Net assets	80,996	108,435	695,350	923,495	1,078,735	1,083,504	115,334	N/A
Revenue	-	-	-	-	66	-	-	N/A
Loss for the year	(27,439)	(3,706)	(228,145)	(3,559)	(4,768)	(13,521)	(346)	N/A
Other comprehensive loss	-	-	-	-	-	-	-	N/A
Total comprehensive loss	(27,439)	(3,706)	(228,145)	(3,559)	(4,768)	(13,521)	(346)	N/A
Dividend received from the associate	-	-	-	-	-	-	-	N/A

# Notes to the Financial Statements

For the year ended 31 December 2025

## 18. INTERESTS IN ASSOCIATES (CONTINUED)

### (a) Material associates (Continued)

The following tables illustrate the summarised financial information in respect of material associates adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements:

	Shuolan		Yuanlv		Shanghai Bingqiao		Haomiao	
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation to the Group's interest in the associates:								
Net assets of the associates	<b>80,996</b>	108,435	<b>695,350</b>	923,495	<b>1,078,735</b>	1,083,504	<b>115,334</b>	N/A
Proportion of the Group's ownership	<b>40%</b>	40%	<b>40%</b>	40%	<b>17.59%</b>	17.59%	<b>32%</b>	N/A
Group's share of net assets	<b>32,398</b>	43,374	<b>278,140</b>	369,398	<b>189,749</b>	190,588	<b>114,889</b>	N/A
Loans to an associate	-	-	-	-	-	-	-	-
Group's share of losses of the associates in the consolidated financial statements	<b>(10,976)</b>	(1,483)	<b>(91,258)</b>	(1,423)	<b>(839)</b>	(2,379)	<b>(111)</b>	N/A

# Notes to the Financial Statements

For the year ended 31 December 2025

## 18. INTERESTS IN ASSOCIATES (CONTINUED)

### (b) Individually not material associates

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of the Group's investments in the associates not individually material	410	2,013
Aggregate amounts of the Group's share of those associates		
Loss for the year	(331)	(2,243)
Other comprehensive loss for the year	–	–
Total comprehensive loss for the year	(331)	(2,243)

## 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Listed equity investment, at fair value		
Tencent Music Entertainment Group	17,972	31,533
Others	4,935	20,931
Total	22,907	52,464

The above equity investments were mandatorily classified as financial assets at fair value through profit or loss.

## 20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Low-value consumable	20	21
Scripts	53,443	–
	53,463	21

# Notes to the Financial Statements

For the year ended 31 December 2025

## 21. PROGRAM COPYRIGHTS

(a) Program copyrights in the consolidated statement of financial position comprise:

	2025	2024
	RMB'000	RMB'000
Program under production	605	202

(b) Movements of program copyrights are as follows:

	2025	2024
	RMB'000	RMB'000
At beginning of year	202	224
Additions	28,558	88,865
Recognised as cost of sales	(28,155)	(88,887)
At end of year	605	202

## 22. TRADE AND BILL RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables	390,998	434,344
Bill receivables	4,512	–
Less: Impairment of trade receivables	(325,832)	(335,387)
Net carrying amount	69,678	98,957

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers is generally 30 days depending on the specific payment terms in each contract. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 22. TRADE AND BILL RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables as at the end of each reporting period, based on the transaction dates and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	27,807	38,570
3 to 6 months	383	3,157
6 to 12 months	1,301	23
1 to 2 years	2,201	54,278
2 to 3 years	32,526	84
Over 3 years	948	2,845
Total	65,166	98,957

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	335,387	303,781
(Reversal of)/recognised on Impairment losses (note 6)	(4,560)	54,517
Amounts written off	(4,946)	(22,932)
Exchange realignment	(49)	21
At end of year	325,832	335,387

Included in the Group's trade receivables were amounts due from the Group's related parties of RMB4,000 and RMB4,000 as at 31 December 2024 and 2025, respectively, which were repayable on credit terms similar to those offered to the major customers of the Group.

An impairment analysis is performed at the end of each reporting period using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 22. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Trade receivables ageing					Total
	Current	Less than 1 year past due	1 to 2 years past due	2 to 3 years past due	More than 3 years past due	
Gross carrying amount (RMB'000)	29,901	4,877	4,722	61,080	290,418	390,998
Expected credit loss rate	7.00%	65.47%	53.39%	46.75%	99.67%	83.33%
Expected credit losses (RMB'000)	2,094	3,193	2,521	28,554	289,470	325,832

As at 31 December 2024

	Trade receivables ageing					Total
	Current	Less than 1 year past due	1 to 2 years past due	2 to 3 years past due	More than 3 years past due	
Gross carrying amount (RMB'000)	40,713	3,620	81,747	123,926	184,338	434,344
Expected credit loss rate	5.26%	12.15%	33.60%	99.93%	98.46%	77.22%
Expected credit losses (RMB'000)	2,143	440	27,469	123,842	181,493	335,387

# Notes to the Financial Statements

For the year ended 31 December 2025

## 23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Other receivables (note iii)	47,289	40,182
Loan receivables (note i)	3,457	3,457
Note instruments (note ii)	–	–
Prepayments	43,673	28,145
Input VAT recoverable	36,893	35,403
	131,312	107,187
Impairment allowance	(46,658)	(32,793)
	84,654	74,394

