



Damai Entertainment Holdings Limited

大麥娛樂控股有限公司

(formerly known as Alibaba Pictures Group Limited 阿里巴巴影業集團有限公司)

Incorporated in Bermuda with limited liability

ANNUAL REPORT 2024/25

Stock Code: 1060

♻️ This Annual Report is printed on environmentally friendly paper

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CORPORATE INFORMATION

NAME OF COMPANY

Damai Entertainment Holdings Limited (the “Company” or “Alibaba Pictures” or “Damai Entertainment”, together with its subsidiaries, the “Group”)

Note: The name of the Company has been changed from Alibaba Pictures Group Limited to Damai Entertainment Holdings Limited with effect from June 5, 2025.

BOARD (THE “BOARD”) OF DIRECTORS OF THE COMPANY (THE “DIRECTOR(S)”)

Executive Directors

Mr. Fan Luyuan (*Chairman & Chief Executive Officer*)
Mr. Li Jie (*President*)
Mr. Meng Jun (*Chief Financial Officer*)

Non-Executive Director

Mr. Tung Pen Hung (*Resigned on January 10, 2025*)

Independent Non-Executive Directors

Ms. Song Lixin
Mr. Tong Xiaomeng
Mr. Johnny Chen

EXECUTIVE COMMITTEE (THE “EXECUTIVE COMMITTEE”)

Mr. Fan Luyuan (*Committee Chairman*)
Mr. Li Jie
Mr. Meng Jun

AUDIT COMMITTEE (THE “AUDIT COMMITTEE”)

Mr. Johnny Chen (*Chairman*)
Ms. Song Lixin
Mr. Tong Xiaomeng

REMUNERATION COMMITTEE (THE “REMUNERATION COMMITTEE”)

Mr. Tong Xiaomeng (*Chairman*)
Mr. Fan Luyuan
Ms. Song Lixin

NOMINATION COMMITTEE (THE “NOMINATION COMMITTEE”)

Mr. Fan Luyuan (*Chairman*)
Mr. Tong Xiaomeng
Mr. Johnny Chen

JOINT COMPANY SECRETARIES

Ms. Zhang Ying
Ms. Ng Wing Shan

LEGAL ADVISORS

Johnson Stokes & Master

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

WEBSITE

www.damaiholdings.com (with effect from June 9, 2025)
www.alibabapictures.com (prior to June 9, 2025)

PRINCIPAL BANKERS

China CITIC Bank International Limited
China Merchants Bank Co., Ltd.
Bank of Communications Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Citibank (China) Co., Ltd.
East West Bank
JPMorgan Chase Bank, N.A.
China Everbright Bank Co., Ltd, Hong Kong Branch

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton, Pembroke, HM 11
Bermuda

HEAD OFFICE

Zone B, Alibaba Beijing Chaoyang
Science & Technology Park
No. 20 Guangshan Road,
Chaoyang District
Beijing, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F, Tower One
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179, Hamilton HM EX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

1060

CHAIRMAN'S STATEMENT

Dear Shareholders,

Over the past year, the global cultural and entertainment industry underwent accelerated transformation amidst challenges and opportunities. Facing market volatility, the Group decisively transcended conventional boundaries to achieve strategic expansion across dimensions. The Company has redefined the traditional framework of "content" in movies, television programs and entertainment, comprehensively extending the connotation of "content" to pan-entertainment industry chain including live entertainment and IP derivatives development. This evolution marks the Group's successful transformation from a film, TV, and entertainment content producer to an operator and a pioneer of a diversified entertainment ecosystem platform.

Under the wave of artificial intelligence generated content, the cultural and entertainment industry is undergoing a full-chain revolution from production to consumption, transforming from "competing for traffic" to "deepening user experience" as it enters a golden age of "experiential consumption". For the financial year ended March 31, 2025 (the "Reporting Period"), through diversification and technological innovation, the Group has achieved breakthrough in live entertainment experiences, IP derivatives development, digital applications and other areas. Powered by technological innovations, we have driven comprehensive upgrades and sustainable growth across the entertainment ecosystem platform.

Building live entertainment ecosystem centered on Damai's offline performances

During the Reporting Period, the performance market maintained strong growth momentum. As the leading ticketing platform, Damai achieved robust growth in gross merchandise value (GMV) for two consecutive years, covering nearly all top-tier projects in China's concert market. Damai has also successfully launched its international ticketing system, accelerating our global strategic deployment in ticketing technology. Looking into the future, the Damai platform will be upgraded to an "integrated entertainment consumption entrance", consolidating film and performance ticket purchasing scenarios while expanding into exhibitions, events, immersive experiences, tourist attraction entertainment performances and other full-category live entertainment services. Leveraging technological iteration and enhanced user engagement, the Damai platform will continue to unleash the experiential value of offline scenarios to build a one-stop consumption entertainment ecosystem.

CHAIRMAN'S STATEMENT

IP merchandising: IP merchandising ecosystem upgrade, the future growth engine

In recent years, the IP licensing and derivatives segment has evolved from an “accessory” of cultural consumption into a market worth hundreds of billions. The Group maintains its leadership across the industry with forward-looking deployment. During the Reporting Period, our IP merchandising has achieved breakthrough growth through a three-pronged development model of in-depth IP licensing, platform operational efficiency improvement, and pop toys integration and innovation. With “IP full-chain development” as the core, we have built an ecosystem platform connecting copyright holders, brand partners and consumers. As China’s leading IP licensing commercialization platform, Alifish leverages its “IP2B2C full-chain service model” to deliver incremental value for partners, and drive commercialization efficiency enhancement across vertical sectors such as 2D space, cultural heritage and innovation, achieving substantial retail sales growth.

Looking forward, the Group’s IP merchandising will accelerate expansion into consumer markets, leveraging Alifish to deeply explore IP value. We will adopt the “IP + merchandise + scenario” model to expand the boundary of cross-sector operations, penetrating diverse segments including pop toys, cultural innovations, home goods, and fast-moving consumer goods. This strategy will enable precise access to Generation Z and family user groups, driving greater market share growth.

AI-driven industrial innovation

In recent years, the Group has taken a more prudent and sustainable approach to film business investment, aiming to realize stable growth and maintain industry competitiveness. In terms of film technology and investment, production, promotion and distribution platform, we have achieved significant progress in cutting-edge fields, including AI algorithms and big data, establishing a digital ecosystem spanning the entire film industrialization process.

Going forward, we will deepen the application of AI technologies across the film and television industry chain, upgrading from tools to core engines driving intelligent business transformation. Building on advancements in digital human commercialization, intelligent promotion and distribution system upgrades, and closed-loop virtual filming, we will continue to increase AI research and development investment, focusing on content creation, user insights, and smart ticketing, to facilitate deep integration and intelligent upgrades in the Group’s content, IP merchandising, and ticketing businesses.

CHAIRMAN'S STATEMENT

Accelerated globalization strategy

Anchored in the Greater Bay Area, the Group will leverage Damai's international ticketing system and Alibaba's ecosystem resources to achieve two-way connectivity and deep integration between domestic and overseas markets. While actively introducing high-quality international IPs and performances to enrich domestic content supply, we will also promote China's native IPs to international markets to enhance the global influence of Chinese culture. Through collaborative development of overseas venue systems, we are committed to building a "Chinese technology + global content" co-development model to accelerate the advancement of the Company's globalization strategic layout.

Over the past year, we have dynamically adapted our strategy to address market changes and seek emerging opportunities, enhancing AI integration across live entertainment transformation, derivatives development, film business, and globalization expansion.

Looking ahead, we will set sail with a brand-new image, dedicated to transforming IP merchandising, ticketing technology, and entertainment content into sustainable profit growth drivers. Through enhanced engagement with investors and regular sharing of strategic advancements and technological achievements, we remain committed to delivering excess return for our shareholders.

The Group remains committed to the principles of "customer first" and "innovation-driven". With AI as brush and content as ink, we will craft a broader blueprint for the entertainment ecosystem. We are deeply grateful for the trust and support of every shareholder, partner and employee. Together, let us work together to embrace a more splendid future.

Fan Luyuan

Chairman & Chief Executive Officer

Hong Kong, May 19, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

OFFLINE ENTERTAINMENT MARKET AND BUSINESS REVIEW

Film Market

Since 2024, growth of the global film industry has slowed, and the Chinese film market has also shown signs of reduced activity compared to the previous year. During the Reporting Period, the Chinese film market recorded total box office revenue of approximately RMB50,500 million, representing a decrease of approximately RMB5,100 million from approximately RMB55,600 million in the financial year ended March 31, 2024 (the “Corresponding Period”). Total admissions stood at approximately 1,170 million, down by approximately 160 million from approximately 1,330 million for the Corresponding Period. The decline in both box office and the number of viewers has left movie studios facing a more complicated profitability dilemma. Creating sufficient and high-quality films to attract audiences back to cinemas and boost admissions, as well as leveraging AI visual effects technologies such as virtual filming to reduce costs and increase efficiency, so as to improve the film industry’s profitability, are the common opportunities and challenges faced by the whole film industry at this stage.

Performance Market

During the Reporting Period, the market was more active than last year as consumer demand for live entertainment experiences continued to increase. According to a report jointly released by the China Association of Performing Arts and Beacon Professional, a total of 488,400 commercial performances (excluding entertainment venue performances) were held nationwide in 2024, representing an increase of 10.85% year-over-year. Box office revenue amounted to approximately RMB57,954 million, representing an increase of 15.37% year-over-year. Notably, box office revenue from top-tier concerts increased by 78.1% year-over-year to over RMB26,000 million, making it the most prominent segment in the market in terms of box office performance. With its abundant product supply and great demand for performance, the performance industry demonstrated the market’s vibrant development and huge growth potential.

IP and Licensing Market

Under the current market conditions, IP merchandising business has demonstrated strong vibrancy and promising prospects. According to the China Licensing Report: White Paper 2025 (《2025中國品牌授權白皮書》), the annual retail sales of licensed products in the Chinese market reached approximately RMB155.09 billion in 2024, with licensing fees totaling approximately RMB5,990 million. The market has maintained steady growth for seven consecutive years and now ranks as the fourth-largest licensing market globally, following the United States, Japan, and the United Kingdom. Driven by the flourishing cultural sector and the ongoing upgrade of the consumer market, IP licensing has become a widely recognized commercial model among consumers. In recent years, the 2D industry, which is built around core cultural contents such as anime, comics and games, experienced rapid growth. According to iResearch, the scale of China’s 2D industry expanded from approximately RMB18.9 billion in 2016 to approximately RMB221.9 billion in 2023, while the scale of the peripheral and derivative industries grew from approximately RMB5.3 billion to approximately RMB102.3 billion, representing a compound growth rate of 53%. Whether in the brand licensing market or the 2D peripheral and derivative sectors, this has presented the Group’s IP merchandising business with unprecedented growth opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group remained firmly committed to its dual-approach “Content + Technology” strategy. By focusing on content and IP to explore diversified business models, the Group expanded its derivative business to encompass merchants and channels, sustained the strengths of its performance ticketing platform business, while deepening long-term investments in technological innovation. These efforts enabled the Group to proactively optimize its business management strategy and achieve resilient growth in the face of an uncertain market environment. During the Reporting Period, the IP merchandising business and Damai’s box office both recorded rapid revenue growth year-over-year. The Group achieved total revenue of approximately RMB6,702 million, representing a year-over-year increase of 33% as compared with approximately RMB5,036 million for the Corresponding Period. Net profit attributable to owners of the Company reached approximately RMB364 million, up 28% year-over-year from approximately RMB285 million for the Corresponding Period. Adjusted earnings before interest, taxes and amortization (“adjusted EBITA”, a non-HKFRS financial indicator) amounted to approximately RMB809 million, representing a year-over-year increase of 61% as compared with approximately RMB504 million for the Corresponding Period.

Change in segment information

During the Reporting Period, the Group has changed its identification of reportable business segments. In previous year, the Group aggregated its operating segments into five reportable segments, namely “Film investment, production, promotion and distribution”, “Film ticketing and technology platform”, “Damai”, “Drama series production” and “IP Merchandising and innovation initiatives” in accordance with its then internal management and reporting structures. During the Reporting Period, the Group has reaggregated its operating segments into four reportable segments, namely, “Film technology and investment, production, promotion and distribution platform”, “Damai ticketing and live entertainment platform (“Damai”)”, “IP merchandising” and “Drama series production”.

The reason for making the above business realignments was mainly due to changes in the Group’s internal management and reporting structures during the Reporting Period, which were made to more accurately reflect the market position and business direction of the Group. The segment information presented is consistent with the reports provided to and reviewed by the chief operating decision maker for performance assessment and resource allocation following the internal management restructuring.

For details of the change in segment information, please refer to Note 2.1 to the consolidated financial statements contained in this annual report.

Non-HKFRS Measures

To supplement its consolidated financial statements presented in accordance with the HKFRS, the Group uses adjusted EBITA, believing that it can eliminate the potential impact of items that are, in management’s opinion, not indicative of the Group’s operating performance. This measure facilitates the comparison of operating performances across different periods and among different companies, while also providing investors and others with useful information to understand the core indicators used by management in its financial and operational decision-making. Adjusted EBITA represents net income after excluding the following: financial income and expenses, changes in fair value of listed and unlisted investments, gain or loss on disposal of equity investment, income tax expense, gain or loss on and impairment of equity method investments, certain non-cash expenses, consisting of share-based compensation expense, amortization and impairment of intangible assets arising from business combinations, impairment of goodwill, allowance for impairment of long-term assets and others, which, in management’s view, are not reflective of the Group’s core operating performance during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth key performance indicators of the Group's financial results and a reconciliation from operating profit to adjusted EBITA for the Reporting Period and the Corresponding Period, along with the performance highlights of the four operating segments of film technology and investment, production, promotion and distribution platform; Damai; IP merchandising; and drama series production.

	For the year ended March 31	
	2025 RMB'000	2024 RMB'000
Operating profit	648,735	309,680
Add:		
Share-based compensation	124,815	120,274
Amortization of intangible assets arising on business combinations ^{Note 1}	32,860	18,003
Gains or losses on disposal of a joint venture	(1,991)	–
Change in fair value of listed and unlisted investments	4,883	55,619
Adjusted EBITA (unaudited)	809,302	503,576

Segment Information	For the year ended March 31			
	Segment revenue		Segment results ^{Note 2}	
	2025 RMB'000 (audited)	2024 RMB'000 (audited)	2025 RMB'000 (audited)	2024 RMB'000 (audited)
Film technology and investment, production, promotion and distribution platform	2,711,809	2,999,459	73,209	811,901
Damai ^{Note 3}	2,057,205	612,585	1,230,283	280,565
IP merchandising	1,433,393	827,545	380,349	217,764
Drama series production	499,919	596,124	25,403	14,459
Total	6,702,326	5,035,713	1,709,244	1,324,689

Note 1: Among the total amortization expenses of intangible assets of approximately RMB36.0 million and approximately RMB20.0 million for the years ended March 31, 2025 and 2024 (Refer to Note 6 of the consolidated financial statements), amortization expenses of intangible assets arising on business combination amounted to approximately RMB33.0 million and approximately RMB18.0 million for the years ended March 31, 2025 and 2024, respectively.

Note 2: Segment results = Segment revenue – Cost of sales and services – Selling and marketing expenses allocated to relevant segments.

Note 3: Damai's data for the Corresponding Period comprises: 1) service fee income and results from the Group's entrusted operation of Damai business for the eight months ended November 30, 2023; and 2) Damai's fully consolidated operating results in the Group's financial statements for the four months ended March 31, 2024, following its acquisition by the Group as a wholly-owned subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

I. FILM TECHNOLOGY AND INVESTMENT, PRODUCTION, PROMOTION AND DISTRIBUTION PLATFORM

The film business, including film ticketing, film investment, production, promotion and distribution, as well as technology business, has emerged as a key growth driver for the Group. During the Reporting Period, despite industry-wide challenges such as declining box office revenues and theater attendance, which pressured profit margins across the industry, the Group adopted a steady yet proactive approach in the film sector, in order to enhance content production capabilities through partnerships with producers, directors and screenwriters, and to reduce costs via technological innovations. This approach lays the foundation for the recovery of the film industry.

(i) Film ticketing business

The film ticketing, being Tao Piao Piao and Yunzhi, form an integral part of the business segment and serve as essential infrastructure for the film industry. Tao Piao Piao is a widely recognized film ticketing platform among cinema-goers, while Yunzhi is an industry-leading ticket-issuing system platform for cinemas. Both platforms charge service fees, the former from cinema-goers and the latter from cinemas, for providing online systems and services that enable ticket purchases and issuance, respectively.

The “Taomai VIP” membership system, launched by Tao Piao Piao in collaboration with Damai business and the industry’s first tiered membership system that connects film viewing and live performance dual consumption scenarios, offered a wide range of member privileges during the Reporting Period, such as “buy 1 get 1 free”, priority ticket purchase for blockbusters, access to star-studded events, and e-ticket collection, all of which had been well received by users. After years of operation, Taomai members have demonstrated exceptionally high loyalty to, and represent the most valuable asset of, both Tao Piao Piao and Damai platforms. Although admissions declined year-over-year during the Reporting Period, the decline in Taomai members, especially frequent users of paid services, was significantly smaller in scale compared to the drop in viewership. This reflects the loyalty of high-value consumer groups. Going forward, both the integration of the film and Damai ticketing platforms and the exceptionally high loyalty of Taomai members will help boost the frequency of direct ticket purchases made by consumers on Tao Piao Piao.

During the Reporting Period, Yunzhi business continued to rank first nationwide in terms of both the number of ticket-issuing cinemas and the total number of tickets issued. Additionally, Yunzhi has entered into cooperation agreements with cinemas in Hong Kong and other parts of Southeast Asia, as part of its proactive drive to expand its overseas presence.

(ii) Film investment, production, promotion and distribution

The film investment, production, promotion and distribution business is a key focus of the Group in the offline entertainment content market. In recent years, the Group aims to secure baseline returns above the industry average by focusing on proactively enhancing its co-production and self-production capabilities, reducing costs through the application of visual effects technologies, such as virtual filming, and investing in top-tier projects with relatively high profit certainty. Meanwhile, the Group has launched partnerships with producers, directors and screenwriters to enrich its project reserve.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group released the following major film projects:

No.	Film's Name	Box office revenue (RMB billion)	Mode
1	<i>Successor</i> (抓娃娃)	3.33	producer
2	<i>A Place Called Silence</i> (默殺)	1.35	producer and joint distributor
3	<i>Creation of the Gods II: Demon Force</i> (封神第二部：戰火西岐)	1.24	producer, leading promoter and distributor
4	<i>The Boy and the Heron</i> (你想活出怎樣的人生)	0.79	co-introducer and marketer
5	<i>Big World</i> (小小的我)	0.77	joint producer
6	<i>Her Story</i> (好東西)	0.72	producer, leading promoter and distributor
7	<i>Formed Police Unit</i> (維和防暴隊)	0.51	producer, leading promoter and distributor
8	<i>Moments We Shared</i> (雲邊有個小賣部)	0.50	producer, leading promoter and distributor
9	<i>The Last Dance</i> (破•地獄)	0.21	producer
10	<i>The Sinking of the Lisbon Maru</i> (里斯本丸沉沒)	0.05	leading promoter and distributor

As of the date of this annual report, the Group has approximately 40 key films scheduled for release. Among them, around 20 are investment projects pending release and around 20 are self-developed and co-produced projects. These films are either awaiting release scheduling (subject to market conditions) or are currently in the process of being scheduled. The Group has outlined the key films that have already been scheduled for release below.

No.	Film's Name	State	Mode
1	<i>Scare out</i> (驚蟄無聲)	filming	producer, leading promoter and distributor
2	<i>Dongji Island</i> (東極島)	scheduled for release	producer, leading promoter and distributor
3	<i>Shooting Stars</i> (群星閃耀時)	scheduled for release	producer, leading promoter and distributor
4	<i>I Know Who You Are</i> (抓特務)	scheduled for release	producer, leading promoter and distributor
5	<i>Blades of the Guardians</i> (鏢人：風起大漠)	scheduled for release	producer, leading promoter and distributor
6	<i>Welcome to the Chinese Restaurant</i> (歡迎來龍餐館)	scheduled for release	producer and joint distributor
7	<i>A Cool Fish 2/3</i> (無名之輩 2/3)	scheduled for release	producer and joint distributor
8	<i>7 Days</i> (7天)	scheduled for release	producer, leading promoter and distributor
9	<i>Keep Real</i> (特立獨行)	scheduled for release	producer, leading promoter and distributor
10	<i>The Shadow's Edge</i> (捕風捉影)	scheduled for release	producer, leading promoter and distributor

MANAGEMENT DISCUSSION AND ANALYSIS

To further improve its capabilities to produce and develop film content and fully develop its IPs, the Group has launched partnerships with producers, directors and screenwriters, aimed at increasing the production of high-quality film content for the industry. To date, several projects have either moved into pre-production or begun filming. Additionally, the Group has launched the “HINA International Young Director Program (海納國際青年導演發展計劃)”, which invites Mr. Zhang Yimou, Mr. Huang Jianxin and Mr. Bill Kong to serve as main mentors. The program is dedicated to nurturing young directors through a series of activities, including masterclasses, short film screenings, roundtable discussions, and on-set trainings. As of the date of this annual report, this program has enrolled a total of 58 young directors, many of whom have begun joining production crews to gain on-set experience. In parallel, the Group has established the “Alibaba Pictures Scholarship” at Hong Kong Baptist University, with a view to fostering collaboration on film and television projects.

(iii) Technology business

While continuing to increase its investments in innovative technologies, such as AI, digital human and virtual filming, the Group has pursued solutions for the standardization, streamlining and digitalization of film and television production processes. It has also promoted the application of new technologies in industrialized film and television production. As of the date of this annual report, the Group has built and commenced operation of four virtual filming studios in locations such as Hengdian and Zhouzhuang in the People’s Republic of China (the “PRC” or “China” or “Chinese Mainland”). During the Reporting Period, virtual filming techniques were applied in the production of several film and drama series projects, including the films “*Shooting Stars* (群星閃耀時)” and “*My Family* (根本停不下來)” as well as the drama series “*Pull Strings*” (師兄太穩健). This significantly reduced set construction costs. Going forward, the Group plans to set up additional virtual filming studios across various regions, aiming to promote the application of virtual filming and support the film and television sector’s industrial upgrade.

In terms of the digital humans business, in addition to Leah (厘里), the first digital human launched by Hujing Digital Media & Entertainment Group (formerly known as “Alibaba Digital Media & Entertainment Group”), the Group introduced five new digital humans, achieving commercial monetization through endorsements and customized collaborations. Notably, after signing a contract with Beijing Damai Cultural Communication Co., Ltd.* (北京大麥文化傳播有限公司), Leah not only embarked on its journey in the music industry as a virtual musician but also served as the marketing ambassador for Tmall’s sports and outdoor brands during the “Double 11” shopping festival. Additionally, Leah appeared in “*I Am Nobody S2: Battle in Biyou Village* (異人之下之決戰！碧游村)”, an exclusive drama series on Youku, showcasing China’s leading application of digital human technology.

Moreover, “Beacon AI (燈塔AI)”, a data product designed to provide intelligent promotion and distribution services for the entertainment industry, now leverages its access to the Tongyi Qianwen model to understand and accurately answer a wide range of general questions about film releases and scheduling analysis. By providing industry participants with timely, comprehensive, detailed and condensed summaries of public opinion, more informative box office forecasts, as well as additional support in film promotion, distribution, scheduling decisions, and other tasks, Beacon AI has significantly improved industry participants’ work efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

Amid a sluggish box office in the film market, the film business experienced an adverse impact on both revenue and profitability. During the Reporting Period, the Group's segment of film technology and investment, production, promotion and distribution platform recorded revenue of approximately RMB2,712 million, representing a decrease of 10% as compared with approximately RMB2,999 million for the Corresponding Period; the segment results recorded was approximately RMB73 million, representing a decrease of 91% as compared with approximately RMB812 million for the Corresponding Period.

II. DAMAI

Damai is the Group's core business in the live entertainment market. Damai ticketing platform for performances is an industry-leading ticketing platform. Meanwhile, Damai has achieved remarkable success in live entertainment investment and production, establishing itself as one of the top competitors in the live entertainment market.

(i) Damai ticketing platform business

As one of the Group's core businesses in the live event ticketing market, Damai maintained its leading position in the live event ticketing market during the Reporting Period. It has served numerous top-tier concerts hosted by domestic and international artists, such as Jason Zhang, Jay Chou, Stefanie Sun, Ed Sheeran, and Imagine Dragons. This has reinforced its reputation as the preferred ticketing platform. By providing ticketing support for nearly all major concerts in China, Damai delivered rapid growth in gross merchandise value (GMV) for two consecutive years. Additionally, Damai delivered over 3,800 high-profile projects in the segment of on-site event services. These projects have ensured secure and stable event operations without incidents and have garnered praise from partners. During the Reporting Period, Damai established in-depth cooperation with multiple top-tier venues across Chinese Mainland, Hong Kong and Macau, securing its core competitive advantage in accessing key venues.

The Group continues to increase investment in core technology research and development, integrating computing power and upgrading cloud resources to enhance data processing capability and the functionality of its ticketing system. This ensures stable performance and seamless transactions under high-concurrency scenarios, even when large numbers of users are simultaneously scrambling for tickets, thereby reinforcing its leadership in ticketing services through a superior user experience. During the Reporting Period, over a thousand events saw peak concurrent ticket-buying users exceed 100,000 per second, marking a 63% growth compared to the Corresponding Period.

During the Reporting Period, Damai expanded into tourist attraction entertainment performance and broadened its reach to include more overseas projects, allowing domestic users to conveniently purchase tickets for international concerts. By driving further product upgrades, Damai successfully integrated a unified ticketing services platform for both film and live events, thereby covering a broader range of entertainment ticketing scenarios. This expansion aims to strengthen Damai's brand influence as the preferred platform for ticket purchases, underscoring its commitment to establishing itself as a leading comprehensive ticketing services provider.

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Live entertainment content

In recent years, Damai business has continued to deepen its presence in the live entertainment content segment. As of the date of this annual report, Damai has established a total of six key performance content brands, including Xiami Music Entertainment, Mailive, “Dang Ran You Xi (當然有戲)” and “Ku Xiao Mai (酷小麥)”. The live entertainment content business has been involved in the investment and production of over 120 IPs, spanning a diverse range of categories, including concerts, musical festivals, dramas, exhibitions and talk shows. Through years of hard work, Damai has established a strong brand presence through a variety of projects, including the 2024 Xiami Music & Arts Festival in Aranya (阿那亞蝦米音樂節); major concerts by artists such as Karen Mok, Roy Wang, and Rover Lu; theatrical productions such as “*The Summoning of Dunhuang* (受到召喚•敦煌)” and “*The Magic Hour* (魔幻時刻)”; as well as talk shows featuring Lan Hu and Xiao Lu. These high-quality performances and exquisite stage productions have brought the audience an exceptional viewing experience.

During the Reporting Period, the Group’s Damai segment recorded revenue of approximately RMB2,057 million, representing an increase of 236% as compared with approximately RMB613 million for the Corresponding Period. The segment results recorded were approximately RMB1,230 million, representing an increase of 339% as compared with approximately RMB281 million for the Corresponding Period. This significant increase was attributable to the fact that the data for the Corresponding Period did not fully consolidate Damai’s operating results.

III. IP MERCHANDISING

As a core segment, the IP merchandising business helps support the Group in expanding its presence within the entertainment industry. Its principal activities include:

- (1) the AliFish sub-licensing business, which acquires multiple premium IPs from upstream copyright holders and sublicenses them to downstream merchants in exchange for licensing fees;
- (2) joint operations of the Tmall pop toys category and IP-themed flagship e-commerce stores; and
- (3) the “KOITAKE” business, which integrates pop toys IP with various films, drama series and variety shows to develop and commercialize pop toys.

As a leading IP licensing management and commercialization platform in China, AliFish has partnered with hundreds of domestic and international quality IPs, as well as thousands of brands and channel merchants since it was established in 2016. AliFish boasts an IP matrix that spans a broad range of categories, including 2D space, cultural heritage and innovation, film, television and variety shows, education, and sports. It has entered into contracts with numerous top-tier, globally-renowned IPs, such as Sanrio, Pokémon, Universal Studios, Crayon Shin-chan, and Chiikawa. With a focus on IP licensing, operation and commercialization, AliFish has developed a proprietary full-chain service model that encompasses IP material development and gallery design, supervision and approval processes, product supply to channels, and IP-centric integrated marketing. This model provides brand partners with comprehensive solutions for IP licensing and collaboration.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the retail sales of licensed IP merchandise from AliFish saw a substantial year-over-year increase, driving an over 90% growth in AliFish's revenue compared to the Corresponding Period, which enabled copyright holders, merchants and other partners to meet their goals on diversified value enhancement. AliFish has drawn significant attention amid the rapid expansion of the 2D-related merchandise sector. Looking ahead, it will continue to strengthen its channels with a focus on e-commerce, leverage category operations to capture product trends, and incubate consumer-facing brands.

The Group has established a pop toy brand "KOITAKE", which integrates pop toys IP with numerous films, drama series and variety shows to create a host of distinctive pop toys. To date, "KOITAKE" has developed or signed contracts in respect of over 10 original pop-toy IPs and 2D-related IPs. Notable original pop-toy IPs include promising titles such as "*Kayla-X* (凱拉十世)" and "*PiPi*"; while 2D-related IPs include titles like "*The Demon Hunter* (滄元圖)" (an exclusive anime on Youku) and gaming IP "*Mr Love: Queen's Choice* (戀與製作人)". "KOITAKE" has also formed collaborations on contents from more than 40 films and television programs, including "*Love Game in Eastern Fantasy* (永夜星河)" (an exclusive drama series on Tencent Video), "*Moonlight Mystique* (白月梵星)" (an exclusive drama series on iQIYI), "*Empresses in the Palace* (甄嬛傳)", and "*The Story of Minglan* (知否知否應是綠肥紅瘦)" (classic Chinese drama series).

During the Reporting Period, the Group's IP merchandising business segment generated revenue of approximately RMB1,433 million, representing an increase of 73% as compared with approximately RMB828 million for the Corresponding Period. The segment results increased by 75% to approximately RMB380 million from approximately RMB218 million for the Corresponding Period.

IV. DRAMA SERIES PRODUCTION

In the drama series production sub-segment, the Group continued to invest in high-quality content through its studio operations, aiming to create emotionally resonant and widely popular works that are well-received by both audiences and the market. During the Reporting Period, several critically acclaimed drama series produced by the Group, including "*Blossoms in Adversity* (惜花芷)", were successfully broadcast. Meanwhile, multiple titles, such as "*In the Name of Justice* (以法之名)", "*Unveil: Jadewind* (唐宮奇案之青霧風鳴)" and "*Wild Ambition Bloom* (灼灼韶華)", have completed filming and are awaiting release. At present, the drama studio has a pipeline of over 20 key projects, with more than 30 projects in active development.

During the Reporting Period, the Group's drama series production segment recorded revenue of approximately RMB500 million, representing a year-over-year decrease of 16% as compared with approximately RMB596 million for the Corresponding Period. The segment results recorded approximately RMB25 million, representing a year-over-year increase of 76% as compared with approximately RMB14 million for the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

As a player in the entertainment industry, which is booming yet complicated and dynamic, the Group is confident about the future. Going forward, the Group is committed to building a comprehensive entertainment ecosystem and evolving into a diversified entertainment platform. Empowered by technological innovation, the Group strives to offer consumers a richer, more interactive, and immersive entertainment experience.

The Group will continue to advance the following strategic plans:

1. **Content leadership:** The Group will enhance production capacities in a diverse range of content categories, including films, TV dramas and live performances, while achieving end-to-end integration of virtual production technologies. The Group set out to foster IP synergy across films, live entertainment, TV dramas and derivatives, with a view to amplify commercial value and deliver a steady stream of quality content to the market.
2. **User growth:** The Group will accelerate the integration of film and performance ticketing services, increase its efforts to speed up user penetration, and launch a new Damai app. The Group will continue to enhance the privileges under and brand influence of the “Taomai VIP” membership program, aiming to cover all ticketing categories except transport tickets, and to establish a globally leading one-stop ticketing platform in terms of user scale and service breadth.
3. **Commercial derivatives:** The Group will continue to strengthen platform capabilities and its presence across IP development, merchandise channels and user engagement, thereby further scaling up our IP merchandising business.
4. **Overseas expansion:** Starting with the Guangdong – Hong Kong – Macao Greater Bay Area, the Group will expand its international footprint, tapping into Asian and global markets. The Group will introduce more premium global content to the Chinese audience, provide ticketing services in China for overseas performances, and integrate with leading venue systems worldwide.

The Group expects to finance its business initiatives in the coming year with its own internal resources, and may seek external financing if appropriate opportunities and conditions arise.

FINANCIAL REVIEW

Revenue and Profit

During the Reporting Period, driven by its focused execution of the “content + technology” strategy and continued efforts to diversify its business structure, the Group recorded revenue of approximately RMB6,702 million, an increase of 33% year-over-year from approximately RMB5,036 million for the Corresponding Period. Adjusted EBITA rose by 61% year-over-year from approximately RMB504 million for the Corresponding Period to approximately RMB809 million, while net profit attributable to owners of the Company reached approximately RMB364 million, representing an increase of 28% year-over-year from approximately RMB285 million for the Corresponding Period.

During the Reporting Period, the Group recorded earnings per share (basic and diluted) of approximately RMB1.23 cents, achieving a year-over-year increase of 19% from approximately RMB1.03 cents for the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling, Marketing and Administrative Expenses

During the Reporting Period, selling and marketing expenses of the Group amounted to approximately RMB789 million, representing a year-over-year increase of 11% when compared with approximately RMB710 million for the Corresponding Period. The proportion of selling and marketing expenses in revenue decreased from 14% for the Corresponding Period to 12%, primarily due to the optimization of promotion strategies and the adoption of a more prudent approach to marketing expenses.

During the Reporting Period, the Group's administrative expenses increased from approximately RMB978 million for the Corresponding Period to approximately RMB1,237 million, representing an increase of 27% year-over-year, which was primarily attributable to the growth in operating expenses resulting from the acquisition of Damai business.

Net Finance Income

During the Reporting Period, the Group recorded net finance income of approximately RMB193 million, which included interest income on bank deposits and loss on foreign exchange. As the Group's cash reserves are held in multiple currencies, the exchange loss resulted mainly from the volatility of RMB against U.S. dollar ("USD") during the Reporting Period.

Material Investments

As of March 31, 2025, the Group held 20 investments in joint ventures and associates, all of which were accounted for using the equity method, with a total book value of approximately RMB915 million. The Group also held 11 investments in unlisted companies and one investment in listed companies, all of which were classified as financial assets at fair value through profit or loss, with a total book value of approximately RMB610 million.

The Group's three largest investments were YH Entertainment Group, Bona Film Group Co., Limited and Shanghai Tingdong Film Co., Ltd.* (上海亭東影業有限公司), all of which were engaged in the film production and distribution business, artist management and other pan-entertainment businesses.

As at March 31, 2025, there is no investment held by the Group with a value of 5% or more of the total assets of the Group.

The Group adopted a conservative investment strategy to manage its investment portfolio during the Reporting Period. As of March 31, 2025, the Group did not have any plans for material investments and capital assets.

Financial Resources and Liquidity

As of March 31, 2025, the Group held cash and cash equivalents and bank deposits with maturity within one year of approximately RMB3,365 million (March 31, 2024: approximately RMB6,715 million), which were denominated in RMB, USD and Hong Kong dollar. As at March 31, 2025, the Group's short-term borrowings amounted to approximately RMB397 million (March 31, 2024: nil), which borne an interest rate ranging from 1.0% to 1.2% per annum. All the Group's borrowings were secured by discounted bills and will be settled within one year. The Group's borrowings are denominated in RMB. As of March 31, 2025, the Group had a net cash position with a gearing ratio (calculated as net borrowings over total equity, where net borrowings equal total borrowings net of cash and cash equivalents) of nil (March 31, 2024: nil). The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder returns and a sound capital position. The Group may make adjustments, where necessary, to maintain an optimal capital structure and to reduce the cost of capital. Further, the Group may purchase wealth management products, where appropriate, in line with its treasury and investment policies, after taking into account, among other things, level of risk, return on investment, liquidity and term of maturity.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Risks

While the majority of the Group's production costs and administrative costs are denominated and settled in RMB, the Group requires foreign currencies for some of its offshore investments and collaborations with studios outside Chinese Mainland. The Group will continue to closely monitor its capital needs and manage foreign exchange risks accordingly. As of March 31, 2025, the Group did not have a foreign currency hedging policy nor had it used any currency hedging instruments or financial instruments for hedging purpose, but will closely monitor its foreign currency exposure in a cost-effective manner.

Charge on Assets

As of March 31, 2025, the Group did not have any indebtedness secured by assets (March 31, 2024: nil).

Contingent Liabilities

As of March 31, 2025, the Group did not have any material contingent liabilities (March 31, 2024: nil).

Material Acquisitions and Disposals

On July 23, 2024, Beijing Alibaba Pictures Culture Co., Ltd.* (北京阿里巴巴影業文化有限公司) ("Beijing Alibaba"), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Zhejiang Dongyang Meila Media Company Limited* (浙江東陽美拉傳媒有限公司) ("Dongyang Meila"), Beijing Meila Media Company Limited* (北京美拉文化傳媒有限公司), Hainan Meila Media Company Limited* (海南美拉傳媒有限公司) and Huayi Brothers Media Corporation* (華誼兄弟傳媒股份有限公司) ("Huayi Brothers"), whereby Beijing Alibaba agreed to purchase, and Huayi Brothers agreed to sell, 70% of the entire equity interest in Dongyang Meila at a total consideration of RMB350,000,000, for the purpose of setting-off the loan amounting to RMB350,000,000 due and owed by Huayi Brothers to the Group. The acquisition was completed in November 2024. Details of the acquisition are set out in the announcement of the Company dated July 23, 2024.

During the Reporting Period, save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Employees and Remuneration Policies

As of March 31, 2025, the Group had 1,733 employees (March 31, 2024: 1,455 employees). The total employee benefit expenses of the Group were approximately RMB885 million for the Reporting Period (March 31, 2024: approximately RMB880 million). The remuneration policies of the Group are determined based on prevailing market rates and the performance of the Group and individual employees. These policies are reviewed on a regular basis. The Group strongly believes that its staff are an invaluable asset and play a vital role in its business. Therefore, the Group recognizes the importance of maintaining a good relationship with employees. In addition to salary, the Group also provides its employees with other fringe benefits, including among others, year-end bonuses, discretionary bonuses, contributions to provident and social security funds, medical benefits and training. The Group further offers various remunerative tools, such as share options under the Company's share option schemes, and awarded shares under the Company's share award scheme.

Details of the basis of determining the emolument payable to the Directors, please refer to the section headed "CORPORATE GOVERNANCE REPORT – BOARD COMMITTEES – Remuneration Committee" on page 137 of this annual report.

The Group also provide training to employees. For details, please refer to the 2024/25 Environmental, Social and Governance Report.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. FAN Luyuan, aged 52 and appointed to the Board as executive Director on January 1, 2016, is the chairman of the Board, the chief executive officer, the chairman of each of the Executive Committee and the Nomination Committee and a member of the Remuneration Committee. He is also a director of certain subsidiaries of the Company. Mr. Fan is a member of Alibaba Partnership and is currently the chairman and chief executive officer of Alibaba Digital Media and Entertainment Group. He joined Alipay in 2007, and served consecutively as senior director of Development Department, assistant president, vice president and senior vice president. He was also president of Alipay Business Unit and Wealth Management Business Unit at Ant Financial Services Group. In 2010, he and his team pioneered the first ever Quick Payment, which improved the success rate of online transactions and greatly enhanced user experience. In 2013, Mr. Fan led his team to create Yu'e Bao, which is now one of the world's largest financial products on the internet with over 600 million users, allowing mass consumers to be able to benefit from easy access to financial products. In addition, he and his team made the Alipay APP one of the most popular internet products in China within three years. He holds an executive master's degree in business administration from Cheung Kong Graduate School of Business.

Mr. LI Jie, aged 50 and appointed to the Board on June 24, 2020, is an executive Director and a member of the Executive Committee. Mr. Li joined the Group on October 1, 2017 and is currently the president of the Group, responsible for the investment, promotion and distribution of films and the user platform business in Chinese Mainland. He is also a director of certain subsidiaries of the Company. Mr. Li is a vice president of Alibaba Group Holding Limited ("AGH", together with its subsidiaries, "Alibaba Group") and the president of Beijing Damai Cultural Media Development Co., Ltd.* (北京大麥文化傳媒發展有限公司).

He has served as a director of Shanghai Tingdong Film Co., Ltd.* (上海亭東影業有限公司) since January 2019 and was a non-independent director of Beijing Enlight Media Co., Ltd.* (北京光線傳媒股份有限公司) (Shenzhen Stock Exchange ("SZSE") stock code: 300251) from November 12, 2019 to June 27, 2024. Mr. Li was also a non-executive director of AGTech Holdings Limited, a company with its shares listed on GEM of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange" or "SEHK") (SEHK stock code: 8279) from April 2022 to May 2023. Prior to joining the Group, Mr. Li worked at Youku Tudou Inc. as senior vice president, responsible for strategic partnership, human resources and relevant functions; he joined Alibaba Group in April 2016 upon completion of its acquisition of Youku Tudou Inc. and served as the general manager of its digital entertainment business unit. Mr. Li also held some key management positions at AsiaInfo Technology Co., Ltd.* (亞信科技股份有限公司) and Acer Group, serving as vice president and general manager of business department, respectively. Mr. Li holds a Bachelor of Engineering from Tianjin University and an EMBA degree from China Europe International Business School.

Mr. MENG Jun, aged 45 and appointed to the Board on March 5, 2019, is an executive Director, chief financial officer and a member of the Executive Committee. He is also a director of certain subsidiaries of the Company. Mr. Meng joined the Group on April 9, 2018. Before joining the Group, Mr. Meng served at Alibaba Group, where he held key financial management positions at a number of business units, including among others, Tao Dian Dian, Taobao Movie (now known as Tao Piao Piao), Tmall Supermarket and Alibaba Digital Media and Entertainment Group; he continues to hold some of these positions after joining the Group. Prior to joining Alibaba Group, Mr. Meng held auditing and financial advisory positions at various companies, such as E&Y and IBM. Mr. Meng has been a non-independent director of Bona Film Group Co., Limited (SZSE stock code: 001330) since May 2023 and a non-executive director of YH Entertainment Group (SEHK stock code: 2306) since June 2023. Mr. Meng holds a bachelor's degree in economics from Beijing Technology and Business University.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Ms. SONG Lixin, aged 57 and appointed to the Board on December 22, 2014, is an independent non-executive Director and a member of each of the Audit Committee and the Remuneration Committee. She has been the chairperson of the board of directors of Yingcai Yuan Investment Management Co., Ltd.* (英才元投資管理有限公司) since December 2015. Ms. Song has more than 20 years of experience in the cultural and business sector. Ms. Song founded the China Annual Management Summit in 2001 which has continued to run for 21 consecutive years to date. Ms. Song has been an independent director of Bona Film Group Co., Limited (SZSE stock code: 001330) since May 2023. Ms. Song holds a bachelor's degree in law from Renmin University of China and received an MBA degree from Tsinghua University.

Mr. TONG Xiaomeng, aged 51 and appointed to the Board on June 27, 2014, is an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. He is a co-founder and managing partner at Boyu Capital. Prior to founding Boyu Capital, Mr. Tong was a managing director at General Atlantic and Providence Equity Partners, where he headed both firms' Greater China practice and served as a director at a number of publicly-listed and privately-held companies. Mr. Tong graduated from Harvard University where he was a member of Phi Beta Kappa.

Mr. Tong is currently a non-executive director of WuXi AppTec Co., Ltd.* (Shanghai Stock Exchange ("SSE") stock code: 603259 and SEHK stock code: 2359).