### Notes:

- (i) The loan receivables of RMB3,457,000 as at 31 December 2025 and 2024, was the financial investments in one drama series provided to a third party. The Group made investments in the drama series, under which the Group is entitled to a fixed investment return based on the principal investment amount, an agreed rate of return and investment period rather than exposure to the risk of variable returns of the invested drama series. The contractual interest rate of the loan is 10% per annum. The loans are repayable by 31 December 2023 and extended to 30 June 2025. As at 31 December 2025, the loan receivables were fully impaired.
- (ii) On 4 January 2023, the Group subscribed notes with total principal amounts of HK\$200,000,000 by entering into three note instruments agreements with three third parties which are under the common control of one individual. The principal amounts can be redeemed after 12 months with the interest rates of 5.5% per annum. In January 2024, the Group redeemed the full principal amounts with its entitled interest income.
- (iii) Included in other receivables were amounts due from the Group's related party of RMB1,386,000 (2024: RMB1,386,000)

## Notes to the Financial Statements

For the year ended 31 December 2025

### 23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

An impairment analysis was performed at the end of each reporting period. The Group has applied the general approach to provide for expected credit losses for other receivables under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

The movements in the loss allowance for impairment of other receivables are as follows:

	Expected credit losses			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 1 January 2024	–	–	33,110	33,110
Reversal of impairment losses (note 6)	–	–	(4,317)	(4,317)
Recovery of other receivables written off in previous years	–	–	4,000	4,000
At 31 December 2024 and 1 January 2025	–	–	<b>32,793</b>	<b>32,793</b>
Impairment losses (note 6)	–	–	<b>18,582</b>	<b>18,582</b>
Amount written off as uncollectible	–	–	<b>(4,717)</b>	<b>(4,717)</b>
At 31 December 2025	–	–	<b>46,658</b>	<b>46,658</b>

# Notes to the Financial Statements

For the year ended 31 December 2025

## 24. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

### (a) Cash and cash equivalents

	2025 RMB'000	2024 RMB'000
Cash and bank balances	<b>427,385</b>	425,251
Denominated in RMB	<b>163,952</b>	84,622
Denominated in HKD	<b>9,506</b>	15,208
Denominated in USD	<b>233,034</b>	311,135
Denominated in EUR	<b>20,863</b>	14,258
Denominated in AUD	<b>30</b>	28
Cash and cash equivalents	<b>427,385</b>	425,251

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

### (b) Restricted deposits

	2025 RMB'000	2024 RMB'000
Restricted deposits		
for litigation	<b>14,609</b>	58,879
for purchase of leasehold land	<b>-</b>	9,670
Restricted deposits	<b>14,609</b>	68,549

As at 31 December 2025, no deposits have been withheld for fulfilling the performance under the acquisition of leasehold land agreement (2024: RMB9,670,000).

As at 31 December 2025, deposits of RMB14,609,000 have been withheld for litigation as disclosed in note 33 to the consolidated financial statements (2024: RMB58,879,000).

# Notes to the Financial Statements

For the year ended 31 December 2025

## 25. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>17,384</b>	47,663
1 to 2 years	<b>7,564</b>	45,191
2 to 3 years	<b>27,002</b>	14,180
Over 3 years	<b>21,913</b>	10,083
<b>Total</b>	<b>73,863</b>	117,117

The trade payables are non-interest-bearing and are normally settled on 90 to 180 days' terms.

Included in the trade payables are trade payables of RMBNil as at 31 December 2025 (2024: RMB2,783,000) due to the Group's related parties which are repayable within 30 days, which represented credit terms similar to those offered by the related parties to their major customers.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 26. OTHER PAYABLES AND ACCRUALS

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Current liabilities</b>		
Construction payable	<b>1,956</b>	1,956
Other payables	<b>20,966</b>	22,065
Film remake production cost payable	–	7,574
Payroll payable	<b>2,026</b>	2,076
Taxes payable other than corporate income tax	<b>7,064</b>	5,789
	<b>32,012</b>	39,460
<b>Non-current liabilities</b>		
Deferred income	<b>6,784</b>	7,021

# Notes to the Financial Statements

For the year ended 31 December 2025

## 27. CONTRACT LIABILITIES

Details of contract liabilities as at the end of the reporting period are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<i>Advances received from customers</i>		
Variety program IP production, operation, and licensing	<b>922</b>	1,740
Music IP operation and licensing	<b>3,631</b>	1,329
Drama series and film IP operation and licensing	<b>4,462</b>	5,840
Other IP-related business	<b>3,697</b>	7,131
<b>Total contract liabilities</b>	<b>12,712</b>	16,040
Analysed into:		
Current portion	<b>6,961</b>	3,693
Non-current portion	<b>5,751</b>	12,347
	<b>12,712</b>	16,040

Contract liabilities include advances received to license variety programs, audios, films and other related services.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 28. DEFERRED TAX

The movements in deferred tax assets and deferred tax liabilities during the year are as follows:

### Deferred tax assets

	Impairment of trade receivables and other receivables RMB'000	Accrued expenses RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	25,521	5,989	1,422	32,932
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	2,875	(584)	(685)	1,606
At 31 December 2024 and 1 January 2025	<b>28,396</b>	<b>5,405</b>	<b>737</b>	<b>34,538</b>
Deferred tax charged to the statement of profit or loss during the year (note 10)	(621)	(1,338)	(542)	(2,501)
Exchange realignment	-	5	-	5
At 31 December 2025	<b>27,775</b>	<b>4,072</b>	<b>195</b>	<b>32,042</b>

# Notes to the Financial Statements

For the year ended 31 December 2025

## 28. DEFERRED TAX (CONTINUED)

### Deferred tax liabilities

	Fair value adjustments arising from acquisition of a subsidiary RMB'000	Right-of- use assets RMB'000	Total RMB'000
At 1 January 2024	3,869	1,451	5,320
Deferred tax credited to the statement of profit or loss during the year (note 10)	-	(685)	(685)
Exchange realignment	(167)	-	(167)
At 31 December 2024 and 1 January 2025	<b>3,702</b>	<b>766</b>	<b>4,468</b>
Deferred tax credited to the statement of profit or loss during the year (note 10)	-	(571)	(571)
Exchange realignment	(75)	-	(75)
At 31 December 2025	<b>3,627</b>	<b>195</b>	<b>3,822</b>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	<b>31,847</b>	33,801
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>3,627</b>	3,731



## Notes to the Financial Statements

For the year ended 31 December 2025

### 28. DEFERRED TAX (CONTINUED)

The Group has tax losses arising in Chinese Mainland of RMB333,691,000 as at 31 December 2025 (31 December 2024: RMB331,700,000), that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008.

At the reporting date, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMBNil as at 31 December 2025 (2024: Nil).

# Notes to the Financial Statements

For the year ended 31 December 2025

## 29. SHARE CAPITAL

	2025 USD	2024 USD
Authorised:		
50,000,000,000 (2024: 50,000,000,000) ordinary shares of USD0.000001 (2024: USD0.000001) each	<b>50,000</b>	50,000
Issued and fully paid:		
398,538,168 (2024: 398,538,168) ordinary shares of USD0.000001 (2024: USD0.000001) each	<b>399</b>	399

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<b>398,538,168</b>	<b>3</b>

# Notes to the Financial Statements

For the year ended 31 December 2025

## 30. SHARE AWARD SCHEME

On 29 July 2024, the directors of the Company adopted a new share award scheme (the "Scheme") to provide the selected participants with an opportunity to acquire a proprietary interest in the Company, to encourage and retain such individuals to work with the Group, to provide additional incentives for them to achieve performance goals, to attract suitable personnel for further development of the Group, and to motivate the Selected Participants to maximize the value of the Company for the benefits of both the selected participants and the Company. The selected participants include (i) directors and employees of the Company or any of its subsidiaries (including persons who are granted awards under the Scheme as an inducement to enter into employment contracts with these companies); (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) service providers.

There are no acquisition of shares of the Company for the Scheme through purchase, in open market by the trustee and no award shares are granted to selected Grantees since the adoption of the Scheme.

## 31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

### Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

### Capital reserve

The capital reserve of the Group represents the paid-up capital of the companies comprising the Group, details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

In connection with the Company's initial public offering, 14,731,600 ordinary shares of US\$0.000001 each were issued at a price of HK\$26.5 per share for a total cash consideration, before share issue expenses, of approximately HK\$390,387,400 (equivalent to RMB349,683,000). Dealings in these shares on the Stock Exchange commenced on 29 December 2022.

In connection with the Company's over-allotment offering 406,800 ordinary shares of US\$0.000001 each were issued at a price of HK\$26.5 per Share for a total cash consideration, before share issue expenses, of approximately HK\$10,780,200 (equivalent to RMB9,320,000). Dealings in these shares on the Stock Exchange commenced on 20 January 2023.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 31. RESERVES (CONTINUED)

### Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

### Share award scheme reserve

The reserve is dealt with the old share award scheme under Canxing Culture.

## 32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions:

For the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,875,000 (2024: Nil), in respect of lease arrangements for office premises.

### (b) Changes in liabilities arising from financing activities:

	<b>Lease liabilities RMB'000</b>
At 1 January 2024	11,974
Changes from financing cash flows	(5,485)
Interest expense accrued	402
At 31 December 2024 and 1 January 2025	<b>6,891</b>
New lease	<b>1,875</b>
Changes from financing cash flows	<b>(4,396)</b>
Reduction as a result of lease termination	<b>(1,479)</b>
Interest expense accrued	<b>178</b>
At 31 December 2025	<b>3,069</b>

# Notes to the Financial Statements

For the year ended 31 December 2025

## 32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	2,244	781
Within financing activities	4,396	5,485
<b>Total</b>	<b>6,640</b>	<b>6,266</b>

## 33. PROVISIONS

During the year, certain subsidiaries of the Group were defendants in lawsuits. The Group has accrued the probable liabilities for these lawsuits. The movements of the related liabilities in aggregate are as follows:

### For the year ended 31 December 2025

	<i>Notes</i>	At 1 January 2025 RMB'000	Additional provisions made RMB'000	Reversals RMB'000	Provision utilised RMB'000	At 31 December 2025 RMB'000
MBC-Guess the Singer! 2016	<i>(i)</i>	24,371	109	-	(24,480)	-
Entity A	<i>(ii)</i>	1,435	-	(1,435)	-	-
Entity B	<i>(iii)</i>	4,257	32	-	(4,289)	-
Entity C	<i>(iv)</i>	4,165	-	(2,165)	(2,000)	-
Entity E	<i>(vi)</i>	-	2,628	-	-	2,628
Entity F	<i>(vii)</i>	-	1,590	-	-	1,590
Others		1,195	40	-	(172)	1,063
		<b>35,423</b>	<b>4,399</b>	<b>(3,600)</b>	<b>(30,941)</b>	<b>5,281</b>

# Notes to the Financial Statements

For the year ended 31 December 2025

## 33. PROVISIONS (CONTINUED)

For the year ended 31 December 2024

		At 1 January 2024	Additional provisions made	Provisions utilised	At 31 December 2024
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
MBC-Guess					
the Singer! 2016	(i)	11,900	12,471	–	24,371
Entity A	(ii)	1,435	–	–	1,435
Entity B	(iii)	1,663	2,594	–	4,257
Entity C	(iv)	–	4,165	–	4,165
Entity D	(v)	–	8,000	(8,000)	–
Others		1,169	1,463	(1,437)	1,195
		16,167	28,693	(9,437)	35,423