Mr. Johnny CHEN, aged 65 and appointed to the Board as independent non-executive Director on January 29, 2016, is the chairman of the Audit Committee and a member of the Nomination Committee. Mr. Chen joined the management of Zurich Insurance Group ("Zurich") in 2005. He worked in Zurich from March 2005 to February 2015 in multiple senior managerial roles in Asia-Pacific region. His last position in Zurich was the chairman of China. Prior to joining Zurich, Mr. Chen was an executive member of the Greater-China Management Board and the Operating Committee of PricewaterhouseCoopers ("PwC"), as well as a managing partner of PwC's Beijing office. Mr. Chen holds a Master of Science Degree in Accounting from the University of Rhode Island and a Bachelor Degree of Accounting from the Johnson & Wales University. He is a U.S. certified public accountant.

Mr. Chen is currently an independent non-executive director of each of Uni-President China Holdings Ltd. (SEHK stock code: 220) and China Travel International Investment Hong Kong Limited (SEHK stock code: 308). Mr. Chen was an independent non-executive director of Stella International Holdings Limited (SEHK stock code: 1836) from February 2009 to May 2023.

Details of the Directors' interests in the shares and underlying shares of the Company as at March 31, 2025 are set out on the section headed "DIRECTORS' REPORT - INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE" of this annual report.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Joint Company Secretaries

Ms. ZHANG Ying has been the joint company secretary of the Company since September 30, 2023. She has been qualified as a lawyer in the PRC since November 2009. She has approximately 20 years of relevant work experience, and has extensive experience in the legal field. She has been the General Counsel of the Company since March 2019, and is responsible for leading the legal department of the Company and overseeing all legal and compliance matters, security and government affairs of the Company. Prior to joining the Company, Ms. Zhang was the Investment Legal Director of the Legal and Compliance Department of Alibaba Group from June 2014 to February 2019, and was responsible for legal work relating to Alibaba Group's domestic investments. Before joining Alibaba Group, she worked as a solicitor and a partner at Commerce & Finance Law Offices (通商律師事務所) from March 2005 to May 2014. She obtained a Bachelor of Laws degree from the China University of Political Science and Law in June 2003, and a Master of Laws degree from the London School of Economics and Political Science in November 2004.

Ms. NG Wing Shan has been the joint company secretary of the Company since September 30, 2023. She is currently a director of the corporate services department of Vistra Corporate Services (HK) Limited. Ms. Ng has 21 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies and private companies. Ms. Ng is a fellow member of The Hong Kong Chartered Governance Institute and a fellow member of The Chartered Governance Institute in the United Kingdom.

Save as disclosed herein, none the Directors or senior management has a relationship (including financial, business, family or other material relationship) with each other.

Changes in Directors and Senior Management

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), the changes in Directors or particulars of Directors and senior management during the Reporting Period and up to the date of this annual report are set out below:

Mr. TUNG Pen Hung ceased to serve as a non-executive Director with effect from January 10, 2025.

Mr. LI Jie stepped down as a non-independent director of Beijing Enlight Media Co., Ltd.* (北京光線傳媒股份有限公司) (SZSE stock code: 300251) on June 27, 2024.

* For identification purposes only

DIRECTORS' REPORT

The Board presents their report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements contained in this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss on page 167 of this annual report.

The Directors do not recommend the payment of a dividend for the financial year ended March 31, 2025 (2024: nil).

During the Reporting Period, there is no arrangement under which any shareholder of the Company (the "Shareholders") has waived or agreed to waive any dividend.

SHARE CAPITAL OF THE COMPANY

Details of share capital of the Company are set out in note 24 to the consolidated financial statements contained in this annual report.

DISTRIBUTABLE RESERVES

As at March 31, 2025, the Company's distributable reserves calculated in accordance with the provisions of the Bermuda Companies Act was nil (March 31, 2024: nil).

PENSION PLAN

All of the Group's full-time employees in the PRC participate in a state-sponsored defined contribution pension plan. The Group is required to make monthly defined contributions to this plan at a rate of 16%~17% (2024: 14%~16%) of the employees' basic salaries subject to a cap determined by the state on an annual basis.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all qualifying employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme.

There was no forfeited contribution utilized to offset employers' contributions for the year ended March 31, 2025 (2024: nil). There was no forfeited contribution available to reduce the contribution payable in the future years as of March 31, 2025 (2024: nil).

DIRECTORS' REPORT

During the Reporting Period, the Group made total contributions to the retirement benefits schemes of RMB67,823,000 (2024: RMB62,733,000).

For details of the contribution pension plan and the MPF Scheme of the Group, please refer to note 9 to the consolidated financial statements contained in this annual report.

BUSINESS REVIEW

The business review of the Group as at March 31, 2025 is set out under the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" of this annual report on pages 6 to 17.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties the Group faces are set out under the sections headed (i) "CORPORATE GOVERNANCE REPORT – ACCOUNTABILITY AND AUDIT – Risk Management and Internal Control – Management and Disclosure of Material Risks" of this annual report on pages 147 to 149, (ii) "DIRECTORS' REPORT – CONNECTED TRANSACTIONS – Continuing connected transactions – (29) Contractual Arrangements – I. Contractual Arrangements in relation to the VIE Restructuring – Risks associated with the I-Contractual Arrangements and the actions taken by the Group to mitigate the risks" of this annual report on pages 95 to 96, and (iii) "DIRECTORS' REPORT – CONNECTED TRANSACTIONS – Continuing connected transactions – (29) Contractual Arrangements – II. Contractual Arrangements in relation to the Acquisition – Risks associated with the II-Contractual Arrangements and the action taken by the Group to mitigate the risks" of this annual report on pages 117 to 118.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 294.

DIRECTORS

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

Executive Directors

Mr. Fan Luyuan (*Chairman & Chief Executive Officer*)

Mr. Li Jie

Mr. Meng Jun

Non-Executive Director

Mr. Tung Pen Hung (*Resigned on January 10, 2025*)

Independent Non-Executive Directors

Ms. Song Lixin

Mr. Tong Xiaomeng

Mr. Johnny Chen

DIRECTORS' REPORT

On January 10, 2025, Mr. Tung Pen Hung resigned as non-executive Director to focus on his other business commitments. Mr. Tung has also confirmed that he has no disagreement with the Board.

Except as disclosed above, no Director had resigned from the office or refused to stand for re-election to the office during the Reporting Period and up to the date of this report.

In accordance with bye-law 87(2) of the Bye-laws of the Company (the "Bye-laws"), Ms. Song Lixin and Mr. Tong Xiaomeng shall retire from office by rotation at the forthcoming annual general meeting ("AGM") and, all being eligible, have offered themselves for re-election.

The Directors' biographical details are set out on pages 18 to 19 of this annual report.

During the Reporting Period, there were no arrangements under which a director has waived or agreed to waive any emoluments.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at March 31, 2025, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares (the "Shares"), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

Interest in the Shares and underlying Shares (Long position)

Name of Director	Capacity	Number of Ordinary Shares held	Derivatives		Aggregate Interests	Approximate Percentage of Aggregate Interests to Total Issued Shares of the Company (Note 1)
			Share Options	Awarded Shares		
Fan Luyuan	Beneficial owner	3,130,130	11,175,000	20,656,667	34,961,797	0.12%
Li Jie	Beneficial owner	16,456,341	–	22,768,750	39,225,091	0.13%
Meng Jun	Beneficial owner	1,457,697	–	3,367,438	4,825,135	0.02%

Note:

- Based on a total of 29,714,629,103 ordinary Shares in issue as at March 31, 2025.

DIRECTORS' REPORT

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE (Continued)

Interest in the shares and underlying shares of AGH, an associated corporation of the Company within the meaning of Part XV of the SFO

Name of Director	Capacity	Number of shares/underlying shares held (Long position)		Approximate percentage of aggregate interests to total issued shares of AGH (Note 2)
		(in the number of American Depositary Shares ("ADS(s)") of AGH) (Note 1)	(in the number of ordinary shares of AGH) (Note 1)	
Fan Luyuan	Note 3	433,844	3,470,752	0.02%
Li Jie	Note 4	69,422	555,376	0.00%
Meng Jun	Note 5	10,398	83,134	0.00%
Tong Xiaomeng	Note 6	117,647	941,176	0.00%

Notes:

- One ADS of AGH represents eight ordinary shares of AGH; and one restricted share unit ("RSU(s)") of AGH represents one ADS of AGH.
- Based on a total of 18,998,287,724 ordinary shares of AGH in issue as at March 31, 2025.
- The interest comprised (i) 34,610 ADSs of AGH and 18,377 RSUs of AGH held by Mr. Fan Luyuan beneficially; and (ii) 380,857 ADSs of AGH held by a trust, of which Mr. Fan Luyuan is a founder.
- The interest comprised 66,721 ADSs of AGH and 2,701 RSUs of AGH held by Mr. Li Jie beneficially.
- The interest comprised (i) 4,000 ADSs of AGH and 4,275 RSUs of AGH held by Mr. Meng Jun beneficially; and (ii) 2,123 ADSs of AGH held by the spouse of Mr. Meng Jun.
- The interest comprised 117,647 ADSs of AGH held by Mr. Tong Xiaomeng beneficially.

DIRECTORS' REPORT

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE *(Continued)*

Save as disclosed above, as at March 31, 2025, none of the Directors, chief executive of the Company nor their respective associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE INCENTIVE SCHEMES

The Shareholders approved the adoption of share option schemes on May 23, 2002 (the "2002 Share Option Scheme") and June 11, 2012 (the "2012 Share Option Scheme") respectively. The 2002 Share Option Scheme expired on May 22, 2012 and no further share options of the Company (the "Share Options") shall be granted under the 2002 Share Option Scheme thereafter. All outstanding Share Options granted under the 2002 Share Option Scheme lapsed during the year ended December 31, 2015.

On August 31, 2021, the Shareholders approved the termination ("Termination") of the 2012 Share Option Scheme upon a new share option scheme (the "2021 Share Option Scheme") becoming effective. Following the Hong Kong Stock Exchange's granting the approval of the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of the Share Options granted under the 2021 Share Option Scheme, the adoption of the 2021 Share Option Scheme and the termination of the 2012 Share Option Scheme have become effective from September 6, 2021. No Share Options would be granted or had been granted since September 6, 2021. All outstanding Share Options granted under the 2012 Share Option Scheme shall remain valid and exercisable in accordance with the terms thereof.

On August 30, 2023, the Shareholders approved the amendments to the terms of the 2021 Share Option Scheme to conform with the amendments to the Listing Rules relating to share schemes of listed issuers, which took effect from January 1, 2023.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

2021 Share Option Scheme

The following is a summary of the principal terms of the rules of the 2021 Share Option Scheme (as amended on August 30, 2023):

SOS Participants

The participants of the 2021 Share Option Scheme ("SOS Participant(s)") refers to any person belonging to any of the following classes of participants:

- (i) any employee (including both full-time and part-time) of the Company or any subsidiary (within the meaning of section 15 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as modified from time to time) of the Company, whether incorporated in Hong Kong, Bermuda, the PRC or elsewhere ("SOS Subsidiary"), including (without limitation) any executive director of the Company or any SOS Subsidiary, who is in employment of the Company or any SOS Subsidiary ("SOS Employee(s)");
- (ii) any executive or non-executive director of the Company (including independent non-executive Director), any SOS Subsidiary, any Associated Company (as defined below) or any Related Entity (as defined below);
- (iii) any employees (including both full-time and part-time) of any Related Entity or any Associated Company, including (without limitation) any executive director of any Related Entity or any Associated Company, who is in employment of any Related Entity or any Associated Company (the "Related Entity Employee(s)"); or
- (iv) any person who provides 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, including: (a) suppliers of services to any member of the Group; and (b) advisors (professional or others) or consultants to any area of business or business development of any member of the Group, provided that any placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity should not be SOS Service Providers for the purpose of the 2021 Share Option Scheme (the "SOS Service Provider");

who the Board considers, in its sole discretion, has contributed or will contribute to the Company.

Purpose

The purpose of the 2021 Share Option Scheme is to enable the Company to grant Share Options to selected SOS Participants as incentives and/or rewards for their contribution and support to the Group and any company in which the Group may have a direct or indirect investment in 20% or more of its voting powers (the "Associated Company") and any company which is a holding company or a fellow subsidiary (i.e. a subsidiary of a holding company) of the Company (the "Related Entity") and/or to recruit and retain high-calibre SOS Employees, or any Related Entity Employees and attract human resources that are valuable to the Group, any Associated Company and any Related Entity. The basis of eligibility of any of the SOS Participants for the grant of Share Options shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution or potential contribution to the development and growth of the Group.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

2021 Share Option Scheme (Continued)

Duration and Administration

Subject to the termination provision under the 2021 Share Option Scheme, the 2021 Share Option Scheme shall be valid and effective for the period (the "Scheme Period") commencing on the date on which the 2021 Share Option Scheme becomes unconditional (being September 6, 2021, the "Option Scheme Adoption Date") and expiring on the earlier of:

- the date on which 10 years from the Option Scheme Adoption Date expires; and
- the date on which the 2021 Share Option Scheme is terminated pursuant to the rules of the 2021 Share Option Scheme.

After the Scheme Period, no further Share Options will be granted or accepted but the provisions of the 2021 Share Option Scheme shall remain in full force and effect in all other respects.

Subject to the provisions in respect of disputes under the 2021 Share Option Scheme, the 2021 Share Option Scheme shall be subject to the administration of the Board (including the independent non-executive Directors) whose decision as to all matters relating to the 2021 Share Option Scheme or its interpretations or effect (save as otherwise provided therein) shall be final and binding on all parties.

As at March 31, 2025, the remaining life of the 2021 Share Option Scheme is approximately 5 years.

Grant of Share Options

On and subject to the terms of the 2021 Share Option Scheme, the Board shall be entitled at any time and from time to time during the Scheme Period to offer to grant to any SOS Participant as the Board may in its absolute discretion select, and subject to such conditions (including but not limited to imposing vesting period(s) for the Share Options) (which shall not be inconsistent with the terms of the 2021 Share Option Scheme) as the Board may think fit, a Share Option to subscribe for such number of Shares (as may be permitted under the terms of the 2021 Share Option Scheme) as the Board may determine at the Subscription Price (as defined in the paragraph headed "Subscription Price" below).

An offer of the grant of a Share Option shall be made to a SOS Participant by letter in such form or means (including in hard copy or electronic format) as the Board may from time to time determine requiring such SOS Participant to whom any offer of the grant of a Share Option is made (the "Offeree") to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the 2021 Share Option Scheme (the "Offer Letter"). Such offer shall be personal to the Offeree and shall not be transferable, and shall remain open for acceptance by the Offeree for a period (the "Acceptance Period") of 21 days from the date of grant provided that no such offer shall be open for acceptance after the expiry of the Scheme Period.

A Share Option shall be deemed to have been accepted when (a) (where applicable) the duplicate of the Offer Letter and/or (b) the acceptance form of such offer is duly signed and dated by the Offeree in such form and means as specified in the Offer Letter, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received or deemed to be received by the Company within the Acceptance Period. Such remittance shall in no circumstances be refundable.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

2021 Share Option Scheme *(Continued)*

Grant of Share Options *(Continued)*

The grant of Share Options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) under the 2021 Share Option Scheme shall be approved by all independent non-executive Directors (excluding any independent non-executive Director who is a grantee of the Share Option(s) in question).

Where the grant of Share Options to an independent non-executive Director or a substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates would result in the Shares issued and to be issued in respect of all the Share Options, options and awards under the other share schemes (adopted by the Company from time to time) (the "Other Schemes") granted (excluding any Share Options, share options or awards under the Other Schemes lapsed in accordance with the terms of the 2021 Share Option Scheme or the Other Schemes) to such person in any 12-month period up to and including the date of grant, representing in aggregate more than 0.1% of the Shares in issue for the time being, such further grant of Share Options must be approved by the Shareholders in general meeting.

Subscription Price

The price per Share at which a grantee may subscribe for Shares on the exercise of a Share Option (the "Subscription Price") shall be a price notified by the Board to the Offeree (subject to any adjustments made pursuant to the terms of the 2021 Share Option Scheme) and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant which must be a business day;
- (b) the average closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a Share.

Without prejudice to the generality of the foregoing, the Board may grant Share Options in respect of which the Subscription Price is fixed at different prices for different periods during the Scheme Period provided that the Subscription Price for each of the different periods shall not be less than the Subscription Price determined in the manner set out in the paragraphs above.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

2021 Share Option Scheme (Continued)

Exercise of Share Options

A Share Option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in, over or to any Share Option in favour of any third party. The Company may, after having reasonably satisfied itself that the grantee shall have committed a breach of this paragraph, revoke any Share Option granted to such grantee (to the extent that it has become exercisable and not already exercised by notice). Such revocation shall be final and binding on such grantee.

Subject to other provisions in the 2021 Share Option Scheme, the Offer Letter and any restrictions which may be imposed by the Board or applicable under the Listing Rules and notwithstanding the terms of grant thereof, the Share Option, to the extent it is vested and has not expired, may be exercised by the grantee at any time during the period of 10 years commencing on the date of grant and expiring on the last day of the said 10-year period (the "Option Period"), provided that, among others, at the time of exercise of the Share Option, the grantee (as a SOS Employee or a Related Entity Employee) shall have already been and remains as a SOS Employee or a Related Entity Employee for a period of 12 months or more.

Subject to the exceptions below, a Share Option shall be held for a minimum period, being the vesting period (i.e. the period between the date of grant and the day on which such Share Option vests and becomes exercisable, both days inclusive, and such period shall not be less than 12 months or such other period as the Listing Rules may prescribe or permit except otherwise permitted under the 2021 Share Option Scheme and/or the Listing Rules in respect of any particular Share Option granted to an SOS Employee or Related Entity Employee) (the "Vesting Period"), and the performance target (if any) must be achieved before it can become vested and exercisable and the Vesting Period shall be determined by the Board from time to time. A Share Option granted to a grantee may be subject to a shorter Vesting Period under specific circumstances which include but not limited to those as set out below:

- (a) grants of "make-whole" Share Options to a SOS Participant (who is a new joiner) to replace the awards or options he forfeited when leaving his previous employer(s). In such case, the Vesting Period may be shorter to reflect the remaining vesting period in respect of the forfeited awards or share options;
- (b) grants of "make-whole" Share Options to a SOS Participant who is an existing key personnel of a newly acquired SOS Subsidiary to replace the awards or options he forfeited upon the acquisition of the SOS Subsidiary by the Company. In such case, the Vesting Period may be shorter to reflect the remaining vesting period in respect of the forfeited awards or share options;
- (c) grants to a SOS Participant whose employment is terminated due to retirement, death, disability, or reason other than resignation or termination of employment on any one or more of the grounds as stipulated in the 2021 Share Option Scheme. In such circumstance(s), the vesting of an Option may accelerate;
- (d) grants of Share Options with performance-based vesting condition(s) as provided in the 2021 Share Option Scheme, in lieu of time-based vesting criteria;
- (e) grants that are made in batches during a year for administrative and compliance reasons, which may include Share Options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which a Share Option would have been granted;

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

2021 Share Option Scheme *(Continued)*

Exercise of Share Options (Continued)

- (f) grants of Share Options with a mixed or accelerated vesting schedule such as where such Share Options may vest evenly over a period of 12 months; or
- (g) grants of Share Options with a total Vesting Period and holding period of more than 12 months.

Maximum Number of Shares Available For Subscription

Subject to any other relevant provisions in the 2021 Share Option Scheme, the total number of Shares (i) available for issue upon exercise of all Share Options which have been or may be granted under the 2021 Share Option Scheme and (ii) available for issue in respect of any share options or awards which have been or may be granted under Other Schemes must not, in aggregate, exceed 8% of the Shares in issue as at the date on which the 2021 Share Option Scheme was approved by the Shareholders in general meeting (i.e. August 30, 2023) (the "SOS Scheme Mandate Limit") unless an approval by the Shareholders at general meeting has been obtained. Share Options lapsed in accordance with the terms of the 2021 Share Option Scheme and awards or share options lapsed in accordance with the terms of the Other Schemes will not be counted for the purpose of calculating the SOS Scheme Mandate Limit. The Company may seek the approval of the Shareholders in general meeting to refresh the SOS Scheme Mandate Limit and a circular shall be issued to the Shareholders.

If the Company conducts a share consolidation or subdivision after the 8% limit has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all Share Options to be granted under the 2021 Share Option Scheme and any Other Schemes under the 8% limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

Subject to the SOS Scheme Mandate Limit, the total number of Shares that may be issued in respect of all Share Options granted to SOS Service Providers under the 2021 Share Option Scheme must not exceed 1% of the Shares in issue provided always that any utilization under the SOS Service Provider Sublimit shall be regarded as utilization within the SOS Scheme Mandate Limit (the "SOS Service Provider Sublimit").

The Company may seek separate approval of the Shareholders in general meeting to grant Share Options beyond the SOS Scheme Mandate Limit, provided that the Share Options in excess of the SOS Scheme Mandate Limit are granted only to SOS Participants specifically identified by the Company before such approval is sought.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

2021 Share Option Scheme *(Continued)*

Individual Limit

The total number of Shares issued and to be issued in respect of the Share Options granted under the 2021 Share Option Scheme and share options and awards granted under the Other Schemes to each grantee (including exercised, cancelled and outstanding/unvested Share Options, options and awards, but excluding any Share Options, share options and awards lapsed in accordance with the terms of the 2021 Share Option Scheme or the Other Schemes) in any 12-month period must not exceed 1% of the aggregate number of Shares for the time being in issue.

Where any further grant of Share Options to a grantee would result in the Shares issued and to be issued upon exercise of all Share Options granted and to be granted under 2021 Share Option Scheme and share options and awards granted under the Other Schemes to such grantee (including exercised, cancelled and outstanding/unvested Share Options, options and awards, but excluding any Share Options, share options and awards lapsed in accordance with the terms of the 2021 Share Option Scheme or the Other Schemes) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the aggregate number of Shares for the time being in issue, such further grant must be separately approved by the Shareholders in general meeting with such grantee and his close associates (as defined in the Listing Rules) (or his associates if he is a connected person (as defined in the Listing Rules)) abstaining from voting.

As at the date of this annual report, the total number of Shares available for issue under the 2021 Share Option Scheme was 1,985,918,240 Shares, representing approximately 6.65% of the total number of Shares in issue (excluding treasury shares (if any)).

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

2021 Share Option Scheme *(Continued)*

Movements of Share Options – 2021 Share Option Scheme

As of March 31, 2025, no Share Option was granted under the 2021 Share Option Scheme.

No Share Options were outstanding, granted, exercised, expired, lapsed or cancelled under the 2021 Share Option Scheme during the Reporting Period.

Given that no Share Option has been granted under the 2021 Share Option Scheme during the Reporting Period, it is not applicable for the Company to set out the number of Share Options granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue (excluding treasury shares (if any)) for the Reporting Period.

The total numbers of Share Options available for grant under the scheme mandate of the 2021 Share Option Scheme as at April 1, 2024 and March 31, 2025 were 2,138,619,212 and 1,983,173,990 (Note 1), respectively, representing approximately 7.25% and 6.67% of the Company's issued shares as at the respective dates.

The total number of Share Options available for grant under the SOS Service Provider Sublimit as at April 1, 2024 and March 31, 2025 were 269,757,401 (representing approximately 0.915% as at April 1, 2024) and 269,757,401 (representing approximately 0.908% of the Company's issued shares as at March 31, 2025), respectively (Note). No service provider sublimit was set under the 2021 Share Option Scheme prior to August 30, 2023.

Note:

Any utilization under the SOS Service Provider Sublimit shall be regarded as utilization within the SOS Share Mandate Limit.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

2012 Share Option Scheme

Movements of Share Options – 2012 Share Option Scheme

Movements of the Share Options granted by the Company pursuant to the 2012 Share Option Scheme during the Reporting Period were as follows:

Name/category of grantees	Date of grant	Exercise price per Share (HK\$)	Closing price per Share immediately before the date of grant (HK\$)	Weighted average closing price of shares immediately before the date on which the Share Options were exercised (HK\$)	Number of Share Options outstanding as of April 1, 2024	Number of Share Options granted during the Reporting Period	Number of Share Options exercised during the Reporting Period	Number of Share Options lapsed during the Reporting Period	Number of Share Options cancelled during the Reporting Period	Number of Share Options outstanding as of March 31, 2025	Exercise/ vesting period (Notes)
Director											
Mr. Fan Luyuan	05/06/2020	1.070	1.050	-	3,675,000	-	-	-	-	3,675,000	1(ii)
	16/06/2021	1.066	1.060	-	7,500,000	-	-	-	-	7,500,000	1(ii)
Sub-total					11,175,000	-	-	-	-	11,175,000	
Employees											
	18/01/2018	1.060	1.070	-	1,200,000	-	-	-	-	1,200,000	1(i)
Sub-total					1,200,000	-	-	-	-	1,200,000	
Total					12,375,000	-	-	-	-	12,375,000	

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

2012 Share Option Scheme *(Continued)*

Movements of Share Options – 2012 Share Option Scheme (Continued)

Notes:

1. The Share Options granted under the 2012 Share Option Scheme are subject to a vesting schedule and can be exercised in the following manner:

(i) Category A

Vesting Date	Percentage that can be exercised
First vesting date (being second anniversary of the relevant employment commencement date)	Up to 50% of the Share Options granted
First anniversary of first vesting date	Up to 75% of the Share Options granted
Second anniversary of first vesting date	Up to 100% of the Share Options granted

The vesting period of the Share Options under Category A commences on the date of commencement of employment of the relevant grantee, and the first vesting date falls on the second anniversary of the date of commencement of employment.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

2012 Share Option Scheme (Continued)

Movements of Share Options – 2012 Share Option Scheme (Continued)

Notes: (Continued)

1. The Share Options granted under the 2012 Share Option Scheme are subject to a vesting schedule and can be exercised in the following manner: (Continued)

(ii) **Category C**

Vesting Date	Percentage that can be exercised
First vesting date (being first anniversary of the relevant performance incentive date)	Up to 1/6 of the Share Options granted
First anniversary of first vesting date	Up to 1/3 of the Share Options granted
Second anniversary of first vesting date	Up to 1/2 of the Share Options granted
Third anniversary of first vesting date	Up to 2/3 of the Share Options granted
Fourth anniversary of first vesting date	Up to 5/6 of the Share Options granted
Fifth anniversary of first vesting date	Up to 100% of the Share Options granted

The vesting period of the Share Options under Category C commences on performance incentive date of the relevant grantee, and the first vesting date falls on the first anniversary of the date of commencement of the vesting period.

2. The period within which the Share Options must be exercised shall not be more than 10 years from the date of grant.
3. Given that as disclosed above, no Share Options could be granted under the 2012 Share Option Scheme upon Termination, it is not applicable for the Company to set out:
 - (i) the fair value of the Share Options granted during the Reporting Period; nor
 - (ii) the number of Shares that may be issued in respect of the Share Options granted under all share scheme of the Company during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue (excluding treasury shares (if any)) for the Reporting Period; nor
 - (iii) the number of Share Options available for grant under the scheme mandate of the 2012 Share Option Scheme.
4. No service provider sublimit was set under the 2012 Share Option Scheme.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

Share Award Scheme

The share award scheme of the Company (the "Share Award Scheme") was adopted by the Board on December 30, 2016 (the "SAS Adoption Date") and amended on March 29, 2019, January 17, 2020 and August 30, 2023 (the "SAS Approval Date"), respectively. Summary of principal terms of the Share Award Scheme are set forth below:

SAS Eligible Participants

The participants of the Share Award Scheme (the "SAS Eligible Participant(s)") refers to:

- (a) any individual being an employee (whether full-time or part-time) and directors (including any executive director, non-executive director and independent non-executive director) of any member of the Group, any Related Entity or any Associated Company (the "SAS Employee"); and/or
- (b) any person who provides 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, including:
 - (a) suppliers of services to any member of the Group; and
 - (b) advisors (professional or others) or consultants to any area of business or business development of any member of the Group, provided that any placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity should not be Service Providers for the purpose of the Share Award Scheme (the "SAS Service Provider").

Purposes and Objectives

To recognize the contributions by certain SAS Employees and SAS Service Providers and to provide incentives to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Administration

The Share Award Scheme shall be subject to the administration of the Board and the trustee in accordance with the rules of the Share Award Scheme (the "Scheme Rules") and the trust deed dated December 30, 2016 entered into between the Company and the trustee (the "Trust Deed"). The decision of the Board with respect to any matter arising under the Share Award Scheme (including the interpretation of any provision) shall be final and binding.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

Share Award Scheme (Continued)

Duration

Subject to any early termination determined by the Board, the Share Award Scheme shall be valid and effective for a term (the "Trust Period") commencing on the SAS Adoption Date and ending on the first to happen of the following, namely:

- (a) the 10th anniversary date of the SAS Adoption Date;
- (b) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- (c) the date as may be informed by the Company that the Share Award Scheme shall be terminated.

As at March 31, 2025, the remaining life of the Share Award Scheme is approximately 1.75 years.

Scheme Limit

The maximum aggregate number of Shares in respect of which awards (the "Awards") of Shares (the "Awarded Shares") may be granted by the Board pursuant to the Share Award Scheme and any other schemes of the Company must not exceed eight per cent (8%) of the Shares in issue as at the SAS Approval Date (the "SAS Initial Mandate Limit").

The Company may refresh the scheme mandate limit (i.e. the SAS Initial Mandate Limit or the SAS Refreshed Mandate Limit (as defined below) (as the case may be)) (the "SAS Scheme Mandate Limit") by ordinary resolution of the Shareholders after three years from the date of the shareholders' approval for the last refreshment. Any proposal for refreshing the SAS Scheme Mandate Limit (as defined below) before the end of such three-year period must be approved by independent Shareholders. The maximum aggregate number of Shares which may be issued in respect of any Awards, share options or awards to be granted under the Share Award Scheme or any other schemes of the Company under the scheme mandate limit as refreshed (the "SAS Refreshed Mandate Limit") must not exceed eight per cent (8%) of the Shares in issue as at the date of approval of the SAS Refreshed Mandate Limit. For the avoidance of doubt, any Shares which have been vested in and transferred out to any SAS Eligible Participant selected by the Board for participation in the Share Award Scheme (the "SAS Selected Participant") shall be considered as utilised for the purpose of calculating the SAS Scheme Mandate Limit.

Subject to the SAS Scheme Mandate Limit, the total number of Shares in respect of which Awards may be granted to the SAS Service Providers under the Share Award Scheme must not exceed one per cent (1%) of the Shares in issue as at the SAS Approval Date (the "SAS Initial Sublimit") provided always that any utilisation under the service provider submit (i.e. SAS Initial Sublimit or the SAS Refreshed Sublimit (as defined below)) (the "SAS Service Provider Sublimit") shall be regarded as utilisation within the SAS Scheme Mandate Limit.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

Share Award Scheme *(Continued)*

Scheme Limit *(Continued)*

The Company may, conditional upon the obtaining of the required approval for the SAS Refreshed Mandate Limit, refresh the SAS Service Provider Sublimit by a separate ordinary resolution of the Shareholders (or independent Shareholders, as the case may be). The maximum number of Shares which may be issued in respect of any Awards to be granted to SAS Service Providers under the SAS Service Provider Sublimit as refreshed (the "SAS Refreshed Sublimit") must not exceed one per cent (1%) of the Shares in issue as at the date of approval of the SAS Refreshed Sublimit.

Any grant of Awards to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed SAS Selected Participant in respect of the Award in question).

The total number of Shares issued and to be issued in respect of the Awards granted under the Share Award Scheme and share options and awards granted under any other schemes of the Company to each SAS Selected Participant (excluding any options, awards and Awards lapsed in accordance with the terms of the Share Award Scheme or other schemes of the Company, as the case may be) in any 12-month period must not exceed one per cent (1%) of the Shares in issue. Where any grant of Awards to a SAS Selected Participant would result in the Shares issued and to be issued in respect of all share options, awards and Awards granted to such SAS Selected Participant under the Share Award Scheme and any other schemes of the Company (excluding any options, awards and Awards lapsed in accordance with the terms of this Scheme or other schemes of the Company, as the case may be) in the 12-month period up to and including the date of such grant representing in aggregate over one per cent (1%) of the Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such SAS Selected Participant and his close associates (or associates if the SAS Selected Participant is a connected person) abstaining from voting.

Where any grant of Awards to an independent non-executive Director or a substantial shareholder of the Company or any of his associates would result in the Shares issued and to be issued in respect of all share options, awards and Awards granted under the Share Award Scheme and any other schemes of the Company (excluding any options, awards and Awards lapsed in accordance with the terms of this Scheme or other schemes of the Company, as the case may be) to such SAS Selected Participant in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1 per cent (0.1%) of the Shares in issue, such further grant of Awards must be approved by the Shareholders in the Company's general meeting with such SAS Selected Participant, his associates, and all core connected persons of the Company abstaining from voting in favour at such general meeting.

Where any grant of Awards to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all awards and Awards granted (excluding any awards and Awards lapsed in accordance with the terms of the Share Award Scheme or other schemes of the Company, if any and as the case may be) to such SAS Selected Participant in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1 per cent (0.1%) of the Shares in issue, such further grant of Awards must be approved by the Shareholders in the Company's general meeting with such SAS Selected Participant, his associates and all core connected persons of the Company abstaining from voting in favour at such general meeting.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

Share Award Scheme *(Continued)*

Restrictions

No award shall be made by the Board and no instructions to acquire Shares shall be given to the trustee under the Share Award Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Operation

Pursuant to the Scheme Rules, the Board may from time to time cause to be paid or made available certain cash to the trust constituted by the Trust Deed (the "Trust") by way of settlement or otherwise contributed by the Company, any subsidiary of the Company or Associated Company as directed by the Board which shall constitute part of the trust fund, for the purchase or subscription (as the case may be) of the Shares and other purposes set out in the Scheme Rules and the Trust Deed.

In the event that the Awarded Shares are to be allotted and issued as new Shares under the mandate granted or to be granted by the Shareholders at general meeting from time to time (the "SAS Mandate") for the purpose of the Trust, the Board shall cause an amount not less than the nominal value of such new Shares to be allotted and issued be transferred from the Company's resources as soon as practicable but in any event not later than five business days prior to the allotment and issuance of such Shares as subscription monies for the new Shares and cause to issue and allot such new Shares to the trustee, which shall be held upon trust for the relevant SAS Selected Participant subject to the terms and conditions set out in the Scheme Rules and the Trust Deed. The Company shall comply with the relevant Listing Rules, in particular Chapter 17 of the Listing Rules, when allotting and issuing any new Shares under the mandate and application shall be made to the Hong Kong Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued (if such application has not been made). Where any grant of Awarded Shares is proposed to be made to a connected person of the Company (within the meaning of the Listing Rules), the Company will comply with applicable provisions of the Listing Rules as may be applicable.

The Board may also from time to time instruct the trustee in writing to purchase Shares on the Hong Kong Stock Exchange, in which case, the Board shall specify the maximum amount of funds to be used and the range of prices at which such Shares are to be purchased. The trustee shall apply such amount of residual cash in the trust fund towards the purchase of such maximum board lot of Shares at the prevailing market price according to the Board's instructions. Once purchased, the Shares are to be held by the trustee for the benefit of SAS Selected Participant under the Trust.

Vesting and Lapse

The Board is entitled to impose any conditions (including but not limited to a period of continued service within the Group after the Award) as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the SAS Selected Participant.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

Share Award Scheme *(Continued)*

Vesting and Lapse (Continued)

Subject to the terms and conditions of the Scheme Rules and the fulfillment of all conditions for the vesting of the Awarded Shares in the SAS Selected Participant as specified in the Share Award Scheme and a notice of grant of Awarded Shares given by the Board to the relevant SAS Selected Participant (the "Grant Notice"), and the receipt by the trustee of the deed of confirmation duly signed by the relevant SAS Selected Participant, the respective Awarded Shares held by the trustee on behalf of the Selected Participant pursuant to the provision of the Share Award Scheme shall vest in such SAS Selected Participant in accordance with the vesting schedule (if any) as set out in the Grant Notice, and the trustee shall cause the Awarded Shares to be transferred to such SAS Selected Participant.

Subject to the exceptions set out in this paragraph below, the vesting period for the Awarded Shares (the "Vesting Period") shall not be less than 12 months or such other period as the Listing Rules may prescribe or permit. Awards granted to a SAS Selected Participant may be subject to a shorter vesting period under specific circumstances as set out below:

- (a) Grants of "make-whole" Awards to a SAS Selected Participant who is a new joiner to replace the share awards he forfeited when leaving his previous employer(s). In such cases, the Vesting Period may be shorter to reflect the remaining Vesting Period in respect of the forfeited share awards;
- (b) Grants of "make-whole" Awards to a SAS Selected Participant who is an existing key personnel of a newly acquired subsidiary of the Company to replace the awards or options he forfeited upon the acquisition of the subsidiary by the Company. In such case, the Vesting Period may be shorter to reflect the remaining Vesting Period in respect of the forfeited awards or options;
- (c) Grants of Awards to a SAS Selected Participant whose employment is terminated due to retirement, death, disability, or reasons other than resignation or (i) any commission of an act of theft, embezzlement, fraud, dishonesty, serious misconduct, ethical breach or other similar acts, or commission of a felony or a lesser crime involving moral turpitude as determined by the Board in its sole discretion; (ii) any conviction of any criminal offence or any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time; (iii) any material breach of any agreement or understanding between the SAS Selected Participant and a Group company as determined by the Board in its sole discretion including, without limitation, any applicable intellectual property and/or invention assignment, employment, non-competition, confidentiality or other similar agreement; (iv) any material misrepresentation or omission of any material fact as determined by the Board in its sole discretion in connection with the SAS Selected Participant's employment with any Group company; (v) any material failure to perform the customary duties as a SAS Selected Participant, to obey the reasonable directions of a supervisor or to abide by the policies or codes of conduct of any Group company as determined by the Board in its sole discretion; or (vi) any conduct that is materially adverse to the name, reputation or interests of the Group as determined by the Board in its sole discretion. In such circumstance(s), the vesting of an Award may accelerate;

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

Share Award Scheme *(Continued)*

Vesting and Lapse (Continued)

- (d) Grants of Awards with performance-based vesting conditions as provided in the Share Award Scheme in lieu of time-based vesting criteria;
- (e) Grants of Awards that are made in batches during a year for administrative and compliance reasons. They may include Awards that have been granted earlier but had to wait for a subsequent batch. In such cases, the Vesting Period may be shorter to reflect the time from which an Award would have been granted;
- (f) Grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months; or
- (g) Grants of Awards with a total vesting and holding period of more than 12 months.

Award shall, to the extent not yet vested, automatically lapse forthwith when a SAS Selected Participant is found to be any excluded SAS Participant (namely, any SAS Eligible Participant who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place, or where in the view of the Board or the trustee (as the case may be), in compliance with applicable laws or regulations in such place, makes it necessary or expedient to exclude such SAS Eligible Participant) or is deemed to cease to be an SAS Eligible Participant prior to or on the SAS Vesting Date (as defined below).

In the event a SAS Selected Participant (i) has suffered disability as a result of or in connection with performance of his duty during the course of employment with a Group company, a Related Entity or Associated Company at any time prior to the SAS Vesting Date and is unable to perform his duties; or (ii) has died during his employment with a Group company, a Related Entity or Associated Company; or (iii) has retired by agreement with a member of the Group, a Related Entity or Associated Company or resigned at any time prior to or on the vesting date (i.e. the date on which the entitlement of the SAS Selected Participant to the Awarded Shares is vested in such SAS Selected Participant) (the "SAS Vesting Date"), all the Awarded Shares of the relevant SAS Selected Participant shall, to the extent not yet vested, automatically lapse on the last day of employment unless the Board determines otherwise and the relevant Awarded Shares shall not vest on the relevant SAS Vesting Date but shall remain part of the Trust Fund.

In the event of the death of a SAS Selected Participant, the trustee shall hold the vested Awarded Shares upon trust and to transfer the same to the legal personal representatives of the SAS Selected Participant.

If there occurs an event of change in control or alteration in the capital structure of the Company, whether by way of capitalisation issue, offer, merger, sub-division or consolidation of shares, reduction of share capital, scheme of arrangement, compromise or arrangement pursuant to the Bermuda Companies Act or otherwise, and such change in control or alteration in the capital structure event becomes or is declared unconditional prior to the SAS Vesting Date, the Board shall determine at its sole discretion whether such Awarded Shares shall vest in the SAS Selected Participant and the time at which such Awarded Shares shall vest.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES *(Continued)*

Share Award Scheme *(Continued)*

Cancellation of Awards

Any Awards that have not vested or lapsed may be cancelled if the SAS Selected Participant so agrees and new Awards may be granted to the same SAS Selected Participant under the Share Award Scheme with available SAS Scheme Mandate Limit and SAS Service Provider Sublimit (as applicable). The Awards cancelled will be regarded as utilised for the purpose of calculating the SAS Scheme Mandate limit and SAS Service Provider Sublimit.

Voting Rights

The trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom).

Termination

The Share Award Scheme shall terminate on the earlier of the expiry of the Trust Period and such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of the SAS Selected Participant under the Share Award Scheme.

Upon termination of the Share Award Scheme, no further Awarded shares shall be granted, the Scheme Rules shall remain in full force and effect in respect of Awards which have been granted during the term of the Share Award Scheme and which remain unvested or which have vested but not yet been transferred to a SAS Selected Participant immediately prior to the termination of the Share Award Scheme. All the Awarded Shares of the SAS Selected Participants granted under the Share Award Scheme shall continue to be held by the trustee and become vested in the SAS Selected Participants according to the conditions of the Award, subject to the receipt by the trustee of the transfer documents prescribed by the trustee and duly executed by the SAS Selected Participant. Upon the expiration of the Trust Period, all Shares (except for any Awarded Shares subject to vesting on the SAS Selected Participant) remaining in the trust fund shall be sold by the trustee within 28 business days (on which the trading of the Shares has not been suspended) (or such longer period as the trustee and the Board may otherwise determine) and all the net proceeds of sale and such other funds and properties remaining in the trust fund managed by the trustee (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith.

As at the date of this annual report, the total number of Shares available for issue under the Share Award Scheme was 1,985,918,240 Shares, representing approximately 6.65% of the total number of Shares in issue (excluding treasury shares (if any)).