Notes:

- (i) In 2020, Munhwa Broadcasting Corporation ("MBC") initiated legal proceedings against the Group for breach of contract and claiming an aggregate amount of RMB124,400,000. In November 2022, the court made a judgement in favour of MBC for RMB11,900,000. Both parties filed appeals against the first instance judgement in 2023. In October 2024, the court upheld the judgement in favour of MBC and therefore a further provision of RMB12,471,000 was made in these consolidated financial statements. During the year ended 31 December 2025, the final judgement was issued, and the Group paid approximately RMB24,480,000 to MBC in full settlement of the lawsuit.
- (ii) Entity A claimed that a subsidiary of the Group should reimburse Entity A's expenses incurred for and revenue sharing from the music copyright protection activities, amounting to RMB3,038,000. Based on the advice from the Group's legal counsel, the directors believe that the subsidiary has a valid defence against the allegation. Accordingly, the Group has only provided RMB1,435,000 as at 31 December 2024, representing management's best estimate of the potential liability. In December 2025, the court issued a judgment stating that the Group has no liability in this matter.
- (iii) Entity B claimed that a subsidiary should pay Entity B's expenses incurred for and ticket fee sharing arising from a music festival amounting to RMB7,981,000. For the year ended 31 December 2023, the directors, based on the advice from the Group's legal counsel, believe that the subsidiary has a valid defence against the allegation and, accordingly, have only provided RMB1,663,000 arising from the litigation based on their best estimation. During the year ended 31 December 2024, the Group resolved the dispute with Entity B through arbitration. As a result of the arbitration decision, an additional provision of RMB2,594,000 was made in these consolidated financial statements. In 2025, the Group paid approximately RMB4,289,000 to Entity B to settle the claim.
- (iv) Entity C claimed that one of the Group's subsidiaries should pay RMB4,165,000 to Entity C for expenses incurred in organising the variety show. The Group, based on the advice from the legal counsel, provided RMB4,165,000 arising from the litigation as at 31 December 2024. In 2025, the Group reached a settlement with Entity C and paid approximately RMB2,000,000 to Entity C.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 33. PROVISIONS (CONTINUED)

Notes: (Continued)

- (v) For the year ended 31 December 2023, a subsidiary of the Group was still a defendant in a lawsuit brought by Entity D alleging that the subsidiary should pay the remuneration for its artistes' performances in the variety programs. The amount claimed was RMB16,500,000. The directors, based on the advice from the Group's legal counsel, believe that the subsidiary has a valid defence against the allegation and, accordingly, have not provided for any claim arising from the litigation. During the year ended 31 December 2024, the result of judgement came out and the Group paid approximately RMB8,000,000 to Entity D for settlement of the lawsuit.
- (vi) For the year ended 31 December 2025, Entity E claimed that one of the Group's subsidiaries should reimburse Entity E's expenses and default interest incurred for and revenue sharing from the music copyright protection activities amounting to RMB4,035,000. During the year ended 31 December 2025, the Group resolved the dispute with Entity E through mediation. As a result of the mediation, provision of approximately RMB2,628,000 was made in these consolidated financial statements.
- (vii) For the year ended 31 December 2025, Entity F claimed that one of the Group's subsidiaries should reimburse Entity F's expenses incurred for and revenue sharing from the music copyright protection activities amounting to approximately RMB1,590,000. The directors, based on the advice from the Group's legal counsel, believe that the subsidiary has a valid defence against the allegation, accordingly, have only provided approximately RMB1,590,000 arising from the litigation based on their best estimation as at 31 December 2025.

## 34. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Leasehold land and construction in progress	<b>778,231</b>	799,903

# Notes to the Financial Statements

For the year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to those disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions and balances during the year:

Details of the Company's related parties are as follows:

<b>Name</b>	<b>Relationship with the Company</b>
CMC Asia Group Holdings Limited ("CMC Asia")	An entity controlled by the controlling shareholders
Shanghai Xingkongshui'an Enterprise Development Co., Ltd. ("SH Xingkongshui'an")	A subsidiary of an associate
Shanghai Binqiao	An associate
Mengxiang Qi'an	A joint venture
Star China Media Ltd. ("SCML")	A subsidiary of CMC Asia

# Notes to the Financial Statements

For the year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) The Group had the following transactions with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
Loans to:			
Mengxiang Qi'an	(i)	–	34,850
CMC Asia	(ii)	–	40,560
		–	75,410
Rental income received from:			
SCML		313	327
Interest income from:			
Shanghai Binqiao	(ii)	487	878
Mengxiang Qi'an	(i)	181	2,876
CMC Asia	(iii)	916	816
		1,584	4,570
Royalty licensing fee income from:			
SCML	(v)	–	323
		–	323
Services fee paid to:			
SCML	(iv)	88	–
Mengxiang Qi'an	(iv)	2,155	3,446
		2,243	3,446
Service fee income from providing services to:			
SCML	(v)	–	86

# Notes to the Financial Statements

For the year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### (a) The Group had the following transactions with related parties during the year: (Continued)

Notes:

- (i) The loans to Mengxiang Qi'an were unsecured and repayable on demand with interest rates at 5.39%.
- (ii) The loans to Shanghai Binqiao were unsecured and repayable on 27 July 2027 with interest rates at 6% (2024: 6%) per annum.
- (iii) The loans to CMC Asia were unsecured and repayable on 1 October 2025 with interest rates at 5% per annum.
- (iv) The services received from related parties were made based on the published prices and conditions offered by the related parties to their major customers.
- (v) The services provided to the related party were made based on the published prices and conditions offered by the Group to its major customers.