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

Share Award Scheme (Continued)

Movements of Awarded Shares

During the Reporting Period, the movements of Awarded Shares granted under the Share Award Scheme were as follows:

Grantee name/ categories	Date of grant	Vesting date/period	Market price of Award Shares at date of grant based on closing price of Shares as at date of grant (HK\$)	Purchase price of the Awarded Shares (HK\$)	Closing price of Shares immediately before the date of grant (HK\$)	Closing price of Shares immediately before the vesting date (HK\$)	Weighted average closing price of Shares immediately before the vesting date (HK\$)	Number of Unvested Awarded Shares at April 1, 2024 (excluding those vested on April 1, 2024)	Number of Awarded Shares granted during the Reporting Period	Number of Awarded Shares vested during the Reporting Period	Number of Awarded Shares lapsed during the Reporting Period	Number of Awarded Shares cancelled during the Reporting Period	Number of Unvested Awarded Shares at March 31, 2025
Directors of the Company:													
Mr. Fan Luyuan	5/6/2020	01/04/2021-01/04/2026	1.070	-	1.050	0.455	0.455	735,000	-	245,000	-	-	490,000
	16/6/2021	01/04/2022-01/04/2027	1.060	-	1.060	0.455	0.455	2,000,000	-	500,000	-	-	1,500,000
	17/6/2022	01/04/2023-01/04/2028	0.730	-	0.740	0.455	0.455	5,000,000	-	1,000,000	-	-	4,000,000
	12/6/2023	01/04/2024-01/04/2029	0.410	-	0.415	0.455	0.455	8,000,000	-	1,333,333	-	-	6,666,667
	18/6/2024	01/04/2025-01/04/2030	0.450	-	0.460	-	-	-	8,000,000	-	-	-	8,000,000
Mr. Li Jie	5/6/2020	01/04/2021-01/04/2024	1.070	-	1.050	0.455	0.455	1,750,000	-	1,750,000	-	-	-
	16/6/2021	01/04/2022-01/04/2025	1.060	-	1.060	0.455	0.455	1,125,000	-	562,500	-	-	562,500
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.455	0.455	3,562,500	-	1,187,500	-	-	2,375,000
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.455-0.510	0.483	4,593,750	-	3,062,500	-	-	1,531,250
	12/6/2023	01/04/2024-01/04/2027	0.410	-	0.415	0.455	0.455	10,000,000	-	2,500,000	-	-	7,500,000
Mr. Meng Jun	18/6/2024	01/04/2025-01/04/2028	0.450	-	0.460	-	-	-	10,800,000	-	-	-	10,800,000
Mr. Meng Jun	5/6/2020	01/04/2021-01/04/2024	1.070	-	1.050	0.455	0.455	82,500	-	82,500	-	-	-
	16/6/2021	01/04/2022-01/04/2025	1.060	-	1.060	0.455	0.455	300,000	-	150,000	-	-	150,000
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.455	0.455	1,200,000	-	400,000	-	-	800,000
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.455-0.510	0.483	342,000	-	228,000	-	-	114,000
	12/6/2023	01/04/2024-01/04/2027	0.410	-	0.415	0.455	0.455	3,071,250	-	767,812	-	-	2,303,438
Directors of subsidiaries of the Company:													
Four directors of subsidiaries of the Company	5/6/2020	01/04/2021-01/04/2024	1.070	-	1.050	0.455	0.455	387,500	-	387,500	-	-	-
	16/6/2021	01/04/2022-01/04/2025	1.060	-	1.060	0.455	0.455	1,955,691	-	977,845	-	-	977,846
	9/9/2021	01/10/2022-01/10/2025	0.840	-	0.850	0.510	0.510	320,000	-	160,000	-	-	160,000
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.455	0.455	4,222,501	-	1,407,501	-	-	2,815,000
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.455-0.510	0.483	1,920,000	-	1,280,000	-	-	640,000
	12/6/2023	01/04/2024-01/04/2027	0.410	-	0.415	0.455	0.455	13,100,000	-	3,275,000	-	-	9,825,000
	18/6/2024	01/04/2025-01/04/2028	0.450	-	0.460	-	-	-	10,369,000	-	-	-	10,369,000

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

Share Award Scheme (Continued)

Movements of Awarded Shares (Continued)

Grantee name/ categories	Date of grant	Vesting date/period	Market price of Award Shares at date of grant based on closing price of Shares as at date of grant (HK\$)	Purchase price of the Awarded Shares (HK\$)	Closing price of Shares immediately before the date of grant (HK\$)	Closing price of Shares immediately before the vesting date (HK\$)	Weighted average closing price of Shares immediately before the vesting date (HK\$)	Number of Unvested Awarded Shares at April 1, 2024 (excluding those vested on April 1, 2024)	Number of Awarded Shares granted during the Reporting Period	Number of Awarded Shares vested during the Reporting Period	Number of Awarded Shares lapsed during the Reporting Period	Number of Awarded Shares cancelled during the Reporting Period	Number of Unvested Awarded Shares at March 31, 2025
Eligible employees (Non-connected employees):													
	31/5/2019	01/04/2020-19/03/2025	1.630	-	1.600	0.570	0.570	533,334	-	533,334	-	-	-
	5/6/2020	01/04/2021-16/04/2024	1.070	-	1.050	0.455	0.455	13,744,925	-	13,744,925	-	-	-
	11/9/2020	26/05/2021-01/10/2024	1.120	-	1.100	0.415-0.510	0.455	4,220,000	-	4,220,000	-	-	-
	16/6/2021	01/04/2022-19/04/2025	1.060	-	1.060	0.430-0.580	0.456	40,876,235	-	20,631,865	1,698,572	-	18,545,798
	9/9/2021	01/10/2022-01/10/2025	0.840	-	0.850	0.380-0.510	0.503	10,560,000	-	4,920,000	840,000	-	4,800,000
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.455-0.550	0.457	72,152,547	-	24,321,682	2,554,000	-	45,276,865
	9/9/2022	01/08/2023-01/10/2026	0.600	-	0.570	0.510	0.510	9,120,000	-	3,040,000	-	-	6,080,000
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.455-0.510	0.482	12,717,015	-	8,387,010	344,000	-	3,986,005
	12/6/2023	01/04/2024-10/04/2027	0.410	-	0.415	0.455-0.540	0.456	182,424,600	-	45,906,150	6,268,500	-	130,249,950
	14/11/2023	01/10/2024-09/10/2027	0.520	-	0.570	0.510	0.510	19,440,000	-	3,960,000	300,000	-	15,180,000
	18/6/2024	01/04/2025-01/04/2028	0.450	-	0.460	-	-	-	114,366,222	-	5,490,000	-	108,876,222
	24/9/2024	04/07/2025-01/10/2028	0.390	-	0.370	-	-	-	11,420,000	-	-	-	11,420,000
Five highest paid employees in aggregate (excluding the Directors as disclosed above):													
	5/6/2020	01/04/2021-01/04/2024	1.070	-	1.050	0.455	0.455	375,000	-	375,000	-	-	-
	16/6/2021	01/04/2022-01/04/2025	1.060	-	1.060	0.455	0.455	1,901,471	-	950,735	-	-	950,736
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.455	0.455	2,887,500	-	962,500	-	-	1,925,000
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.455-0.510	0.483	1,692,000	-	1,128,000	-	-	564,000
	18/6/2024	01/04/2025-01/04/2028	0.450	-	0.460	-	-	-	2,580,000	-	-	-	2,580,000

DIRECTORS' REPORT

SHARE INCENTIVE SCHEMES (Continued)

Share Award Scheme (Continued)

Movements of Awarded Shares (Continued)

Grantee name/ categories	Date of grant	Vesting date/period	Market price of Award Shares at date of grant based on closing price of Shares as at date of grant (HK\$)	Purchase price of the Awarded Shares (HK\$)	Closing price of Shares immediately before the date of grant (HK\$)	Closing price of Shares immediately before the vesting date (HK\$)	Weighted average closing price of Shares immediately before the vesting date (HK\$)	Number of Unvested Awarded Shares at April 1, 2024 (excluding those vested on April 1, 2024)	Number of Awarded Shares granted during the Reporting Period	Number of Awarded Shares vested during the Reporting Period	Number of Awarded Shares lapsed during the Reporting Period	Number of Awarded Shares cancelled during the Reporting Period	Number of Unvested Awarded Shares at March 31, 2025
Related entities participants:													
	5/6/2020	01/04/2021-01/04/2024	1.070	-	1.050	0.455	0.455	1,257,500	-	1,257,500	-	-	-
	11/9/2020	01/10/2021-01/10/2024	1.120	-	1.100	0.510	0.510	245,000	-	245,000	-	-	-
	16/6/2021	01/04/2022-22/04/2025	1.060	-	1.060	0.415-0.440	0.439	1,993,000	-	996,500	400,000	-	596,500
	9/9/2021	01/10/2022-01/10/2025	0.840	-	0.850	0.510	0.510	240,000	-	120,000	-	-	120,000
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.455	0.455	1,689,600	-	563,200	125,000	-	1,001,400
	9/9/2022	01/8/2023-01/8/2026	0.600	-	0.570	0.395	0.395	3,375,000	-	1,125,000	-	-	2,250,000
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.455-0.510	0.483	3,715,125	-	2,476,750	-	-	1,238,375
	12/6/2023	01/04/2024-27/04/2027	0.410	-	0.415	0.455	0.455	5,380,000	-	1,220,000	-	-	4,160,000
	18/6/2024	01/04/2025-01/04/2028	0.450	-	0.460	-	-	-	3,700,000	-	-	-	3,700,000
Service providers	-	-	-	-	-	-	-	-	-	-	-	-	-
Total								454,207,544.00	161,235,222	162,342,142	18,020,072	-	435,080,552

Notes:

- Save as disclosed in the table above, no Awarded Shares have been granted to any chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules).
- Save as disclosed in the table above, no Awarded Shares have been granted to any employees of the Company in excess of the 1% individual limit.
- The fair value of the Awarded Shares at the date of grant on June 18, 2024 and September 24, 2024 during the Reporting Period was HK\$0.45 per Share and HK\$0.39 per Share, respectively, and was determined based on the published closing price of the Shares at the respective dates of grant. The fair value of Awards are calculated in accordance with the accounting standard in accordance with HKFRS 2 – Share-based Payment adopted by the Group. For the details of accounting policy applied, please refer to note 25 to the consolidated financial statements contained in this annual report. The methodology and assumptions used was binomial free price model. The assumptions include risk free rate and expected volatility.
- The total numbers of Awarded Shares available for grant under scheme mandate of the Share Award Scheme as at April 1, 2024 and March 31, 2025 were 2,138,619,212 and 1,983,173,990, respectively, representing approximately 7.25% and 6.67% of the Company's issued shares as at the respective dates.
- The number of Shares that may be issued in respect of the Awarded Shares granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue (excluding treasury shares (if any)) for the Reporting Period was 0.54%.
- During the Reporting Period, certain eligible employees (non-connected employees) became related entities participants, and vice versa, hence statistics in the table above have been adjusted accordingly.

DIRECTORS' REPORT

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "SHARE INCENTIVE SCHEMES" above, neither at the end of the Reporting Period nor at any time during the Reporting Period was the Company, any of its holding companies, its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Furthermore, neither at the end of the Reporting Period nor at any time during the Reporting Period was there any arrangement whose objects are, or one of whose objects is, to enable Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "CONNECTED TRANSACTIONS" below and the related party transactions as disclosed in note 33 to the consolidated financial statements contained in this annual report, (i) no transactions, arrangements or contracts of significance to which the Company, any of its holding companies, its subsidiaries or its fellow subsidiaries was a party and in which a Director and/or any of its connected entity had a material interest, whether directly or indirectly; (ii) no transaction, arrangement or contract of significance between the Company, any of its holding companies, its subsidiaries and the Company's controlling shareholder or any of its subsidiaries, subsisted at the end of the Reporting Period or at any time during the Reporting Period; and (iii) no contract of significance for the provision of services to the Group by a controlling shareholder of the Company or any of its subsidiaries were made during the Reporting Period.

DIRECTORS' SERVICE CONTRACTS

No Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company, which were not a contract of service with any Director or any person engaged in the full-time employment of the Company, were entered into or existed at any time during the Reporting Period.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

For details of relationship with the employees, please refer to the paragraph headed "Employees and Remuneration Policies" in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" as set out on page 17 of this annual report.

The Group seeks to maintain good and effective communication with our customers to gain their feedback and understand their needs and demands, thereby further improving our products and services and providing better customer experience.

The success of our businesses depends on a long-term relationship with our suppliers. The Group therefore makes great efforts to develop and maintain a good relationship with suppliers so as to better understand the development of the market and manage the supply chain.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against the directors and officers of the Company and its subsidiaries.

COMPLIANCE WITH LAWS AND REGULATIONS

For the Reporting Period and up to the date of this report, to the best knowledge of the Directors, the Group had complied with applicable laws, rules and regulations in respect of the Group's business operations, including but not limited to those relating to value-added telecommunications services, information security and privacy protection, film distribution, radio and television programs and Internet advertisement in the PRC, and other laws, rules and regulations that are applicable to the Group in all material respects. Discussion on the compliance with the relevant laws and regulations which have significant impact on the Group is set out in the Environmental, Social and Governance Report of the Company (the "ESG Report").

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to promoting environmentally friendly business practices and raising awareness on the conservation of natural resources. Utilizing Alibaba Group's powerful intranet systems, its staff can accomplish some of their administrative work electronically which reduces the use of office supplies. The Group also encourages prudent electricity consumption. Its staff are advised to turn off any lights in unoccupied areas.

The Group believes that taking active measures in minimizing wasteful material and energy consumption in the course of conducting our business would not only bring economic benefits but also assist in the preservation of the natural environment.

The ESG Report will be published at the same time of the publication of this annual report on the website of each of the Company (www.damaiholdings.com) and HKExnews operated by Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the percentage of the Group's purchases attributable to the Group's five largest suppliers combined was less than 30%.

Information on the Group's major customers during the Reporting Period:

Percentage of the Group's revenue attributable to the Group's largest customer	Approximately 8%
Percentage of the Group's revenue attributable to the Group's five largest customers combined	Approximately 15%

Apart from the connected transactions with Alibaba Group (other than the Group) and the Ant Group as disclosed in the paragraph headed "CONNECTED TRANSACTIONS" below, none of the Directors, their close associates, or any Shareholder (which to the knowledge of the Directors owns more than 5% of the number of issued Shares, excluding treasury shares (if any)) had any interest in the five largest customers.

CONNECTED TRANSACTIONS

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

- (1) As at the end of the Reporting Period, AGH, which indirectly wholly owned each of Ali CV Investment Holding Limited ("Ali CV") and Alibaba Investment Limited ("Alibaba Investment"), the controlling shareholders of the Company, holding approximately 53.85% of the issued share capital of the Company in aggregate, and each of AGH, Alibaba Investment and Ali CV is hence a connected person of the Company;
- (2) Zhejiang Tmall Technology Co., Ltd.* (浙江天貓技術有限公司) ("Tmall Technology"), which is an indirect wholly-owned subsidiary of AGH. Accordingly, Tmall Technology is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (3) Zhejiang Tmall Network Co., Ltd.* (浙江天貓網絡有限公司) ("Tmall Network"), which is a consolidated entity of AGH. Accordingly, Tmall Network is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (4) Ant Group Co., Ltd. (螞蟻科技集團股份有限公司) ("Ant Group"), which is a 33%-controlled company of AGH. Accordingly, Ant Group is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (5) Alipay.com Co., Ltd.* (支付寶(中國)網絡技術有限公司) ("Alipay"), which is a wholly-owned subsidiary of Ant Group. Accordingly, Alipay is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (6) Hangzhou Alimama Software Services Co., Ltd.* (杭州阿里媽媽軟件服務有限公司) ("Alimama"), which is an indirect wholly-owned subsidiary of AGH. Accordingly, Alimama is an associate of Ali CV/Alibaba Investment and a connected person of the Company;

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

- (7) Shanghai Quan Tudou Cultural Communication Co., Ltd.* (上海全土豆文化傳播有限公司) ("Youku Tudou"), which is a consolidated entity of AGH. Accordingly, Youku Tudou is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (8) Cool Young Culture Communication Co., Ltd.* (酷漾文化傳播有限公司) ("Cool Young"), which is indirectly controlled by the Company and AGH as to 51% and 49% equity interest, respectively. Accordingly, Cool Young is a 30%-controlled company indirectly held by AGH and a connected subsidiary (as defined in Chapter 14A of the Listing Rules) of the Company, as well as a connected person of the Company;
- (9) Youku Information Technology (Beijing) Co., Ltd.* (優酷信息技術(北京)有限公司) ("Youku Information"), which is a consolidated entity of AGH. Accordingly, Youku Information is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (10) Beijing Youku Technology Co., Ltd.* (北京優酷科技有限公司) ("Youku Technology"), which is an indirect wholly-owned subsidiary of AGH. Accordingly, Youku Technology is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (11) Alipay (Hangzhou) Information Technology Co., Ltd.* (支付寶(杭州)信息技術有限公司) ("Alipay (Hangzhou)"), which is a wholly-owned subsidiary of Ant Group. Accordingly, Alipay (Hangzhou) is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (12) Hangzhou Cainiao Supply Chain Management Co., Ltd.* (杭州菜鳥供應鏈管理有限公司) ("Hangzhou Cainiao"), which is an indirect non-wholly-owned subsidiary of AGH. Accordingly, Hangzhou Cainiao is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (13) Hangzhou Ant Kuai Technology Co., Ltd.* (杭州螞蟻酷愛科技有限公司) ("Hangzhou Ant"), which is an indirect wholly-owned subsidiary of Ant Group. Accordingly, Hangzhou Ant is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (14) Ant Blockchain Technology (Shanghai) Co., Ltd.* (螞蟻區塊鏈科技(上海)有限公司) ("Ant Blockchain"), which is an indirect wholly-owned subsidiary of Ant Group. Accordingly, Ant Blockchain is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (15) Hangzhou Huanyao Technology Co., Ltd.* (杭州煥耀科技有限公司) ("Hangzhou Huanyao"), which is an indirect wholly-owned subsidiary of Ant Group. Accordingly, Hangzhou Huanyao is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (16) Beijing Baoxuan Yingcheng Culture Co., Ltd.* (北京寶軒影橙文化有限公司) ("Beijing Baoxuan"), which is a consolidated entity of AGH. Accordingly, Beijing Baoxuan is an associate of AGH and a connected person of the Company;
- (17) Alibaba Culture Entertainment Co., Ltd.* (阿里巴巴文化娛樂有限公司) ("Alibaba Culture"), which is a consolidated entity of AGH. Accordingly, Alibaba Culture is an associate of AGH and a connected person of the Company;

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

- (18) Jingtian Technology (Shanghai) Co., Ltd.* (鯨探科技(上海)有限公司) ("Jingtian Technology"), which is an indirect wholly-owned subsidiary of Ant Group. Accordingly, Jingtian Technology is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (19) Ant Intelligence Service (Chengdu) Information Technology Co., Ltd.* (螞蟻智服(成都)信息技術有限公司) ("Ant Intelligence"), which is an indirect wholly-owned subsidiary of Ant Group. Accordingly, Ant Intelligence is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (20) Alibaba.com China Limited ("Alibaba.com"), which is an indirect wholly-owned subsidiary of AGH. Accordingly, Alibaba.com is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (21) Alibaba Cloud (Singapore) Private Limited ("Alibaba Cloud"), which is an indirect wholly-owned subsidiary of AGH. Accordingly, Alibaba Cloud is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (22) Lingyang Intelligent Technology Co., Ltd.* (瓚羊智能科技有限公司) ("Lingyang Intelligent"), which is an indirect wholly-owned subsidiary of AGH. Accordingly, Lingyang Intelligent is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (23) Taobao (China) Software Co., Ltd.* (淘寶(中國)軟件有限公司) ("Taobao"), which is an indirect wholly-owned subsidiary of AGH. Accordingly, Taobao is an associate of Ali CV/Alibaba Investment and a connected person of the Company;
- (24) Cainiao Smart Logistics Network (Hong Kong) Limited* (菜鳥智能物流網絡(香港)有限公司) ("Cainiao"), which is an indirect non wholly-owned subsidiary of AGH. Accordingly, Cainiao is an associate of Ali CV/Alibaba Investment and a connected person of the Company; and
- (25) Shanghai Huan Yuan Technology Co., Ltd.* (上海煥原科技有限公司) ("Shanghai Huanyuan"), which is an indirect wholly-owned subsidiary of Ant Group. Accordingly, Shanghai Huanyuan is an associate of Ali CV/Alibaba Investment and a connected person of the Company.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions

(1) 2024 Renewed Operating Service Agreement

On April 8, 2024, Alibaba Shouquanbao (Tianjin) Culture Communication Co., Ltd.* (阿里巴巴授權寶(天津)文化傳播有限公司) ("Shouquanbao"), an indirect wholly-owned subsidiary of the Company, entered into an operating service agreement (the "2024 Renewed Operating Service Agreement") with Tmall Network, a consolidated entity of AGH, and Tmall Technology, an indirect wholly-owned subsidiary of AGH (together, the "Tmall Entities"), for a term commenced from April 8, 2024 and ending on March 31, 2027, to renew the renewed operating service agreement, which was entered into between Zhonglian Shengshi Culture (Beijing) Co., Ltd.* (中聯盛世文化(北京)有限公司) ("Zhonglian Shengshi"), an indirect wholly-owned subsidiary of the Company and Tmall Entities on April 1, 2021. Pursuant to the 2024 Renewed Operating Service Agreement, the Tmall Entities agreed to use, and Shouquanbao agreed to provide, such services which are necessary for Shouquanbao to jointly operate Tmall with the Tmall Entities in relation to certain product categories offered on Tmall, namely action figures, animation and its derivatives, cosplay, board & card games (the "Relevant Categories"), including, among other things, developing the Relevant Categories by sourcing, managing and regulating merchandise, recruiting new merchants, conducting evaluations on merchants and quality control checks on merchandise, providing customer services and marketing services, and taking action for any breach of contract by any merchant.

The annual caps for the service fees payable by the Tmall Entities to Shouquanbao for the transactions contemplated under the 2024 Renewed Operating Service Agreement for the financial years ended/ ending March 31, 2025, March 31, 2026 and March 31, 2027 are RMB140,000,000, RMB150,000,000 and RMB160,000,000, respectively.

The actual service fees paid/payable by Tmall Entities to Shouquanbao under the 2024 Renewed Operating Service Agreement for the financial year ended March 31, 2025 amounted to approximately RMB99,057,000.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(2) 2023 Payment Services Framework Agreement

On March 28, 2023, the Company entered into a renewed payment services framework agreement (the "2023 Payment Services Framework Agreement") with Alipay, a wholly-owned subsidiary of Ant Group, which in turn is a 33%-controlled company of AGH, for a term commenced from April 1, 2023 and ending on March 31, 2026, to renew the 2020 Renewed Payment Services Framework Agreement. Pursuant to the 2023 Payment Services Framework Agreement, the Group may request the payment services, comprising (i) the payment services provided by Alipay for the vendors and customers of the online ticketing platform "Tao Piao Piao", (ii) the payment services for the transactions conducted between the Group and third parties on online platforms operated by Alibaba Group in the PRC under the domain names, including but not limited to taobao.com and Tmall.com for third party users, such as brands and retailers, and (iii) other payment services, from Alipay from time to time in accordance with the terms and conditions of the agreement.

For the three financial years ended/ending March 31, 2024, March 31, 2025 and March 31, 2026, the annual caps of the total fees payable by the Group to Alipay under the 2023 Payment Services Framework Agreement are RMB55,000,000 (as revised on December 28, 2023), RMB150,000,000 (as revised on May 29, 2024 and January 24, 2025, respectively) and RMB170,000,000 (as revised on May 29, 2024 and January 24, 2025, respectively), respectively.

The actual transaction amount of all payment services under the 2023 Payment Services Framework Agreement for the financial years ended March 31, 2024 and March 31, 2025 amounted to approximately RMB44,393,000 and RMB124,276,000, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(3) 2023 Renewed Marketing Cooperation Framework Agreement

On November 13, 2023, Beijing Asian Union Culture Media Investment Co., Ltd.* (北京中聯華盟文化傳媒投資有限公司) (now known as Beijing Alibaba Pictures Culture Co., Ltd.* (北京阿里巴巴影業文化有限公司) ("Beijing Alibaba Pictures")), a consolidated subsidiary of the Company, entered into the third renewed marketing cooperation framework agreement (the "2023 Renewed Marketing Cooperation Framework Agreement") with Youku Information, a consolidated entity of AGH, for a term commenced from November 13, 2023 and ending on March 31, 2026, to renew the renewed marketing cooperation framework agreement dated March 27, 2020. Pursuant to the 2023 Renewed Marketing Cooperation Framework Agreement, Beijing Alibaba Pictures (for itself and as agent for and on behalf of its clients) may enter into specific marketing agreements with Youku Information and/or its affiliates to procure from Youku Information and/or its affiliates advertising and related services (including but not limited to, video advertisements, banner advertisements, button advertisements, text link advertisements, floating advertisements, column advertisements, full screen advertisements, advertisements through streaming, offline display advertisements as well as other forms of online and offline advertising) (the "Advertising Related Services") at agreed discount rates.

The annual caps of the Advertising Related Services under the 2023 Renewed Marketing Cooperation Framework Agreement for the financial years ended/ending March 31, 2024, March 31, 2025 and March 31, 2026 are RMB2,000,000, RMB4,000,000 and RMB4,000,000, respectively.

The actual transaction amount of the Advertising Related Services under the 2023 Renewed Marketing Cooperation Framework Agreement for the financial years ended March 31, 2024 and March 31, 2025 amounted to approximately RMB1,274,000 and RMB1,868,000, respectively.

(4) 2023 Renewed Entertainment Works Cooperation Framework Agreement

On March 28, 2023, Shouquanbao and Youku Technology, an indirect wholly-owned subsidiary of AGH, entered into a renewed entertainment works cooperation framework agreement ("2023 Renewed Entertainment Works Cooperation Framework Agreement"), for a term commenced from April 1, 2023 and ending on March 31, 2026, to renew the entertainment works cooperation framework Agreement entered into between Shouquanbao and AGH on March 31, 2020. Pursuant to the 2023 Renewed Entertainment Works Cooperation Framework Agreement, Shouquanbao and/or any of its affiliates (the "Relevant Shouquanbao Members") and Youku Technology and/or any of its affiliates (the "Relevant Youku Technology Members") may cooperate with respect to (i) the grant or transfer of the rights of developing derivative commodities, marketing and spatial decoration, (ii) advertising design services and marketing services, (iii) product design services and production services, (iv) purchase of products and consignment services, (v) embedded advertising services, (vi) agency services, (vii) live event management services, (viii) ticketing services, (ix) investment cooperation, (x) business entrustment services, and (xi) technical and other related services.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(4) 2023 Renewed Entertainment Works Cooperation Framework Agreement *(Continued)*

For the financial years ended/ending March 31, 2024, March 31, 2025 and March 31, 2026, (i) the annual caps of the total fees payable by Shouquanbao and/or its affiliates to Youku Technology and/or its affiliates with respect to the transactions contemplated under the 2023 Renewed Entertainment Works Cooperation Framework Agreement are RMB45,000,000, RMB49,000,000 and RMB53,000,000, respectively; and (ii) the annual caps of the total fees payable by Youku Technology and/or its affiliates to Shouquanbao and/or its affiliates with respect to the transactions contemplated under the 2023 Renewed Entertainment Works Cooperation Framework Agreement are RMB90,000,000, RMB160,000,000 (as revised on January 24, 2025) and RMB180,000,000 (as revised on January 24, 2025), respectively.

For the financial years ended March 31, 2024 and March 31, 2025, (i) the actual total fees paid/payable by Shouquanbao and/or its affiliates to Youku Technology and its affiliates with respect to the transactions under the 2023 Renewed Entertainment Works Cooperation Framework Agreement amounted to approximately RMB19,595,000 and RMB18,111,000, respectively; and (ii) the actual total fees paid/payable by Youku Technology and its affiliates to Shouquanbao and/or its affiliates with respect to the transactions under the 2023 Renewed Entertainment Works Cooperation Framework Agreement amounted to approximately RMB47,645,000 and RMB124,240,000, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(5) **2022 Renewed Talent Agency Cooperation Framework Agreement and 2025 Renewed Talent Agency Cooperation Framework Agreement**

On March 28, 2022, Cool Young, a consolidated subsidiary of the Company, entered into a renewed talent agency cooperation framework agreement (the "2022 Renewed Talent Agency Cooperation Framework Agreement") with AGH, for a term commenced from April 1, 2022 and ended on March 31, 2025, to renew the previous talent agency cooperation framework agreement dated April 11, 2019 in relation to talent agency cooperation.

Pursuant to the 2022 Renewed Talent Agency Cooperation Framework Agreement, Cool Young and AGH or any of its affiliates may enter into specific agreements (including (i) engagement contract, whereby AGH or any of its affiliates directly engages Cool Young's artist(s) to perform the relevant tasks (such as performances, celebrity endorsement in advertising, commercial and non-commercial business activities, development of celebrity products and personal brands, management of personal interests (including but not limited to the right to control the use of one's name, image and reputation) and technical, consulting and marketing services and/or any other matters relating to the entertainment career of Cool Young's artists which meet the business needs of AGH or any of its affiliates or any of their third-party clients (the "Relevant Tasks") as required by AGH or any of its affiliates or any of their third-party clients by paying the engagement fees to Cool Young; and (ii) agency service contract or (together with a third-party client of AGH or any of its affiliates as a party) engagement contract, whereby of AGH or any of its affiliates recommends to, and coordinates with a third-party client to engage Cool Young's artist(s) to perform the Relevant Tasks as required by such third-party client; in return, Cool Young shall pay the agency service fees to AGH or any of its affiliates).

For the three financial years ended March 31, 2023, March 31, 2024 and March 31, 2025, (i) the annual caps of the engagement fees payable by AGH and any of its affiliates to Cool Young under the 2022 Renewed Talent Agency Cooperation Framework Agreement are RMB75,000,000, RMB100,000,000 and RMB120,000,000, respectively; and (ii) the annual caps of the agency service fees payable by Cool Young to AGH and any of its affiliates under the 2022 Renewed Talent Agency Cooperation Framework Agreement are RMB4,500,000, RMB6,000,000 and RMB6,000,000, respectively.

For the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025, (i) the actual engagement fees paid/payable by AGH and any of its affiliates to Cool Young under the 2022 Renewed Talent Agency Cooperation Framework Agreement amounted to approximately RMB14,656,000, RMB44,610,000 and RMB18,576,000, respectively; and (ii) the actual agency service fees paid/payable by Cool Young to AGH and any of its affiliates under the 2022 Renewed Talent Agency Cooperation Framework Agreement amounted to RMB nil and approximately RMB86,000 and RMB13,000, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(5) 2022 Renewed Talent Agency Cooperation Framework Agreement and 2025 Renewed Talent Agency Cooperation Framework Agreement (Continued)

On 31 March 2025, Cool Young entered into a talent agency cooperation framework agreement (the "2025 Renewed Talent Agency Cooperation Framework Agreement") with Youku Information, a consolidated entity of AGH, and Alibaba Pictures (Tianjin) Co., Ltd.* (阿里巴巴影業(天津)有限公司) ("Alibaba Pictures (Tianjin)"), a consolidated subsidiary of the Company, for a term commencing from April 1, 2025 and ending on March 31, 2028, to renew the 2022 Renewed Talent Agency Cooperation Framework Agreement. Pursuant to the 2025 Renewed Talent Agency Cooperation Framework Agreement, Youku Information and/or any of its affiliates (the "Relevant Youku Information Members") and Alibaba Pictures (Tianjin) and/or any of its affiliates (the "Relevant Alibaba Pictures (Tianjin) Members") may enter into the following types of specific agreements with the Cool Young and/or any of its affiliates (the "Relevant Cool Young Members") during the term of the 2025 Renewed Talent Agency Cooperation Framework Agreement:

- (1) Youku Information and Alibaba Pictures (Tianjin) engagement contract, whereby the Relevant Youku Information Members and/or the Relevant Alibaba Pictures (Tianjin) Members, as the service users, will directly engage Cool Young's artist(s), as the service providers, to perform the Relevant Tasks as required by the Relevant Youku Information Members and/or the Relevant Alibaba Pictures (Tianjin) Members or their respective third-party clients by paying engagement fees;
- (2) Cool Young engagement contract, whereby Cool Young, as the service user, will directly engage the artist(s) of the Relevant Youku Information Members and/or the Relevant Alibaba Pictures (Tianjin) Members, as service providers, to perform the Relevant Tasks as required by the Relevant Cool Young Members or its third-party clients by paying Engagement Fees; and
- (3) agency service contract (together with a third-party client of the Relevant Youku Information Members and/or the Relevant Alibaba Pictures (Tianjin) Members as a party thereto, if applicable), whereby the Relevant Youku Information Members and/or the Relevant Alibaba Pictures (Tianjin) Members will recommend to, and coordinate with, such third-party client, as service user, to engage the artist(s) of the Relevant Cool Young Members, as service providers, to perform the Relevant Tasks as required by such third-party client; in return, the Relevant Cool Young Members shall pay the agency service fees to the Relevant Youku Information Members and the Relevant Alibaba Pictures (Tianjin) Members.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(5) 2022 Renewed Talent Agency Cooperation Framework Agreement and 2025 Renewed Talent Agency Cooperation Framework Agreement (Continued)

For the financial years ending March 31, 2026, March 31, 2027 and March 31, 2028, (i) the annual caps of the engagement fees payable by the Relevant Youku Information Members and the Relevant Alibaba Pictures (Tianjin) Members under the 2025 Renewed Talent Agency Cooperation Framework Agreement are fixed at RMB150,000,000, RMB150,000,000 and RMB150,000,000, respectively; and (ii) the annual caps of the engagement fees and agency service fees payable by the Relevant Cool Young Members to the Relevant Youku Information Members and the Relevant Alibaba Pictures (Tianjin) Members under the 2025 Renewed Talent Agency Cooperation Framework Agreement are fixed at RMB6,000,000, RMB6,000,000 and RMB6,000,000, respectively.

(6) 2022 Renewed Commercial Development Services Agreement and 2025 Entertainment Programme Services Agreement

On March 25, 2022, Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company, entered into a commercial development services agreement (the "2022 Renewed Commercial Development Services Agreement") with Youku Information to renew the commercial development services agreement, which was entered into between Shanghai Tao Piao Piao Movie & TV Culture Co., Ltd.* (上海淘票票影視文化有限公司) ("Shanghai TPP"), a consolidated subsidiary of the Company, and Youku Information, a consolidated entity of AGH, on April 12, 2019, for a term commenced from April 1, 2022 and ended on March 31, 2025. Pursuant to the 2022 Renewed Commercial Development Services Agreement, Zhonglian Shengshi agrees to provide, and Youku Information agrees to use, the services in relation to the commercial development of the original entertainment programmes (including but not limited to drama series and online variety shows) produced, or jointly produced, by Youku Information, and the intellectual property rights of which are owned and may be used by Youku Information for commercial development (the "Original Programmes") during the term of the agreement.

The annual caps of the service fees under the 2022 Renewed Commercial Development Services Agreement for each of the three financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 are RMB80,000,000.

The actual service fees paid/payable by Youku Information to Zhonglian Shengshi under the Renewed Commercial Development Services Agreement for the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 amounted to approximately RMB27,316,000, RMB28,602,000 and RMB16,688,000, respectively.

On March 31, 2025, Zhonglian Shengshi entered into an entertainment programme services agreement ("2025 Entertainment Programme Services Agreement") with Youku Information for a term commencing from April 1, 2025 and ending on March 31, 2028, to renew the 2022 Renewed Commercial Development Services Agreement. Pursuant to the 2025 Entertainment Programme Services Agreement, Zhonglian Shengshi agrees to provide, and Youku Information agrees to use, the services in relation to the commercial development of the Original Programmes during the term of the 2025 Entertainment Programme Services Agreement.

The annual caps for the total service fees payable by Youku Information to Zhonglian Shengshi under the 2025 Entertainment Programme Services Agreement for each of the financial years ending March 31, 2026, March 31, 2027 and March 31, 2028 are fixed at RMB80,000,000.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(7) **2023 Transfer of Copyrights Framework Agreement and 2023 Commercial Development and Distribution Services Framework Agreement**

On February 8, 2023, Alibaba Pictures (Tianjin) and Youku Technology entered into a transfer of copyrights framework agreement (the "2023 Transfer of Copyrights Framework Agreement") and the commercial development and distribution services framework agreement (the "2023 Commercial Development and Distribution Services Framework Agreement") for a term commenced on April 1, 2023 and ending on March 31, 2026, to renew the movie and drama series cooperation framework agreement entered into between Huameng (Tianjin) Culture Media Co., Ltd.* (華盟(天津)文化傳媒有限公司) (now known as Alibaba Pictures (Tianjin)), a consolidated subsidiary of the Company, and Youku Technology on August 6, 2019. Pursuant to the 2023 Transfer of Copyrights Framework Agreement and the 2023 Commercial Development and Distribution Services Framework Agreement, (i) the Relevant Alibaba Pictures (Tianjin) Members may transfer any or all of the copyrights of any dramas and movies (whose copyrights are owned by, or licenced to, the Relevant Alibaba Pictures (Tianjin) Members) to Youku Technology and/or any of its affiliates (the "Relevant Youku Technology Members"), or authorize the Relevant Youku Technology Members to use those rights, (ii) the Relevant Youku Technology Members may entrust the Relevant Alibaba Pictures (Tianjin) Members to arrange for transfer, or authorization of the use, of their (and/or their partners') TV Broadcasting Rights in any dramas and movies; and the Relevant Alibaba Pictures (Tianjin) Members may entrust the Relevant Youku Technology Members to arrange for transfer, or authorization of the use, of their (and/or their partners') TV Broadcasting Rights in any dramas and movies; and/or the Relevant Youku Technology Members and the Relevant Alibaba Pictures (Tianjin) Members may jointly entrust any third party to arrange for transfer, or authorization of the use, of the TV Broadcasting Rights in any dramas and movies jointly owned by, or authorised to, them; (iii) the Relevant Youku Technology Members may entrust the Relevant Alibaba Pictures (Tianjin) Members to provide any or all of the solicitation services for scheduled advertisement in relation to any dramas and movies to be broadcasted on Youku and commercial development of dramas and movies on Youku; and (iv) the Relevant Youku Technology Members and the Relevant Alibaba Pictures (Tianjin) Members may engage each other to arrange for transfer, or authorization of the use, of their (and/or their partners') copyrights, including information online dissemination rights, of any dramas and movies outside of Mainland China.

For the three financial years ended/ending March 31, 2024, March 31, 2025 and March 31, 2026, (i) the annual caps of the total fees chargeable by the Relevant Alibaba Pictures (Tianjin) Members to the Relevant Youku Technology Members under the Transfer of Copyrights Framework Agreement are RMB1,600,000,000, RMB1,900,000,000 and RMB2,200,000,000, respectively; and (ii) the annual caps of the total fees chargeable by the Relevant Alibaba Pictures (Tianjin) Members to the Relevant Youku Technology Members under the 2023 Commercial Development and Distribution Services Framework Agreement are RMB30,000,000, RMB40,000,000 and RMB50,000,000, respectively. The 2023 Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps) were approved, confirmed and ratified by the independent shareholders of the Company at the special general meeting held on March 27, 2023.

For the financial years ended March 31, 2024 and March 31, 2025 (i) the actual total fees charged by the Relevant Alibaba Pictures (Tianjin) Members to the Relevant Youku Technology Members under the 2023 Transfer of Copyrights Framework Agreement amounted to approximately RMB556,208,000 and RMB425,555,000, respectively; and (ii) the actual total fees charged by the Relevant Alibaba Pictures (Tianjin) Members to the Relevant Youku Technology Members under the 2023 Commercial Development and Distribution Services Framework Agreement amounted to approximately RMB1,304,000 and RMB nil, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(8) 2022 Renewed Copyrights Procurement Framework Agreement

On March 31, 2022, Alibaba Pictures (Tianjin), a consolidated subsidiary of the Company, entered into a renewed copyrights procurement framework agreement (the "2022 Renewed Copyrights Procurement Framework Agreement") with Youku Technology to renew the previous copyrights procurement framework agreement dated December 6, 2019, for a term commenced from April 1, 2022 and ended on March 31, 2025. Pursuant to the 2022 Renewed Copyrights Procurement Framework Agreement, the Relevant Alibaba Pictures (Tianjin) Members may enter into specific agreements with the Relevant Youku Technology Members, whereby the Relevant Youku Technology Members may transfer to the Relevant Alibaba Pictures (Tianjin) Members, and/or grant to the Relevant Alibaba Pictures (Tianjin) Members a license to use, all or part of their copyrights on the works, including but not limited to written works, comic works, movies, TV and online dramas, musical works and other works governed by the relevant laws and administrative regulations, and the copyrights of such works are owned by the Relevant Youku Technology Members (the "Copyrights on the Target Works") for the production of films and dramas, promotion and distribution and other businesses of the Relevant Alibaba Pictures (Tianjin) Members.

The annual caps in respect of the procurement of the Copyrights on the Target Works under the 2022 Renewed Copyrights Procurement Framework Agreement for each of the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 are RMB40,000,000.

The actual transaction amount in respect of the procurement of the Copyrights on the Target Works by the Relevant Alibaba Pictures (Tianjin) Members from the Relevant Youku Technology Members under the 2022 Renewed Copyrights Procurement Framework Agreement for the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 were RMB nil, RMB nil and RMB nil, respectively.

(9) 2022 Renewed Marketing and Promotion Services Framework Agreement and 2025 Renewed Marketing and Promotion Services Framework Agreement

On March 30, 2022, Beijing Alibaba Pictures and Beijing Taoxiu New Media Technology Co., Ltd.* (北京淘秀新媒體科技有限公司) ("Beijing Taoxiu"), each a consolidated subsidiary of the Company, entered into a marketing and promotion services framework agreement (the "2022 Renewed Marketing and Promotion Services Framework Agreement") with Youku Information and Cool Young for a term commenced from April 1, 2022 and ended on March 31, 2025, to renew the previous marketing and promotion services Framework Agreement dated August 21, 2020. Pursuant to the 2022 Renewed Marketing and Promotion Services Framework Agreement, Beijing Alibaba Pictures and/or any of its affiliates (the "Relevant Beijing Alibaba Pictures Members") and/or Beijing Taoxiu and/or any of its affiliates (the "Relevant Beijing Taoxiu Members") may, subject to the relevant annual caps, enter into specific agreements with the Relevant Youku Information Members and/or the Relevant Cool Young Members in respect of provision of marketing and promotion services and marketing consultancy services; commercial development of audiovisual works; platform content cooperation; production of short-form and medium-form videos; operation of artists' official accounts; talent agency commercial development cooperation; and copyrights procurement cooperation for short-form and medium-form videos.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(9) 2022 Renewed Marketing and Promotion Services Framework Agreement and 2025 Renewed Marketing and Promotion Services Framework Agreement (Continued)

For the three financial years ended on March 31, 2023, March 31, 2024 and March 31, 2025, (i) the annual caps for the total fees payable by the Relevant Youku Information Members and/or the Relevant Cool Young Members to the Relevant Beijing Alibaba Pictures Members and/or the Relevant Beijing Taoxiu Members with respect to the transactions contemplated under the 2022 Renewed Marketing and Promotion Services Framework Agreement are RMB78,000,000, RMB88,000,000 and RMB98,000,000, respectively; and (ii) the annual caps for the total fees payable by the Relevant Beijing Alibaba Pictures Members and/or the Relevant Beijing Taoxiu Members to the Relevant Youku Information Members and/or the Relevant Cool Young Members with respect to the transactions contemplated under the 2022 Renewed Marketing and Promotion Services Framework Agreement are RMB15,000,000, RMB18,000,000 and RMB22,000,000, respectively.

For the three financial years ended on March 31, 2023, March 31, 2024 and March 31, 2025, (i) the actual total fees paid/payable by the Relevant Youku Information Members and/or the Relevant Cool Young Members to the Relevant Beijing Alibaba Pictures Members and/or the Relevant Beijing Taoxiu Members with respect to the 2022 Renewed Marketing and Promotion Services Framework Agreement amounted to approximately RMB17,484,000, RMB36,468,000 and RMB28,006,000, respectively; and (ii) the actual total fees paid/payable by the Relevant Beijing Alibaba Pictures Members and/or the Relevant Beijing Taoxiu Members to the Relevant Youku Information Members and/or the Relevant Cool Young Members with respect to the 2022 Renewed Marketing and Promotion Services Framework Agreement amounted to approximately RMB nil, RMB nil and RMB nil, respectively.

On March 31, 2025, Beijing Alibaba Pictures and Beijing Taoxiu entered into a marketing and promotion services framework agreement (the “2025 Renewed Marketing and Promotion Services Framework Agreement”) with Youku Information for a term commencing from April 1, 2025 and ending on March 31, 2028, to renew the 2022 Renewed Marketing and Promotion Services Framework Agreement. Pursuant to the 2025 Renewed Marketing and Promotion Services Framework Agreement, the Relevant Beijing Alibaba Pictures Members and the Relevant Beijing Taoxiu Members may, subject to the relevant annual caps, enter into specific agreements with the Relevant Youku Information Members in respect of provision of marketing and promotion services and marketing consultancy services; commercial development of audiovisual works; platform content cooperation; production of short-form and medium-form videos; and copyrights procurement cooperation for short-form and medium-form videos.

The annual caps for the total fees payable by the Group to the Relevant Youku Information Members under the 2025 Renewed Marketing and Promotion Services Framework Agreement for the financial years ending March 31, 2026, March 31, 2027 and March 31, 2028 are fixed at RMB5,000,000, RMB6,000,000 and RMB7,000,000, respectively.