### (b) Outstanding balances with related parties:

	Notes	2025 RMB'000	2024 RMB'000
Due from related parties:			
Mengxiang Qi'an	(i)	–	81,246
Less: Impairment loss		–	(1,838)
		–	79,408
SH Xingkongshui'an	(ii)	500	500
CMC Asia	(iii)	–	32,590
<b>Total</b>		<b>500</b>	<b>112,498</b>
Trade receivables:			
SCML		4	4
Other receivables:			
Mengxiang Qi'an		1,386	1,386
Trade payables:			
Mengxiang Qi'an	(iv)	–	2,783

# Notes to the Financial Statements

For the year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### (b) Outstanding balances with related parties: (Continued)

Notes:

- (i) Mengxiang Qi'an is a joint venture of the Group. The loans to Mengxiang Qi'an bear interest at 5.39% per annum, unsecured and are repayable on demand. The loans were fully settled on 30 April 2025.
- (ii) SH Xingkongshui'an is a subsidiary of an associate of the Group. The loan to SH Xingkongshui'an of RMB500,000 is unsecured, interest-free and repayable on demand. In the opinion of the directors, the loans is expected to be settled within the next twelve months from the end of the reporting period.
- (iii) In January 2024, the Group made a loan of HK\$28,000,000 (equivalent to RMB25,485,600) to CMC Asia, a company controlled by Mr. Tian Ming, a director and controlling shareholder of the Company. The loan is unsecured, interest free and repayable within one year. On 1 March 2024, the loan was partially settled by offsetting against the trade payable of RMB8,716,000 due to Star China Media Limited, a subsidiary of CMC Asia. After the offsetting the remaining balance of the loan was RMB16,770,000. On 1 October 2024, the Group entered into a supplementary agreement with CMC Asia to extend the loan maturity date to 1 October 2025. The loan accrues interest at a rate of 5% per annum, retroactively effective from 1 March 2024.

On 21 October 2024, 5 November 2024 and 26 November 2024, the Group made additional three loans of US\$850,000, US\$500,000 and US\$700,000 to CMC Asia, respectively. These loans are unsecured, bear interest at 5% per annum and repayable within one year after the drawdown date. The maximum outstanding debit balances of the loans due from CMC Asia during the year ended 31 December 2024 was RMB32,590,000. The loan were fully settled on 21 October 2025.

- (iv) Trade payable was unsecured and interest-free.

### (c) Compensation of key management personnel of the Group:

	2025	2024
	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	5,268	5,488
Pension scheme contributions	371	373
Total compensation paid to key management personnel	<b>5,639</b>	5,861

Further details of directors' and the chief executive's emoluments are included in note 8 to the consolidated financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

### Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bill receivables	–	69,678	69,678
Financial assets included in prepayments, other receivables and other assets	–	4,088	4,088
Loan to a joint venture included in interests in a joint venture	–	125,516	125,516
Loan to an associate included in interests in associates	–	260,573	260,573
Due from related parties	–	500	500
Financial assets at fair value through profit or loss	22,907	–	22,907
Restricted deposits	–	14,609	14,609
Cash and cash equivalents	–	427,385	427,385
<b>Total</b>	<b>22,907</b>	<b>902,349</b>	<b>925,256</b>

### Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	73,863	73,863
Financial liabilities included in other payables and accruals	24,948	24,948
Lease liabilities	3,069	3,069
<b>Total</b>	<b>101,880</b>	<b>101,880</b>

# Notes to the Financial Statements

For the year ended 31 December 2025

## 36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2024

### Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	98,957	98,957
Financial assets included in prepayments, other receivables and other assets	–	10,846	10,846
Loan to a joint venture included in interests in a joint venture	–	124,040	124,040
Loan to an associate included in interests in associates	–	260,086	260,086
Due from related parties	–	112,498	112,498
Financial assets at fair value through profit or loss	52,464	–	52,464
Restricted deposits	–	68,549	68,549
Cash and cash equivalents	–	425,251	425,251
<b>Total</b>	<b>52,464</b>	<b>1,100,227</b>	<b>1,152,691</b>

### Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	117,117	117,117
Financial liabilities included in other payables and accruals	33,671	33,671
Lease liabilities	6,891	6,891
<b>Total</b>	<b>157,679</b>	<b>157,679</b>

## Notes to the Financial Statements

For the year ended 31 December 2025

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable (Level 2) RMB'000	Significant unobservable (Level 3) RMB'000	
Financial assets at fair value through profit or loss				
– As at 31 December 2025	<b>22,907</b>	–	–	<b>22,907</b>
– As at 31 December 2024	52,464	–	–	52,464

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 (2024: Nil).



## Notes to the Financial Statements

For the year ended 31 December 2025

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value hierarchy (Continued)

During the year ended 31 December 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2024: Nil).

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and amounts due from related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the restricted deposits has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The carrying amount of the restricted cash is the same as its fair value.

The fair values of listed equity investments are based on quoted market prices.