The annual caps for the total fees payable by the Relevant Youku Information Members to the Group under the 2025 Renewed Marketing and Promotion Services Framework Agreement for the financial years ending March 31, 2026, March 31, 2027 and March 31, 2028 are fixed at RMB45,000,000, RMB55,000,000 and RMB65,000,000, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(10) 2023 Renewed Advertising Services and IP Commercialization Cooperation Framework Agreement and 2025 Renewed Advertising Services and IP Commercialization Cooperation Framework Agreement

On March 26, 2021, Shanghai Alibaba Pictures Co., Ltd.* (上海阿里巴巴影業有限公司) (“Shanghai Alibaba Pictures”), a consolidated subsidiary of the Company, entered into an advertising services and IP commercialization cooperation framework agreement (the “2021 Advertising Services and IP Commercialization Cooperation Framework Agreement”) with Youku Tudou, a consolidated entity of AGH in relation to advertising services and IP commercialization cooperation, for a term commenced from April 1, 2021 and ended on March 31, 2023.

On March 28, 2023, Shanghai Alibaba Pictures entered into an advertising services and IP commercialization cooperation framework agreement (the “2023 Renewed Advertising Services and IP Commercialization Cooperation Framework Agreement”) with Youku Technology for a term commenced on April 1, 2023 and ended on March 31, 2024 (which, upon expiration of such term, is automatically renewed for a successive period of one year subject to compliance with the requirements of the Listing Rules), to renew the 2021 Advertising Services and IP Commercialization Cooperation Framework Agreement (as supplemented by an advertising services and IP commercialization cooperation framework supplemental agreement dated August 6, 2021).

For the financial year ended March 31, 2024, the annual cap of the total fees receivable by Shanghai Alibaba Pictures and/or its affiliates (the “Relevant Shanghai Alibaba Pictures Members”) from the Relevant Youku Technology Members under the 2023 Advertising Services and IP Commercialization Cooperation Framework Agreement is RMB16,500,000 (as revised on December 28, 2023 and March 28, 2024, respectively).

The actual service fees received/receivable by the Relevant Shanghai Alibaba Pictures Members from the Relevant Youku Technology Members under the 2023 Renewed Advertising Services and IP Commercialization Cooperation Framework Agreement for the financial year ended March 31, 2024 amounted to approximately RMB16,225,000 and RMB8,482,000, respectively.

On March 31, 2025, Shanghai Alibaba Pictures entered into an advertising services and IP commercialization cooperation framework agreement (the “2025 Renewed Advertising Services and IP Commercialization Cooperation Framework Agreement”) with Youku Technology for a term commencing on April 1, 2025 and ending on March 31, 2026 (which, upon expiration of such term, is automatically renewed for a successive period of one year subject to compliance with the requirements of the Listing Rules), to renew the 2023 Renewed Advertising Services and IP Commercialization Cooperation Framework Agreement. Pursuant to the 2025 Renewed Advertising Services and IP Commercialization Cooperation Framework Agreement, the Relevant Shanghai Alibaba Pictures Members may (i) provide advertising services to the Relevant Youku Technology Members for placing advertisements (excluding those relating to movies) on the platforms and channels operated by the Relevant Shanghai Alibaba Pictures Members; and (ii) authorize the Relevant Youku Technology Members to use IP rights of the Relevant Shanghai Alibaba Pictures Members’ (or their partners’) audiovisual works for IP investment and commercialization (the “IP Commercialization Cooperation”).

The annual caps for the total fees payable by the Relevant Youku Technology Members to the Group under the 2025 Renewed Advertising Services and IP Commercialization Cooperation Framework Agreement for each of the financial years ending March 31, 2026 and March 31, 2027 are fixed at RMB20,000,000.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(11) 2023 Warehousing And Logistics Services Framework Agreement

On March 28, 2023, Tianjin Duanhenaqu Technology Co., Ltd.* (天津端盒拿趣科技有限公司) ("Tianjin Duanhenaqu"), a consolidated subsidiary of the Company, and Hangzhou Cainiao, an indirect non-wholly-owned subsidiary of AGH, entered into a renewed warehousing and logistics services framework agreement ("2023 Warehousing And Logistics Services Framework Agreement"), for a term commenced on April 1, 2023 and ending on March 31, 2026, to renew the previous warehousing and logistics services framework agreement entered into on June 17, 2021. Pursuant to the 2023 Warehousing And Logistics Services Framework Agreement, Tianjin Duanhenaqu and/or its affiliates (the "Relevant Tianjin Duanhenaqu Members") may procure warehousing services, distribution services, packaging services, system services, training service, customer services, value-added and other services from Hangzhou Cainiao and/or its affiliates (the "Relevant Hangzhou Cainiao Members").

For the financial years ended/ending March 31, 2024, March 31, 2025 and March 31, 2026, the annual caps for the total fees payable by the Relevant Tianjin Duanhenaqu Members to the Relevant Hangzhou Cainiao Members under the 2023 Warehousing and Logistics Services Framework Agreement are RMB10,000,000, RMB11,000,000 and RMB12,000,000, respectively.

The actual service fees paid by the Relevant Tianjin Duanhenaqu Members to the Relevant Hangzhou Cainiao Members under the 2023 Warehousing And Logistics Services Framework Agreement for the financial years ended March 31, 2024 and March 31, 2025 amounted to approximately RMB1,337,000 and RMB484,000, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(12) 2022 Digital Collectibles Issuance Cooperation Framework Agreement and 2025 Renewed Digital Collectibles Issuance Cooperation Framework Agreement

On April 14, 2022, Hainan Lingjing Culture Technology Co., Ltd.* (海南靈境文化科技有限公司) ("Hainan Lingjing"), a consolidated subsidiary of the Company, and Hangzhou Ant, an indirect wholly-owned subsidiary of Ant Group, entered into a digital collectibles issuance cooperation framework agreement (the "2022 Digital Collectibles Issuance Cooperation Framework Agreement"), for a term commenced from April 14, 2022 and ended on March 31, 2025. Pursuant to the 2022 Digital Collectibles Issuance Cooperation Framework Agreement, Hainan Lingjing and/or any of its affiliates (the "Relevant Hainan Lingjing Members") may enter into specific agreements with Hangzhou Ant and/or any of its affiliates (the "Relevant Hangzhou Ant Members") for the issuance of digital collectibles on the Jingtian Platform, whereby (i) the Relevant Hangzhou Ant Members may assist the Relevant Hainan Lingjing Members in creating the digital collectibles based on the original works of the Relevant Hainan Lingjing Members through blockchain technology services; and (ii) the Relevant Hainan Lingjing Members may authorize the Relevant Hangzhou Ant Members to sell the digital collectibles on the Jingtian Platform.

The annual caps for the total fees payable by the Relevant Hangzhou Ant Members to the Relevant Hainan Lingjing Members under the 2022 Digital Collectibles Issuance Cooperation Framework Agreement for the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 are RMB20,000,000, RMB30,000,000 and RMB40,000,000, respectively.

The actual service fees paid/payable by the Relevant Hangzhou Ant Members to the Relevant Hainan Lingjing Members with respect to the 2022 Digital Collectibles Issuance Cooperation Framework Agreement for the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 amounted to approximately RMB1,765,000 and RMB735,000 and RMB217,000, respectively.

On March 31, 2025, Hainan Lingjing entered into a digital collectibles issuance cooperation framework agreement (the "2025 Renewed Digital Collectibles Issuance Cooperation Framework Agreement") with Jingtian Technology, an indirect wholly-owned subsidiary of Ant Group, for a term commencing from April 1, 2025 and ending on March 31, 2028, to renew the 2022 Digital Collectibles Issuance Cooperation Framework Agreement. Pursuant to the 2025 Renewed Digital Collectibles Issuance Cooperation Framework Agreement, the Relevant Hainan Lingjing Members may enter into specific agreements with the Relevant Jingtian Technology Members for the issuance of digital collectibles on the Jingtian Platform, whereby (i) the Relevant Jingtian Technology Members may assist the Relevant Hainan Lingjing Members in creating the digital collectibles based on the original works of the Relevant Hainan Lingjing Members through the underlying blockchain integrated technology services for the provision of virtual credential information technology services; and (ii) the Relevant Hainan Lingjing Members may authorize the Relevant Jingtian Technology Members to sell the digital collectibles on the Jingtian Platform, subject to the relevant annual caps.

The annual caps for the total fees payable by the Relevant Jingtian Technology Members to the Group under the 2025 Renewed Digital Collectibles Issuance Cooperation Framework Agreement for the financial years ending March 31, 2026, March 31, 2027 and March 31, 2028 are fixed at RMB10,000,000, RMB15,000,000 and RMB20,000,000, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(13) Digital Collectibles Technical Services Framework Agreement

On April 14, 2022, Shouquanbao, a consolidated subsidiary of the Company, and Ant Blockchain, an indirect wholly-owned subsidiary of Ant Group, entered into a digital collectibles technical services framework agreement (the “Digital Collectibles Technical Services Framework Agreement”) for a term commenced from April 14, 2022 and ended on March 31, 2025, whereby (i) Ant Blockchain and/or any of its affiliates (the “Relevant Ant Blockchain Members”) may provide the blockchain technology services and other technical services to the Relevant Shouquanbao Members, or (ii) the Relevant Shouquanbao Members may provide intermediary services to the Relevant Ant Blockchain Members.

The annual caps for the total service fees payable by the Relevant Shouquanbao Members to the Relevant Ant Blockchain Members for the blockchain technology services under the Digital Collectibles Technical Services Framework Agreement for the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 are RMB35,000,000, RMB45,000,000 and RMB55,000,000, respectively. The actual service fees paid/payable by the Relevant Shouquanbao Members to the Relevant Ant Blockchain Members with respect to the Digital Collectibles Technical Services Framework Agreement for the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 amounted to approximately RMB7,883,000, RMB151,000 and RMB1,000, respectively.

The annual caps for the total service fees payable by the Relevant Ant Blockchain Members to the Relevant Shouquanbao Members for the intermediary services under the Digital Collectibles Technical Services Framework Agreement for each of the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 are RMB1,000,000. The actual service fees received/receivable by the Relevant Shouquanbao Members from the Relevant Ant Blockchain Members under the Digital Collectibles Technical Services Framework Agreement for the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 were RMB nil, RMB nil and RMB nil, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(14) 2024 EBC Cost Reimbursement Framework Agreement

On March 28, 2024, the Company and AGH entered into a framework agreement relating to the equity-based awards settlement (the "2024 EBC Cost Reimbursement Framework Agreement") with a term commencing on April 1, 2024 and ending on March 31, 2027. Pursuant to the 2024 EBC Framework Agreement, AGH may allocate to the Company, and the Company may allocate to AGH, the equity-based compensation costs associated with the relevant unvested awards held by any grantees (whose employment is transferred to the Group or the AGH entities, as the case may be) and each party may reimburse the other party the amount in respect of the relevant vested awards (the "2024 EBC Cost Reimbursement").

The annual caps for the amount payable by the Group to Alibaba Group/AGH under the 2024 EBC Cost Reimbursement Framework Agreement for the financial years ended/ending on March 31, 2025, March 31, 2026 and March 31, 2027 are RMB20,000,000, RMB20,000,000 and RMB20,000,000, respectively (as revised on August 30, 2024),

The annual caps for the amount payable by Alibaba Group/AGH to the Group under the 2024 EBC Cost Reimbursement Framework Agreement for the financial years ended/ending on March 31, 2025, March 31, 2026 and March 31, 2027 are RMB8,000,000, RMB8,000,000 and RMB8,000,000, respectively (as revised on August 30, 2024).

The actual amount paid/payable by the Company to AGH with respect to the 2024 EBC Cost Reimbursement Framework Agreement for the financial year ended March 31, 2025 amounted to approximately RMB18,222,000. The actual amount paid/payable by AGH to the Company with respect to the 2024 EBC Cost Reimbursement Framework Agreement for the financial year ended March 31, 2025 amounted to approximately RMB5,809,000.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(15) Production Services and the Programmes-related Commercial Development Services Cooperation Framework Agreement

On March 28, 2023, Beijing Fanni Culture Media Co., Ltd* (北京蕃尼蕃尼文化傳媒有限公司) ("Beijing Fanni"), a consolidated entity of the Company, entered into a cooperation framework agreement (the "Production Services and the Programmes-related Commercial Development Services Cooperation Framework Agreement") with Youku Information for a term commenced on April 1, 2023 and ending on March 31, 2026. Pursuant to the Production Services and the Programmes-related Commercial Development Services Cooperation Framework Agreement, (i) the Relevant Youku Information Members, the parties to the agreement and/or any other investors of the programmes, movies and/or dramas may engage the Company's consolidated entity and/or its affiliates to produce programmes, movies and/or dramas (the "Production Services"); and (ii) the Relevant Youku Information Members may entrust the Company's consolidated entity and/or its affiliates to introduce customers for placement of advertisements, or commercial development, in relation to any programmes to be broadcasted on Youku Platform (collectively, the "Programmes-related Commercial Development Services").

The annual caps for the total fees in respect of the provision of the Production Services and the Programmes-related Commercial Development Services under the Production Services and the Programmes-related Commercial Development Services Cooperation Framework Agreement for the financial years ended/ending March 31, 2024, March 31, 2025 and March 31, 2026 are RMB12,000,000, RMB13,000,000 and RMB14,000,000, respectively.

The actual fees in respect of the provision of the Production Services and the Programmes-related Commercial Development Services under the Production Services and the Programmes-related Commercial Development Services Cooperation Framework Agreement for the financial years ended March 31, 2024 and March 31, 2025 amounted to approximately RMB7,081,000 and RMB7,288,000, respectively.

(16) Purchase Framework Agreement

On March 31, 2023, Shouquanbao, a consolidated entity of the Company, entered into a purchase framework agreement (the "Purchase Framework Agreement") with Alipay (Hangzhou), a wholly-owned subsidiary of Ant Group for a term commenced on April 1, 2023 and ending on March 31, 2026, whereby Alipay (Hangzhou) and/or any of its affiliates (the "Relevant Alipay (Hangzhou) Members") may purchase derivative commodities and any other products (the "Products") from the Relevant Shouquanbao Members.

The annual caps for the purchase for the financial years ended/ending March 31, 2024, March 31, 2025 and March 31, 2026 are RMB30,000,000, RMB33,000,000 and RMB36,000,000, respectively.

The actual purchase price received/receivable by the Relevant Shouquanbao Members from the Relevant Alipay (Hangzhou) Members for the financial year ended March 31, 2024 were RMB nil and RMB nil, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(17) 2024 Marketing and Promotion Cooperation Framework Agreement I and 2025 Renewed Marketing and Promotion Cooperation Framework Agreement

On January 31, 2024, Hangzhou Taopiao Technology Co., Ltd.* (杭州淘票票科技有限公司) (formerly known as Hangzhou Tao Piao Piao Movie & TV Culture Co., Ltd.* (杭州淘票票影視文化有限公司)) ("Hangzhou Tao Piao Piao"), an indirect non-wholly-owned subsidiary of the Company, entered into a marketing and promotion co-marketing cooperation framework agreement (the "2024 Marketing and Promotion Cooperation Framework Agreement I") with Hangzhou Huanyao, an indirectly wholly-owned subsidiary of Ant Group for a term commenced from January 31, 2024 and ended on March 31, 2025, whereby Hangzhou Huanyao and/or any of its affiliates (the "Relevant Huanyao Members") and Hangzhou Tao Piao Piao and/or any of its affiliates (the "Relevant Hangzhou TPP Members") may, subject to the relevant annual caps, enter into specific agreement(s) in respect of provision of (i) the promotion services (which cover, among other things, design and production of promotion materials, formulation, planning and execution of marketing and promotion strategies and provision of blockchain technology and marketing technology, which will be delivered in various forms such as online advertisements, offline advertisements and marketing activities, movie ticketing promotion and self-media promotion) through various types of media, platforms (including but not limited to applications such as Mini Programs, App, and Webpage) and channels (including self-owned platforms and channels and those of the cooperative partners) (the "Promotion Services") and (ii) the promotion technology services (the "Promotion Technology Services") by the Relevant Huanyao Members to the Relevant Hangzhou TPP Members and/or their respective cooperative partner(s) as well as cooperation in co-marketing activities.

The annual caps for the service fees receivable by the Relevant Hangzhou Huanyao Members under the 2024 Marketing and Promotion Cooperation Framework Agreement for the two financial years ended March 31, 2024 and March 31, 2025 are fixed at RMB30,000,000 and RMB50,000,000, respectively.

The actual amount paid/payable by the Relevant Hangzhou TPP Members to the Relevant Huanyao Members for the financial years ended March 31, 2024 and March 31, 2025 amounted to approximately RMB18,939,000 and RMB10,497,000, respectively.

On March 31, 2025, Hangzhou Tao Piao Piao entered into a marketing and promotion cooperation framework agreement (the "2025 Renewed Marketing and Promotion Cooperation Framework Agreement") with Shanghai Huanyuan, an indirect wholly-owned subsidiary of Ant Group, for a term commencing from April 1, 2025 and ending on March 31, 2028, to renew the 2024 Marketing and Promotion Cooperation Framework Agreement I. Under the 2025 Renewed Marketing and Promotion Cooperation Framework Agreement, Shanghai Huanyuan and any of its affiliates (the "Relevant Huanyuan Members") and the Relevant Hangzhou TPP Members may, subject to the relevant annual caps, enter into specific agreement(s) for the provisions of the Promotion Services and the Promotion Technology Services.

The annual caps for the total fees payable by the Group to the Relevant Huanyuan Members under the 2025 Renewed Marketing and Promotion Cooperation Framework Agreement for the financial years ending March 31, 2026, March 31, 2027 and March 31, 2028 are fixed at RMB20,000,000 respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(18) Shared Services Framework Agreement

On April 1, 2024, the Company entered into a shared services framework agreement (the "Shared Services Framework Agreement") with Alibaba.com, an indirect wholly-owned subsidiary of AGH, for a term commenced from April 1, 2024 and ending on March 31, 2027, pursuant to which Alibaba.com agreed to procure the shared services providers to provide the shared services to the Group, subject to the relevant annual caps. Pursuant to the Shared Services Framework Agreement, Alibaba.com agreed to procure the shared service providers to provide the shared services to the Group, including: (i) the office space and support services; (ii) the business intelligence services; (iii) the operation support, office system utilization and maintenance and Internet information-related services; (iv) the procurement function support services; (v) the software development and technological services; and (vi) the personnel support. The Company and the Shared Services Providers may, subject to the relevant annual caps, from time to time enter into specific agreement(s) to set out detailed terms (including payment terms) of the transactions contemplated under the Shared Services Framework Agreement.

The annual caps for the services fees payable by the Group under the Shared Services Framework Agreement for the financial years ended/ending March 31, 2025, March 31, 2026 and March 31, 2027 are fixed at RMB136,000,000 (as revised on May 29, 2024), RMB148,000,000 (as revised on May 29, 2024) and RMB153,000,000 (as revised on May 29, 2024), respectively.

The actual service fees paid/payable by the Group under the Shared Services Framework Agreement for the financial year ended March 31, 2025 amounted to approximately RMB129,400,000.

(19) Cloud Services Framework Agreement

On April 1, 2024, the Company entered into a cloud services framework agreement (the "Cloud Services Framework Agreement") with Alibaba Cloud, an indirect wholly-owned subsidiary of AGH, for a term commenced from April 1, 2024 and ending on March 31, 2027. Pursuant to the Cloud Services Framework Agreement, Alibaba Cloud agreed to procure the cloud services providers to provide the cloud services to the Group, including (i) the cloud resources services and (ii) the cloud communication services. The Company and the cloud services providers may, subject to the relevant annual caps, from time to time enter into specific agreement(s) to set out detailed terms (including payment terms) of the transactions contemplated under the Cloud Services Framework Agreement.

The annual caps for the services fees payable by the Group under the Cloud Services Framework Agreement for the financial years ended/ending March 31, 2025, March 31, 2026 and March 31, 2027 are fixed at RMB56,000,000 (as revised on March 25, 2025), RMB65,000,000 (as revised on March 25, 2025) and RMB75,000,000 (as revised on March 25, 2025), respectively.

The actual service fees paid/payable by the Group under the Cloud Services Framework Agreement for the financial year ended March 31, 2025 amounted to approximately RMB50,391,000.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(20) 2024 Customer Services Framework Agreement I

On May 29, 2024, the Company entered into a customer services framework agreement (the "2024 Customer Services Framework Agreement I") with Lingyang Intelligent, an indirect wholly-owned subsidiary of AGH, for a term commenced from May 29, 2024 and ending on March 31, 2027. Pursuant to the 2024 Customer Services Framework Agreement I, Lingyang Intelligent agreed to and procure the services providers (i.e. Lingyang Intelligent and its subsidiaries and associates) to provide the customers service support for the current online movie ticketing business, the Yulebao business and the live entertainment business managed and operated by Beijing Damai Cultural Media Development Co., Ltd.* (北京大麥文化傳媒發展有限公司) (the "Beijing Damai") as well as other business of the Group, including but not limited to, answering customers' calls, accepting customers' inquiries and complaints (i.e. the incoming calls service), and handling customers' complaints and claims (i.e. the claims service). The Company and the services providers may, subject to the relevant annual caps, from time to time enter into specific agreement(s) to set out detailed terms (including payment terms) of the transactions contemplated under the 2024 Customer Services Framework Agreement I.

The annual caps for the services fees payable by the Group under the 2024 Customer Services Framework Agreement I are fixed at RMB9,000,000 (as revised on January 24, 2025), RMB10,000,000 (as revised on January 24, 2025) and RMB11,000,000 (as revised on January 24, 2025) for the financial years ended/ending March 31, 2025, March 31, 2026 and March 31, 2027, respectively.

The actual service fees paid/payable by the Group under the 2024 Customer Services Framework Agreement I for the financial year ended March 31, 2025 amounted to approximately RMB7,667,000.

(21) 2024 Advertising Services Framework Agreement

On June 25, 2024, Beijing Damai, a consolidated entity of the Company, entered into an advertising services framework agreement (the "2024 Advertising Services Framework Agreement") with Youku Information, a consolidated entity of AGH, for a term commenced from June 25, 2024 and ending on March 31, 2027. Pursuant to the 2024 Advertising Services Framework Agreement, Beijing Damai may publish advertisements on the platforms of Damai or in the live entertainment projects for the customers of Youku Information during the term of the cooperation. Beijing Damai and Youku Information may, subject to the relevant annual caps, from time to time enter into specific agreement(s) to set out detailed terms (including payment terms) of the transactions contemplated under the 2024 Advertising Services Framework Agreement.

The annual caps for the services fees payable by the Relevant Youku Information Members to the Group under the 2024 Advertising Services Framework Agreement are fixed at RMB20,000,000, RMB24,000,000 and RMB28,800,000 for the financial years ended/ending March 31, 2025, March 31, 2026 and March 31, 2027, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(21) 2024 Advertising Services Framework Agreement *(Continued)*

The actual service fees paid/payable by the Relevant Youku Information members to the Group under the 2024 Advertising Services Framework Agreement for the financial year ended March 31, 2025 amounted to approximately RMB11,161,000.

(22) 2022 Marketing and Promotion Services Framework Agreement

On September 26, 2022, Hangzhou Tao Piao Piao, an indirect non-wholly-owned subsidiary of the Company, entered into a marketing and promotion services framework agreement (the "2022 Marketing and Promotion Services Framework Agreement") with Ant Blockchain, an indirect wholly-owned subsidiary of Ant Group, for a term commenced from September 26, 2022 and ended on March 31, 2025. Pursuant to the 2022 Marketing and Promotion Services Framework Agreement, the Relevant Ant Blockchain Members and the Group and/or any of its affiliates (including Hangzhou Tao Piao Piao) (the "Relevant Group Members") may, subject to the relevant annual caps, enter into specific agreement(s) in respect of provision of the following marketing and promotion services, including (i) promotion services; (ii) information promotion technology services and (iii) coupon redemption services.

The annual caps in respect of the total fees payable by the Relevant Ant Blockchain Members to the Relevant Group Members in respect of the transactions contemplated under the 2022 Marketing and Promotion Services Framework Agreement for the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 were fixed at RMB3,600,000, RMB3,600,000 and RMB12,000,000 (as revised on July 18, 2024), respectively.

The actual service fees paid/payable by the Relevant Ant Blockchain Members to the Relevant Group Members for each of the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 amounted to approximately RMB nil.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(23) 2024 Marketing and Promotion Cooperation Framework Agreement II

On August 9, 2024, Hangzhou Tao Piao Piao, an indirect non-wholly-owned subsidiary of the Company, entered into a new marketing and promotion cooperation framework agreement ("2024 Marketing and Promotion Cooperation Framework Agreement II") with Taobao, an indirect wholly-owned subsidiary of AGH, for the term commenced from August 9, 2024 and ending on March 31, 2027. Pursuant to the 2024 Marketing and Promotion Cooperation Framework Agreement II, the Relevant Hangzhou TPP Members and Taobao and/or any of its affiliates (the "Relevant Taobao Members") (as entrusted party) may, subject to the relevant annual caps, (i) provide promotion services to each other and/or their respective cooperative partner(s) through various types of media, platforms (including but not limited to applications such as mini programs, app, and webpage) and channels (including self-owned platforms and/or channels and those of the cooperative partners) and (ii) provide relevant technical services to each other and/or their respective cooperative partner(s) by publishing promotional information on relevant pages and/or interfaces of information media, such as clients' platforms, through selected conditions or applications. The relevant promotion services contemplated under the 2024 Marketing and Promotion Cooperation Framework Agreement II will cover, among other things, design and production of promotion materials, formulation, planning and execution of marketing and promotion strategies and provision of blockchain technology and marketing technology, which will be delivered in various forms such as online advertisements, offline advertisements and marketing activities, movie ticketing promotion and self-media promotion.

The annual caps for the total service fees payable by the Relevant Taobao Members (as entrusting party) to the Relevant Hangzhou TPP Members (as entrusted party) under the 2024 Marketing and Promotion Cooperation Framework Agreement II for the financial years ended/ending March 31, 2025, March 31, 2026 and March 31, 2027 are fixed at RMB50,000,000, RMB55,000,000 and RMB60,000,000, respectively.

The actual service fees paid/payable by the Relevant Taobao Members (as entrusting party) to the Relevant Hangzhou TPP Members (as entrusted party) under the 2024 Marketing and Promotion Cooperation Framework Agreement II for the financial year ended March 31, 2025 amounted to approximately RMB9,659,000.

The annual caps for the service fees payable the Relevant Hangzhou TPP Members (as entrusting party) to the Relevant Taobao Members (as entrusted party) under the 2024 Marketing and Promotion Cooperation Framework Agreement II for the financial years ended/ending March 31, 2025, March 31, 2026 and March 31, 2027 are fixed at RMB50,000,000, RMB55,000,000 and RMB60,000,000, respectively.

The actual service fees paid/payable by the Relevant Hangzhou TPP Members (as entrusting party) to the Relevant Taobao Members (as entrusted party) under the 2024 Marketing and Promotion Cooperation Framework Agreement II for the financial year ended March 31, 2025 amounted to approximately RMB nil.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(24) 2024 Commissioned Production Cooperation Framework Agreement I

On September 3, 2024, Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company, entered into a new commissioned production cooperation framework agreement (the "2024 Commissioned Production Cooperation Framework Agreement I") with Youku Information, a consolidated entity of AGH, for a term commenced from September 3, 2024 and ending on March 31, 2026. Pursuant to the 2024 Commissioned Production Cooperation Framework Agreement I, Zhonglian Shengshi and/or any of its affiliates (the "Relevant ZS Members") and/or other investors of the shows and/or movies and dramas may commission the Relevant Youku Information Members to undertake production of projects relating to shows and movies and dramas according to the instructions of the Relevant ZS Members in respect of provision of the commissioned production services, including without limitation, shooting, artificial intelligence model creation/training, video editing, special effects creation, press-show creation, model training, digital intermediate post-production and materials production. The Relevant ZS Members and the Relevant Youku Information Members may, subject to the relevant annual caps, from time to time enter into specific agreement(s) to set out detailed terms (including payment terms) of the transactions contemplated under the 2024 Commissioned Production Cooperation Framework Agreement I.

The annual caps for the service fees payable by the Relevant ZS Members to the Relevant Youku Information Members under the 2024 Commissioned Production Cooperation Framework Agreement I are fixed at RMB80,000,000 and RMB100,000,000 for the financial years ended/ending March 31, 2025 and March 31, 2026, respectively.

The actual service fees paid/payable by the Relevant ZS Members to the Relevant Youku Information Members under the 2024 Commissioned Production Cooperation Framework Agreement I for the financial year ended March 31, 2025 amounted to approximately RMB nil.

(25) 2024 Customer Services Framework Agreement II

On September 30, 2024, the Company entered into a customer services framework agreement (the "2024 Customer Services Framework Agreement II") with Ant Intelligence, an indirect wholly-owned subsidiary of Ant Group, for a term commenced from September 30, 2024 and ending on March 31, 2027. Pursuant to the 2024 Customer Services Framework Agreement II, Ant Intelligence agreed to procure the services providers (i.e. Ant Intelligence and its subsidiaries and associates) to provide the customer service support for the current online movie ticketing business, the Yulebao business, the Damai Business and other business of the Group, including but not limited to answering customers' calls, accepting customers' inquiries and complaints (i.e. the incoming calls service), and handling customers' complaints and claims (i.e. the claims service). The Company and the services providers may, subject to the relevant annual caps, from time to time enter into specific agreement(s) to set out detailed terms (including payment terms) of the transactions contemplated under the 2024 Customer Services Framework Agreement II.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(25) 2024 Customer Services Framework Agreement II (Continued)

The annual caps for the services fees payable by the Group under the 2024 Customer Services Framework Agreement II are fixed at RMB8,000,000, RMB8,800,000 and RMB8,800,000 for the financial years ended/ending March 31, 2025, March 31, 2026 and March 31, 2027, respectively.

The actual service fees paid/payable by the Group under the 2024 Customer Services Framework Agreement II for the financial year ended March 31, 2025 amounted to approximately RMB1,637,000.

(26) 2024 Commissioned Production Cooperation Framework Agreement II

On December 27, 2024, Beijing Damai, a consolidated entity of the Company, entered into a commissioned production cooperation framework agreement (the "2024 Commissioned Production Cooperation Framework Agreement II") with Youku Technology, a consolidated entity of AGH, for a term commenced on December 27, 2024 and ending on March 31, 2027.

Pursuant to the 2024 Commissioned Production Cooperation Framework Agreement II, the Relevant Youku Technology Members or Beijing Damai and/or any of its affiliates (the "Relevant Beijing Damai Members") may commission each other to undertake the production and implementation matters relating to live events (including but not limited to concerts, music festivals, livehouse, sports events, exhibitions, convention and exhibition performance activities, marketing activities, commercial activities, non-commercial activities and other types of online or offline live events) to the other party, including but not limited to artiste invitation and coordination, artiste make-up and costume styling, content planning and production (including directing team, music director, band, lighting engineer, camera guide, VJ production, poster design, graphic shooting), choreography and hard body construction, musical instrument and equipment rental, music copyright clearance, artiste reception and management, performance site safety management, organisation of performances and on-site execution of events, project promotion and marketing, event approval, venue coordination and contracting, ticket procurement and commercialisation services, etc. Subject to the consent of the commissioning party, the service provider may also engage third parties to provide related services.

The annual caps for the commissioning fees payable by the Relevant Beijing Damai Members to the Relevant Youku Technology Members with respect to transaction contemplated under the 2024 Commissioned Production Cooperation Framework Agreement II for the financial years ended/ending March 31, 2025, March 31, 2026 and March 31, 2027 are fixed at RMB20,000,000, RMB30,000,000 and RMB40,000,000, respectively.

The actual commissioning fees paid/payable by the Relevant Beijing Damai Members to the Relevant Youku Technology Members for the financial year ended March 31, 2025 amounted to approximately RMB397,000.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(26) 2024 Commissioned Production Cooperation Framework Agreement II *(Continued)*

The annual caps for the commissioning fees payable by the Relevant Youku Technology Members to the Relevant Beijing Damai Members with respect to transaction contemplated under the 2024 Commissioned Production Cooperation Framework Agreement II for the financial years ended/ending March 31, 2025, March 31, 2026 and March 31, 2027 are fixed at RMB60,000,000, RMB70,000,000 and RMB80,000,000, respectively.

The actual commissioning fees paid/payable by the Relevant Youku Technology Members to the Relevant Beijing Damai Members for the financial year ended March 31, 2025 amounted to approximately RMB nil.

(27) 2025 Technology Services Framework Agreement

On March 31, 2025, the Company entered into a new technology services framework agreement (the "2025 Technology Services Framework Agreement") with Cainiao, an indirect non wholly-owned subsidiary of AGH, for a term commencing from April 1, 2025 and ending on March 31, 2028. Pursuant to the 2025 Technology Services Framework Agreement, Cainiao agreed to procure technology service providers (i.e. Cainiao and its subsidiaries and associates) to provide to the Group (i) the resource services (including, among other services, communication technology service, relational database service, open platform and API connection technology service); and (ii) the communication services whereby content-specific instant messages are delivered to designated user-terminals at the director of service users. The Company and the technology service providers may, subject to the relevant annual caps, from time to time enter into specific agreement(s) (including payment terms) of the transactions contemplated under the 2025 Technology Services Framework Agreement.

The annual caps for the total fees payable by the Group to Cainiao under the 2025 Technology Services Framework Agreement for the financial years ending March 31, 2026, March 31, 2027 and March 31, 2028 are fixed at RMB23,000,000, RMB28,000,000 and RMB32,000,000, respectively.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(28) 2025 Cooperation Framework Agreement

On March 31, 2025, the Company entered into a cooperation framework agreement (the “2025 Cooperation Framework Agreement”) with Youku Information, a consolidated entity of AGH, for a term commenced from March 31, 2025 and ending on March 31, 2028. Pursuant to the 2025 Cooperation Framework Agreement, the Company may, subject to the relevant annual caps, enter into specific agreements with Youku Information and/or other third party(ies) (as the case may be) in respect of specific cooperations, including (i) joint/commissioned development of films and television dramas, whereby Youku Information and the Company may, jointly or jointly with third party(ies), develop film and television drama projects, in which the investing parties shall pay the investment amount according to the investment budget in accordance with their respective investment ratio and the progress of the relevant project and the commissioned party(ies) shall appoint personnel to form a scriptwriting team to complete the script development and other preparatory works; (ii) transfer of investment shares in films and television dramas, whereby Youku Information and the Company may transfer their respective investment shares in the film and television drama projects to each other; (iii) equipment rental with respect to the films and television dramas, whereby Youku Information, the Company and/or other investing party(ies) of the film and television drama projects, may commission each other to undertake the filming and production of the film and television drama projects; (iv) commissioning of recruitment of labour and performers for films and television dramas, whereby Youku Information, the Company and/or other investing party(ies) of the film and television drama projects, may commission each other to undertake the specific filming and production of the film and television drama projects; (v) joint investment/commissioned production of films and television dramas, whereby Youku Information and the Company may, individually or jointly or jointly with third party(ies), invest in the film and television drama projects and commission each other to undertake the production of films and television dramas; (vi) commissioned distribution of films and television dramas, whereby Youku Information, the Company and/or other investing parties of the film and television drama projects may commission each other to carry out the distribution of the film and television drama projects; (vii) licensing, whereby Youku Information may transfer, license or authorize the copyrights in respect of literary works (including novels, scripts and other forms of works), film and television works to the Company during the term of the 2025 Cooperation Framework Agreement; (viii) commissioned production of musical works, whereby Youku Information may commission the Company to undertake the music production works, including but not limited to writing and composition of songs and lyrics, record production, soundtracks, performing or singing, etc. in respect of original soundtracks (OSTs), theme songs, end songs and soundtrack for films and television dramas, anime, variety shows, offline performances and other activities of Youku Information and its affiliates; and (ix) commissioned casting services, whereby Youku Information may commission the Company to provide casting services for films and television dramas, variety shows and other activities of Youku Information, including but not limited to, drawing up a casting schedule in accordance with the requirements of Youku Information, screening actors and actresses, assisting in contract negotiations and signing the relevant contracts for and on behalf of Youku Information with the relevant artists, and paying the service fees to the relevant artists.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(28) 2025 Cooperation Framework Agreement *(Continued)*

The annual caps for the total fees payable by Youku Information to the Group under the under the 2025 Cooperation Framework Agreement for the financial years ending March 31, 2026, March 31, 2027 and March 31, 2028 are fixed at RMB120,000,000, RMB150,000,000 and RMB180,000,000, respectively.

The annual caps for the total fees payable by the Group to Youku Information under the 2025 Cooperation Framework Agreement for the financial years ending March 31, 2026, March 31, 2027 and March 31, 2028 are fixed at RMB20,000,000, RMB30,000,000 and RMB40,000,000, respectively.

Confirmation from the independent non-executive Directors

The independent non-executive Directors have reviewed all of the above non-exempt continuing connected transactions, and confirmed that the above non-exempt continuing connected transactions have been entered into:

- in the ordinary and usual course of the Group's business;
- on normal or better commercial terms; and
- according to the relevant agreement governing them, on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements

I. Contractual Arrangements in relation to the VIE Restructuring

Overview

The business of the Group involves movie production and distribution, radio and television programs production and operation, online data and transaction processing for online movie and live events ticketing platforms, internet information services for distributing information about investment in movies, television programs and entertainment business, and investment in movies, television programs and entertainment business (the "I-Restricted Businesses"). As the applicable PRC laws and regulations in force restrict foreign investment in the I-Restricted Businesses, the Group adopted a series of contractual arrangements with respect to (i) Zhonglian Jinghua Culture Communication (Beijing) Co., Ltd.* (中聯京華文化傳播(北京)有限公司) ("Zhonglian Jinghua"), (ii) Beijing Ali Tao Movie & TV Culture Co., Ltd.* (北京阿里淘影視文化有限公司) ("Beijing Ali Tao"); and (iii) Shanghai TPP (collectively, the "I-OPCOs") or their respective subsidiaries, which enabled the Group, through its wholly owned subsidiaries, Zhonglian Shengshi and Hangzhou Tao Piao Piao (each a "I-WFOE" and collectively, the "I-WFOEs"), to obtain effective control over, and receive all the economic benefits generated by, the businesses operated by the I-OPCOs, and the I-OPCOs, in turn, operate the I-Restricted Businesses through itself and its subsidiaries.

Prior to the VIE Restructuring (as defined below), the contractual arrangements were entered into among the I-WFOEs, the I-OPCOs and the four individual registered owners of the I-OPCOs (the "Ex-Registered Owners") (the "Previous Contractual Arrangements").

As part of AGH's strategy in enhancing the variable interest entities ("VIEs") structure, during the financial year ended March 31, 2021, the four Ex-Registered Owners under the Previous Contractual Arrangements entered into equity transfer agreements with Beijing Baoxuan (a consolidated entity of AGH), pursuant to which (a) two Ex-Registered Owners agreed to transfer 50% and 50% of the equity interests in each of Zhonglian Jinghua and Beijing Ali Tao respectively to Beijing Baoxuan, and (b) the other two Ex-Registered Owners agreed to transfer 50% and 50% of the equity interests in Shanghai Tao Piao Piao respectively to Beijing Baoxuan (the "VIE Restructuring"). On the same day, each of the I-OPCOs (i.e. Zhonglian Jinghua, Beijing Ali Tao and Shanghai Tao Piao Piao) became owned as to 100% by Beijing Baoxuan. Beijing Baoxuan is wholly-owned by Hangzhou Baoxuan Investment Management Co., Ltd.* (杭州寶軒投資管理有限公司), a company established in the PRC with limited liability ("PRC Investco"), which is held as to each 50% by two PRC limited partnerships established in the PRC ("PRC LPs"), both of which were ultimately owned by a company established in the PRC with limited liability serving as a general partner of the PRC LPs ("PRC GP") and five selected members of the Alibaba Partnership or AGH's management who are PRC citizens (the "Five Individuals").

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Overview (Continued)

As a result of the equity transfers under the VIE Restructuring, the Group entered into a series of contractual arrangements (the "I-Contractual Arrangements") with the OPCOs and Beijing Baoxuan (as new registered owner of I-OPCOs) (the "I-Registered Owner"), which contain substantially the same terms as the Previous Contractual Arrangements and enable the Group to continue, through the I-WFOEs, to maintain effective control over, and receive all the economic benefits generated by, the businesses operated by the I-OPCOs, which in turn operate the I-Restricted Businesses through itself and its subsidiaries. The VIE Restructuring has been first disclosed in the Company's 2020/21 Annual Report. Further details in relation to the terms of the I-Structured Contracts (as defined below) and I-Contractual Arrangements are set out below. Through the I-Structured Contracts and the I-Contractual Arrangements, the results of operations, assets and liabilities, and cash flows of the I-OPCOs were consolidated into the Company's financial statements, and the I-OPCOs were regarded as indirect subsidiaries of the Group under HKFRS 10 during the year ended March 31, 2025.

Particulars of the I-OPCOs and their I-Registered Owner

As at March 31, 2025, particulars of the I-OPCOs and their respective I-Registered Owner are as follows:

Name of I-OPCO	I-Registered Owner	Registered Capital	Principal Activities
Zhonglian Jinghua	100% by Beijing Baoxuan	RMB10 million	Investment holding
Beijing Ali Tao	100% by Beijing Baoxuan	RMB99 million	Investment holding
Shanghai Tao Piao Piao	100% by Beijing Baoxuan	RMB10 million	Film investment; film distribution; ticketing agency; technological consultation, technology transfer and technology services in the professional field of network technology; e-commerce

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

The following table sets out the subsidiaries of Zhonglian Jinghua as at March 31, 2025:

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Zhonglian Huameng (Shanghai) Cultural Media Co., Ltd.* (中聯華盟(上海)文化傳媒有限公司)	Zhonglian Jinghua	100%	Production of broadcasting & television programs; distribution; exchanging and planning of screen-based, cultural & art events; film investment
Beijing Alibaba Pictures Culture Co., Ltd.* (北京阿里巴巴影業文化有限公司)	Zhonglian Jinghua	100%	Film distribution, film production; performance brokerage; production of broadcasting & television programs
Beijing Silu Yunpai Technology Co., Ltd.* (北京思盧雲拍科技有限公司)	Zhonglian Jinghua	60%	Technical promotion services; computer system services; software design; design, production, agency sale and release of advertisements
Alibaba Pictures (Tianjin) Co., Ltd.* (阿里巴巴影業(天津)有限公司)	Beijing Alibaba Pictures Culture Co., Ltd.	100%	Production of broadcasting & television programs
Alibaba Shouquanbao (Tianjin) Culture Communication Co., Ltd.* (阿里巴巴授權寶(天津)文化傳播有限公司)	Beijing Alibaba Pictures Culture Co., Ltd.	100%	Advertising and sale of entertainment related merchandise and derivative products
Beijing Xiangjin Pictures Co., Ltd.* (北京香金影業有限公司)	Beijing Alibaba Pictures Culture Co., Ltd.	100%	Production and distribution of film and television drama series
Beijing Nicefilm Vision Culture Co., Ltd.* (北京耐飛視界文化有限公司)	Beijing Alibaba Pictures Culture Co., Ltd.	100%	Production and distribution of film and television drama series

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Zhejiang Dongyang Meila Company Limited* (浙江東陽美拉傳媒有限公司)	Beijing Alibaba Pictures Culture Co., Ltd.	70%	Investment in and production of film and television drama series
Beijing Meila Media Company Limited* (北京美拉文化傳媒有限公司)	Zhejiang Dongyang Meila Company Limited	100%	Investment in and production of film and television drama series
Hainan Meila Media Company Limited* (海南美拉傳媒有限公司)	Beijing Meila Media Company Limited	100%	Investment in and production of film and television drama series
Hangzhou Youwu Culture Communication Co., Ltd.* (杭州鱿物文化傳播有限公司)	Alibaba Shouquanbao (Tianjin) Culture Communication Co., Ltd.	100%	Digital collectibles issuance, establishment of platforms
Haikou Xiangjin Pictures Co., Ltd.* (海口香金影業有限公司)	Beijing Xiangjin Pictures Co., Ltd.	100%	Production and distribution of film and television drama series

The following table sets out the subsidiaries of Beijing Ali Tao as at March 31, 2025:

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Zhejiang Dongyang Microcosmic Movie & Media Co., Ltd.* (浙江東陽小宇宙影視傳媒有限公司)	Beijing Ali Tao	100%	Investment in and production and distribution of film and TV copyrights
Shanghai Alibaba Pictures Co., Ltd.* (上海阿里巴巴影業有限公司)	Beijing Ali Tao	100%	Film investment, film production
Beijing Yulebao Movie & Media Co., Ltd.* (北京娛樂寶影視傳媒有限公司)	Beijing Ali Tao	100%	Investment in and production and distribution of film and TV copyrights
Zhejiang Dongyang Alibaba Pictures Co., Ltd.* (浙江東陽阿里巴巴影業有限公司)	Beijing Ali Tao	100%	Investment in and production and distribution of film and TV copyrights; investment management

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Alibaba Pictures (Beijing) Co., Ltd.* (阿里巴巴影業(北京)有限公司)	Beijing Ali Tao	100%	Investment in and production and distribution of film and TV copyrights
Suzhou Microcosmic Movie & Media Co., Ltd.* (蘇州小宇宙影視傳媒有限公司)	Beijing Ali Tao	100%	Research and development and production of anime films
Guangzhou Xiaoyuzhou Movie & TV Culture Co., Ltd.* (廣州小宇宙影視文化有限公司)	Beijing Ali Tao	100%	Research and development and production of anime films
Horgos Xiaoyuzhou Movie & TV Culture Co., Ltd.* (霍爾果斯小宇宙影視文化有限公司)	Zhejiang Dongyang Microcosmic Movie & Media Co., Ltd.	100%	Investment in and production and distribution of film copyrights
Beijing Blue Sky Dark Horse Culture Media Co., Ltd.* (北京藍天黑馬文化傳媒有限公司)	Zhejiang Dongyang Microcosmic Movie & Media Co., Ltd.	70%	Film distribution and marketing
Beijing Surprise Plentiful Culture Media Co., Ltd.* (北京鯨喜很多文化傳媒有限公司)	Beijing Blue Sky Dark Horse Culture Media Co., Ltd.	100%	Film distribution and marketing
Beijing Imagination Infinity Culture Media Co., Ltd.* (北京想象力無限文化傳媒有限公司)	Beijing Blue Sky Dark Horse Culture Media Co., Ltd.	100%	Film distribution and marketing
Beijing Basic Skill Culture Media Co., Ltd.* (北京基本功文化傳媒有限公司)	Beijing Blue Sky Dark Horse Culture Media Co., Ltd.	100%	Film distribution and marketing
Beijing Xiangyang Culture Media Co., Ltd.* (北京象樣文化傳媒有限公司)	Beijing Blue Sky Dark Horse Culture Media Co., Ltd.	100%	Film distribution and marketing

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Beijing Dark Horse Youth Culture Media Co., Ltd.* (北京黑馬青春文化傳媒有限公司)	Beijing Blue Sky Dark Horse Culture Media Co., Ltd.	100%	Film distribution and marketing
Beijing Yuliang Culture Media Co., Ltd.* (北京魚良文化傳媒有限公司)	Beijing Blue Sky Dark Horse Culture Media Co., Ltd.	100%	Film distribution and marketing
Shanghai Xingya Culture Media Co., Ltd.* (上海行鴨文化傳媒有限公司)	Beijing Blue Sky Dark Horse Culture Media Co., Ltd.	100%	Film distribution and marketing
Shanghai Yuliang Culture Media Co., Ltd.* (上海魚良文化傳媒有限公司)	Beijing Blue Sky Dark Horse Culture Media Co., Ltd.	100%	Film distribution and marketing
Zhongyu (Tianjin) Commercial Factoring Co., Ltd.* (中娛(天津)商業保理有限公司)	Beijing Yulebao Movie & Media Co., Ltd.	100%	Factoring
Hangzhou Kangmai Investment & Management Co., Ltd.* (杭州康邁投資管理有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	100%	Investment management, industrial investment and investment consultation
Hangzhou Alibaba Movie & TV Investment & Management Co., Ltd.* (杭州阿里巴巴影視投資管理有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	100%	Investment management, industrial investment and investment consultation
Beijing Fanni Fanni Culture Media Co., Ltd.* (北京蕃尼蕃尼文化傳媒有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	60%	Production of variety shows, television programs and short dramas for children
Cool Young Culture Communication Co., Ltd.* (酷漾文化傳播有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	51%	Talent agency

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Hainan Alibaba Pictures Co., Ltd.* (海南阿里巴巴影業有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	100%	Production, distribution, and marketing of film and television programs
Beijing Taoxiu New Media Technology Co., Ltd.* (北京淘秀新媒體科技有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	60%	Internet information services, advertising and marketing
Beijing Wuxian Shuiyuan Culture Technology Co., Ltd.* (北京無限水源文化科技有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	70%	Investment in and production of film and television drama series
Shanghai Youwang Entertainment Technology Co., Ltd.* (上海有旺互娛科技有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	100%	Production, distribution and operation of applet games and mobile games, etc.
Beijing Ziyong Nengliang Pictures Co., Ltd.* (北京自由能量影業有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	51%	Investment in and production of film and television drama series
Beijing Junsheng Jiali Cinema Management Co., Ltd.* (北京駿聲嘉利影院管理有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	100%	Operation of cinemas
Beijing Tianhao Shengshi Entertainment Culture Company Limited* (北京天浩盛世娛樂文化有限公司)	Zhejiang Dongyang Alibaba Pictures Co., Ltd.	51%	Production and distribution of film and television drama series, talent agency and performance
Tianhao Shengshi (Zhejiang) Culture Technology Co., Ltd.* (天浩盛世(浙江)文化科技有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	100%	Production and distribution of film and television drama series
Beijing Chaoying Times Culture Media Co., Ltd.* (北京超影時代文化傳媒有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	51%	Production and distribution of film and television drama series

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Tianjin Tianhao Shengshi Entertainment Culture Agency Company Limited* (天津天浩盛世娛樂文化經紀有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	100%	Talent agency
Tianhao Shengshi (Jiangsu) Culture Technology Co., Ltd.* (天浩盛世(江蘇)文化科技有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	100%	Production and distribution of film and television drama series
Haolu (Hainan) Movie & TV Entertainment Development Co., Ltd.* (浩鹿(海南)影視娛樂發展有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	70%	Production and distribution of film and television drama series
Tianhao Weiyang (Fuzhou) Movie & TV Culture Media Co., Ltd.* (天浩維映(福州)影視文化傳媒有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	60%	Production and distribution of film and television drama series
Zhejiang Pinrui Pictures Co., Ltd.* (浙江品睿影業有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	55%	Production and distribution of film and television drama series
Beijing Tianhao Hexi Movie & TV Culture Co., Ltd.* (北京天浩和熙影視文化有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	51%	Production and distribution of film and television drama series
Zhejiang Zhousifu Movie & TV Culture Co., Ltd.* (浙江洲思福影視文化有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	51%	Production and distribution of film and television drama series
Tianhao Shengshi (Shandong) Movie & TV Culture Co., Ltd.* (天浩盛世(山東)影視文化有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	100%	Production and distribution of film and television drama series

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Beijing Tianhao Zhuolan Media Co., Ltd.* (北京天浩卓瀾傳媒有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	55%	Promotion and distribution of film and television drama series
Beijing Tianhao Shengshi Pictures Co., Ltd.* (北京天浩盛世影業有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	100%	Production and distribution of film and television drama series
Ningbo Shiming Movie & TV Culture Media Co., Ltd.* (寧波世銘影視文化傳媒有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	51%	Production and distribution of film and television drama series
Beijing Tianhao Shengshi Music Cultural Communication Co., Ltd.* (北京天浩盛世音樂文化傳播有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	55%	Production of musical works
Beijing Tianhao Weixiao Culture Technology Co., Ltd.* (北京天浩微笑文化科技有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	51%	Live streaming and digital human
Tianhao Zhengyu (Ningbo) Movie & TV Entertainment Co., Ltd.* (天浩正娛(寧波)影視娛樂有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	51%	Talent agency and digital cultural creativity
Beijing Yuanqi Wuxian Movie & TV Culture Co., Ltd.* (北京元氣無限影視文化有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	51%	Production and distribution of film and television drama series and talent agency
Beijing Tianhao Yuedong Entertainment Culture Company Limited* (北京天浩悅動娛樂文化有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	90%	Production of musical works

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Shanghai Tianhao Shengshi Movie & TV Culture Co., Ltd.* (上海天浩盛世影視文化有限公司)	Beijing Tianhao Shengshi Entertainment Culture Company Limited	100%	Production and distribution of film and television drama series
Beijing Tianhao Hexi Culture and Entertainment Agency Co., Ltd.* (北京天浩和熙文化娛樂經紀有限公司)	Beijing Tianhao Hexi Movie & TV Culture Co., Ltd.	51%	Talent agency
Xiamen Tianhao Lize Movie & TV Culture Media Co., Ltd.* (廈門天浩麗澤影視文化傳媒有限公司)	Beijing Tianhao Lize Movie & TV Culture Media Co., Ltd.	100%	Production and distribution of film and television drama series
LinkedIn Career Management Consulting (Beijing) Co., Ltd.* (領英科銳管理諮詢(北京)有限公司)	Beijing Tianhao Lize Movie & TV Culture Media Co., Ltd.	100%	Production and distribution of film and television drama series
Xiamen Lize Tianhe Movie & TV Culture Media Co., Ltd.* (廈門麗澤天禾影視文化傳媒有限公司)	Beijing Tianhao Lize Movie & TV Culture Media Co., Ltd.	100%	Production and distribution of film and television drama series
Quanzhou Tianhao Lize Movie & TV Culture Media Co., Ltd.* (泉州天浩麗澤影視文化傳媒有限公司)	Beijing Tianhao Lize Movie & TV Culture Media Co., Ltd.	100%	Production and distribution of film and television drama series
KOITAKE (Beijing) Technology Co., Ltd.* (錦鯉拿趣(北京)科技有限公司)	Hangzhou Kangmai Investment & Management Co., Ltd.	100%	Sale of pop toys
Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.* (北京劇有想法影視文化傳播有限公司)	Hangzhou Kangmai Investment & Management Co., Ltd.	100%	Investment in and production and distribution of film and television programs

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Beijing Tangerine Orange Culture Media Co., Ltd.* (北京橘子橙子文化傳媒有限公司)	Hangzhou Kangmai Investment & Management Co., Ltd.	100%	Marketing of film and television programs
Aliyu (Tianjin) Culture Communication Co., Ltd.* (阿鯉魚(天津)文化傳播有限公司)	Hangzhou Kangmai Investment & Management Co., Ltd.	100%	IP-related products
Hainan Lingjing Culture Technology Co., Ltd.* (海南靈境文化科技有限公司)	Hangzhou Kangmai Investment & Management Co., Ltd.	100%	Digital collectibles issuance
Tianjin Ju You Yin Li Movie & TV Culture Communication Co., Ltd.* (天津劇有引力影視文化傳播有限公司)	Hangzhou Kangmai Investment & Management Co., Ltd.	100%	Production, distribution of broadcasting & television programs
Taomailang (Beijing) Technology Co., Ltd.* (淘麥郎(北京)科技有限公司)	Hangzhou Kangmai Investment & Management Co., Ltd.	100%	Computer system services
Zhejiang Tao Piao Piao Movie & TV Culture Media Co., Ltd.* (浙江淘票票影視文化傳媒有限公司)	Hangzhou Kangmai Investment & Management Co., Ltd.	100%	Production and distribution of broadcasting & television programs
Suzhou Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.* (蘇州劇有想法影視文化傳播有限公司)	Hangzhou Kangmai Investment & Management Co., Ltd.	100%	Production and distribution of broadcasting & television programs
KOITAKE (Beijing) Culture Technology Co., Ltd.* (拿趣(北京)文化科技有限公司)	KOITAKE (Beijing) Technology Co., Ltd. 錦鯉拿趣(北京)科技有限公司	100%	Sales of pop toys and action figures

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

Name of Subsidiary	Holding Company	Ownership	Principal Activities
KOITAKE Times (Hangzhou) Culture Technology Co., Ltd.* (拿趣時代(杭州)文化科技有限公司)	KOITAKE (Beijing) Technology Co., Ltd. 錦鯉拿趣(北京)科技有限公司	100%	Sales of pop toys and action figures
Beijing Ju You Xin Yi Movie & TV Culture Co., Ltd.* (北京劇有心意影視文化有限公司)	Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.	100%	Production of broadcasting & television programs
Fuzhou As One Movie & TV Culture Communication Co., Ltd.* (福州洪心劇力影視文化傳播有限公司)	Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.	100%	Production and distribution of broadcasting & television programs
Zhejiang As One Movie & TV Culture Communication Co., Ltd.* (浙江洪心劇力影視文化傳播有限公司)	Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.	100%	Production and distribution of broadcasting & television programs
Chengdu Ju You Yin Li Movie & TV Culture Communication Co., Ltd.* (成都劇有引力影視文化傳播有限公司)	Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.	100%	Production and distribution of broadcasting & television programs
Hangzhou Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.* (杭州劇有想法影視文化傳播有限公司)	Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.	100%	Production and distribution of broadcasting & television programs
Hainan Ju You Xiang Fa Galaxy Culture Communication Co., Ltd.* (海南劇有想法星河文化傳播有限公司)	Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.	100%	Production and distribution of broadcasting & television programs

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Particulars of the I-OPCOs and their I-Registered Owner (Continued)

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Xiangjin Pictures (Chengdu) Co., Ltd.* (香金影業(成都)有限公司)	Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.	100%	Production and distribution of broadcasting & television programs
Qingdao Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.* (青島劇有想法影視文化傳播有限公司)	Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.	100%	Production of film and television programme
Shiyi (Beijing) Movie & TV Culture Co., Ltd.* (時益(北京)影視文化有限公司)	Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.	100%	Talent agency
Hubei Ju You Xiang Fa Movie & TV Culture Co., Ltd.* (湖北劇有想法影視文化有限公司)	Beijing Ju You Xiang Fa Movie & TV Culture Communication Co., Ltd.	100%	Production of film and television programme
Beijing 102 Artists Agency Co., Ltd.* (北京壹零貳藝人經紀有限公司)	Cool Young Culture Communication Co., Ltd.	100%	Talent agency
Beijing Liyu Culture Communication Co., Ltd.* (北京里娛文化傳播有限公司)	Cool Young Culture Communication Co., Ltd.	100%	Talent agency
Cool Young (Hangzhou) Culture Communication Co., Ltd.* (酷漾(杭州)文化傳播有限公司)	Cool Young Culture Communication Co., Ltd.	100%	Talent agency
Hainan Canno Studio Pictures Co., Ltd.* (海南可能製造影業有限公司)	Hainan Alibaba Pictures Co., Ltd.	100%	Production, distribution, and marketing of film and television programs

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Summary of the major terms of the I-Contractual Arrangements

As at March 31, 2025, there were three sets of ongoing I-Contractual Arrangements in place:

- (a) in respect of Zhonglian Jinghua, a series of exclusive service agreements (the "I-Exclusive Service Agreements"), loan agreements (the "I-Loan Agreements"), equity interest pledge agreements (the "I-Equity Interest Pledge Agreements"), powers of attorney on shareholders' voting rights (the "I-Powers of Attorney on Shareholder Voting Rights") and exclusive option agreements (the "I-Exclusive Option Agreements") (collectively the "I-Structured Contracts") were entered into Zhonglian Shengshi (as the Company's subsidiary, i.e. one of the I-WFOEs), Zhonglian Jinghua (as the I-OPCO) and Beijing Baoxuan (as the registered owner);
- (b) in respect of Beijing Ali Tao, the Structured Contracts were entered into among Zhonglian Shengshi (as the Company's subsidiary, i.e. one of the I-WFOEs), Beijing Ali Tao (as the I-OPCO) and Beijing Baoxuan (as the registered owner); and
- (c) in respect of Shanghai Tao Piao Piao, the I-Structured Contracts were entered into among Hangzhou Tao Piao Piao (as the Company's subsidiary, i.e. one of the I-WFOEs), Shanghai Tao Piao Piao (as the I-OPCO) and Beijing Baoxuan Yingcheng (as the registered owner).

Each of the above sets of I-Contractual Arrangements includes substantially similar terms and the terms of the I-Contractual Arrangements are substantially consistent with the Previous Contractual Arrangements without substantive variation. A brief summary of the major terms is set out below:

(1) I-Exclusive Service Agreements

Pursuant to the I-Exclusive Service Agreements, the relevant I-OPCO has agreed to engage the relevant I-WFOE as its exclusive provider of, among other matters, technical support and consultancy services requested by the relevant I-OPCO from time to time to the extent permitted under applicable PRC laws in exchange for service fees. The service fees are fixed with reference to the net profit of the relevant I-OPCO. In respect of certain specific technical services requested by the relevant I-OPCO, the relevant I-OPCO shall pay the relevant I-WFOE a service fee as quoted by the relevant I-WFOE taking into account the nature and workload of such services. The relevant I-WFOE may adjust the amount of service fees with reference to the actual services provided and the actual business operations of the relevant I-OPCO. The relevant I-OPCO shall not oppose to such adjustment unless with reasonable grounds.

Unless otherwise prescribed under the PRC laws and regulations, the relevant I-WFOE shall have exclusive proprietary rights to any intellectual property (including but not limited to copyright, patent, technical secret and trade secret) in the work product developed by the relevant I-WFOE or the relevant I-OPCO in the course of the provision of services under the relevant I-Exclusive Service Agreement.

Each of the I-Exclusive Service Agreement has a term of 20 years and will be automatically renewed for successive one-year term upon expiry unless otherwise notified by the relevant Subsidiary. The relevant I-Exclusive Service Agreement shall be terminated prior to expiration in the event that the business period of either the relevant I-WFOE or the relevant I-OPCO expires.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) **Contractual Arrangements** *(Continued)*

I. Contractual Arrangements in relation to the VIE Restructuring *(Continued)*

Summary of the major terms of the I-Contractual Arrangements *(Continued)*

(2) I-Loan Agreements

Pursuant to the I-Loan Agreements, the relevant I-WFOE agreed to provide interest-free loans to Beijing Baoxuan as capital contribution to the relevant I-OPCO or for other purposes as agreed by the relevant I-WFOE. Beijing Baoxuan, in return for the provision of loans, agreed to enter into the I-Equity Interest Pledge Agreement with the relevant I-WFOE to pledge all of its equity interest in the relevant I-OPCO as security.

The term of each loan under the relevant I-Loan Agreement is 20 years from the signing date, or for a period until expiration of the business period of the relevant I-WFOE or the relevant I-OPCO, whichever is earlier. Beijing Baoxuan shall repay the loan upon expiration of the term. In that circumstance, unless otherwise prohibited by the applicable laws and regulations, the relevant subsidiary or its designee is entitled to acquire the entire equity interest held by Beijing Baoxuan in the relevant I-OPCO for a consideration which is equal to the loan amount. Beijing Baoxuan shall waive any pre-emptive rights upon transfer of equity interest in the relevant I-OPCO to the relevant I-WFOE. Any tax arising from the loan shall be borne by the relevant I-WFOE.

(3) I-Equity Interest Pledge Agreements

Pursuant to the I-Equity Interest Pledge Agreements, Beijing Baoxuan agreed to pledge all of its respective equity interests in the relevant I-OPCO to the relevant I-WFOE, as a security interest to guarantee the performance of contractual obligations and the payment of outstanding loans of Beijing Baoxuan. Unless due to the intentional misconduct or gross negligence of the relevant I-WFOE, the relevant I-WFOE shall not be liable for any decrease in value of the pledged interest, and Beijing Baoxuan shall not have any right to claim against the relevant I-WFOE as a result of such decrease in value. However, in the event that the decrease in value of the pledged interest may jeopardize rights of the relevant I-WFOE, or upon occurrence of default, the relevant I-WFOE may auction or sell the pledged interest for and on behalf of Beijing Baoxuan, and allocate the proceeds received for loan repayment or deposit such proceeds to the relevant I-WFOE's local Notary Office.

The pledge in respect of an I-OPCO takes effect upon completion of registration with the competent authority, and shall remain valid until all the contractual obligations of Beijing Baoxuan and the relevant I-OPCO under the relevant Structured Contracts have been fully performed and that all outstanding loans have been fully repaid. During the period of the pledge, without the prior written consent of the relevant I-WFOE, Beijing Baoxuan shall not create or agree to create any new pledge or other security on the equity interests of the relevant I-OPCO, nor assign or transfer any of the equity interests in the relevant I-OPCO.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) Contractual Arrangements *(Continued)*

I. Contractual Arrangements in relation to the VIE Restructuring *(Continued)*

Summary of the major terms of the I-Contractual Arrangements *(Continued)*

(4) I-Powers of Attorney on Shareholders' Voting Rights

Pursuant to the I-Powers of Attorney on Shareholders' Voting Rights, Beijing Baoxuan irrevocably appointed designee(s) of the I-WFOE who are PRC nationals, to act as its attorney on its behalf to exercise all rights in connection with matters concerning its right as shareholder of the relevant I-OPCO, including but not limited to:

- (a) attending the shareholders' meeting of the relevant I-OPCO as representative(s) of Beijing Baoxuan;
- (b) exercising shareholders' voting rights on issues in respect of appointment of directors and senior management, disposal of assets and liquidation, etc.;
- (c) signing meeting minutes and resolutions;
- (d) signing relevant documents when Beijing Baoxuan sells or transfers all or part of its equity interest pursuant to the Exclusive Option Agreements;
- (e) signing all necessary documents when the relevant subsidiary exercises its rights under the relevant I-Equity Interest Pledge Agreement;
- (f) approving filing documents with the relevant competent authorities; and
- (g) other matters decided or executed by the shareholders pursuant to the relevant constitutional documents.

The I-Powers of Attorney on Shareholders' Voting Rights shall remain effective for 20 years, and will be automatically renewed for consecutive one-year term upon expiry unless otherwise notified by the relevant I-WFOE. I-The Powers of Attorney on Shareholders' Voting Rights shall be terminated prior to expiration in the event that the business period of either the relevant subsidiary or the relevant I-OPCO expires.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) **Contractual Arrangements** *(Continued)*

I. Contractual Arrangements in relation to the VIE Restructuring *(Continued)*

Summary of the major terms of the I-Contractual Arrangements *(Continued)*

(5) I-Exclusive Option Agreements

Pursuant to the I-Exclusive Option Agreements, Beijing Baoxuan agreed to irrevocably, unconditionally and exclusively grant an exclusive option to the relevant I-WFOE, so that the relevant I-WFOE may elect to purchase, when permitted by the then applicable PRC laws, all or any part of the equity interests in, and/or all or any of the assets of, the relevant I-OPCO from Beijing Baoxuan by themselves or through their designee(s). In the event that any of the options is exercised by the relevant I-WFOE, the transfer price of the relevant equity interests and assets shall correspond to the registered capital amount and the net asset value, respectively, or the legal minimum price under the then applicable PRC laws (as the case may be). Subject to the applicable PRC laws, Beijing Baoxuan shall transfer all the consideration it receives in relation to such transfer of equity interests in and assets of the relevant I-OPCO to the relevant I-WFOE after receiving such consideration, after deduction of applicable taxes and government fees and repayment of any outstanding debt pursuant to the Loan Agreements.

Pursuant to the I-Exclusive Option Agreements, without the prior written consent of the relevant I-WFOE, Beijing Baoxuan shall not sell, transfer, mortgage or dispose of in any manner any assets of the relevant I-OPCO (except in the ordinary course of business), or legal or beneficial interest in the business or revenues of the relevant I-OPCO, or allow the creation of any security interest thereon.

The I-Exclusive Option Agreements shall remain effective from the execution date and terminate when the equity interests in and assets of the relevant I-OPCO have been legally transferred to the relevant I-WFOE or its designee in accordance with the terms of the relevant I-Exclusive Option Agreement.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Revenue and assets subject to the I-Contractual Arrangements

During the Reporting Period, the Group expanded the scale of investments and business operated under the I-OPCOs, and revenues generated from and assets held through the I-OPCOs had begun to form a material portion of the Group's total revenue and assets. The following table sets out (i) revenue and (ii) assets involving the I-OPCOs which are consolidated into the Group's financial statements pursuant to the I-Structured Contracts:

	Revenue (RMB'000) (proportionate % to the Group) For the year ended March 31, 2025	Assets (RMB'000) (proportionate % to the Group) As at March 31, 2025
Zhonglian Jinghua	2,563,036 (38.24%)	6,688,688 (28.46%)
Beijing Ali Tao	1,399,476 (20.88%)	4,286,227 (18.24%)
Shanghai Tao Piao Piao	25,911 (0.39%)	74,250 (0.32%)

Reasons for using the I-Contractual Arrangements

As disclosed above, as the applicable PRC laws and regulations as detailed below in force restrict foreign investment in the I-Restricted Businesses which are fundamental to the Group's business, the Group has participated in the I-Restricted Businesses through the I-Contractual Arrangements.

According to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (外商投資准入特別管理措施(負面清單)), Regulations relating to the Management of Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定) and other applicable laws and regulations in the PRC (the "PRC Regulations"), in order to engage in the I-Restricted Businesses, a company is required to obtain permit to distribute movies (電影發行經營許可證), permit to produce and distribute radio or television programs (廣播電視節目製作經營許可證), EDI permit relating to online data and transaction processing for online movie and live events ticketing platforms (增值電信業務經營許可證) and ICP permit relating to internet information services for distributing information about investment in movies, television programs and entertainment business (增值電信業務經營許可證) and, subject to certain limited exceptions, foreign investors are prohibited from holding equity interest in any companies that engage in the I-Restricted Businesses. Due to such legal restriction on foreign ownership and investment in the I-Restricted Businesses, the Company, decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, the Company would obtain effective control over, and receive all the economic benefits generated by, the businesses operated by the I-OPCOs through the I-Contractual Arrangements. In the opinion of the Company's PRC legal advisers, the I-Contractual Arrangements do not violate applicable PRC laws and regulations.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Risks associated with the I-Contractual Arrangements and the actions taken by the Group to mitigate the risks

The Company's PRC legal advisers had advised the Company that while the I-Contractual Arrangements do not violate the applicable PRC laws and regulations, there are uncertainties regarding the interpretation and application of the applicable PRC laws, rules, and regulations. As such, the Group believes the following risks are associated with the I-Contractual Arrangements:

- if the PRC government finds that the I-Contractual Arrangements that allow the Company to consolidate the results of operations, assets and liabilities, and cash flows of the I-OPCOs which operate the I-Restricted Businesses do not comply with applicable PRC laws and regulations, the Company could be subject to penalties and its business may be materially and adversely affected;
- certain terms of the I-Contractual Arrangements may not be enforceable under PRC laws;
- the I-Contractual Arrangements may not be as effective in providing control over the I-OPCOs as equity ownership;
- any failure by the I-OPCOs or the I-Registered Owner to perform their obligations under the Contractual Arrangements would potentially lead to the Company having to incur additional costs and expend material resources to enforce such arrangements, and/or temporary or permanent loss of control over the I-Restricted Businesses and the revenue from these businesses;
- the I-Registered Owner may have potential conflicts of interest with the Group, which may materially and adversely affect the Group's business and financial condition;
- the I-Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and they may determine that the Company or the I-OPCOs owe additional taxes, which could negatively affect the Group's financial condition and the value of the Shareholders' investment;
- if any of the I-WFOEs or I-OPCOs becomes the subject of a bankruptcy or liquidation proceeding, the Group may lose the ability to use and enjoy certain important assets, which could materially and adversely affect its business;
- the Company's exercise of the option to acquire the equity interests of the I-OPCOs may be subject to certain limitations and the ownership transfer may incur substantial costs;
- the Company does not have any insurance which covers the risks relating to the I-Contractual Arrangements and the transactions contemplated thereunder; and
- the Group's current corporate structure and business operations may be affected by the Foreign Investment Law of the PRC.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) Contractual Arrangements *(Continued)*

I. Contractual Arrangements in relation to the VIE Restructuring *(Continued)*

Risks associated with the I-Contractual Arrangements and the actions taken by the Group to mitigate the risks *(Continued)*

The Group has adopted the following measures to ensure the effective internal control and operation of the Group with the implementation of the I-Contractual Arrangements and the compliance with the Contractual Arrangements:

- (i) major issues arising from the implementation and compliance with the I-Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (ii) the Board will review the overall performance of and compliance with the I-Contractual Arrangements at least once a year;
- (iii) the Company will disclose the overall performance of and compliance with the I-Contractual Arrangements in its annual reports; and
- (iv) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the I-Contractual Arrangements, review the legal compliance of the I-WFOEs and the I-OPCOs to deal with specific issues or matters arising from the I-Contractual Arrangements.

Material changes in the foreign ownership restriction requirements

The I-Contractual Arrangements have been put in place purely to allow the Group to comply with the foreign ownership restrictions under the PRC Regulations. Save as disclosed, during the Reporting Period, there was no other material change in the I-Contractual Arrangements and/or the circumstances under which they were adopted, and none of the I-Contractual Arrangements had been unwound as the regulatory restrictions that led to their adoptions were not removed.

Listing Rules Implications

Upon a recent review by Alibaba Group of its overall VIE profile, the Company was informed that there has been an additional layer of contractual arrangements among the Five Individuals, the PRC GP, the PRC LPs and a wholly-owned subsidiary of Alibaba Group, pursuant to which AGH obtains effective control over, and receives all the economic benefits of Beijing Baoxuan (the "Additional VIE Arrangement"). Accordingly, Beijing Baoxuan is consolidated into the financial statements of Alibaba Group under the Additional VIE Arrangement for accounting treatment purposes.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

I. Contractual Arrangements in relation to the VIE Restructuring (Continued)

Listing Rules Implications (Continued)

As such, Beijing Baoxuan, being an associate of AGH (which in turn is the ultimate controlling shareholder and a connected person of the Company), was or is, as the case may be, a connected person of the Company as at the date when the I-Contractual Arrangements were entered into and as at the date of this annual report. Therefore, the continuing transactions under the I-Contractual Arrangements should constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that it is inappropriate for the Company to (i) set an annual cap for the transactions under the I-Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (ii) limit the term of the I-Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules with the following grounds:

- (i) the Previous Contractual Arrangements has been in place since in or around mid-2016 and that the Contractual Arrangements have terms substantially consistent to those of the Previous Contractual Arrangements, and that all necessary factual information about the Contractual Arrangements have been disclosed in the annual reports of the Company;
- (ii) the I-Contractual Arrangements and the transactions contemplated thereunder are fundamental to the Group's legal structure and business operations as the adoption of the I-Contractual Arrangements enables the Group to continue, through the I-WFOEs, to maintain effective control over, and receive all the economic benefits generated by, the businesses operated by the I-OPCOs, which in turn operate the I-Restricted Businesses;
- (iii) the I-Contractual Arrangements are for fixed terms and for a fixed period, and are entered into for the benefit of the Group, and unlike typical connected transactions, since the I-Registered Owner acts as shareholder of the I-OPCOs to facilitate the arrangements whereby economic benefits from the I-OPCOs are transferred to the Company, there is no concern of leakage of economic benefits to connected persons to the detriment of minority shareholders of the Company under the I-Contractual Arrangements;
- (iv) the Directors (including the independent non-executive Directors), consider that the I-Contractual Arrangements are on normal commercial terms or on terms more favourable to the Group, in the ordinary and usual course of business of the Group and are fair and reasonable or to the advantage of the Group and are in the interests of the Company and the Shareholders as a whole; and
- (v) the Company believes that it will not be in the interest of the Company and the Shareholders to set any annual cap on the amounts of fees payable to the Company under the I-Contractual Arrangements.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) Contractual Arrangements *(Continued)*

I. Contractual Arrangements in relation to the VIE Restructuring *(Continued)*

Listing Rules Implications *(Continued)*

Pursuant to Rule 14A.52 of the Listing Rules, the Group has obtained the opinion from an independent financial adviser, pursuant to which the independent financial adviser considers that in relation to the I-Contractual Arrangements, (i) the continuing connected transactions in respect of the Contractual Arrangements have been entered into in the Group's ordinary and usual course of business on normal commercial terms, on terms that are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; (ii) a term of longer than three years is required for the I-Contractual Arrangements; and (iii) it is normal business practice for the I-Contractual Arrangements to be of such duration exceeding three years. For details, please refer to the announcement of the Company dated June 30, 2023.

Based on the above, the I-Contractual Arrangements shall continue to be in place for so long as the shares of the Company are listed on the Hong Kong Stock Exchange subject to the following internal measures to safeguard the I-Contractual Arrangements:

- (i) no change without independent non-executive Directors' approval;
- (ii) no change without independent Shareholders' approval;
- (iii) the I-Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the I-OPCOs; and
- (iv) the Group will disclose details relating to the I-Contractual Arrangements on an ongoing basis.

Confirmation from the independent non-executive Directors

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

- (i) the transactions carried out during the Reporting Period have been entered into in accordance with the relevant provisions of the I-Contractual Arrangements;
- (ii) no dividends or other distributions have been made by the I-OPCOs to Beijing Baoxuan which are not otherwise subsequently assigned or transferred to the Group during the Reporting Period; and
- (iii) any contracts renewed between the Group and the I-OPCOs during the Reporting Period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition

Overview

Following closing of the acquisition of Pony Media Holding Inc. ("Pony Media") on November 30, 2023 (the "Acquisition"), the Company holds the entire issued share capital of the Pony Media. For details of the Acquisition, please refer to the announcements of the Company dated September 19, 2023, October 31, 2023 and November 30, 2023 as well as the circular of the Company dated October 16, 2023, respectively.

On August 28, 2023, (i) a wholly-owned subsidiary of Pony Media, 北京紅馬科技有限公司 (Beijing Pony Technology Co., Ltd.*) ("Damai WFOE"), (ii) Beijing Damai, (iii) 青島金麥網絡科技有限公司 (Qingdao Jinmai Network Technology Co., Ltd.*) ("Jinmai Technology") and (iv) 北京大麥文化傳播有限公司 (Beijing Damai Cultural Communication Co., Ltd.*) ("Damai Communication") (Beijing Damai, Jinmai Technology and Damai Communications are collectively, the "II-OPCOs"), and (v) Alibaba Culture (the "II-Registered Owner") entered into new contractual arrangements (the "II-Contractual Arrangement") to enable the financial results, the entire economic benefits and risks of the businesses of the II-OPCOs to flow into the Group through Damai WFOE and enable the Group through Damai WFOE to gain control over the II-OPCOs.

Particulars of the II-OPCOs and their II-Registered Owner

As at March 31, 2025, particulars of the II-OPCOs and their respective II-Registered Owner are as follows:

Name of II-OPCO	II-Registered Owner	Registered Capital	Principal Activities
Beijing Damai	Alibaba Culture	RMB30,000,000	Entertainment businesses which involves the production, distribution and streaming of online programme and online performance, operation of mobile apps and production and operation activities of radio and television programs. The business operation of Beijing Damai involves its ICP License, Internet Cultural Business License and Radio and Television Program Production License.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Particulars of the II-OPCOs and their II-Registered Owner (Continued)

Name of II-OPCO	II-Registered Owner	Registered Capital	Principal Activities
Jinmai Technology	Alibaba Culture	RMB3,000,000	Operation of mobile apps and a provision of internet information service, which falls within the scope of "value-added telecommunication service" under the telecommunications regulations of the PRC, and are therefore considered "restricted", and the operation of which necessitates an ICP License being obtained. Jinmai Technology holds an ICP License.
Damai Communication	Alibaba Culture	RMB10,000,000	Production of a rich array of offline entertainment performances, ranging from staged plays, musicals, comedies to dramas, in theatres. While the conducting of offline entertainment theater shows does not strictly require specific foreign restricted/prohibited license, the Group intends to strengthen the business of Damai Communication to include in-house production and performance crew.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Particulars of the II-OPCOs and their II-Registered Owner (Continued)

The following table sets out the subsidiaries of Beijing Damai as at March 31, 2025:

Name of Subsidiary	Holding Company	Ownership	Principal Activities
Chengdu Kangsente Culture Media Co., Ltd.* (成都康森特文化傳媒有限公司)	Beijing Damai	100%	Commercial performance
Shanghai Baiqiang Culture Communication Co., Ltd.* (上海百強文化傳播有限公司)	Beijing Damai	100%	Application software services
Chengdu Maizuo Technology Co., Ltd.* (成都麥座科技有限公司)	Beijing Damai	100%	Software development, application software services

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Summary of the major terms of the II-Contractual Arrangements

As at March 31, 2025, Damai WFOE, the II-OPCOs and the II-Registered Owner (as the case may be) entered into the following structure contracts on August 28, 2023 (the "II-Structured Contracts"). Pursuant to the II-Structured Contracts, Damai WFOE is able to control the finance and operation of the II-OPCOs so as to obtain the economic interest and benefits from its business activities despite the lack of registered equity ownership. In addition, the Company, through the II-Structured Contracts, has effective control over the financing and operations of the II-OPCOs, and enjoy the economic interest and benefits of the II-OPCOs. Principal terms of each of the II-Structured Contracts are set out as follows:

(1) II-Exclusive Service Agreements

- Parties: (a) Damai WFOE; and
- (b) the II-OPCOs

Each of the II-OPCOs and Damai WFOE entered into an exclusive service agreement (the "II-Exclusive Service Agreement(s)") with the following terms:

- Term: The term of the II-Exclusive Service Agreement is 20 years and will be automatically renewed for successive one-year term upon expiry unless otherwise notified by Damai WFOE. The relevant II-Exclusive Service Agreement shall be terminated in the event that (i) the business period stipulated in the corporate legal person business licence of either Damai WFOE or the relevant II-OPCO expires; or (ii) upon the event that it becomes permitted under PRC laws for Damai WFOE to directly hold the equity interest in the II-OPCOs, and Damai WFOE or its designated entity has obtained all the equity interest in the II-OPCOs.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Summary of the major terms of the II-Contractual Arrangements (Continued)

(1) II-Exclusive Service Agreements (Continued)

Subject: Each of the II-OPCOs has agreed to engage Damai WFOE as its exclusive service provider to the extent permitted under applicable PRC laws in exchange for service fees. The scope of service includes but not limited to (i) the permission of usage of relevant software legally owned by Damai WFOE; (ii) the provision of economic information, computer technology, business and management consultation and advice; (iii) the provision of business planning, designs, and marketing plans; (iv) the supply of hardware equipment and database/software resources and regular customer resources management, maintenance and updates; (v) the provision of comprehensive operation and solutions in respect of information technology/business management as required by the business; (vi) the provision of relevant application software on perspectives appropriate to development, maintenance and update of relevant application software as required by the business; (vii) the provision of staff training, support and assistance on relevant business; and (viii) the provision of other relevant services requested by the II-OPCOs. Each of the II-OPCOs may appoint designated third parties to perform part of or all of its obligations under the II-Exclusive Service Agreement. Pursuant to each II-Exclusive Service Agreement, the relevant II-OPCO shall pay to Damai WFOE a service fee, after each calendar year for the services provided in the preceding year. Each of the relevant II-OPCO shall from time to time pay extra service fee for additional services provided by Damai WFOE upon request of the II-OPCOs. Damai WFOE may adjust the amount of service fees of each of the II-OPCOs under the premise of not violating the laws and regulations. The II-OPCOs shall not oppose to such adjustment unless with reasonable grounds.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Summary of the major terms of the II-Contractual Arrangements (Continued)

(1) II-Exclusive Service Agreements (Continued)

Unless otherwise prescribed under the PRC laws and regulations, Damai WFOE shall have exclusive proprietary rights to intellectual property (including but not limited to copyright, patent, technical secret and trade secret) in the work outcomes jointly developed by Damai WFOE and the II-OPCOs or related to the business of II-OPCOs that is entrusted by Damai WFOE. For intellectual property in the work outcomes developed by the II-OPCOs independently, the proprietary right of the intellectual property shall be solely owned by the II-OPCOs under the conditions that (i) the II-OPCOs inform Damai WFOE of the details of such intellectual property rights in a timely manner and provide relevant information reasonably requested by Damai WFOE, (ii) Damai WFOE shall enjoy the right of first refusal or preferential exclusive usage right when the II-OPCOs intend to transfer or permit to use its proprietary right and (iii) Damai WFOE is entitled to acquire all the intellectual property rights of the II-OPCOs that are related to the II-Restricted Business.

Each of Damai WFOE and the II-OPCOs shall complete the approval and registration procedures for extending the business period within three months before the expiration of their respective business periods for the continuation of the validity period of the II-Exclusive Service Agreement.

(2) II-Loan Agreements

- Parties: (a) Damai WFOE, as lender; and
- (b) the II-Registered Owner, as borrower

Damai WFOE and the II-Registered Owner entered into a loan agreement (the "II-Loan Agreement(s)") in relation to each of the II-OPCOs with the following terms:

- Principal: Damai WFOE shall provide an one-off loan, at the interest rate per annum of the Shanghai Interbank Offered Rate, a daily reference rate published by the National Interbank Funding Center ("SHIBOR"), in an aggregate amount of RMB34.0 million to the II-Registered Owner for operation purpose as approved by Damai WFOE. The II-Registered Owner is forbidden to use part of or all of the loan for any other purposes without the prior consent from Damai WFOE.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Summary of the major terms of the II-Contractual Arrangements (Continued)

(2) II-Loan Agreements (Continued)

Term: Upon the execution of the II-Loan Agreement, the term of each loan under the II-Loan Agreement is 20 years from the signing date, or for a period until expiration of the business period of Damai WFOE or the respective II-OPCOs, whichever is earlier. During the term of the loan, Damai WFOE may, at its absolute discretion, decide to accelerate the maturity of the loan at any time, and issue a repayment notice to the II-Registered Owner 10 days in advance to require the II-Registered Owner to repay part or all of the outstanding amount in accordance with the terms of the II-Loan Agreements.

The II-Registered Owner shall repay the loan upon expiration of the term of each loan unless otherwise agreed by both parties. In that circumstance, unless otherwise prohibited by the applicable laws and regulations, Damai WFOE or its designee is entitled to exercise the share options under the II-Exclusive Option Agreements (as defined below) to acquire the entire equity interest held by the II-Registered Owner in the II-OPCOs for a consideration which is equal to the loan amount. The II-Registered Owner shall waive any pre-emptive rights upon transfer of equity interest in the respective OPCO to Damai WFOE. Any tax arising from the loan shall be borne by each of Damai WFOE and the II-Registered Owner in accordance with applicable law.

(3) II-Equity Interest Pledge Agreements

- Parties:
- (a) The II-Registered Owner, as pledger;
 - (b) Damai WFOE, as pledgee; and
 - (c) the II-OPCOs

Each of the II-Registered Owner, Damai WFOE and the II-OPCOs entered into an equity interest pledge agreement (the "II-Equity Interest Pledge Agreement(s)") with the following terms:

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Summary of the major terms of the II-Contractual Arrangements (Continued)

(3) II-Equity Interest Pledge Agreements (Continued)

Term: Effective upon execution of the II-Equity Interest Pledge Agreements and shall remain valid until all the contractual obligations between the II-Registered Owner, Damai WFOE and the II-OPCOs under the II-Equity Interest Pledge Agreements have been fully discharged or that all outstanding loans have been fully repaid (whichever is later).

Subject: The II-Registered Owner agrees to pledge all of its shares in the II-OPCOs to Damai WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding loans of the II-Registered Owner.

During the period of pledge, without the prior written consent of Damai WFOE, the II-Registered Owner shall not create or agree to create any new pledge or other security on the equity interests of the II-OPCOs, nor assign or transfer any of the equity interests in the II-OPCOs.