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. At present, the Group does not intend to hedge its exposure to foreign exchange fluctuations. However, management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the USD, HKD, EUR and AUD exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2025			
If RMB weakens against HKD	5	475	397
If RMB strengthens against HKD	(5)	(475)	(397)
If RMB weakens against USD	5	11,652	8,007
If RMB strengthens against USD	(5)	(11,652)	(8,007)
If RMB weakens against AUD	5	1	1
If RMB strengthens against AUD	(5)	(1)	(1)
2024			
If RMB weakens against HKD	5	657	549
If RMB strengthens against HKD	(5)	(657)	(549)
If RMB weakens against USD	5	9,554	25,285
If RMB strengthens against USD	(5)	(9,554)	(25,285)
If RMB weakens against AUD	5	1	1
If RMB strengthens against AUD	(5)	(1)	(1)

# Notes to the Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis.

### Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	390,998	390,998
Bill receivables					
– Normal**	4,512	-	-	-	4,512
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,088	-	-	-	4,088
– Doubtful**	-	-	46,658	-	46,658
Loan to a joint venture included in interests in a joint venture					
– Normal**	128,386	-	-	-	128,386
Loan to an associate included in interests in associates					
– Normal**	266,592	-	-	-	266,592
Due from related parties					
– Normal**	500	-	-	-	500
Restricted deposits					
– Not yet past due	14,609	-	-	-	14,609
Cash and cash equivalents					
– Not yet past due	427,385	-	-	-	427,385
<b>Total</b>	<b>846,072</b>	<b>-</b>	<b>46,658</b>	<b>390,998</b>	<b>1,283,728</b>

# Notes to the Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month	Lifetime ECLs			Total
	ECLs	Stage 1	Stage 2	Stage 3	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	434,344	434,344
Financial assets included in prepayments, other receivables and other assets					
– Normal**	10,846	–	–	–	10,846
– Doubtful**	–	–	32,793	–	32,793
Loans to a joint venture included in interests in a joint venture					
– Normal**	126,910	–	–	–	126,910
Loans to an associate included in interests in associates					
– Normal**	266,105	–	–	–	266,105
Due from related parties					
– Normal**	114,336	–	–	–	114,336
Restricted deposits					
– Not yet past due	68,549	–	–	–	68,549
Cash and cash equivalents					
– Not yet past due	424,251	–	–	–	424,251
<b>Total</b>	<b>1,011,997</b>	<b>–</b>	<b>32,793</b>	<b>434,344</b>	<b>1,479,134</b>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the financial statements.

\*\* The credit quality of financial assets included in prepayments, other receivables and other assets and amounts due from related parties is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

At the end of the reporting period, the Group had certain concentrations of credit risk as 20.54% (2024: 18.49%) of the Group's trade receivables were due from the Group's largest debtor, and 65.22% (2024: 62.73%) of the Group's trade receivables were due from the Group's five largest debtors.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Maximum exposure and year-end staging (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for loan to a joint venture included in interests in a joint venture, due from the related parties and loans to an associate included in interests in associates as at 31 December 2024 and 2025:

	2025			2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Loan to a joint venture included in interests in a joint venture	2.24%	128,386	(2,870)	2.26%	126,910	(2,870)
Due from the related parties						
– Mengxiang Qi'an	–	–	–	2.26%	81,246	(1,838)
– SH Xingkongshui'an	0.00%	500	–	0.00%	500	–
– CMC Asia	–	–	–	0.00%	32,590	–
Loan to an associate included in interests in associate	2.26%	266,592	(6,019)	2.26%	266,105	(6,019)
		<b>395,478</b>	<b>(8,889)</b>		507,351	(10,727)

In determining the expected credit loss rate of loan to a joint venture included in interests in a joint venture, due from the related parties and loans to an associate included in interests in associates, their financial position and performance as well as their business prospects were considered.

The following table shows the movement in ECL that has been recognised for loan to a joint venture included in interests in a joint venture, due from related parties and loans to an associate included in interests in associates

	ECL RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	(10,727)
Reversal of credit loss	1,838
At 31 December 2025	<b>(8,889)</b>

The details of credit risk exposures for other receivables are disclosed in note 23.

## Notes to the Financial Statements

For the year ended 31 December 2025

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade and bill receivables and other financial assets) and projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through the use of lease liabilities.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Contractual cash flows			Carrying amount RMB'000
	Less than 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000	
<b>At 31 December 2025</b>				
Trade payables	73,863	–	73,863	73,863
Lease liabilities	2,693	492	3,185	3,069
Financial liabilities included in other payables and accruals	24,948	–	24,948	24,948
<b>Total</b>	<b>101,504</b>	<b>492</b>	<b>101,996</b>	<b>101,880</b>

	Contractual cash flows			Carrying amount RMB'000
	Less than 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000	
<b>At 31 December 2024</b>				
Trade payables	117,117	–	117,117	117,117
Lease liabilities	4,741	2,328	7,069	6,891
Financial liabilities included in other payables and accruals	33,671	–	33,671	33,671
<b>Total</b>	<b>155,529</b>	<b>2,328</b>	<b>157,857</b>	<b>157,679</b>



## Notes to the Financial Statements

For the year ended 31 December 2025

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Interest rate

The Group is exposed to fair value interest rate risk in relation to amounts due from related parties. The Group is also exposed to cash flow interest rate risk in relation to the restricted bank deposits and bank balances due to the fluctuation of the prevailing market interest rates for both years.

The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The Directors monitor the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arise. The Group's cash flow interest rate risk is mainly sensitive to the fluctuation of interest rate arising from the Group's restricted bank deposits and bank balances.

#### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for restricted bank deposits and bank balances at the end of the reporting period. The analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis points for restricted bank deposits, pledged bank deposits and bank balances increase or decrease are used during the year for the Group when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of restricted bank deposits, pledged bank deposits and bank balances had been 10 basis points higher/lower and all other variables were held constant, the post-tax loss for the year ended 31 December 2025 would have decreased/increased by approximately RMB331,000 (2024: RMB370,000).

#### Equity price risk

The Group is exposed to equity price risk arising from listed equity investments classified as financial assets at fair value through profit or loss. All of these investments are listed.

The Group's listed equity investments are listed on recognised stock exchanges. The senior management of the Group regularly reviews and monitors the mix of securities in the Group's investment portfolio based on the fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

# Notes to the Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Changes in share price

If the fair value of listed equity investments had been 5% higher/lower held constant, the Group's post-tax loss for the year (as a result of changes in fair value of financial assets at fair value through profit or loss) would have increased/decreased by approximately RMB935,000 (2024: RMB2,381,000).

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax that would arise assuming that the changes in the fair value of the Group's listed equity investments had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. The analysis is performed on the same basis for 2024.

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regards equity attributable to owners of the parent as its capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt includes lease liabilities. The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Lease liabilities	3,069	6,891
Total debt	3,069	6,891
Total equity	2,516,766	2,647,648
Gearing ratio	0.12%	0.26%

# Notes to the Financial Statements

For the year ended 31 December 2025

## 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries	1,922,593	1,922,593
<b>Total non-current assets</b>	<b>1,922,593</b>	1,922,593
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	40,516	182,749
Due from subsidiaries	206,873	67,313
<b>Total current assets</b>	<b>247,389</b>	250,062
<b>CURRENT LIABILITIES</b>		
Due to a subsidiary	5,493	5,493
Other payables and accruals	1,801	2,014
<b>Total current liabilities</b>	<b>7,294</b>	7,507
<b>NET CURRENT ASSETS</b>	<b>240,095</b>	242,555
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>2,162,688</b>	2,165,148
<b>NET ASSETS</b>	<b>2,162,688</b>	2,165,148
<b>EQUITY</b>		
Share capital	3	3
Reserves (Note)	2,162,685	2,165,145
<b>TOTAL EQUITY</b>	<b>2,162,688</b>	2,165,148

# Notes to the Financial Statements

For the year ended 31 December 2025

## 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	<b>Capital reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2024	2,246,276	(81,449)	2,164,827
Profit for the year	–	318	318
At 31 December 2024 and 1 January 2025	<b>2,246,276</b>	<b>(81,131)</b>	<b>2,165,145</b>
Loss for the year	–	<b>(2,460)</b>	<b>(2,460)</b>
At 31 December 2025	<b>2,246,276</b>	<b>(83,591)</b>	<b>2,162,685</b>

# Financial Summary

	Year ended December 31,				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
REVENUE	168,276	163,147	426,567	873,425	1,126,746
GROSS PROFIT/(LOSS)	88,125	39,985	(59,351)	281,073	274,312
IMPAIRMENT ON GOODWILL	(3,008)	(48,536)	(1,191,617)	–	(380,731)
(LOSS)/PROFIT BEFORE TAX	(90,439)	(231,119)	(1,601,372)	104,351	(327,445)
(LOSS)/PROFIT FOR THE YEAR	(118,792)	(230,046)	(1,634,226)	84,557	(351,746)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(129,632)	(221,451)	(1,617,387)	127,363	(364,260)

	Year ended December 31,				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
<b>ASSETS</b>					
Non-current assets	2,065,651	2,187,533	2,336,051	3,548,389	2,722,675
Current assets	636,285	711,323	879,830	1,449,042	1,821,793
<b>Total assets</b>	<b>2,701,936</b>	2,898,856	3,215,881	4,997,431	4,544,468
<b>LIABILITIES</b>					
Non-current liabilities	16,641	25,408	21,312	30,686	13,544
Current liabilities	168,529	225,800	324,386	488,453	483,063
<b>Total liabilities</b>	<b>185,170</b>	251,208	345,698	519,139	496,607
<b>EQUITY</b>					
Equity attributable to owners of the parent	2,527,256	2,656,249	2,880,195	4,458,997	3,989,054
Non-controlling interests	(10,490)	(8,601)	(10,012)	19,295	58,807
<b>Total equity</b>	<b>2,516,766</b>	2,647,648	2,870,183	4,478,292	4,047,861



## Definitions and Glossary of Technical Terms

“Articles of Association”	the articles of association of our Company adopted on December 9, 2022 with effect from the Listing Date (as amended from time to time);
“Audit Committee”	the audit committee of our Board;
“Beamingstars”	Beamingstars Investment Holdings Limited, a business company incorporated under the laws of the BVI on March 16, 2021 and owned as to 51.99% by SH Zhihua and 48.01% by Harvest Sky;
“Beijing Satellite TV”	Beijing Satellite TV (北京衛視), a TV network broadcast from Beijing;
“Big Five Satellite TV Networks in China”	the top five non-CCTV satellite TV networks in China in terms of ratings, namely Jiangsu Satellite TV, Zhejiang Satellite TV, Dragon Satellite TV, Hunan Satellite TV and Beijing Satellite TV;
“Board”	the board of Directors of our Company;
“BVI”	the British Virgin Islands;
“Canxing Culture”	Shanghai Canxing Culture & Media Co., Ltd. (上海燦星文化傳媒股份有限公司), a limited liability company established in the PRC on March 24, 2006 and is one of the Consolidated Affiliated Entities;
“Canxing Film”	Shanghai Canxing Film & Culture Co., Ltd. (上海燦星影視文化有限公司), a limited liability company established in the PRC on August 1, 2018 and a non-wholly owned subsidiary of Canxing Culture, being one of the Consolidated Affiliated Entities;
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;
“China” or the “PRC”	the People's Republic of China, but for the purpose of this Report and for geographical reference only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, China;
“Chinese Culture”	CMC (Shanghai) and CMC (Tianjin);
“CMC (Shanghai)”	Chinese Culture (Shanghai) Equity Investment Center (L.P.) (華人文化產業股權投資(上海)中心(有限合夥)), a limited partnership incorporated in the PRC on December 31, 2009;
“CMC (Tianjin)”	Chinese Culture (Tianjin) Investment Management Co., Ltd. (華人文化(天津)投資管理有限公司), a company incorporated in the PRC on November 11, 2008, the general partner of CMC (Shanghai);

## Definitions and Glossary of Technical Terms

“Company”	STAR CM Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands on March 29, 2021;
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE, our Consolidated Affiliated Entities and the Registered Shareholders, as applicable;
“Consolidated Affiliated Entities”	the entities we control through the contractual arrangements, being Canxing Culture and its subsidiaries, namely Beiyi Culture and Canxing Film;
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2;
“Director(s)”	the director(s) of our Company;
“Douyin”	Douyin (抖音), a leading social media short-form video app for creating and sharing short lip-sync, comedy, and talent videos;
“Dragon Satellite TV”	Dragon Satellite TV (東方衛視), a TV network of Shanghai Media Group (上海文廣新聞傳媒集團), broadcast from Shanghai;
“East Brothers”	East Brothers Investment Holdings Limited, a business company incorporated under the laws of the BVI on March 10, 2021 and owned as to 81.76% by Mr. Tian Ming, 6.22% by Mr. Jin Lei and 12.02% by Mr. Xu Xiangdong, being one of our controlling shareholders under the Listing Rules;
“Global Offering”	has the meaning ascribed to it in the Prospectus;
“Goldenbroad”	Goldenbroad Investment Holdings Limited, a business company incorporated under the laws of the BVI on March 10, 2021 and wholly owned by Mr. Jin Lei, being one of our controlling shareholders under the Listing Rules;
“Group”, “Our Group”, “the Group”, “we”, “us”, or “our”	our Company and our subsidiaries and Consolidated Affiliated Entities at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries or the Consolidated Affiliated Entities, the business operated by such subsidiaries or the Consolidated Affiliated Entities or their predecessors (as the case may be);
“Harvest Sky”	Harvest Sky Investment Holdings Limited, a business company incorporated under the laws of the BVI on March 10, 2021 and wholly owned by Mr. Tian Ming, being one of our controlling shareholders under the Listing Rules;



## Definitions and Glossary of Technical Terms

“Hunan Satellite TV”	Hunan Satellite TV (湖南衛視), a TV network broadcast from Changsha, Hunan Province;
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board;
“IP(s)”	intellectual properties such as existing variety programs, music works, films, 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 variety programs, music works, drama series or films;
“iQIYI”	iQIYI (愛奇藝), a leading online video platform based in Beijing;
“Jiangsu Satellite TV”	Jiangsu Satellite TV (江蘇衛視), a TV network broadcast from Nanjing, Jiangsu Province;
“Latest Practicable Date”	April 21, 2026, being the latest practicable date for ascertaining certain information in this annual report before its publication;
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange;
“Listing Date”	December 29, 2022, the date on which our Shares were listed and on which dealings in our Shares were first permitted to take place on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules;
“Mr. Cao”	Mr. Cao Zhigao (曹志高) who joined our Group as chief operating officer of Canxing Culture;
“Mr. Tian”	Mr. Tian Ming (田明) who is the chairman of our Board, executive Director and chief executive officer of our Company;
“Prospectus”	our Company's prospectus dated December 15, 2022, a copy of which is available on the Stock Exchange's website at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> ;

## Definitions and Glossary of Technical Terms

“Registered Shareholders”	the registered shareholders of Canxing Culture, namely Shanghai Xingtou Investment Co., Ltd. (上海星投投資有限公司), Shanghai Zhouxing Investment Co., Ltd. (上海晝星投資有限公司), Mr. Tian, Mr. Cao and Hanfu (Beijing) Capital Management Co., Ltd. (漢富(北京)資本管理有限公司);
“Reporting Period”	the financial year ended December 31, 2025;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“SH Zhihua”	Shanghai Zhihua Enterprise Management Partnership (Limited Partnership) (上海至驊企業管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC on March 23, 2021;
“Shares”	ordinary share(s) in the share capital of our Company with a par value of US\$0.000001 each;
“Shareholder(s)”	holder(s) of our Company's Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tencent Video”	Tencent Video (騰訊視頻), a leading online video platform based in Shenzhen, Guangdong Province;
“Top Three Online Video Platforms in China”	the top three online video platforms in China in terms of market share, namely, Youku, iQIYI and Tencent Video;
“Unionstars”	Unionstars Investment Holdings Limited, a business company incorporated under the laws of the BVI on March 26, 2021 and owned as to 7.53%, 17.64%, 34.18% and 40.65% by East Brothers, Goldenbroad, Beamingstars and Harvest Sky, respectively;
“US\$” or “US dollar(s)”	United States dollars, the lawful currency for the time being of the United States;
“VIE”	variable interest entity or variable interest entities;
“Youku”	Youku (優酷), a leading online video platform based in Beijing; and
“Zhejiang Satellite TV”	Zhejiang Satellite TV (浙江衛視), a TV network broadcast from Hangzhou, Zhejiang Province.