Unless due to the intentional misconduct or gross negligence of Damai WFOE, Damai WFOE shall not be liable for any decrease in value of the pledged interest, and the II-Registered Owner shall not have any right to claim against Damai WFOE as a result of such decrease in value. However, in the event that the decrease in value of the pledged interest may jeopardise rights of Damai WFOE, or upon occurrence of default, Damai WFOE may auction or sell the pledged interest for and on behalf of the II-Registered Owner, and allocate the proceeds received for loan repayment or deposit such proceeds to Damai WFOE's local Notary Office.

(4) II-Powers of Attorney on Shareholders' Voting Rights

- Parties:
- (a) the II-Registered Owner;
 - (b) Damai WFOE; and
 - (c) the II-OPCOs

Each of the II-OPCOs, the II-Registered Owner, and Damai WFOE entered into a power of attorney on shareholders' voting rights ("II-Power(s) of Attorney on Shareholders' Voting Rights") with the following terms:

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Summary of the major terms of the II-Contractual Arrangements (Continued)

(4) II-Powers of Attorney on Shareholders' Voting Rights (Continued)

- Term: The II-Powers of Attorney on Shareholders' Voting Rights shall remain effective for 20 years, and will be automatically renewed for consecutive one-year term upon expiry unless otherwise notified by Damai WFOE. The II-Powers of Attorney on Shareholders' Voting Rights shall be terminated prior to expiration in the event that the business period of either Damai WFOE or the relevant OPCO expires.
- Subject: The II-Registered Owner irrevocably appointed designee(s) (including a liquidator replacing its directors) of Damai WFOE who are PRC nationals, to act as its attorney on its behalf to exercise all rights in connection with matters concerning its rights as shareholder of the relevant II-OPCOs, including but not limited to:
- (a) propose to convene and attend shareholder's meeting under the Bye-laws as representative(s) of the II-Registered Owner;
 - (b) representing the II-Registered Owner in the exercise of voting right and decision right on all matters requiring the decisions of shareholders, including but not limited to the appointment of directors and senior management;
 - (c) voting as shareholders as contemplated under the articles of association of the company; and
 - (d) signing relevant equity transfer agreements, asset transfer agreements (if applicable), capital reduction agreements, capital increase agreements, shareholder decisions and other relevant documents on behalf of existing shareholders, and handling relevant government approvals, registrations and filings as required for the transfers, capital reductions, and capital increases.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Summary of the major terms of the II-Contractual Arrangements (Continued)

(5) II-Exclusive Option Agreements

- Parties:
- (a) the II-Registered Owner;
 - (b) Damai WFOE; and
 - (c) the II-OPCOs

Each of the II-Registered Owner, Damai WFOE and the II-OPCOs entered into an exclusive option agreement (the "II-Exclusive Option Agreement(s)") with the following terms:

Term: The II-Exclusive Option Agreement shall be effective from the execution date and terminate when all the equity interests in and assets of the relevant II-OPCOs have been legally transferred to Damai WFOE or its designee in accordance with the terms of the II-Exclusive Option Agreement.

Each of the II-Registered Owner and the II-OPCOs irrevocably and unconditionally grants, to Damai WFOE or any individuals/entities designated by Damai WFOE, the options and asset purchase options to purchase (at any time, in one or more times), to the extent permitted under relevant PRC Laws, all or part of the shares and/or assets in the II-OPCOs. Upon the exercise of options, the transfer price shall be the corresponding paid-in capital contribution or the permissible minimum under the applicable PRC laws, whichever is higher. Upon the exercise of asset purchase options, the transfer price shall be the net carrying amount of the relevant asset, or the permissible minimum under the applicable PRC laws, whichever is higher.

Each of the II-Registered Owner and the II-OPCOs irrevocably and unconditionally grants, to Damai WFOE or any individuals/entities designated by Damai WFOE, the capital increase option, which carries the right to request the Company for capital decrease at any time and to purchase capital increase equity from the II-OPCOs as permitted under the relevant PRC laws. The capital decrease price shall be the reduced paid-in amount of the registered capital of the II-OPCOs or the permissible minimum under the PRC laws, whichever is higher; the purchase price for purchase of capital increase equity shall be the capital decrease price paid by the II-OPCOs to II-Registered Owner and the unpaid registered capital, if any.

The II-Registered Owner shall be prohibited from selling, offering to sell, transferring, donating, pledging or otherwise disposing of all or part of their equity interests in the II-OPCOs, or granting others a right to purchase such equity interests, without the prior written consent from Damai WFOE.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Summary of the major terms of the II-Contractual Arrangements (Continued)

(5) II-Exclusive Option Agreements (Continued)

Each of the II-OPCOs shall be prohibited from selling, offering to sell, transferring, donating, pledging or otherwise disposing of all or part of its assets, or granting others a right to purchase such assets, without the prior written consent from Damai WFOE.

Without the prior written consent of Damai WFOE, the II-Registered Owner shall not sell, transfer, mortgage or dispose of in any manner any assets of the relevant II-OPCOs (except in the ordinary course of business), or legal or beneficial interest in the business or revenues of the relevant II-OPCOs, or allow the creation of any security interest thereon.

The II-Registered Owner shall, and the II-Registered Owner has undertaken to, return any income, profit distribution, dividends and bonus they received from the II-OPCOs to Damai WFOE or the person(s) as designated by Damai WFOE.

Revenue and assets subject to the II-Contractual Arrangements

As at March 31, 2025, the revenue and assets involving the II-OPCOs which have been consolidated into the Group's financial statements since December 1, 2023 pursuant to the II-Structured Contracts are set out below:

	Revenue (RMB'000) (proportionate % to the Group) For the year ended March 31, 2025	Assets (RMB'000) (proportionate % to the Group) As at March 31, 2025
Beijing Damai	1,504,113 (22.44%)	3,399,921 (14.47%)
Jinmai Technology	517,763 (7.73%)	31,185 (0.13%)
Damai Communication	– (0%)	1,471 (0.01%)

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) Contractual Arrangements *(Continued)*

II. Contractual Arrangements in relation to the Acquisition *(Continued)*

Reasons for using the II-Contractual Arrangements

Foreign investment activities in the PRC are mainly governed by the Catalogue of Industries for Encouraging Foreign Investment 《鼓勵外商投資產業目錄》 (the “Encouraging Catalogue”) and the Special Administrative Measures (Negative List) for the Access of Foreign Investment 《外商投資准入特別管理措施(負面清單)》 (the “Negative List”) which were promulgated and amended from time to time jointly by The Ministry of Commerce (“MOFCOM”) and the National Development and Reform Commission (“NDRC”), the Foreign Investment Law and their respective implementation rules and subsidiary regulations. The Negative List and the Encouraging Catalogue divide industries into four categories in terms of foreign investment, namely, “encouraged”, “restricted”, “prohibited” and “permitted” (the last category of which includes all industries not listed under the “encouraged”, “restricted” and “prohibited” categories).

The principal business of the II-OPCOs includes (i) the production, distribution and streaming of online programme and online performance; and (ii) the provision of ticketing services through the operation of the II-OPCOs’ mobile apps (e.g. Damai APP) and websites (the “II-Restricted Businesses”). Certain of the II-OPCOs’ businesses are subject to foreign investment restrictions. A value-added telecommunications service operating license for internet information services of the PRC (互聯網信息服務的《中華人民共和國增值電信業務經營許可證》) (“ICP License”) is required for the provision of internet information service, a type of “value-added telecommunication service”; an Internet Cultural Business License is required for conducting commercial internet cultural activities; and a Radio and Television Program Production License is required for production and operation activities of radio and television programs. According to the Negative List, foreign investors are “restricted” from holding more than 50% equity interests in any enterprise holding an ICP License and “prohibited” from holding equity interests in any enterprise engaging in internet cultural business and radio and television programs production and operation activities.

Beijing Damai

Beijing Damai engages in the entertainment businesses which involves the production, distribution and streaming of online programme and online performance, operation of mobile apps and production and operation activities of radio and television programs. The business operation of Beijing Damai involves its ICP License, Internet Cultural Business License and Radio and Television Program Production License, therefore, Damai WFOE is prohibited in holding equity interests in Beijing Damai.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Reasons for using the II-Contractual Arrangements (Continued)

Jinmai Technology

For Jinmai Technology, while general ticketing service business does not strictly fall under the "restricted" category, the principal business of Jinmai Technology involves operation of mobile apps and a provision of internet information service, which falls within the scope of "value-added telecommunication service" under the telecommunications regulations of the PRC, and are therefore considered "restricted", and the operation of which necessitates an ICP License being obtained. The ICP License held by Jinmai Technology listed efficacy in July 2024 and it is currently undertaking preparatory work to re-apply for an ICP License.

Jinmai Technology is expected to carry out business involving online data processing and transaction processing in the future, This falls within the scope of "value-added telecommunications services" under China's telecommunications regulations and is thus regarded as a "restricted" category. Its operation requires obtaining an EDI license. Jinmai Technology will obtain the EDI license after meeting the application conditions and before commencing the relevant business.

According to the applicable PRC laws and regulations, foreign investors are not allowed to hold more than 50% equity interests in any enterprise conducting such "restricted" business. Based on current and future development strategies of Jinmai Technology, the Group intends to promote the sales of tickets through the ticketing platforms of Jinmai Technology by production of short videos related to the performances. As advised by the PRC legal adviser of the Group, according to the applicable PRC laws and regulations, a Radio and Television Program Production License is required for the production of such short videos for promoting the sales of tickets through the ticketing platforms of Jinmai Technology and that according to the Negative List, foreign investors are "prohibited" from holding equity interests in any enterprise engaging in radio and television programs production and operation activities.

To become eligible to apply for a Radio and Television Program Production License, Jinmai Technology shall have certain staff members with radio and television program production related working experience or academic background. Jinmai Technology is currently re-assessing its business development plans with respect to the production of short videos related to the performances. As such, there is no definitive timeframe within which Jinmai Technology will apply for the Radio and Television Program Production License, which will depend on, among other factors, appropriate timing to carry out the aforesaid business and overall strategic business needs. The Directors are of the view that, while Jinmai Technology has no immediate plan to apply for the Radio and Television Program Production License, they do not foresee material obstacles for the application of the Radio and Television Program Production License on the basis that Jinmai Technology is able to fulfill the substantive conditions prescribed under the currently effective rules and regulations in all material respects and Jinmai Technology will complete the application prior to the commencement of relevant operation.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) Contractual Arrangements *(Continued)*

II. Contractual Arrangements in relation to the Acquisition *(Continued)*

Reasons for using the II-Contractual Arrangements *(Continued)*

Damai Communication

Damai Communication engages in the production of a rich array of offline entertainment performances, ranging from staged plays, musicals, comedies to dramas, in theatres. While the conducting of offline entertainment theater shows does not strictly require specific foreign restricted/prohibited license, the Group intends to strengthen the business of Damai Communication to include in-house production and performance crew. The Group believes that having in-house directors, scriptwriters and performance artists will contribute to retaining of such talents, who are scarce resources in the industry and play an important role in the production of theater performances of Damai Communication, and is to the best interest for the continual development and fulfillment of long-term strategic goals of the Group.

Damai Communication generally identifies suitable talents through collaborations with external parties and liaisons with short-term contract members who have participated in performances of Damai Communication. As for the selection criteria for performing artists, performing artists shall graduate from theatrical performance major from technical secondary school or above, or are equipped with professional title certificate or actor qualification certificate issued by the China Performing Industry Association. Currently, Damai Communication is in the course of identifying suitable talents, including directors, scriptwriters, gaffers and performing artists, for the establishment of the performing arts groups to participate in stage shows written and directed in-house. Damai Communication has recently initiated collaboration with external parties including opera houses and cultural troupe organizations to host contests and programs to identify suitable talents. Following the rendering of the play and musicals from the above contests and programs, Damai Communication will actively assess the suitability of talents with potentials to enter into long-term contracts with Damai Communication for its in-house performances. Damai Communication is also in preliminary contact with certain artists from its existing stage play to explore the possibility for them to join its performing arts groups.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Reasons for using the II-Contractual Arrangements (Continued)

Damai Communication (Continued)

Pursuant to the Regulation on the Administration of Commercial Performances (《營業性演出管理條例》), the Implementation Rules of the Regulation on the Administration of Commercial Performances (《營業性演出管理條例實施細則》) and relevant requirements on applying for the Commercial Performance License for cultural performance groups published by local governmental authority where Damai Communications is registered, a company is only eligible to apply for the Commercial Performance License for cultural performance groups when it (i) is equipped with a group of qualified in-house professional performing artists, each obtains a professional graduation certificate from performing arts major in a technical secondary school or above or a professional title certificate; (ii) has fixed auditorium and equipment suitable for the performance; (iii) engages in a specific type of performing arts; and (iv) holds a business license with its business scope containing “artistic performance” or “commercial performance” and with suitable equipment. In order to support the performing artists for their live stage performance, Damai Communication is also required to recruit a group of specific crews, including the script writers, directors, instrument technicians and front of house engineers. Damai Communication has completed certain preparatory work, including but not limited to recruitment of certain artists and performers, for the purposes of applying for renewal of its Commercial Performance License for cultural performance groups. It is expected that all the above criteria will be fulfilled in two years. Damai Communication shall, at appropriate time, apply to renew its Commercial Performance License to cover cultural performance groups before such performing art groups are allowed carry out performing art activities. As advised by the PRC legal adviser of the Group, according to the applicable PRC laws and regulations, the holding of Commercial performance License for cultural performance groups falls under the “prohibited” category. Foreign investors are not allowed to hold any equity interests in any enterprise conducting such “prohibited” business. The Directors are of the view that, the abovementioned requirements (i) to (iv) as stipulated under relevant PRC laws and regulations are feasible for Damai Communication, therefore, there are no material legal impediments that would prevent the Company from applying for the Commercial Performance License for cultural performance groups. Subject to the determination of Damai Communication and the fulfillment of prescribed conditions, the Company believes the application for the Commercial Performance License for cultural performance groups can be further completed after its successful identification and engagement of suitable talents.

As the applicable PRC laws and regulations in force restrict foreign investment in the above business operation of the II-OPCOs, in line with the common practice in the industries which are subject to foreign investment restrictions, the Group adopted the II-Contractual Arrangements with respect to the II-OPCOs, which had enabled the Group, through Damai WFOE, to obtain effective control over, and receive all the economic benefits generated by, the businesses operated by the II-OPCOs, which in turn operate the II-Restricted Businesses through itself and its subsidiaries.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) Contractual Arrangements *(Continued)*

II. Contractual Arrangements in relation to the Acquisition *(Continued)*

Reasons for using the II-Contractual Arrangements *(Continued)*

Damai Communication *(Continued)*

Therefore, the Company is of the view that the Contractual Arrangements have been narrowly tailored to achieve its business purpose and minimize the potential conflict with relevant PRC laws and regulations.

The Company agrees that it will make periodic inquiries with relevant PRC authorities to understand any new regulatory development and will unwind and terminate the II-Contractual Arrangements wholly or partially once the II-Restricted Businesses are no longer restricted from foreign investment to the extent permissible under PRC laws or once the Group decides to revise its future plans for Jinmai Technology and Damai Communication where their then business operation are permitted to be held by foreign investment under PRC laws.

Disputes Resolutions, Succession and Liquidation Under the II-Structured Contracts

(a) Disputes resolutions

The II-Contractual Arrangements are governed by and shall be construed in accordance with the PRC laws. Any dispute arising from the II-Contractual Arrangements between the parties should first be resolved through negotiation. In case the dispute cannot be resolved, any party may submit the said dispute to the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) in accordance with its arbitration rules. The arbitration location is to be in Hangzhou. The arbitration tribunal of arbitrators may award any remedies or relief measures including temporary and permanent injunctive relief (such as injunctive relief for the conduct of business or to compel the transfer of assets) in accordance with the provision of the II-Contractual Arrangements and the applicable PRC laws, and the specific performance of any obligations under the II-Contractual Arrangements, award remedies over the equity interest and the tangible/intangible assets of the II-OPCOs, prohibition of disposal and an order for the winding up of the II-OPCOs. The results of the arbitration shall be final and binding. In support of the arbitration pending formation of the arbitral tribunal or in appropriate cases, the courts in Hong Kong, Bermuda, the PRC and the location where the II-OPCOs' principal assets are located shall have the jurisdiction to grant interim remedies over the assets of the II-OPCOs.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Disputes Resolutions, Succession and Liquidation Under the II-Structured Contracts (Continued)

(b) Succession

The provisions set out in the II-Contractual Arrangements are also binding on the successors of the parties, as if the successors were a signing party to the II-Contractual Arrangements. Although the II-Contractual Arrangements do not specify the identity of successors, under the PRC Civil Code (《中華人民共和國民法典》), the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents, and any breach by the successors would be deemed to be a breach of the II-Contractual Arrangements.

(c) Liquidation

Pursuant to the II-Structured Contracts, in the event of the II-OPCOs' or II-Registered Owner's (as the case may be) liquidation, dissolution, bankruptcy or termination, each of the II-Registered Owner or the II-OPCOs (as the case may be) shall transfer any assets distributed to such II-Registered Owner or the II-OPCOs (as the case may be) to its assignees, successors, heirs, liquidators, bankruptcy administrators or creditors without affecting or hindering the performance of the II-Contractual Arrangements.

(d) Unwinding the structure under the II-Contractual Arrangements

The Company will unwind the structure created as a result of the II-Contractual Arrangements as soon as the PRC laws allow the II-Restricted Businesses to be operated without such structure, and Damai WFOE may acquire the equity interest in the II-OPCOs held by the II-Registered Owners and/or the assets of the II-OPCOs to the extent as permitted by the then applicable PRC laws. In the event Damai WFOE exercises the right under the II-Exclusive Option Agreements to acquire the equity interest in the II-OPCOs held by the II-Registered Owners and/or the assets of II-OPCOs to unwind the structure under the II-Contractual Arrangements, the II-Registered Owners and the II-OPCOs have undertaken to return to Damai WFOE or its designated entity any consideration received.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) Contractual Arrangements *(Continued)*

II. Contractual Arrangements in relation to the Acquisition *(Continued)*

Loss Sharing

Under the relevant PRC laws and regulations, none of the Company and Damai WFOE is legally required to share the losses of, or provide financial support to, the II-OPCOs. Further, the II-OPCOs are limited liability companies and shall be solely liable for their own debts and losses with assets and properties owned by them. Nevertheless, Damai WFOE intends to continuously provide to or assist the II-OPCOs in obtaining financial support when deemed necessary. In addition, given that the Group conducts a substantial portion of its business operations in China through the II-OPCOs, and that their financial position and results of operations are consolidated into the Group's financial statements under the applicable accounting principles, the Company's business, financial position and results of operations would be adversely affected if the II-OPCOs suffer losses.

Conflict of Interests

The II-Registered Owner has given its irrevocable undertakings in the relevant II-Powers of Attorney on Shareholders' Voting Rights which address potential conflicts of interests that may arise in connection with the II-Contractual Arrangements. Pursuant to the relevant II-Powers of Attorney on Shareholders' Voting Rights, the II-Registered Owner will irrevocably appoint any person as designated by Damai WFOE as its representative, who is a PRC national, to act as its attorney on its behalf to exercise all rights in connection with matters concerning its rights as shareholder of the relevant II-OPCOs, including but not limited to: (a) attending the shareholders' meeting of the relevant II-OPCOs as representative of the II-Registered Owner; (b) exercising shareholders' voting rights on resolutions at shareholders' meetings, including but not limited to, the designation and appointment of directors and other senior management that are subject to appointment by the shareholders; (c) other matters decided or executed by the shareholders pursuant to the relevant constitutional documents; and (d) signing relevant documents when the II-Registered Owner sells or transfers all or part of its equity interests pursuant to the exclusive option agreements. Therefore, it is unlikely that there will be potential conflicts of interests between the Company and the II-Registered Owner.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) Contractual Arrangements *(Continued)*

II. Contractual Arrangements in relation to the Acquisition *(Continued)*

Risks associated with the II-Contractual Arrangements and the action taken by the Group to mitigate the risks

The Group believes the following risks are associated with the II-Contractual Arrangements:

- if the PRC government finds that the II-Contractual Arrangements that allow the Company to consolidate the results of operations, assets and liabilities, and cash flows of the II-OPCOs which operate the II-Restricted Businesses do not comply with the applicable PRC laws and regulations, the Company could be subject to penalties and its business may be materially and adversely affected;
- certain terms of the II-Contractual Arrangements may not be enforceable under PRC laws;
- the II-Contractual Arrangements may not be as effective in providing control over the II-OPCOs as equity ownership;
- any failure by the II-OPCOs or the II-Registered Owner to perform their obligations under the II-Contractual Arrangements would potentially lead to the Group having to incur additional costs and expend material resources to enforce such arrangements, and/or temporary or permanent loss of control over the II-Restricted Businesses and the revenue from these businesses;
- the II-Registered Owner may have potential conflicts of interest with the Group, which may materially and adversely affect the Group's business and financial condition;
- the II-Contractual Arrangements may subject the Company to scrutiny by the PRC tax authorities and may result in a finding that the Company owes additional taxes or is ineligible for tax exemptions, or both, which could substantially increase taxes owed and thereby reduce profit attributable to equity shareholders of the Company;
- if any of Damai WFOE or II-OPCOs becomes the subject of a bankruptcy or liquidation proceeding, the Company may lose the ability to use and enjoy certain important assets, which could materially and adversely affect its businesses;
- the Company's exercise of the option to acquire the equity interests of the II-OPCOs may be subject to certain limitations and the ownership transfer may incur substantial costs; and
- the Company does not have any insurance which covers the risks relating to the Contractual Arrangements and the transactions contemplated thereunder.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) Contractual Arrangements *(Continued)*

II. Contractual Arrangements in relation to the Acquisition *(Continued)*

Risks associated with the II-Contractual Arrangements and the action taken by the Group to mitigate the risks *(Continued)*

The II-Structured Contracts contain certain provisions in order to exercise effective control over and to safeguard the assets of the II-OPCOs. In addition to the internal control measures as provided in the II-Structured Contracts, the Group has adopted the following measures to ensure the effective internal control and operation of the Group with the implementation of the II-Contractual Arrangements and the compliance with the Contractual Arrangements:

- (a) major issues arising from the implementation and compliance with the II-Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (b) the Board will review the overall performance of and compliance with the II-Contractual Arrangements at least once a year;
- (c) the Company will disclose the overall performance of and compliance with the II-Contractual Arrangements in its annual reports; and
- (d) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the II-Contractual Arrangements, review the legal compliance of Damai WFOE and the II-OPCOs to deal with specific issues or matters arising from the II-Contractual Arrangements.

Material changes in the foreign ownership restriction requirements

The II-Contractual Arrangements have been put in place purely to allow the Group to comply with the foreign ownership restrictions under the PRC Regulations. Save as disclosed, during the Reporting Period, there was no other material change in the II-Contractual Arrangements and/or the circumstances under which they were adopted, and none of the II-Contractual Arrangements had been unwound as the regulatory restrictions that led to their adoptions were not removed.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

(29) Contractual Arrangements (Continued)

II. Contractual Arrangements in relation to the Acquisition (Continued)

Listing Rules Implications

As AGH obtains effective control over, and receives all the economic benefits of the II-Registered Owner under other VIE arrangement, the II-Registered Owner is consolidated into the financial statements of AGH for accounting treatment purposes. As such, the II-Registered Owner, being an associate of AGH (which in turn is the ultimate controlling shareholder and a connected person of the Company), was or is, as the case may be, a connected person of the Company. Therefore, the continuing transactions under the II-Contractual Arrangements should constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules, and such transactions should be subject to all applicable reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, the Directors (including the independent non-executive Directors) are of the view that it is inappropriate for the Company to (a) set an annual cap for the transactions under the II-Contractual Arrangements under Rule 14A.53 of the Listing Rules; or (b) limit the term of the II-Contractual Arrangements to a fixed term under Rule 14A.52 of the Listing Rules on the following grounds:

- (i) the II-Contractual Arrangements and the transactions contemplated thereunder are fundamental to the Group's legal structure and business operations as the adoption of the II-Contractual Arrangements enables the Group to continue, through the WFOEs, to maintain effective control over, and receive all the economic benefits generated by, the businesses operated by the II-OPCOs and operate the II-Restricted Businesses;
- (ii) the II-Contractual Arrangements are entered into for the benefit of the Group. Unlike typical connected transactions, since the II-Registered Owner acts as shareholder of the II-OPCOs to facilitate the arrangements whereby economic benefits from the II-OPCOs are transferred to the Company, there is no concern of leakage of economic benefits to connected persons to the detriment of minority shareholders of the Company under the II-Contractual Arrangements;
- (iii) the Directors (including independent non-executive Directors) consider that the II-Contractual Arrangements are on normal commercial terms or on terms more favorable to the Group, in the ordinary and usual course of business of the Group and are fair and reasonable or to the advantage of the Group, and are in the interests of the Company and the Shareholders as a whole;
- (iv) the II-Contractual Arrangements had been approved by the Independent Shareholders at the general meeting of the Company held on October 31, 2023. As such, the independent Shareholders have been given an opportunity to consider and vote on the II-Contractual Arrangements and the transactions contemplated thereunder; and

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) **Contractual Arrangements** *(Continued)*

II. Contractual Arrangements in relation to the Acquisition *(Continued)*

Listing Rules Implications *(Continued)*

- (v) taking into account (i) the transactions are fundamental to the Group's legal structure in holding the II-OPCOs and the management of the II-Restricted Businesses of the II-OPCOs in the PRC, (ii) the transactions contemplated under the II-Contractual Arrangements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and (iii) the independent Shareholders has been given a chance to vote on the II-Contractual Arrangements and the transactions contemplated thereunder, there is no presumption of undue influence that justifies an additional layer of check and balance prescribed by the Listing Rules. It is impractical and unduly burdensome and adds to the additional cost and administrative burden on the Company to require the Company to comply with the annual cap and a fixed term requirements which may be otherwise detrimental to the commercial interest of the Company as set out in (i) above.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the requirement of setting an annual cap for the transactions under the II-Structured Contracts under Rule 14A.53 of the Listing Rules, and (ii) the requirement of fixing a definite term of the II-Structured Contracts under Rule 14A.52 of the Listing Rules, for so long as the shares of the Company are listed on the Hong Kong Stock Exchange subject to the following conditions:

- (i) No change to the II-Contractual Arrangements will be made without the approval of the independent non-executive Directors of the Company.
- (ii) Save as disclosed in paragraph (iv) below, no change to the agreements governing the II-Contractual Arrangements will be made without the approval of the Shareholders who are not required to abstain from voting in favor of the resolution for approving the proposed resolutions under the Listing Rules. Once independent shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the II-Contractual Arrangements in the annual reports of the Company will however continue to be applicable.
- (iii) The II-Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the II-OPCOs and its subsidiaries through (a) the options (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the II-OPCOs for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (b) the business structure under which the profit generated by the II-OPCOs and its subsidiaries is substantially retained by the Group, such that no annual cap shall be set on the amount of service fees payable to Damai WFOE by the II-OPCOs under the II-Contractual Arrangements and (c) the Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the II-OPCOs.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) **Contractual Arrangements** *(Continued)*

II. Contractual Arrangements in relation to the Acquisition *(Continued)*

Listing Rules Implications *(Continued)*

- (iv) On the basis that the II-Contractual Arrangements provide an acceptable framework for the relationship between Damai WFOE and the II-OPCOs, that framework may be renewed and/or reproduced without obtaining the approval of Shareholders.
- (v) The Group will disclose details relating to the II-Contractual Arrangements on an on-going basis.

Pursuant to Rule 14A.52 of the Listing Rules, the Group has obtained the opinion from an independent financial adviser, pursuant to which the independent financial adviser considers that in relation to the II-Contractual Arrangements, (i) the continuing connected transactions in respect of the II-Contractual Arrangements have been entered into in the Group's ordinary and usual course of business on normal commercial terms, on terms that are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; (ii) a term of longer than three years is required for the II-Contractual Arrangements; and (iii) it is normal business practice for the II-Contractual Arrangements to be of such duration exceeding three years. For details, please refer to the circular of the Company dated October 16, 2023.

Based on the above, the II-Contractual Arrangements shall continue to be in place for so long as the shares of the Company are listed on the Hong Kong Stock Exchange subject to the following internal measures to safeguard the II-Contractual Arrangements:

- (i) no change without independent non-executive Directors' approval;
- (ii) no change without independent Shareholders' approval;
- (iii) the II-Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the II-OPCOs; and
- (iv) the Group will disclose details relating to the II-Contractual Arrangements on an ongoing basis.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions *(Continued)*

(29) Contractual Arrangements *(Continued)*

II. Contractual Arrangements in relation to the Acquisition *(Continued)*

Confirmation from the independent non-executive Directors

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

- (i) the transactions carried out during the Reporting Period have been entered into in accordance with the relevant provisions of the II-Contractual Arrangements;
- (ii) no dividends or other distributions have been made by the II-OPCOs to Alibaba Culture which are not otherwise subsequently assigned or transferred to the Group during the Reporting Period; and
- (iii) any contracts renewed between the Group and the II-OPCOs during the Reporting Period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

Confirmation from the independent auditor of the Company

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised), Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unmodified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided to the Company, as set out above and confirms that:

- (i) nothing has come to the auditor's attention that causes it to believe that the disclosed continuing connected transactions have not been approved by the Board.
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS *(Continued)*

Confirmation from the independent auditor of the Company *(Continued)*

- (iii) nothing has come to the auditor's attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- (iv) with respect to the aggregate amount of each of the continuing connected transactions (other than those transactions with the I-OPCOs under the I-Contractual Arrangements and the II-OPCOs under the II-Contractual Arrangements), nothing has come to the auditor's attention that causes it to believe that the disclosed continuing connected transactions have exceeded their respective annual caps set by the Company.
- (v) with respect of the disclosed continuing connected transactions with the I-OPCOs under the I-Contractual Arrangements, nothing has come to the auditor's attention that causes it to believe that dividends or other distributions have been made by the I-OPCOs to the holders of the equity interests of the I-OPCOs which are not otherwise subsequently assigned or transferred to the Group.
- (vi) with respect of the disclosed continuing connected transactions with the II-OPCOs under the II-Contractual Arrangements, nothing has come to the auditor's attention that causes it to believe that dividends or other distributions have been made by the II-OPCOs to the holders of the equity interests of the II-OPCOs which are not otherwise subsequently assigned or transferred to the Group.

In respect of the continuing connected transactions, the Company has followed the policies and guidelines as laid down in the guidance letter HKEX-GL73-14 issued by the Hong Kong Stock Exchange when determining the price and terms of the transactions conducted during the Reporting Period.

Save as disclosed above, all other related party transactions entered into by the Group which also constituted connected transactions (including continuing connected transactions), but were exempt from annual review and disclosure requirements under Chapter 14A of the Listing Rules, are set out in note 33 to the consolidated financial statements contained in this annual report. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Note: Save as disclosed above, all actual transaction amounts as stated in the section headed "CONNECTED TRANSACTIONS" are exclusive of 6% value-added tax.

DIRECTORS' REPORT

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at March 31, 2025, the following persons (other than the Directors and chief executive of the Company whose interests have been disclosed in this report) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Ordinary Shares of HK\$0.25 each in the capital of the Company

Name of Shareholder	Capacity in which interests are held	Number of Shares/ underlying Shares held	Long position/ Short position	Approximate percentage of issued shares (Note 2)
Ali CV	Beneficial owner (Notes 1 and 3)	13,488,058,846	Long position	45.39%
Alibaba Investment	Interest of controlled corporation (Notes 2 and 3)	16,001,087,693	Long position	53.85%
AGH	Interest of controlled corporation (Notes 2 and 3)	16,001,087,693	Long position	53.85%
Bian Ximing/Yang Minghua	Beneficial owner	1,995,060,000	Long position	6.71%

Notes:

1. This represents the interest in 13,488,058,846 Shares held by Ali CV as beneficial owner.
2. This represents the interest in (i) 2,513,028,847 Shares held by Alibaba Investment beneficially, and (ii) 13,488,058,846 Shares held by Alibaba Investment through its controlled corporation, Ali CV.
3. As of March 31, 2025, Ali CV was wholly owned by AGH, through its controlled corporation, Alibaba Investment. Accordingly, Alibaba Investment was deemed to have the same interest held by Ali CV, and AGH was deemed to have the same interest held by Alibaba Investment and Ali CV, by virtue of part XV of the SFO.
4. As of March 31, 2025, the Company had a total of 29,714,629,103 Shares in issue.
5. Each of Mr. Fan Luyuan, Mr. Meng Jun and Mr. Tung Pen Hung holds positions in AGH or its subsidiaries, and Mr. Li Jie is currently taking up a management role in a subsidiary of AGH.

Save as disclosed above, as at March 31, 2025, none of the Director is a director or employee of a company which had an interest in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at March 31, 2025, so far as was known to the Directors, there were no other parties who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' REPORT

DIRECTORS' INTEREST IN COMPETING BUSINESSES

None of the Directors and their respective associates is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

PRE-EMPTIVE RIGHTS

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

ISSUE OF EQUITY SECURITIES OR SALE OF TREASURY SHARES

Apart from the issuance of 225,860,100 Shares to the trustee on June 21, 2024, at issue price of HK\$0.25 per Share, to satisfy 206,420,100 Awarded Shares and 19,440,000 Awarded Shares granted to the non-connected grantees on June 12, 2023 and November 14, 2023, respectively, pursuant to the terms and rules of the Share Award Scheme, the Company and its subsidiaries did not issue any equity securities (including securities convertible into equity securities) for cash during the Reporting Period. In addition, the Company and its subsidiaries did not sell any treasury shares (as defined in the Listing Rules) for cash during the Reporting Period.

For details of movements in the share capital of the Company during the Reporting Period, please refer to note 24 to the consolidated financial statements contained in this annual report.

DEBENTURES

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

EQUITY-LINKED AGREEMENTS

Save for the 2012 Share Option Scheme, the 2021 Share Option Scheme and the Share Award Scheme as disclosed in the section headed "SHARE INCENTIVE SCHEMES" of this report on pages 25 to 45, the Company has not entered into any equity-linked agreement during the Reporting Period or there was not any subsisting equity-linked agreement entered into by the Company at the end of the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sale of treasury shares (if any)) of the Company during the Reporting Period. As at March 31, 2025, there were no treasury shares held by the Company.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance code. Information on the corporate governance code adopted by the Company is set out in the Corporate Governance Report on pages 127 to 155.

DIRECTORS' REPORT

DONATIONS

Donations made by the Group during the Reporting Period was nil (financial year ended March 31, 2024: nil).

TAXATION RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

PUBLIC FLOAT

As at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of its Directors.

AUDITOR

There has been no change of the Company's auditor in the past three years. The consolidated financial statements for the year ended March 31, 2025 were audited by PricewaterhouseCoopers ("PwC"). A resolution to re-appoint PwC as auditor of the Company will be proposed at the forthcoming AGM.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There was no important event which might affect the Group after March 31, 2025 and up to the date of this report.

FUTURE DEVELOPMENT IN THE COMPANY'S BUSINESS

For details of likely future development in the Company's business, please refer to the sections headed "CHAIRMAN'S STATEMENT" and "MANAGEMENT DISCUSSION AND ANALYSIS" of this annual report.

On behalf of the Board

Fan Luyuan

Chairman & Chief Executive Officer

Hong Kong, May 19, 2025

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of value to the Shareholders.

Throughout the Reporting Period, the Company had adopted and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules during the Reporting Period, except for the deviation from code provision C.2.1 of the CG Code (the "Code Provision C.2.1") for the reasons below.

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer. Mr. Fan Luyuan, appointed as the chief executive officer of the Company on August 2, 2017, has also acted as chairman of the Board (the "Chairman") since October 13, 2017. The Board considers that vesting the roles of both Chairman and chief executive officer in the same person will facilitate the development and execution of the Group's business strategies, which will help the Company overcome market challenges and create more value for the Shareholders. The Board believes that the balance of power and authority under such arrangement would not be impaired given that there are sufficient checks and balances in the Board as a decision to be made by the Board requires approval by a majority of the Directors and such balance is ensured by the Board which comprises experienced and high caliber individuals and a sufficient number of independent non-executive Directors.

THE BOARD

The Board currently comprises six Directors in total, with three executive Directors and three independent non-executive Directors. The composition of the Board during the Reporting Period and up to the date of this report is set out as follows:

Executive Directors

Mr. Fan Luyuan (*Chairman & Chief Executive Officer*)

Mr. Li Jie

Mr. Meng Jun

Non-Executive Director

Mr. Tung Pen Hung (*Resigned on January 10, 2025*)

Independent Non-Executive Directors

Ms. Song Lixin

Mr. Tong Xiaomeng

Mr. Johnny Chen

On January 10, 2025, Mr. Tung Pen Hung resigned as non-executive Director to focus on his other business commitments. Mr. Tung has also confirmed that he has no disagreement with the Board.

CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

The Board has adopted a policy setting out the approach to achieve diversity on the Board (the “Board Diversity Policy”) with the aims of enhancing the Board’s effectiveness and strengthening the corporate governance for contributing to the long term growth and sustainability of the Company.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to, gender, age, cultural and educational background, professional experience, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

The Nomination Committee reviews the Board Diversity Policy on a regular basis and discusses any revisions that might be required, and recommends to the Board for consideration and approval.

As at March 31, 2025, the Board and senior management comprised five male members and one female member, and among the 1,733 employees of the Group, the ratio of male to female staff was approximately 0.81:1. The Board considers that the current Board is diverse in terms of gender and consists of members with an appropriate balance and level of knowledge, skills, experience and perspectives required to support the implementation of business strategies. The Company also takes into consideration factors based on its business needs and availability of the suitable qualified individuals in determining the optimal composition of the Board. At present, the Company has not set any measurable objectives for implementation of the diversity policies in relation to the Board members and the workforce of the Group (including gender diversity). However, the Company will consider and review from time to time such diversity policies (including gender diversity) and setting of any measurable objectives (if applicable).

The Company will ensure that its recruitment and selection of Directors follow the appropriate organizational procedures to recruit candidates from different backgrounds for its consideration. The Company will also establish and implement relevant schemes to build a broader and more diversified pool of employees with relevant work skills and experience. Additionally, the Company aims to cultivate a group of potential female successors for senior management and the Board by ensuring gender diversity.

An updated list of Board members identifying their roles and functions is maintained on the websites of the Company and HKEXnews operated by Hong Kong Exchanges and Clearing Limited. The brief biographical details of the Directors are set out in the section headed “BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT” on pages 18 to 19 of this annual report. Save as disclosed therein, there is no financial, business, family or other material relationship among members of the Board.

CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

During the Reporting Period, the non-executive Directors and the independent non-executive Directors provided the Group with a wide range of qualifications, expertise and experience through regular attendance and active participation. Their positive contribution brings independent judgment on issues relating to the Group's strategy, performance and management process, taking into account the interests of all Shareholders.

The Company confirms that each independent non-executive Director has given an annual confirmation of his/her independence to the Company, and the Company considers each of them is independent under the guidelines set out in Rule 3.13 of the Listing Rules. The Board believes that there is sufficient independence on the Board to safeguard the interest of Shareholders.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group and to review and approve the Group's annual and interim results. Directors may participate either in person or through electronic means of communications. During the Reporting Period, seven Board meetings and one general meeting of the Company were held. The attendance of each Director at Board meetings and general meeting of the Company is set out as follows:

Directors	Number of meetings attended/eligible to attend	
	Board Meetings	General Meeting
Executive Directors		
Mr. Fan Luyuan (<i>Chairman & Chief Executive Officer</i>)	7/7	1/1
Mr. Li Jie	7/7	1/1
Mr. Meng Jun	7/7	1/1
Non-Executive Director		
Mr. Tung Pen Hung (<i>Resigned on January 10, 2025</i>)	6/6	1/1
Independent Non-Executive Directors		
Ms. Song Lixin	7/7	1/1
Mr. Tong Xiaomeng	7/7	1/1
Mr. Johnny Chen	7/7	1/1

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, material contracts and transactions, as well as other significant policy and financial matters. The Board has delegated responsibility for day-to-day operations to management under the instruction and supervision of the Executive Committee which has its specific written terms of reference. The Board will review the respective functions of the Board and management of the Company from time to time to ensure that they are consistent with the existing rules and regulations.

All Directors are required to disclose to the Company offices held in public companies or organizations and other significant commitments in order to ensure that they can give sufficient time and attention to the Company's affairs.

CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

The Board should meet regularly at least four times a year at approximately quarterly intervals. During the Reporting Period, the Board held four regular meetings and one ad hoc meeting. The Company's daily business operations are under the management of its executive Directors. In addition to regular meetings, the Board will hold ad hoc meetings from time to time as necessitated by business needs in order to consider and resolve all material business or management issues of the Company. At least 14 days' notice of a regular Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The company secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least three days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comments. All minutes are kept by the Company Secretarial Department of the Company and are open for inspection at any reasonable time on reasonable notice by any Director.

According to current Board practice, any transaction which involves a conflict of interests for a substantial Shareholder or a Director and which is considered by the Board to be material will be dealt with by the Board at a duly convened Board meeting. The Bye-laws also stipulate that a Director should abstain from voting and not be counted towards the quorum at meetings for approving transactions in which such Director or any of his associates has a material interest.

Each Director is entitled to have access to Board papers and related materials and has access to the advice and services of the company secretary. The Board and each Director also have separate and independent access to the Company's management. In addition, a written procedure was established in June 2005 to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

The Company has arranged liability insurance for Directors and officers with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Mechanisms to ensure Board Independence

The Company has mechanisms (the "Board Independence Mechanisms") in place to ensure independent views and input are available to the Board which is critical to good corporate governance. Pursuant to the Board Independence Mechanisms, the Board committees or individual Directors may seek independent professional advice, views and input as considered necessary to fulfil their responsibilities and in exercising independent judgement when making decision in furtherance of their Directors duties of the Company's expense. The implementation and effectiveness of such mechanisms will be reviewed by the Board on an annual basis. The findings of the Board's annual review are as follows:

- Proper meeting arrangements and procedures are in place to facilitate open, constructive, informed discussions and thorough consideration of relevant issues;
- The Board has full access to management's updates and availability of all material information on performance and key activities and projects; and
- The Board has access to independent professional advice at the expense of the Company if necessary to perform the responsibilities of the Board. Arrangement to seek independent professional advice can be made through the company secretary of the Company.

The Board considered the Board Independence Mechanisms have been implemented effectively during the Reporting Period.

CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director would receive an induction package covering the Company's businesses and the statutory and regulatory obligations of a director of a listed company. The Company also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Company continually updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

During the Reporting Period and up to the date of this annual report, the Directors participated in the following trainings:

**Reading newspaper,
journals and updates
relating to the economy,
general business or
directors' duties etc**

Executive Directors

Mr. Fan Luyuan	✓
Mr. Li Jie	✓
Mr. Meng Jun	✓

Non-Executive Director

Mr. Tung Pen Hung <i>(Resigned on January 10, 2025)</i>	✓
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Independent Non-Executive Directors

Ms. Song Lixin	✓
Mr. Tong Xiaomeng	✓
Mr. Johnny Chen	✓

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing corporate governance duties including:

- (i) to develop and review the Company's policies and practices on corporate governance;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company; and
- (v) to review the Company's compliance with the CG Code and its disclosure requirements in the Corporate Governance Report.

During the Reporting Period, the Board (i) reviewed the Company's policies on corporate governance and compliance with legal and regulatory requirements; (ii) reviewed and monitored the training and continuous professional development of Directors and the code of conduct of the Company; and (iii) reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Fan Luyuan, appointed as the chief executive officer of the Company on August 2, 2017, has also acted as the Chairman since October 13, 2017. The Board considers that vesting the roles of both chairman and chief executive officer in the same person will facilitate the development and execution of the Group's business strategies, which will help the Company overcome market challenges and create more value for the Shareholders.

The Board believes that the balance of power and authority under such arrangement would not be impaired and would continue to be adequately ensured by the current Board which comprises experienced and high caliber individuals with a sufficient number of independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Board has adopted a nomination policy (the “Director Nomination Policy”) which sets out the criteria and process in the nomination and appointment of Directors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and to ensure Board continuity and appropriate leadership at the Board level.

The Board has delegated its responsibilities and authority for selection and nomination of Directors to the Nomination Committee in accordance with its terms of reference.

Below is the summary of the Director Nomination Policy:

Selection Criteria

The Nomination Committee shall identify and nominate qualified individual(s) for appointment as additional Director(s) or to fill Board vacancies as and when they arise. The criteria to be adopted by the Board in considering each individuals shall be their ability to contribute to the effective carrying out by the Board of its responsibilities set out in the CG Code.

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company’s business and corporate strategy;
- diversity aspects under the Board Diversity Policy including gender, age (18 years or above), cultural and educational background, racial, professional experience, ethnicity and length of service;
- (in case of independent non-executive directors) requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- any other perspectives that are appropriate to the Company’s business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

CORPORATE GOVERNANCE REPORT

NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS (Continued)

Nomination Procedures and Process

(a) *Appointment of New Director*

- (i) The secretary to the Nomination Committee (being the company secretary of the Company according to its terms of reference) shall call for a meeting of the Nomination Committee when he or she receives nominations of candidates from Board members or put forward candidates who are not nominated by any Board member.
- (ii) The Nomination Committee should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria listed above to determine whether such candidate is qualified for directorship.
- (iii) If the process yields one or more desirable candidates, the Nomination Committee should rank them by order of preference based on the needs of the Company, the criteria listed above and reference check results of each candidate (where applicable).
- (iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (v) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation(s) to the Shareholders in respect of the proposed election of director at the general meeting.

(b) *Re-election of Director at General Meeting*

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria listed above.
- (iii) The Nomination Committee and/or the Board should then make recommendation(s) to Shareholders in respect of the proposed re-election of director(s) at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to the Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

CORPORATE GOVERNANCE REPORT

NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS (Continued)

New directors, on appointment, are given an induction package containing all key legal and Listing Rules' requirements as well as guidelines on the responsibilities and obligations to be observed by a director of a listed company. The package includes the latest published financial reports of the Company and the documentation for the corporate governance code adopted by the Board. The new directors are subsequently provided with briefings and/or trainings as necessary to ensure that they have more detailed information on the Group's businesses and activities.

Each of the executive Directors and the non-executive Directors (including the independent non-executive Directors) has entered into a letter of appointment with the Company for a term of one year and the term of his/her service shall be renewed automatically for successive one-year term or until terminated in accordance with his/her letter of appointment. The office of each director is also subject to the relevant provisions of the Bye-laws or any other applicable laws whereby the directors shall vacate or retire from their office but is eligible for re-election. The Bye-laws provide that any director appointed by the Board to fill a casual vacancy on the Board or, as an addition to the existing Board shall hold office until the first general meeting of the Company after his appointment and be eligible for re-election at such meeting.

The code provision B.2.2 of the CG Code requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. The Company has fully complied with such code provision.

The Shareholders may, at any general meeting convened and held in accordance with the Bye-laws, by ordinary resolution remove a Director (including a managing or other executive Director) at any time before the expiration of his period of office notwithstanding anything contrary in the Bye-laws or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead.

BOARD COMMITTEES

The Board has established various committees, including the Remuneration Committee, the Audit Committee, the Nomination Committee and the Executive Committee, to perform their distinct roles in accordance with their respective terms of reference.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in accordance with the Company's policy in appropriate circumstances. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretarial Department of the Company, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations, where appropriate. The procedures and arrangements for a Board meeting, as mentioned in the section headed "THE BOARD" above, have been adopted for the committee meetings so far as practicable.

Remuneration Committee

The Remuneration Committee has been established since June 2005 and currently consists of three members, including Mr. Tong Xiaomeng (Chairman), Mr. Fan Luyuan and Ms. Song Lixin. Among the three members of the Remuneration Committee, one member is an executive Director and two members are independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

The major roles and functions of the Remuneration Committee are:

- (i) to review and recommend to the Board the remuneration policy and packages of the Directors and, where appropriate, to consult the chairman and/or chief executive officer about the committee's proposals relating to the remuneration of other executive Directors;
- (ii) to consider salaries or fees paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (iii) to review and recommend the compensation payable to executive Directors for any loss or termination of office or appointment;
- (iv) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- (v) to ensure that no Director is involved in deciding his own remuneration.

The terms of reference of the Remuneration Committee are available on the websites of HKEXnews operated by Hong Kong Exchanges and Clearing Limited and the Company, respectively. The Remuneration Committee has adopted the model described in code provision E.1.2(c)(ii) of the CG Code in its terms of reference.

The Remuneration Committee shall meet at least once a year. One Remuneration Committee meeting was held in the Reporting Period and the attendance of each member of the Remuneration Committee is set out as follows:

Committee members	Number of Committee meetings attended/ eligible to attend
Mr. Tong Xiaomeng (<i>Chairman</i>)	1/1
Mr. Fan Luyuan	1/1
Ms. Song Lixin	1/1

The Remuneration Committee reviews and recommends to the Board for approval of the remuneration of the Directors (including the executive Directors), having regard to the Group's operating results, individual performance, time commitment and responsibilities, and comparable market remuneration packages for directors of listed issuers in Hong Kong. The remuneration packages for the Directors comprise directors' fees** and/or salaries, discretionary bonuses, share options or awarded shares that may be granted from time to time under the Company's share incentive schemes, contributory provident fund, social security fund, medical benefits and training.

** The executive Directors and the non-executive Directors (other than the independent non-executive Directors) will not receive any Director's fees.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

Save Mr. Tung Pen Hung, who resigned on January 10, 2025 and does not receive remuneration from the Company, each current Director, will be entitled to remuneration which is to be proposed for the Shareholders' approval at the AGM each year. Remuneration payable to the individual Directors will be determined with reference to his experience and the prevailing market rate of director's fees. Further remuneration payable to Directors including any other fees to the independent non-executive Directors for their additional responsibilities and services will be approved by the Board on the recommendation of the Remuneration Committee.

Details of the Directors' remuneration are set out in note 37 to the consolidated financial statements contained in this annual report. Details of the remuneration policy of the Group are also set out in the paragraph headed "Employees and Remuneration Policies" in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" on page 17 of this annual report.

The remuneration payable to three members of the senior management of the Company (namely three executive Directors, whose biographies are set out on page 18 of this report) by band for the Reporting Period is set out below:

Remuneration bands	Senior management
HK\$500,000 – HK\$1,000,000	1
HK\$1,000,001 – HK\$2,000,000	–
HK\$2,000,001 – HK\$2,500,000	–
HK\$2,500,001 – HK\$11,000,000	1
HK\$11,000,001 – HK\$14,000,000	1

The 2012 Share Option Scheme was adopted and approved by the Shareholders at the AGM held on June 11, 2012, and was terminated upon the adoption of the 2021 Share Option Scheme on September 6, 2021. On August 30, 2023, the Shareholders approved the amendments to the terms of the 2021 Share Option Scheme to conform with the amendments to the Listing Rules relating to share schemes of listed issuers, which took effect from January 1, 2023. Details of the 2021 Share Option Scheme are set out in the Directors' Report on pages 26 to 32 and note 25 to the consolidated financial statements contained in this annual report.

The Company's Share Award Scheme was adopted by the Board on December 30, 2016 and amended on March 29, 2019, January 17, 2020 and August 30, 2023, respectively. Details of the Share Award Scheme are set out in the Directors' Report on pages 36 to 45 and note 25 to the consolidated financial statements contained in this annual report.

During the Reporting Period, the Remuneration Committee reviewed and recommended for the Board's approval (i) the existing policy and structure for the remuneration of Directors (including the executive Directors) and senior management; (ii) the remuneration packages (including share-based award) of the Directors (including the executive Directors) and senior management; and (iii) matters relating to share schemes under Chapter 17 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

During the Reporting Period, the Remuneration Committee discussed and made recommendations on the grants of Awarded Shares under the Share Award Scheme to, among other employees, the Directors and senior management. The vesting periods (from grant date to the first vesting date) of such Awarded Shares were shorter than 12 months with no performance target attached, but subject to a clawback mechanism, whereby the Awarded Shares will be canceled upon the occurrence of certain circumstances including but not limited to termination of the grantee's employment or service by the Company for cause.

Having considered that the performance and contributions to the Group by the Directors and senior management, the Remuneration Committee and the Board considered that the grant of such Awarded Shares with a vesting period shorter than 12 months and no performance target attached (i) rewards and recognises the contribution of the Directors and senior management; and (ii) provides incentive to retain them for continual development of the Group.

Therefore, the Remuneration Committee considered that the grant was appropriate, aligned with the purpose of the Share Award Scheme and was in the interest of the Company and the Shareholders.

Audit Committee

The Audit Committee has been established since August 2001 with a set of revised written terms of reference adopted on August 28, 2015 which are in line with the CG Code. The Audit Committee currently consists of three independent non-executive Directors. To retain independence and objectivity, the Audit Committee is chaired by an independent non-executive Director (with appropriate professional qualifications or accounting or related financial management expertise). The current members of the Audit Committee are Mr. Johnny Chen (Chairman), Ms. Song Lixin and Mr. Tong Xiaomeng.

The major roles and functions of the Audit Committee are:

- (i) to consider and recommend to the Board the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of those auditors;
- (ii) to consider and discuss with the external auditor the nature and scope of each year's audit;
- (iii) to review and monitor the external auditor's independence and objectivity;
- (iv) to review the interim and annual consolidated financial statements before submission to the Board;
- (v) to discuss any problems and reservations arising from the interim review and final audit, and any matters the external auditor may wish to discuss;

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

- (vi) to review the external auditor's management letters and management's response;
- (vii) to review the Group's financial controls, internal control and risk management systems;
- (viii) to discuss the internal control system with the management; and
- (ix) to consider major investigation findings on risk management and internal control matters as delegated by the Board and management's response to these findings.

The terms of reference of the Audit Committee are available on the websites of HKEXnews operated by Hong Kong Exchanges and Clearing Limited and the Company, respectively. The Audit Committee has adopted the model described in code provision D.3.3 of the CG Code in its terms of reference.

The Audit Committee shall meet at least twice a year. Two Audit Committee meetings were held during the Reporting Period and the attendance of each member of the Audit Committee is set out as follows:

Committee members	Number of Committee meetings attended/ eligible to attend
Mr. Johnny Chen (<i>Chairman</i>)	2/2
Ms. Song Lixin	2/2
Mr. Tong Xiaomeng	2/2

During the Reporting Period, the Audit Committee performed the work summarized as below:

- (i) reviewed and recommended for the Board's approval the scope and fees proposed by the external auditor in respect of the final audit for the year ended March 31, 2024 (the "2023/24 Final Audit") and the interim results review for the six months ended September 30, 2024 (the "2024/25 Interim Review");
- (ii) reviewed the external auditor's report of findings, independent review report and audit completion report in relation to the 2023/24 Final Audit and the 2024/25 Interim Review;
- (iii) reviewed and recommended for the Board's approval the Company's consolidated financial statements (the "Consolidated Financial Statements") for the year ended March 31, 2024 and for the six months ended September 30, 2024 together with the relevant management representation letters;
- (iv) reviewed the effectiveness of the internal control and risk management systems as well as the internal audit function; and
- (v) recommended to the Board, for the approval by the Shareholders, the re-appointment of the auditor of the Company.

The Audit Committee was of the opinion that the preparation of the Consolidated Financial Statements complied with the applicable accounting standards and requirements, and that adequate disclosures had been made. For details of the works relating to the risk management and internal control systems conducted by the Audit Committee, please refer to the "ACCOUNTABILITY AND AUDIT" section of this corporate governance report.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Nomination Committee

The Nomination Committee has been established since March 2012 with a set of revised written terms of reference adopted in August 2013 which are in line with the CG Code. The Nomination Committee currently consists of three members, including Mr. Fan Luyuan (Chairman), Mr. Tong Xiaomeng and Mr. Johnny Chen. Among three members of the Nomination Committee, one member is an executive Director and two members are independent non-executive Directors.

The major roles and function of the Nomination Committee are:

- (i) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (ii) to make recommendations to the Board on the selection of individual(s) nominated for directorship(s);
- (iii) to assess the independence of independent non-executive Directors;
- (iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and
- (v) to review a policy concerning diversity of Board members and its implementation and make recommendations on any proposed changes to the Board for the benefits of diversity on the Board.

The terms of reference of the Nomination Committee are available on the websites of HKEXnews operated by Hong Kong Exchanges and Clearing Limited and the Company, respectively. The Nomination Committee has adopted the model described in code provision B.3.1 of the CG Code in its terms of reference.

The Nomination Committee shall meet at least once a year. One Nomination Committee meeting was held during the Reporting Period and the attendance of each member of the Nomination Committee is set out as follows:

Committee members	Number of Committee meetings attended/ eligible to attend
Mr. Fan Luyuan (<i>Chairman</i>)	1/1
Mr. Tong Xiaomeng	1/1
Mr. Johnny Chen	1/1

For the Reporting Period, the Nomination Committee (i) reviewed the Director Nomination Policy and its implementation; (ii) reviewed the structure, size and composition of the Board; (iii) assessed candidate(s) for re-election as directors on the annual general meeting on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities and put the nomination of such candidate(s) to the Board for decision; (iv) assessed the independence of all the independent non-executive Directors; and (v) reviewed and recommended for the Board's approval on re-election of the retiring Directors at the AGM.

For details of the Director Nomination Policy, please refer to the "NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS" section of this corporate governance report.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Executive Committee

The Executive Committee has been established since December 2004 and currently consists of three executive Directors, namely Mr. Fan Luyuan (Chairman), Mr. Li Jie and Mr. Meng Jun.

The Executive Committee is vested with all the general powers of management and control of the activities of the Group as are vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive Committee.

The Executive Committee will meet as and when necessary to discuss the operating affairs of the Group and also deals with matters by way of circulation. The Executive Committee is mainly responsible for undertaking and supervising the day-to-day management and is empowered, among others:

- (i) to formulate and implement policies for the business activities, internal control and administration of the Group; and
- (ii) to plan and decide on strategies to be adopted for the business activities of the Group within the overall strategy of the Group as determined by the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted its own code of conduct for securities transactions (the "Code of Conduct Regarding Securities Transactions") by the Directors and certain officers and employees of the Company or its subsidiaries who are considered to be likely in possession of unpublished inside information in relation to the Company or its securities, on terms no less exacting than the required standard set out in the Model Code.

Having made specific enquiry of all Directors, each of the Directors confirmed that he/she has complied with the required standard as set out in the Model Code and the Code of Conduct Regarding Securities Transactions during the Reporting Period.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibilities for preparing, with the support from the finance department, the consolidated financial statements of the Group. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner. In preparing the consolidated financial statements for the financial year ended March 31, 2025, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) were complied with. Appropriate accounting policies have also been applied consistently.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT *(Continued)*

Financial Reporting *(Continued)*

The Audit Committee has recommended the Board to re-appoint PricewaterhouseCoopers (“PwC”) as auditor of the Company. The reporting responsibilities of the Company’s external auditor, PwC, are set out in the Independent Auditor’s Report on pages 156 to 166.

The financial statements are prepared on a going concern basis. The Directors confirm that, to the best of their knowledge, they are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The Audit Committee reviewed the adequacy of resources, qualifications and experiences of staff of the Group’s accounting and financial reporting function, and their training programs and budget.

Risk Management and Internal Control

The Company considers risk management and internal control to be an integral part of its operational management and business activities. The Company takes steady steps to build a comprehensive risk management system that is aligned with the group-wide strategy and which integrates relevant business characteristics. The Company continues to optimize its organizational structure for risk management and standardize its risk management procedures. Both qualitative and quantitative risk management methodologies have been adopted to better identify, evaluate and address risks, so as to strike a balance between risk and return, and to facilitate sustainable and sound growth of each business of the Company while maintaining risk exposure within manageable limits.

Objectives of Risk Management and Internal Control

The mechanism for risk management and internal control has been established to evaluate and determine the nature of and extent to which the Board is willing to take risks in achieving the Company’s strategic objectives, and assist the Group in maintaining proper operations and achieving its performance, profitability goals and overall mission. The immediate aim of internal control is to help provide a reasonable level of assurance that the Group will meet agreed objectives and goals, which has a key role in achieving business objectives and managing significant risks. The management provides the Board with confirmation as to the effectiveness of relevant risk management and internal control systems, while the Board is responsible for overseeing the Company’s risk management and internal control systems, as well as reviewing their effectiveness, all with an aim to safeguard Shareholders’ investment and the Company’s assets at all times.

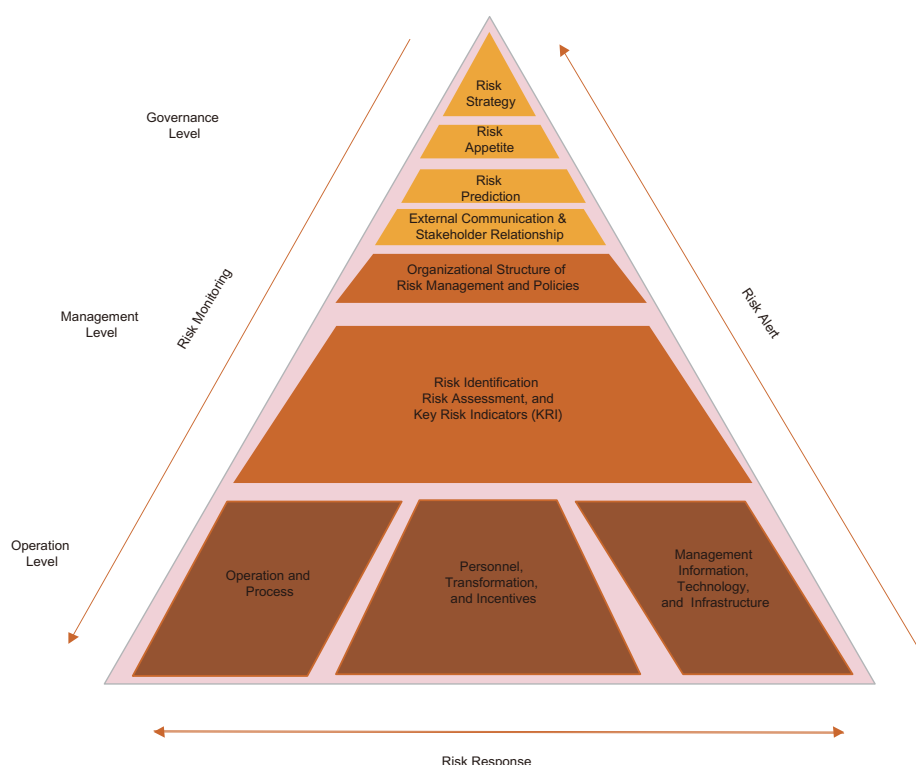
CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Objectives of Risk Management and Internal Control (Continued)

The Company actively adapts to changes in the internal and external environment, with a view to staying abreast of the rapid changes in the economic environment of the domestic and overseas Internet-based film and television industry, the promulgation of supervision regulations, as well as business integration and innovation within the Group. Focusing on its development strategy and maintaining a balanced risk appetite, the Company adheres to operational compliance while adopting a rational risk management approach. In a top-down manner, the Company has established robust and reliable risk management mechanisms and internal control systems at different levels including governance, management and operation. Further, by raising awareness about risk management and internal control among all employees, the Company has effectively integrated the risk management mechanisms into its daily operations. The Company has gradually established a dynamic and ongoing mechanism for risk monitoring, alert and response, thereby striking a balance between risk control and business development.



CORPORATE GOVERNANCE REPORT

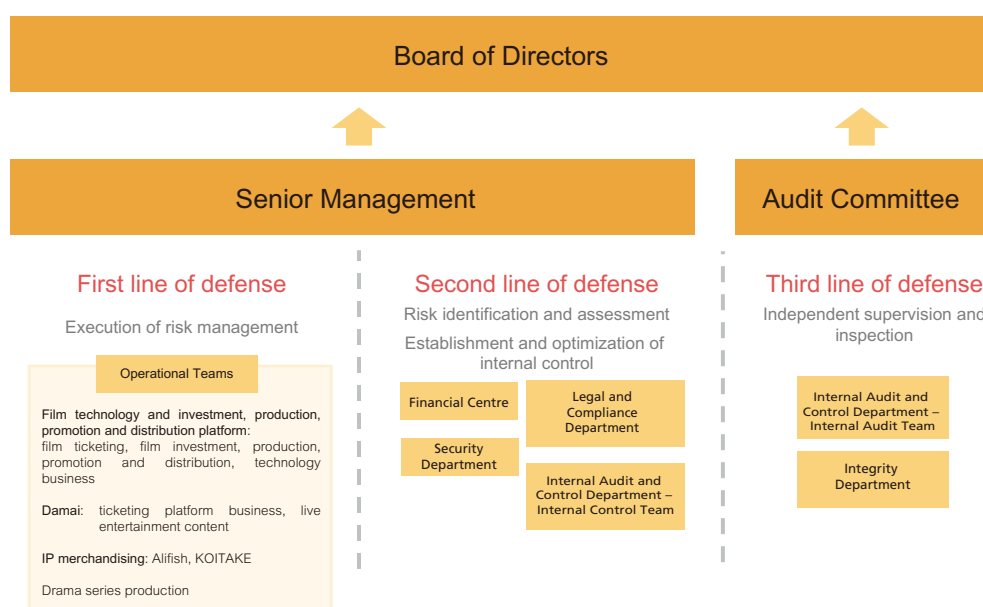
ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Risk Appetite System

The Group's risk appetite sets the keynote for its risk management. The Company follows a prudent principle in the determination of its risk appetite. In view of the overall strategic deployment of the Group and the development needs of each business line, the Company explores the synergy between its development strategy and risk appetite, thereby facilitating the sound operation and sustainable development of each business line and the Group as a whole.

Organizational Structure of Risk Management



As the foremost decision-making body for risk management within the Company, the Board is responsible for ensuring the effectiveness of its overall risk management efforts. In addition to assuming the responsibility to establish and maintain an appropriate and effective risk management system, the Board will also oversee management in designing, implementing and monitoring such risk management system, of which effectiveness is to be assessed annually covering the reporting period each year. The Audit Committee has been established by the Board. It performs duties in relation to risk management and internal control on behalf of the Board, and oversees the management in designing, implementing and monitoring the risk management and internal control systems. The Audit Committee reviews the Company's financial control, risk management and internal control systems on an ongoing basis. It discusses the risk management and internal control systems with management, monitors and reviews their efficacy, annual audit plans and reports, and, on its own initiative or upon appointment by the Board, studies important findings of investigations on risk management and internal control issues and the management's response to them. As business operations involve inherent risks, the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk Management and Internal Control *(Continued)*

Three Lines of Defense for Risk Management

First line of defense: operational teams of business units

At the first line of defense, operational teams of business units are responsible for executing relevant risk management processes and performing self-assessments on risk identification, risk alert and risk control in relation to internal risks of their respective units. They also report risk events and risk data in accordance with standard requirements of the Company.

Second line of defense: risk management functions (a virtual organization consisting of Financial Centre, Legal and Compliance Department, Security Department and Internal Audit and Control Department – Internal Control Team)

The risk management functions, as the second line of defense, are responsible for overall coordination of risk management efforts within the Company, including preparing the overall risk management plan; collecting, identifying, assessing, addressing and supervising risk information in daily operations; and leading various types of risk management work within their respective areas of expertise.

Third line of defense: Internal Audit and Control Department – Internal Audit Team and Integrity Department

The independent supervision functions, as the third line of defense, are comprised of Internal Audit and Control Department – Internal Audit Team and Integrity Department.

The Internal Audit and Control Department – Internal Audit Team has been designated to perform independent supervision and independent internal audit. This team is responsible for evaluating the effectiveness of the Group's risk management processes and internal control system. The Integrity Department is responsible for conducting independent inspections on compliance and anti-fraud, and assessing the compliance of all employees of the Group with applicable laws and regulations, and the Company's internal compliance management system in their commercial cooperation with external parties and performance of internal duties.

The Internal Audit Department is responsible for submitting regular audit plans and related reports on risk management and internal control to the Audit Committee for review. It is the responsibility of the Audit Committee to audit the annual audit plans and review relevant reports on risk management and internal control.

Each team in the three lines of defense is staffed with experienced professionals. Comprising experienced professionals in risk control and auditing, the Internal Audit Department was established in January 2015. It reports to the Audit Committee directly and is responsible for planning audit work, which is presented to the Audit Committee for review. It also conducts independent audits following a risk-based approach to evaluate whether the Company's internal control system is adequate and effective.

Going forward, the Company will continue to dedicate itself to improving its risk management framework and ability, integrating risk management into its business operation more systematically, and strengthening the development of a routine risk evaluation mechanism. Meanwhile, the Company will continue to improve information-based development of its risk control measures, with a view to integrating management processes such as risk evaluation, risk control and risk oversight into relevant systems using information-based approaches.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk Management and Internal Control *(Continued)*

Main Work of Risk Management and Internal Audit

The Company highly values the development of risk management systems, including the development of policies, processes, organizational structures and culture. The Company has been exploring different methods and has gradually identified and improved its risk management mechanism through operating and management practices.

The Company adopted both qualitative and quantitative risk management methodologies to regularly identify, evaluate and address risks that it faced during the course of achieving operating targets and enhancing management capability. These measures enabled the risk management systems to adapt to characteristics of the internal and external environment that the Company faced as it entered a new stage of development. As a result, potential risks were identified in a timely manner, for which effective countermeasures were proposed for risk prevention and control, thereby reducing losses caused by risk exposure while allowing the Company to capitalize on opportunities amid risk to ensure its sustainable, steady and sound development.

During the Reporting Period, the Company conducted an incremental risk inventory based on business nature, decision-making mechanism, financial information and chains, etc. This was consolidated with sorting out, screening and reprioritizing the existing risks. The process generated the material risks list and the risk control map for its core business areas. Special governance actions have been carried out for key businesses or material risk areas. For example, the Company optimized multiple mechanisms and processes related to evaluation and decision-making for businesses including film technology and investment, production, promotion and distribution and Damai ticketing platform. The relevant chain risks, problems identification, residual risks after rectification, etc. have been dynamically updated to continuously promote the Company's capabilities in risk management.

Not only did the Internal Audit Department execute risk-based internal audits and review important business areas of the Company and corporate-level matters, it also worked with operating units to discuss and rectify weaknesses, with a view to gradually improving internal control mechanisms. Management will focus on the implementation of previous rectification plans for internal control, regularly discuss all internal control matters, as well as design and take corresponding rectification measures as appropriate.

The Company values the establishment and improvement of internal systems related to corporate governance. During the Reporting Period, the Internal Control Department led a collaborative effort with various risk management functional teams to conduct annual amendments to and evaluations on the Company's internal policies to ensure the relevance and effectiveness of internal policies related to corporate governance.

The Company values the provision of communications and trainings related to risk management and internal audit to both management and all employees. This initiative aims to enhance organization-wide risk management awareness while ensuring the effective implementation of risk management and internal control.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Management and Disclosure of Material Risks

During the Reporting Period, the Company took appropriate countermeasures for identified material risks based on the above-mentioned risk management mechanisms, ensuring the material risks are maintained at acceptable risk levels.

- Flexibly address external risks, and summarize and list material risks as follows:

Major Risks	Description of Risks	Risk Responses
Market risks	As consumer demand for live entertainment experiences continues to increase while film market activity shows signs of decline, the Company may miss market opportunities, which impacts its operational performance unless it promptly identifies market trends and timely adjusts business strategies.	The Company has steadfastly remained committed to its dual approach “content + technology” strategy. Capitalizing on the booming performance market, the Company is increasing investment in technology research and development to deliver quality user experiences and sustain the strengths of its ticketing platform business. The Company adopts a steady yet proactive approach to its film business. In addition to enhancing its co-production and self-production content capabilities, the Company continues to increase investments in innovative technologies, such as AI and virtual filming, reducing costs through visual effects technologies, while pursuing solutions for the standardization, streamlining and digitalization of film and television production processes.
	Moreover, the partners may have operational problems due to their disadvantaged positions in market competition, which will adversely affect the return of our investment.	The Company establishes a credit management mechanism for external partners, including black, white and grey lists, and actively implements independent settlement rights or joint account mechanisms to reduce the risks of cooperation and payment collection.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk Management and Internal Control *(Continued)*

Management and Disclosure of Material Risks *(Continued)*

- Flexibly address external risks, and summarize and list material risks as follows: *(Continued)*

Major Risks	Description of Risks	Risk Responses
Industrial policy risks	Failure to release or broadcast content due to unforeseeable factors of supervision and review or inappropriate use of badly behaved artists may cause economic losses, and is likely to arouse consumers' negative feelings and association, which will affect the brand image of the Company.	<p>The Company closely monitors and stays updated on regulatory development by actively engaging in collaborative projects with governing and regulatory bodies. The Company adopts a stringent approach when selecting project themes, promotes positive and aspiring values, with a view to producing works with distinct themes that promote positive values.</p> <p>By continually optimizing evaluation and decision-making mechanisms, the Company duly arranges due diligence on artists, regulates artists' professional ethics, and avoids cooperating with artists who have negative records. In the event of risks arising from artists, the Company will rely on technical means as remedial measures to reduce negative impacts.</p>

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Management and Disclosure of Material Risks (Continued)

- Flexibly address external risks, and summarize and list material risks as follows: (Continued)

Major Risks	Description of Risks	Risk Responses
Legal and compliance risks	User data leakage triggers personal privacy protection risks and regulatory compliance risks	The Company implements and timely updates user information protection strategies in strict accordance with the requirements of regulatory authorities, including but not limited to permission settings, data disclosure, transmission among platforms, user agreements, etc.
	Damage to consumer rights may give rise to risks of public discontent and lead to regulatory penalties for the Company	By continually improving user experience (refunds and ticket changes, campaigns, etc.), the Company ensures compliance with the requirements of Consumer Councils and the State Administration for Market Regulation;
	Contents and copywriting which involve obscenity, rumor and defamation, illegality, etc. will trigger content compliance risks	The Company abides by regulatory requirements and enables quick handling through ongoing reviews and controls on contents such as videos, platform copywriting and comments.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk Management and Internal Control *(Continued)*

Statement of the Board regarding the Internal Control Responsibility

Through internal control, the Company aims to reasonably ensure that its operations comply with laws and regulations, its assets remain secure, its financial reports and relevant information are true and complete, while enhancing operational efficiency and effectiveness, and to facilitate the implementation of development strategies. Internal control procedures have been established to safeguard assets against unauthorized use or disposition, to ensure that proper accounting records are maintained to provide reliable financial information for internal use or publication, while ensuring compliance with applicable laws, rules and regulations. During the Reporting Period, the Company conducted a comprehensive review on its internal control system and reported its findings to the Audit Committee and the Board, and no significant deficiencies were identified. The Board believes that during the Reporting Period, the existing risk management and internal control system of the Company was adequate and effective in protecting the interests of the Company and the Shareholders.

External Auditor's Remuneration

During the Reporting Period, the remuneration paid/payable to the Company's external auditor, PwC, is set out as follows:

Services rendered for the Group	Fee paid/payable
Audit services (including annual audit and interim review)	RMB4,467,000
Non-audit services	—
Total	<u>RMB4,467,000</u>

Handling and Dissemination of Inside Information

The Company has in place a policy for the handling and disclosure of inside information in compliance with the SFO and the Listing Rules. The policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the Shareholders and stakeholders to assess the latest position of the Group.

Under the policy, if an employee is aware of any information which he/she thinks could potentially constitute inside information, the employee should consult his/her supervisor who should consider whether to report the matter to the chief financial officer or general counsel of the Company.

Directors regularly attend seminars and/or self-study materials on this subject matter to facilitate their understanding and compliance with the policy.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT *(Continued)*

Anti-corruption Policy

The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Company adopts the anti-corruption policy in assisting the employees in recognising circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

The anti-corruption policy will be reviewed on a regular basis, any convicted cases will be reported to the Board.

Whistleblowing Policy

The Company expects and encourages employees of the Group and those who deal with the Group (e.g. suppliers, customers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. The Company adopts the whistleblowing policy to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system.

The whistleblowing policy will be reviewed on a regular basis, any suspected cases will be reported to the Board.

JOINT COMPANY SECRETARIES

With effect from September 30, 2023, the Company appointed Ms. Zhang Ying and Ms. Ng Wing Shan as the joint company secretaries of the Company. Ms. Ng Wing Shan was not employee of the Company. Ms. Zhang Ying, the other joint company secretary of the Company, is the contact persons at the Company whom Ms. Ng can contact.

The joint company secretaries report to the chairman of the Board and are responsible for advising the Board on governance matters, new director induction and professional development of the Directors as well as ensuring good information flow between the Board members and the compliance of the policies and procedures of the Board.

Both Ms. Zhang and Ms. Ng have confirmed that they received relevant professional training of not less than 15 hours to update their skills and knowledge during the Reporting Period.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Pursuant to the Bye-laws, Shareholders holding in aggregate not less than 10% of the paid-up capital of the Company shall have the right, by written requisition to the Board or the company secretary of the Company, at 26/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition and add resolutions to such meeting agenda, and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene such meeting.

Any number of Shareholders representing not less than 5% of the total voting rights of the Company on the date of the requisition or not less than 100 Shareholders are entitled to put forward a proposal for consideration at a general meeting of the Company. The Company shall on the requisition of such number of Shareholders and at the expense of those requisitionists give to the Shareholders notice of any intended resolution and any statement with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. Requisitions for putting forward such proposal at a general meeting should be addressed to the Board or the company secretary at the head office of the Company in Hong Kong; Shareholders should follow the relevant requirements and procedures as set out in Section 79 of the Bermuda Companies Act.

Pursuant to the Bye-Laws, if a shareholder, who is qualified to attend and vote at the general meeting, wishes to propose a person other than a retiring Director for election as a Director at any general meeting, he/she should deposit a written notice of intention to propose such person for election as a Director together with a notice signed by the person to be proposed of his/her willingness to be elected and lodge the same at the head office of the Company in Hong Kong no earlier than the day after the despatch of the notice of the general meeting appointed for such election and no later than seven days prior to the date of such general meeting.

Detailed procedures for Shareholders to propose a candidate for election as a Director are available on the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board recognizes the importance of effective communication with the Shareholders and investors. The Board has established a shareholders communication policy setting out strategies that the Company has in place to promote effective communication with its Shareholders with the aim of ensuring Shareholders are provided with information about the Company and enabling them to engage actively with the Company and to exercise their rights as Shareholders in an informed manner.

The Company communicates with the Shareholders and investors through various channels including publication of interim and annual reports, announcements, circulars and other corporate communications and publications available on the websites of HKEXnews operated by Hong Kong Exchanges and Clearing Limited and/or the Company.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

(Continued)

The Board considers the Company's general meetings as a valuable channel for it to communicate directly with the Shareholders. The Company encourages the participation of the Shareholders through AGMs and other general meetings where the Shareholders meet and exchange views with the Board, and to exercise their rights to vote at meetings. The chairman of any independent board committee formed as necessary or pursuant to the Listing Rules (or if no such chairman is appointed, at least a member of the independent board committee) will also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to the independent Shareholders' approval.

The Company held its AGM on August 30, 2024 (the "2024 AGM"). At the 2024 AGM, Mr. Fan Luyuan, the Chairman and the chief executive officer of the Company, was present and available to answer any questions raised by the Shareholders. A separate resolution is proposed by the Chairman on each substantial issue, including the election of individual Directors, to be considered at the general meetings.

The notice to the Shareholders is to be sent at least 21 clear days before the meeting (in case of an AGM) and to be sent at least 14 clear days (in case of any other general meeting). An explanation of the detailed procedures for conducting a poll is provided to the Shareholders at the commencement of the meeting. The Chairman answers any questions from Shareholders regarding voting by way of a poll. The poll results are published in accordance with the requirements of the Listing Rules.

Shareholders may at any time send their enquiries to the Board in writing through the company secretary to the Company's principal place of business in Hong Kong at 26/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Shareholders may also make enquiries with the Board at the general meetings of the Company.

The implementation and effectiveness of the above-mentioned communication policy are reviewed by the Board on an annual basis. For the Reporting Period, the Board was of the view that such policy remained adequate and effective in that: (a) such policy has provided multiple channels of communications to cater for different preferences of the Shareholders or stakeholders, including the Company's official website to disseminate the latest information about the Group (e.g. financial results and reports, announcements and circulars) to the Shareholders or stakeholders, correspondence and email addresses for them to communicate in writing, as well as telephone number and physical general meetings for them to communicate directly and verbally; (b) the Chairman and Board committees, company secretary and/or other professional advisers (if any) present at general meetings are available to answer questions raised by the Shareholders; and (c) designated officers (i.e. investor relations department and the company secretary) of the Company will be responsible for responding promptly to the enquiries or views from the Shareholders or stakeholders.

CORPORATE GOVERNANCE REPORT

CONSTITUTIONAL DOCUMENTS

Amendments to the Bye-laws

On May 29, 2024, the Company announced that the Bye-laws was proposed to be amended for the purpose of, among other things, (a) bringing the Bye-laws in line with the latest legal and regulatory requirements, including (i) the expanded paperless listing regime and the electronic dissemination of corporate communications and the relevant amendments to the Listing Rules which took effect on December 31, 2023; and (ii) the recent amendments to the Listing Rules relating to treasury shares which took effect on June 11, 2024; and (b) making consequential and other housekeeping amendments.

The amendments to the Bye-laws and adoption of the new Bye-laws were approved by the Shareholders at the 2024 AGM. The consolidated version of the memorandum and association and the new Bye-laws of the Company is available on the websites of the Company and HKEXnews operated by Hong Kong Exchanges and Clearing Limited, respectively. Details of the amendments to the Bye-laws were disclosed in the announcement of the Company dated May 29, 2024, the circular of the Company dated July 29, 2024 and the announcement of the Company relating to the results of the 2024 AGM dated August 30, 2024, respectively.

During the Reporting Period, save as disclosed above, there were no significant changes in the constitutional documents of the Company.

DIVIDEND POLICY

The Company has adopted the dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate and sufficient cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Board has the full discretion to declare and distribute dividends to the Shareholders, and any final dividend for a financial year will be subject to Shareholders' approval.

In proposing any dividend payout, the Board shall also take into account, among other things, the Group's financial results, financial position, cash flow situation, business conditions and strategies, expected future operations and earnings, capital requirements and expenditure plans, interests of the Shareholders, any restrictions on payment of dividends and any other factors the Board may consider relevant. Any payment of the dividend by the Company is also subject to any restrictions under the Bermuda Companies Act, the Bye-laws and all applicable laws and regulations.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code of the Hong Kong Stock Exchange but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices based on our experience, regulatory changes and developments. Any views and suggestions from our Shareholders to promote and improve our transparency are also welcome.

CORPORATE GOVERNANCE REPORT

COMPANY'S CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen.

The Company has steadfastly remained committed to its dual-approach “content + technology” strategy and has achieved all-rounded interaction among movies, drama series, and offline entertainment. In addition to producing and presenting diversified and high-quality films and drama series, the Company focuses on “content” and explores multiple business models to unify upstream and downstream operations, as well as online and offline channels throughout the industry chain, which allows it to push the boundaries of the film and television industry successfully.

In addition, with a unique vertical industry chain covering the entire upstream and downstream sectors, the IP merchandising and commercialization business has become a core business of the Company to expand the boundaries of the entertainment industry. Riding on its unique “IP2B2C” chain business model, Alibaba Pictures is committed to promoting the healthy and sustainable development of the entertainment industry by continuously exploring IP content and building up a service platform and online and offline sales channels focusing on IPs.

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Alibaba Pictures Group Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Alibaba Pictures Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 167 to 293, comprise:

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

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS Accounting Standards") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

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

- Goodwill impairment assessment
- Impairment assessment of film and TV rights treated as intangible assets
- Impairment assessment of investments accounted for using the equity method

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Goodwill impairment assessment</p> <p>Refer to Note 4(a) to the consolidated financial statements – Critical accounting estimates and judgments and Note 15 – Goodwill and intangible assets.</p> <p>As of March 31, 2025, the carrying amount of the Group's goodwill is amounted to RMB3,844 million. The goodwill was allocated to several cash-generating units ("CGUs").</p> <p>For the purpose of the annual impairment assessment of goodwill, management determined the recoverable amounts of the relevant CGUs based on value in use ("VIU"), which is the present value of the future cash flows expected to be derived from the relevant CGUs.</p> <p>We focus on auditing the impairment of goodwill because the estimation of the recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of goodwill is considered significant due to the subjectivity of significant assumptions used including the long-term growth rate, the pre-tax discount rates, the forecasted revenue, gross margin, gross merchandise value ("GMV") and the ratio of market promotion expenses to GMV, and the significant amount of the related balance.</p>	<p>Our procedures on management's goodwill impairment assessment mainly included:</p> <ul style="list-style-type: none"> Assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; Understood and evaluated the internal controls relating to management's assessment on the impairment of goodwill; Evaluated the outcome of prior year assessment of goodwill impairment to assess the effectiveness of management's estimation process; Assessed the competency, capability and objectivity of the independent external valuer engaged by the Group for performing the similar impairment assessment projects by assessing its qualifications, relevant experience and relationship with the Group; Tested the consistency and reasonableness of the data used and challenged management's key assumptions adopted in the future cash flow forecasts, mainly in relation to: <ul style="list-style-type: none"> the long-term growth rate, by comparing them with the relevant economic and industry forecasts, including certain forecasts sourced from external parties; the pre-tax discount rates, by comparing them with costs of capital of comparable companies; and the forecasted revenue, gross margin, GMV and the ratio of market promotion expenses to GMV, by comparing them with actual historical financial data of these CGUs. For the growth rate of GMV and the forecasted revenue, we also compared to future market growth rate as forecasted and sourced from external parties.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment (Continued)	<ul style="list-style-type: none">Involved our internal valuation expert in assessing the appropriateness of certain significant assumptions used and the valuation methodology used;Tested the mathematical accuracy of the calculations of the recoverable amounts of these CGUs;Focusing on those few key assumptions to which the calculation was most sensitive, we evaluated management's sensitivity analysis over the revenue growth rate, long-term growth rate and pre-tax discount rate as adopted in the impairment test so as to assess the potential implication on the results of the impairment test for changes of assumptions within a reasonable range; andAssessed the adequacy of the disclosures related to goodwill impairment assessment in the context of HKFRS Accounting Standards. <p>Based on the above, we considered that the significant judgments and estimates made by management were supportable by the evidence obtained and procedures performed.</p>

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment assessment of film and TV rights treated as intangible assets</p> <p>Refer to Note 4(b) to the consolidated financial statements – Critical accounting estimates and judgments and Note 19 – Film and TV rights and investments.</p> <p>As of March 31, 2025, the carrying amount of the Group's film and TV rights treated as intangible assets amounted to RMB 2,105 million. An impairment loss of RMB 140 million was recognized during the year ended March 31, 2025.</p> <p>For the purpose of the impairment assessment of film and TV rights treated as intangible assets, management performed the impairment assessment on a film-by-film basis. The recoverable amount of the film and TV rights treated as intangible assets is determined based on VIU, which is the present value of future net cash flows from these film and TV rights.</p> <p>We focus on auditing the impairment of film and TV rights treated as intangible assets because the estimation of the recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of film and TV rights treated as intangible assets is considered significant due to the subjectivity of significant assumptions used including the estimated revenue, the distribution costs and other cost information, the pre-tax discount rates and the estimated time of completing future production and distribution, and the significant amount of the related balance.</p>	<p>Our procedures on management's impairment assessment of the film and TV rights treated as intangible assets mainly included:</p> <ul style="list-style-type: none"> Assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; Understood and evaluated the design and operating effectiveness of the internal controls over the impairment assessment of film and TV rights treated as intangible assets; Evaluated the outcome of prior year impairment assessment of film and TV rights treated as intangible assets to assess the effectiveness of management's estimation process by comparing the carrying amount in the prior period against the respective actual performance during the year, if any; Discussed with the management to understand their future production plans and distribution plans and examined related production contracts, inquired with management about the major crew members and their background, experience and profile, and performed relevant search through external sources on media coverage on the related popularity of the original creators of the film rights and the contents and topics of the films to corroborate with the management's estimated time of completing future production and distribution;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of film and TV rights treated as intangible assets <i>(Continued)</i>	<ul style="list-style-type: none">• Evaluated the reasonableness of the estimated revenue from different distribution channels, the distribution costs and other cost information prepared by management by comparing the estimated box office, the budgeted distribution and other costs of films with historical data of comparable films invested by the Group;• Involved our internal valuation expert in assessing the appropriateness of certain significant assumptions such as pre-tax discount rates used and the valuation methodology used;• Tested the mathematical accuracy of the calculations of the recoverable amounts of film and TV rights treated as intangible assets; and• Assessed the adequacy of the disclosures related to the impairment assessment of film and TV rights treated as intangible assets in the context of HKFRS Accounting Standards. <p>Based on the above, we considered that the significant judgments and estimates made by management were supportable by the evidence obtained and procedures performed.</p>

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment assessment of investments accounted for using the equity method</p> <p>Refer to Note 4(c) to the consolidated financial statements – Critical accounting estimates and judgments and Note 13 – Investments accounted for using the equity method.</p> <p>As of March 31, 2025, the carrying amount of the Group's investments accounted for using the equity method amounted to RMB915 million. An impairment loss of RMB428 million was recognized during the year ended March 31, 2025.</p> <p>Investments accounted for using the equity method were subject to impairment assessment when there was an indicator of impairment. The recoverable amounts were the higher of its fair value less costs of disposals and its VIU. Significant estimations and assumptions were exercised when determining the recoverable amounts applying discounted cash flows, such as the long-term growth rates, the pre-tax discount rates, the forecasted revenue and gross margin.</p> <p>We focus on auditing the impairment assessment of investments accounted for using the equity method because the estimation of the recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of investments accounted for using the equity method is considered significant due to the subjectivity of significant assumptions used, and the significant amount of the related balance.</p>	<p>Our procedures on the impairment assessment of the investments accounted for using the equity method with impairment indicators mainly included:</p> <ul style="list-style-type: none"> Assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; Understood and evaluated the design and operating effectiveness of the internal controls over assessing the impairment of investments accounted for using the equity method; Evaluated the outcome of prior year impairment assessment of investments accounted for using the equity method to assess the effectiveness of management's estimation process; Involved our internal valuation expert in assessing the appropriateness of certain significant assumptions used and the valuation methodology used; In respect of the impairment assessments of investments accounted for using the equity method applying discounted cash flows, we assessed the key assumptions adopted including the long-term growth rate, by comparing it with the relevant economic forecasts; the pre-tax discount rates, by comparing the rates used by the Group to those of comparable companies; the forecasted revenue and gross margin, by comparing them with actual historical financial data and market data;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of investments accounted for using the equity method (Continued)	<ul style="list-style-type: none">• In respect of investments accounted for using the equity method with active market quotation, we obtained the fair value of the relevant investments determined by referencing their active market quotes at the year-end, assessed management's judgment on whether there was sufficient evidence to conclude that the present value of the expected future cash flows of the assets significantly exceeds their fair value less disposal costs and evaluated the reasonableness of the methodology used in determining the recoverable amount of these assets;• Tested the mathematical accuracy of the calculations in the recoverable amounts of the investments; and• Assessed the adequacy of the disclosures related to impairment assessment of investments accounted for using the equity method in the context of HKFRS Accounting Standards. <p>Based on the above, we considered that the significant judgments and estimates made by management were supportable by the evidence obtained and procedures performed.</p>

OTHER INFORMATION

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Ping Fai (practising certificate number: P05791).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, May 19, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended March 31,	
		2025	2024
		RMB'000	RMB'000
Note			
Continuing operations			
Revenue	5	6,702,326	5,035,713
Cost of sales and services	8	(4,224,196)	(3,018,670)
Gross profit		2,478,130	2,017,043
Selling and marketing expenses	8	(789,313)	(710,002)
Administrative expenses	8	(1,237,422)	(977,868)
Reversal of impairment losses/(impairment losses) on financial assets, net	3.1(b)	112,270	(52,635)
Other income	6	39,821	57,366
Other gains/(losses), net	7	45,249	(24,224)
Operating profit		648,735	309,680
Finance income	10	239,314	182,614
Finance expenses	10	(45,940)	(781)
Finance income, net		193,374	181,833
Share of loss of investments accounted for using the equity method	13	(120,488)	(78,616)
Impairment of investments accounted for using the equity method	13	(427,629)	(112,552)
Profit before income tax		293,992	300,345
Income tax credit	11	92,400	58,610
Profit from continuing operations		386,392	358,955
Loss from discontinued operation		–	(61,486)
Profit for the year		386,392	297,469
Profit attributable to:			
Owners of the Company		363,576	284,790
Non-controlling interests		22,816	12,679
Profit attributable to owners of the Company:		363,576	334,583
Continuing operations		–	(49,793)
Discontinued operation		–	(49,793)
Earnings per share from continuing operations attributable to owners of the Company for the year (expressed in RMB cents per share)			
– Basic	12	1.23	1.21
– Diluted		1.23	1.21
Earnings per share attributable to owners of the Company for the year (expressed in RMB cents per share)			
– Basic	12	1.23	1.03
– Diluted		1.23	1.03

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended March 31,	
		2025 RMB'000	2024 RMB'000
Profit for the year		386,392	297,469
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive (loss)/income of associates	13	(2,338)	6,120
Currency translation differences attributable to owners of the Company		48,204	110,996
<i>Items that may not be reclassified to profit or loss</i>			
Currency translation differences attributable to non-controlling interests		294	1,158
Other comprehensive income for the year, net of tax		46,160	118,274
Total comprehensive income for the year		432,552	415,743
Total comprehensive income for the year attributable to:			
– Owners of the Company		409,442	401,906
– Non-controlling interests		23,110	13,837
Total comprehensive income for the year		432,552	415,743
Total comprehensive income for the year attributable to owners of the Company:			
– Continuing operations		409,442	451,699
– Discontinued operation		–	(49,793)
		409,442	401,906

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

CONSOLIDATED BALANCE SHEET

		As of March 31,	
		2025	2024
	Note	RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	14	115,328	38,423
Investment properties	17	396,498	443,546
Goodwill	15	3,844,125	3,554,882
Intangible assets	15	458,189	234,004
Right-of-use assets	16	230,150	6,566
Deferred income tax assets	29	198,690	94,718
Investments accounted for using the equity method	13	914,748	1,672,220
Film and TV rights and investments	19	2,652	2,894
Bank deposits	23	4,239,925	1,217,522
Financial assets at fair value through profit or loss	18	610,148	700,629
Trade and other receivables, and prepayments	21	350,170	400,820
		<u>11,360,623</u>	<u>8,366,224</u>
Current assets			
Inventories	22	41,093	31,100
Film and TV rights and investments	19	3,602,389	2,228,853
Trade and other receivables, and prepayments	21	4,323,253	3,412,739
Current income tax recoverable		9,567	—
Structured deposits	18	797,847	706,196
Bank deposits	23	856,912	2,296,932
Restricted cash	23	1,891	4,159
Cash and cash equivalents	23	2,505,808	4,413,697
		<u>12,138,760</u>	<u>13,093,676</u>
Total assets		<u>23,499,383</u>	<u>21,459,900</u>
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	29	121,057	56,925
Lease liabilities	16	229,429	58,408
Trade and other payables, and accrued charges	28	5,287	—
		<u>355,773</u>	<u>115,333</u>

CONSOLIDATED BALANCE SHEET

		As of March 31,	
		2025	2024
	Note	RMB'000	RMB'000
Current liabilities			
Borrowings	27	396,685	—
Trade and other payables, and accrued charges	28	5,406,606	5,094,022
Contract liabilities	5	623,027	415,029
Current income tax liabilities		17,168	1,089
Lease liabilities	16	35,275	5,897
Film investments from business partners		199,549	7,650
		6,678,310	5,523,687
Total liabilities		7,034,083	5,639,020
Equity			
Equity attributable to owners of the Company			
Share capital	24	6,078,702	6,026,151
Reserves	26	10,148,858	9,696,245
		16,227,560	15,722,396
Non-controlling interests		237,740	98,484
Total equity		16,465,300	15,820,880
Total equity and liabilities		23,499,383	21,459,900

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

The financial statements on pages 167 to 293 were approved by the Board of Directors on May 19, 2025 and were signed on its behalf by:

Fan Luyuan
Executive Director & Chairman

Meng Jun
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company											
		Shares held			Shareholder's		Share-based			Non-	
	Share	Share	for share	Other	contribution	Translation	Compensation	Accumulated	Total	controlling	Total
Notes	capital	premium	award	reserve	reserve	reserve	reserve	losses	RMB'000	interests	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended March 31, 2024											
As of April 1, 2023	5,452,976	13,423,271	(208,891)	(1,083,805)	48,527	(102,186)	535,439	(3,995,496)	14,069,835	40,376	14,110,211
Profit for the year	-	-	-	-	-	-	-	284,790	284,790	12,679	297,469
Other comprehensive income for the year	-	-	-	-	-	117,116	-	-	117,116	1,158	118,274
Total comprehensive income for the year	-	-	-	-	-	117,116	-	284,790	401,906	13,837	415,743
Share of other reserves of investments accounted for using the equity method	13	-	-	(471)	-	-	-	-	(471)	-	(471)
Shares purchased for share award scheme	-	-	(1,733)	-	-	-	-	-	(1,733)	-	(1,733)
Shares vested under share award scheme	-	-	111,187	-	-	-	(111,187)	-	-	-	-
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	573,175	619,029	-	-	-	-	-	-	1,192,204	-	1,192,204
Value of employee services provided under share option scheme and share award scheme	25	-	-	-	-	-	84,393	-	84,393	-	84,393
Value of employee services provided in relation to share-based payment transactions with ultimate parent	25	-	-	-	-	-	35,881	-	35,881	-	35,881
Value of share-based compensation allocated to ultimate parent	25	-	-	(9,046)	-	-	9,046	-	-	-	-
Settlement of share-based compensation cost with ultimate parent	25	-	-	(51,188)	-	-	-	-	(51,188)	-	(51,188)
Transactions with non-controlling interests	-	-	-	-	-	-	-	(8,431)	(8,431)	3,931	(4,500)
Discontinued operations	-	-	-	-	-	-	-	-	-	43,757	43,757
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,417)	(3,417)
As of March 31, 2024	6,026,151	14,042,300	(99,437)	(1,144,510)	48,527	14,930	553,572	(3,719,137)	15,722,396	98,484	15,820,880

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company										
		Shares held										
		Share capital	Share premium	award scheme	Other reserve	Shareholder's contribution reserve	Translation reserve	Share-based Compensation reserve	Accumulated losses	Total	Non-controlling interests	Total
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended March 31, 2025												
As of April 1, 2024		6,026,151	14,042,300	(99,437)	(1,144,510)	48,527	14,930	553,572	(3,719,137)	15,722,396	98,484	15,820,880
Profit for the year		-	-	-	-	-	-	-	363,576	363,576	22,816	386,392
Other comprehensive income for the year		-	-	-	-	-	45,866	-	-	45,866	294	46,160
Total comprehensive income for the year		-	-	-	-	-	45,866	-	363,576	409,442	23,110	432,552
Share of other reserves of investments accounted for using the equity method		13	-	-	2,628	-	-	-	-	2,628	-	2,628
Shares vested under share award scheme		-	-	98,660	-	-	-	(98,660)	-	-	-	-
Issuance of shares under share award scheme		-	52,551	39,939	(92,490)	-	-	-	-	-	-	-
Value of employee services provided under share option scheme and share award scheme		25	-	-	-	-	-	106,593	-	106,593	-	106,593
Value of employee services provided in relation to share-based payment transactions with ultimate parent		25	-	-	-	-	-	18,222	-	18,222	-	18,222
Value of share-based compensation allocated to ultimate parent		25	-	-	(5,809)	-	-	5,809	-	-	-	-
Settlement of share-based compensation cost with ultimate parent		25	-	-	-	(31,721)	-	-	-	(31,721)	-	(31,721)
Acquisition of subsidiaries		36	-	-	-	-	-	-	-	-	120,966	120,966
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(4,820)	(4,820)
As of March 31, 2025		6,078,702	14,082,239	(93,267)	(1,179,412)	48,527	60,796	585,536	(3,355,561)	16,227,560	237,740	16,465,300

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

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended March 31,	
	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operating activities	31(a)	(1,053,813)	869,021
Income tax paid		(1,961)	(46,830)
Net cash (outflow)/inflow from operating activities		(1,055,774)	822,191
Cash flows from investing activities:			
Principal received on bank deposits with the maturity over three months		5,055,799	–
Principal received on investments in structured deposits	3.3	2,590,000	1,100,000
Proceeds from derecognition of unlisted investments	3.3	279,141	11,500
Interest received		179,207	149,879
Proceeds from disposal of equity investment in a joint venture		30,000	965
Investment interest received on structured deposits		25,654	6,459
Proceeds from disposal of property, plant and equipment and investment property		19,668	940
Proceeds from loan repayment of a third party		4,063	2,000
Proceeds from reduction of equity investment in an associate	13	3,000	–
Proceeds from loan repayment of a joint venture		–	6,000
Placement for bank deposits with initial terms over three months		(6,565,639)	(2,954,330)
Purchases of structured deposits	3.3	(2,685,000)	(500,000)
Purchases of property, plant and equipment and investment properties		(175,088)	(9,792)
Acquisition of subsidiaries, net of cash acquired	36	(15,462)	2,075,208
Loans granted to a third party		(8,400)	(185,496)
Capital injection of equity investments in joint ventures	13	(6,810)	–
Payment for unlisted investments	3.3	(5,000)	–
Purchase of intangible assets		(1,321)	(2,091)
Net cash outflow from investing activities		(1,276,188)	(298,758)

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Cash flows from financing activities:		
Proceeds from borrowings	918,307	—
Proceeds from film investments from business partners	88,548	—
Repayment of borrowings	(521,622)	—
Payment of share-based compensation cost with ultimate parent	(31,424)	(46,828)
Principal and interest elements of lease payments	(15,508)	(37,072)
Dividends paid to non-controlling interests	(4,820)	(3,417)
Interest paid	(3,858)	—
Transaction with non-controlling interests	—	(4,500)
Shares purchased for share award scheme	—	(1,733)
Net cash inflow/(outflow) from financing activities	429,623	(93,550)
Net (decrease)/increase in cash and cash equivalents	(1,902,339)	429,883
Cash and cash equivalents at beginning of the year	4,413,697	3,919,526
Exchange effect on cash and cash equivalents	(5,550)	64,288
Cash and cash equivalents at end of the year	2,505,808	4,413,697

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Alibaba Pictures Group Limited (the “Company”) and its subsidiaries (together, the “Group”, each, a “Group Entity”) form an integrated platform with content and technology as the core, covering content production, promotion and distribution, IP merchandising, licensing and commercial management, cinema and entertainment event ticketing management, and internet data services for the entertainment industry.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, Pembroke, HM 11, Bermuda.

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As of March 31, 2025, the Company is approximately 53.85% owned by Alibaba Group Holding Limited (“Alibaba Holding”), of which 13,488,058,846 shares are held by Ali CV Investment Holding Limited (“Ali CV”) and 2,513,028,847 shares are held by Alibaba Investment Limited (“Alibaba Investment”). Ali CV is a wholly-owned subsidiary of Alibaba Investment which is in turn wholly-owned by Alibaba Holding.

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

2 SUMMARY OF ACCOUNTING POLICIES

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

2.1 Basis of preparation and change in accounting policies

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

The financial statements have been prepared on a historical cost basis, except for certain financial assets are measured at fair value.

During the year ended March 31, 2024, the Company disposed certain subsidiaries operating the film screening business, which was regarded as discontinued operation during the year ended March 31, 2024 and the related revenue, expenses and income tax are presented as a single amount in the statement of profit or loss under “Loss from discontinued operation”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation and change in accounting policies *(Continued)*

Change in segment information

During the financial year ended March 31, 2025, the Group has changed its identification of reportable business segments. In the previous year, the Group aggregated its operating segments into five reportable segments, namely "Film investment, production, promotion and distribution", "Film ticketing and technology platform", "Damai", "Drama series production" and "IP Merchandising and innovation initiatives" in accordance with its then internal management and reporting structures. In order to reflect a more accurate market positioning of the Group, the Group changed its internal management and reporting structures in the financial year ended March 31, 2025 and reaggregated its operating segments into "Film technology and investment, production, promotion and distribution platform", "Damai", "IP merchandising" and "Drama series production". The represented segment information is consistent with the reports provided to and reviewed by the chief operating decision-maker ("CODM") for performance assessment and resources allocation after the change of internal management restructuring. The comparative segment information has been restated. Further information is detailed in Note 5 below.

(a) New amendment to standards or interpretations adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing April 1, 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to HKAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (Revised);
- Lease Liability in Sale and Leaseback – Amendments to HKFRS 16; and
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation and change in accounting policies (Continued)

(a) **New amendment to standards or interpretations adopted by the Group** (Continued)

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings as below:

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

This new policy did not result in a change in the classification of the Group's borrowings in current period and in prior periods.

The other amendments or interpretations listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current year or future years.

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

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the financial year ended March 31, 2025 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	April 1, 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	April 1, 2026
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Annual Improvements to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	April 1, 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	April 1, 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	April 1, 2027

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions, except for HKFRS 18 Presentation and Disclosure in Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation and change in accounting policies *(Continued)*

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

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

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

- Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
 - for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

The Group will apply the new standard from its financial year beginning on April 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending March 31, 2027 will be restated in accordance with HKFRS 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies

2.2.1 *Subsidiaries*

2.2.1.1 *Consolidation*

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

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.1 Subsidiaries (Continued)

2.2.1.1 Consolidation (Continued)

(a) Control over subsidiaries arising from contractual arrangements

As of March 31, 2025, The Group's wholly-owned subsidiaries have entered into certain contractual arrangements (the "Contractual Arrangements") with 中聯京華文化傳播(北京)有限公司 ("Zhonglian Jinghua"), 北京阿里淘影視文化有限公司 ("Beijing Ali Tao"), 上海淘票票影視文化有限公司 ("Shanghai Tao Piao Piao"), 北京大麥文化傳播有限公司 ("Damai Chuanbo"), 青島金麥網絡科技有限公司 ("Qingdao Jinmai") and 北京大麥文化傳媒發展有限公司 ("Damai Chuanmei") (together, Zhonglian Jinghua, Beijing Ali Tao, Shanghai Tao Piao Piao, Damai Chuanbo, Qingdao Jinmai and Damai Chuanmei are referred to as the "OPCOs") respectively, and their equity holders, which enable the Group to:

- exercise effective financial and operational control over the OPCOs;
- exercise equity holders' voting rights of the OPCOs; and
- receive substantially all of the economic interest returns generated by the OPCOs.

The Group does not have any equity interest in the OPCOs. However, as a result of the Contractual Arrangements, the Group has rights to receive variable returns from its involvement with the OPCOs and has the ability to affect those returns through its power over the OPCOs and is considered to control the OPCOs. Consequently, the Company regards the OPCOs as indirect subsidiaries under HKFRS 10. The Group has consolidated the financial position and results of the OPCOs in the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.1 Subsidiaries (Continued)

2.2.1.1 Consolidation (Continued)

(b) Business combinations

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

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.1 *Subsidiaries (Continued)*

2.2.1.1 *Consolidation (Continued)*

(b) Business combinations *(Continued)*

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

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

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

2.2.1.2 *Separate financial statements*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.2 Associates and joint arrangements

(a) *Associates*

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (c) below), after initially being recognized at cost.

(b) *Joint arrangements*

Under HKFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method (see (c) below), after initially being recognized at cost.

(c) *Equity method*

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.2.6.

Gains or losses on dilution of equity interest in associates are recognized in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.2 Associates and joint arrangements *(Continued)*

(c) Equity method *(Continued)*

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

(d) Changes in ownership interests

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

2.2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the statement of profit or loss, within finance costs.

(c) *Group companies*

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

- (i) Assets and liabilities for each financial statements presented are translated at the closing rate at the financial year end;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.4 Foreign currency translation *(Continued)*

(c) Group companies *(Continued)*

- (iii) all resulting currency translation differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

2.2.5 Goodwill and Intangible assets

(a) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.5 Goodwill and Intangible assets (Continued)

(b) *Licences*

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

Licences with a finite useful life are related to ticketing systems, which are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives of 15 years.

(c) *Contractual customer and supplier relationships*

Contractual customer and supplier relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer and supplier relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of 5-12 years.

(d) *Patents*

Patents acquired in a business combination are recognized at fair value at the acquisition date. The patents have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of 10 years.

(e) *Brand names*

Brand names acquired in a business combination are recognized at fair value at the acquisition date. The brand names have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of 10 years.

(f) *Other intangible assets*

Separately acquired other intangible assets are shown at historical cost. Other intangible assets acquired in a business combination are recognized at fair value at the acquisition date.

Other intangible assets have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives of 3 to 11 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.6 *Impairment of non-financial assets*

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

2.2.7 *Financial assets*

Classification

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

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

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

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

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

Recognition and derecognition

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.7 Financial assets (Continued)

Measurement

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

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

Debt instruments

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

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income or other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in ‘other gains/(losses), net’. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in ‘other gains/(losses), net’. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within ‘other gains/(losses), net’ in the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.7 *Financial assets (Continued)*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as 'other income' when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Changes in the fair value of financial assets at FVTPL are recognized in 'other gains/ (losses), net' in the consolidated statement of profit or loss as applicable.

Impairment

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.8 Film and TV rights and investments

(a) Film and TV rights

These represent legal rights of films, online drama series and TV dramas acquired or invested by the Group. Costs of film and TV rights comprise fees/ investments paid and payable under agreements, direct costs/expenses incurred during the production of films and TVs, and fees for the reproduction films and TVs. Depending on the expected use of these rights, they are treated either as intangible assets or inventory. The film and TV rights that to be realised within normal operating cycle are classified as current assets.

For the film and TV rights treated as intangible assets, they are stated at cost less accumulated amortization and impairment loss. Amortization is calculated using the straight-line method to allocate the cost of film and TV rights over their estimated useful lives which are determined based on individual title basis since the showing of the respective films, or the delivery of master tapes of the respective TVs. Film and TV rights that available for use are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount is below the recoverable amount, while film and TV rights under production are tested for impairment annually regardless of whether impairment indicators existed; where relevant, an impairment loss is recognized to reduce the asset to its recoverable amount. Such impairment loss is recognized as cost of sales and services in the consolidated statement of profit or loss. The recoverable amounts of the film and TV rights are reviewed on a title-by-title basis and are determined as the higher of FVLCD and VIU which include unobservable inputs and assumptions derived by the Group. See Note 4 for further information.

For the film and TV rights treated as inventory, they are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. An impairment loss is recognized as cost of sales and services in the consolidated statement of profit or loss for the amount by which cost exceeds its net realizable value. The Group's estimation of impairment provision for such film and TV rights involves management judgment based on the consideration of key factors such as estimated future selling prices and selling expenses of the respective film and TV rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.8 Film and TV rights and investments *(Continued)*

(b) Film and TV investments

The Group has certain investments in film and TV production projects which entitles the Group to receive a fixed and/or variable income based on the Group's investment amount and expected rate of return as specified in the respective film and TV investment agreements. The investments are carried at amortized cost if their cash flows represent solely payments of principal and interest. All other investments that are not solely payments of principal and interest are carried at fair value and included in 'Film and TV rights and investments' in the consolidated balance sheet.

2.2.9 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade receivables is expected within 1 year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortized cost using the effective interest method. See Note 21 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.10 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.10 Current and deferred income tax *(Continued)*

(c) Offsetting

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

2.2.11 Revenue recognition

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.11 Revenue recognition *(Continued)*

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.11 Revenue recognition *(Continued)*

Accounting policies for the Group's revenue sources

The Group principally derives revenue from content production, promotion and distribution, sale of cinema admission tickets, cinema ticketing management and data services, entertainment event admission tickets, drama performance, IP licensing, sales of pop toys and commercial managements.

- (1) The Group invests in and produces entertainment content such as film and television programmes series. Revenue derived from box office income and sub-licensing of film and television programmes rights is recognized at a point in time when the control of the entertainment content is transferred to the customers so that the customers can direct the use and obtain associated benefit.
- (2) Revenue from provision of promotion and distribution services is recognized in the accounting period in which the services are rendered as the customer consumed the services simultaneously.
- (3) Revenue from cinema admission tickets sold is recognized when tickets are accepted and consumed by the customer. Revenue from tickets sold for use at a future date is deferred until the tickets are unreturnable.
- (4) Revenue from cinema ticketing management and data services is recognized when tickets are accepted and consumed by the customer. Revenue from tickets sold for use at a future date is deferred until the tickets are unreturnable.
- (5) Revenue from entertainment event admission tickets is recognized when tickets are accepted and unreturnable, at which time point the right to receive payment is established.
- (6) Revenue from drama performance is recognized when tickets are accepted and consumed by the customer and the right to receive payment is established.
- (7) Revenue from the licensing and sub-licensing of IP is recognized when the license is available for use by the customer and the right to receive payment is established. Sales-based license fee is recognized when the sales incurred and the Group's right to receivable is established.
- (8) Revenue from sales of pop toys is recognized when the control of the product has transferred to the customer, which is the point of acceptance by the customers.
- (9) Revenue from commercial managements is recognized based on the sales when the sales incurred and the Group's right to receivable is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies

2.3.1 *Earnings per share*

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) *Diluted earnings per share*

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

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.3.2 *Investment properties*

Investment properties, a serviced apartment and office buildings, are held for long-term rental yields. Investment property is initially measured at cost, including related transaction costs. Subsequently, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Depreciation on investment property is calculated using the straight-line method to allocate the cost to residual values over 7 to 20 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.3 Property, plant and equipment

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

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

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

–	Leasehold improvements	Shorter of remaining lease term or useful life
–	Motor vehicles	5 years
–	Furniture, fittings and equipment	3-5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/(losses), net' in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.4 *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.3.5 *Inventories*

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

2.3.6 *Film deposits*

Film deposits comprise deposits paid for the acquisition of film and TV rights and deposits paid to production houses and/or directors prior to the production of films which are included in 'trade and other receivables, and prepayments' in the consolidated balance sheet. Impairment loss for film deposits is made to the extent that the deposits are not expected to generate any future economic benefits to the Group.

Prepaid film deposits under film cooperation agreements are transferred to film and TV rights upon commencement of production of the related films or TVs.

2.3.7 *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.8 *Share capital and shares held for share award scheme*

Share capital is classified as equity.

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

Where the Company's shares are acquired from the market by the Company's share award trust (the "Share Award Trust") under the share award scheme (the "Share Award Scheme"), the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as 'shares held for Share Award Scheme' and deducted from total equity in the consolidated financial statement of the Group.

2.3.9 *Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within 1 year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.3.10 *Borrowings*

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.11 *Borrowing costs*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.3.12 *Employee benefits*

(a) *Short-term obligations*

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

(b) *Pension obligations*

The Group pays fixed contributions into defined contribution retirement benefit plans organized and managed by local government authorities in accordance with the relevant rules and regulations. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees under these plans and the Group has no legal or constructive obligations to pay further contributions.

The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.12 *Employee benefits (Continued)*

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits as of the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) *Bonus plans*

The Group recognizes a liability and an expense for bonuses, where contractually obliged or where there is a past practice that has created a constructive obligation.

2.3.13 *Share-based payments*

Equity-settled share-based payment transactions

The Group operates a number of equity-settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (share option or restricted shares) of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.3 Summary of other accounting policies (Continued)

2.3.13 Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

(a) Share Option Scheme

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

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

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

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

Where the options are forfeited prior to the vesting date due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such options are reversed on the effective date of the forfeiture. No further adjustments should be made after the vesting date, regardless of whether the options are forfeited later.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.13 *Share-based payments (Continued)*

Equity-settled share-based payment transactions (Continued)

(b) Share Award Scheme

The fair value of restricted share units granted to employees for nil consideration under the Share Award Scheme is recognized as an expense over the relevant service period. The fair value is measured at the grant date of the shares and is recognized in equity in the share-based compensation reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognized in profit or loss and the share-based compensation reserve.

Where shares are forfeited prior to the vesting date due to a failure by the employee to satisfy the service conditions or non-marketing performance condition, any expenses previously recognized in relation to such shares are reversed on the effective date of the forfeiture. No further adjustments should be made after the vesting date, regardless of whether the shares are forfeited later.

The deferred shares are issued to or acquired by the Company's Share Award Trust on market and are held for the Share Award Scheme until such time as they are vested (see Note 2.3.8).

The Share Award Scheme is administered by the Share Award Trust, which is consolidated by the Group. When the shares are vested, the Share Award Trust transfers the appropriate number of shares to employees. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.14 Provision

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

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

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

2.3.15 Interest income

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

Interest income on financial assets at FVTPL is included in 'other gains/(losses), net' as part of change in fair value, see Note 7 below.

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in the statement of profit or loss as part of 'other income', see Note 6 below.

Interest income is presented as 'finance income' where it is earned from financial assets that are held for cash management purposes, see Note 10 below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.16 Dividend income

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

2.3.17 Lease

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.3 Summary of other accounting policies (Continued)

2.3.17 Lease (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.18 Government grants

Grants from the government are recognized at their fair value when received and the Group has complied with all attached conditions.

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

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

2.3.19 Dividend distribution

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

2.3.20 Film investments from business partners

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors of the Company. The Group's finance department identifies, evaluates financial risks in close co-operation with the Group's operating units. The Board of Directors of the Company provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly in the Chinese Mainland, and is exposed to foreign exchange risk, primarily the US\$ and HK\$.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are in a currency other than the functional currency of the group entities. The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the years ended March 31, 2025 and 2024.

As of March 31, 2025 and 2024, the carrying amounts of the Group's monetary assets and liabilities that are denominated in currency other than the functional currency of the respective group entities are as follows:

	March 31, 2025		March 31, 2024	
	HK dollar RMB'000	US dollar RMB'000	HK dollar RMB'000	US dollar RMB'000
Cash and bank balances	20,611	2,571,852	5,750	1,274,624
Trade and other receivables	4,399	187,840	987	164,442
Trade and other payables	2,027	25,114	2,197	4,958

For the year ended March 31, 2025, if RMB had weakened/strengthened by 5% (2024: 5%) with all other variables held constant, pre-tax profit would have been RMB137,878,000 higher/lower (2024: pre-tax profit would have been RMB71,932,000 higher/lower).

(ii) Fair value interest rate risk

The Group's interest rate risk arises from interest bearing assets and liabilities, mainly including loan receivables and borrowings. Management considered that any reasonable changes in the interest rates would not result in a significant change in the Group's results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(iii) Price risk

The Group is exposed to price risk in respect of listed investment and unlisted investment measured at FVTPL held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from its investments, the Group diversifies its portfolio. Each investment is managed by management on a case by case basis. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) Credit risk

(i) Risk management

Credit risk is managed on a group basis. Credit risk arises from deposits with banks and financial institutions, contractual cash flows of debt instruments carried at amortized cost, film and TV investments, financial assets at fair value through profit or loss, as well as credit exposures to customers, including outstanding receivables.

The Group's bank balances mainly are deposited in banks and financial institutions with good reputation in the Chinese Mainland, Hong Kong and the United States of America (the "USA"). Accordingly, the credit risk on these bank balances is limited.

For trade and other receivables, the Group assesses the credit quality of the customers, taking into account of their financial positions, past experience and other factors.

For the year ended March 31, 2025, three individual customers accounted for 10% or more of the Group's total trade receivables respectively (2024: one). The Group's concentration of credit risk by geographical location is in the Chinese Mainland, which accounted for 99.67% of the total trade receivables as of March 31, 2025 (2024: 99.91%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

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

- trade receivables, and
- other receivables

While deposits with banks and financial institutions are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

For trade receivables that do not share same risk characteristics with others, management assesses their expected credit losses on an individual basis. For trade receivables that share same risk characteristics with others, management calculates the expected credit losses using the roll rate model. The model first groups the customers based on their different risk characteristics, and then recalculates their respective historical credit loss information. The model further incorporates economic policies, macroeconomic conditions, industry risks and forward-looking adjustments to reflect management's forecasts of macroeconomic factors in different scenarios, as this affects the customers' ability to settle the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

	Lifetime expected credit loss rate	Gross carrying amount RMB'000	Lifetime expected credit loss RMB'000	Net carrying amount RMB'000
As of March 31, 2025				
Receivables of Group 1				
Provision on individual basis	94.35%	60,689	(57,261)	3,428
Provision on collective basis	5.37%	1,019,764	(54,744)	965,020
Receivables of Group 2				
Provision on individual basis	0.00%	—	—	—
Provision on collective basis	43.42%	44,646	(19,385)	25,261
Receivable of Group 3				
Provision on individual basis	100.00%	15,955	(15,955)	—
Provision on collective basis	17.64%	30,188	(5,324)	24,864
Receivable of Group 4				
Provision on individual basis	0.00%	—	—	—
Provision on collective basis	17.28%	7,776	(1,344)	6,432
Receivable of Group 5				
Provision on individual basis	0.00%	—	—	—
Provision on collective basis	2.72%	44,833	(1,219)	43,614
Receivable of Group 6				
Provision on individual basis	0.00%	—	—	—
Provision on collective basis	0.19%	1,365,706	(2,637)	1,363,069
Receivable of Group 7				
Provision on individual basis	17.65%	17	(3)	14
Provision on collective basis	17.60%	82,080	(14,448)	67,632
		<u>2,671,654</u>	<u>(172,320)</u>	<u>2,499,334</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

	Lifetime expected credit loss rate	Gross carrying amount RMB'000	Lifetime expected credit loss RMB'000	Net carrying amount RMB'000
As of March 31, 2024				
Receivables of Group 1				
Provision on individual basis	86.49%	61,470	(53,164)	8,306
Provision on collective basis	8.74%	399,835	(34,944)	364,891
Receivables of Group 2				
Provision on individual basis	0.00%	—	—	—
Provision on collective basis	36.87%	31,131	(11,477)	19,654
Receivable of Group 3				
Provision on individual basis	0.00%	—	—	—
Provision on collective basis	13.20%	35,520	(4,688)	30,832
Receivable of Group 4				
Provision on individual basis	0.00%	—	—	—
Provision on collective basis	16.78%	3,618	(607)	3,011
Receivable of Group 5				
Provision on individual basis	0.00%	—	—	—
Provision on collective basis	0.44%	133,089	(581)	132,508
Receivable of Group 6				
Provision on individual basis	0.00%	—	—	—
Provision on collective basis	0.20%	1,188,423	(2,407)	1,186,016
Receivable of Group 7				
Provision on individual basis	0.00%	17	—	17
Provision on collective basis	14.77%	110,953	(16,386)	94,567
		<u>1,964,056</u>	<u>(124,254)</u>	<u>1,839,802</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

The loss allowance for trade receivables recognized during the year ended March 31, 2025 is as follows:

	For the year ended March 31, 2025 RMB'000
Opening balance	124,254
Increase in loss allowance during the year	57,416
Reversal of previous impairment losses	(9,402)
Currency translation differences	52
	<hr/>
Closing balance	172,320
	<hr/>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period.

Impairment losses on trade receivables are presented as reversal of impairment losses/(impairment losses) on financial assets, net within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables

The Group uses three stage model for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

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

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected credit losses are measured at its expected lifetime.	Gross carrying amount
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected credit losses	Gross carrying amount
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected credit losses	Amortized cost carrying amount (net of credit allowance)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables (Continued)

The management of the Group makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience. Forward-looking information incorporated in the expected credit loss model. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated (if applicable):

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

The loss allowance for other receivables recognized during the year ended March 31, 2025 is as follows:

	For the year ended March 31, 2025 RMB'000
Opening balance	496,319
Increase in loss allowance during the year	51,367
Reversal of previous impairment losses	(211,651)
Currency translation differences	473
Closing balance	336,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Net impairment losses on financial assets recognized in profit or loss

During the year, the following gains/(losses) were recognized in profit or loss in relation to impaired financial assets measured at amortized cost:

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Impairment losses on trade receivables	(57,416)	(58,706)
Impairment losses on other receivables	(51,367)	(79,832)
Reversal of previous impairment losses	221,053	85,903
Net reversal of impairment loss/(provision for) on financial assets	112,270	(52,635)

(iii) Financial assets at fair value through profit or loss and film and TV investments

The Group is also exposed to credit risk in relation to financial assets and film and TV investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Cash flow forecasting is performed for the operating entities of the Group and aggregated by the finance department. The Group's finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Contractual maturities of financial liabilities at March 31, 2025						
Trade and other payables (excluding non-financial liabilities)	5,076,720	5,466	–	–	5,082,186	5,081,505
Borrowings	396,685	–	–	–	396,685	396,685
Film investment from business partners	199,549	–	–	–	199,549	199,549
Lease liabilities	39,983	37,568	113,812	158,656	350,019	264,704
	<u>5,712,937</u>	<u>43,034</u>	<u>113,812</u>	<u>158,656</u>	<u>6,028,439</u>	<u>5,942,443</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Contractual maturities of financial liabilities at March 31, 2024						
Trade and other payables (excluding non-financial liabilities)	4,785,441	-	-	-	4,785,441	4,785,441
Lease liabilities	11,407	13,564	36,919	27,940	89,830	64,305
Film investment from business partners	7,650	-	-	-	7,650	7,650
	<u>4,804,498</u>	<u>13,564</u>	<u>36,919</u>	<u>27,940</u>	<u>4,882,921</u>	<u>4,857,396</u>

3.2 Capital management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity in which net debt represents total borrowings less cash and cash equivalents.

As of March 31, 2025 and 2024, the Group's gearing ratios were nil as its cash and cash equivalents exceeded its total borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as of March 31, 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

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

See Note 18 and 19 for disclosures of financial assets at fair value through profit or loss that are measured at fair value.

The following table presents the Group's assets that are measured at fair value at March 31, 2025.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss (current)				
Investments in structured deposits	–	–	797,847	797,847
Financial assets at fair value through profit or loss (non-current)				
Unlisted investments	–	–	535,876	535,876
Listed investment	74,272	–	–	74,272
Film and TV Investments, at fair value (non-current)	–	–	2,652	2,652
Total	74,272	–	1,336,375	1,410,647

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's assets that are measured at fair value at March 31, 2024.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss (current)				
Investments in structured deposits	–	–	706,196	706,196
Film and TV Investments, at fair value (current)	–	–	8,068	8,068
Financial assets at fair value through profit or loss (non-current)				
Unlisted investments	–	–	661,645	661,645
Listed investment	38,984	–	–	38,984
Film and TV Investments, at fair value (non-current)	–	–	2,894	2,894
Total	38,984	–	1,378,803	1,417,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the changes in level 3 instruments for the years ended March 31, 2025 and 2024.

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Structured deposits		
Opening balance	706,196	—
Acquisition of subsidiaries (Note 36)	—	1,300,000
Acquisitions	2,685,000	500,000
Disposals	(2,615,654)	(1,106,459)
Change in fair value (Note 7 and 18)	22,305	12,655
Closing balance	797,847	706,196

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

The structured deposits, at fair value, are the structured deposits that with cash flows do not represent solely payments of principal and interest condition.

If the fair values of structured deposits held by the Group had been 1% higher/lower as of March 31, 2025, pre-tax profit for the year ended March 31, 2025 would have been RMB7,978,000 higher/lower (2024: pre-tax profit would have been RMB7,062,000 higher/lower).

	For the year ended	
	March 31,	
	2025	2024
	RMB'000	RMB'000
Film and TV investments, at fair value		
Opening balance	10,962	184,943
Change in fair value (Note 7 and 19)	1,992	11,151
Derecognition	(10,311)	(185,371)
Currency translation differences	9	239
Closing balance	2,652	10,962

The film and TV investments, at fair value, are the investments on films and TV dramas that with cash flow do not represent solely payments of principal and interest condition.

If the fair values of the film and TV investments held by the Group had been 10% lower as of March 31, 2025, pre-tax profit for the year ended March 31, 2025 would have been RMB265,000 higher/lower (2024: pre-tax profit would have been RMB1,096,000 higher/lower).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Unlisted investments		
Opening balance	661,645	700,927
Transfer from investments accounted for using the equity method (Note 13)	189,780	—
Increase in investment amount, net	5,000	—
Change in fair value (Note 7 and 18)	(41,408)	(33,150)
Derecognition	(279,141)	(11,500)
Currency translation differences	—	5,368
Closing balance	535,876	661,645

For unlisted investments, as these investments are not traded in an active market, their fair values are determined by using valuation techniques and are within level 3 of the fair value hierarchy. The Group has engaged an independent external valuer for performing the fair value valuation. Unlisted investments are primarily valued based on the available transaction price of the latest round of financing of the investees. Where such information is not available, other valuation techniques are used, such as the discounted cash flow method or market approach. The estimated fair values were based on assumptions, such as the forecasted revenue, discount rate, long-term growth rate and discount for lack of marketability, etc.

If the fair values of the unlisted investments held by the Group had been 10% higher/lower as of March 31, 2025, pre-tax profit for the year ended March 31, 2025 would have been RMB53,588,000 higher/lower (2024: pre-tax profit would have been RMB66,165,000 higher/lower).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Group performs goodwill impairment assessment annually or more frequently when there is an indicator of impairment in accordance with the accounting policy stated in Note 2.2.5. The recoverable amounts of CGUs are determined based on VIU, which require the use of estimates and valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required.

Based on the management's assessment (Note 15), there was no impairment on goodwill charged to administrative expenses during the year ended March 31, 2025 (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(b) Estimated impairment of film and TV rights treated as intangible assets

At the end of the reporting period, the management of the Group assesses the impairment on film and TV rights treated as intangible assets which have been identified with impairment indicators for completed film and TV rights with reference to its recoverable amount, while film and TV rights under production are assessed for impairment annually regardless of whether impairment indicators existed. The assessment is made on a title-by-title basis. The recoverable amount of the film and TV rights is determined based on its VIU and the management consider its FVLCD is no higher than its VIU.

If the recoverable amount is lower than the carrying amount, the carrying amount of the film and TV rights will be written down to its recoverable amount. The Group's estimation of impairment provision of film and TV rights reflects management's best estimate of present value of future cash flows expected to be generated from film and TV rights.

When discounting the future cash flows in the VIU projections, the management of the Group has assessed the estimated revenue, the distribution costs and other cost information, the pre-tax discount rates and the estimated time of completing future production and distribution.

Pre-tax discount rates ranged from 18.0%-36.8% (equal to post-tax discount rate 18.0%) were applied in the VIU projection, which reflected time value of money and specific risks of the relevant industries.

Based on the management's assessment on the recoverability of film and TV rights treated as intangible assets (Note 19), an impairment of RMB140,423,000 was charged to cost of sales and services during the year ended March 31, 2025 (2024: RMB169,911,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(c) Estimated impairment of investments accounted for using the equity method

Investments accounted for using the equity method are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investments accounted for using the equity method exceeds its recoverable amount, which is determined based on the higher of its fair value less costs of disposals and its VIU. These calculations require the use of estimates.

Based on the management's assessment (Note 13), an impairment of RMB427,629,000 was charged to impairment of investments accounted for using the equity method during the year ended March 31, 2025 (2024: RMB112,552,000).

(d) Loss allowances for trade and other receivables

The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1(b).

5 REVENUE AND SEGMENT INFORMATION

The CODM has been identified as the Board of Directors of the Company. Management has determined the operating segments based on the information reviewed by the Board of Directors of the Company for the purposes of allocating resources and assessing performance.

The Board of Directors of the Company considers the business from perspective of types of goods or services delivered or provided. During the year ended March 31, 2025, the Group reaggregated its operating segments into 4 reportable segments due to the change of internal management and reporting structures and the comparative segment information has been restated to conform with the current presentation:

- Film technology and investment, production, promotion and distribution platform: mainly comprises investment, production, promotion and distribution of films, and ticketing and technology platform services provided by Tao Piao Piao, Yunzhi, and Beacon AI.
- Damai: engaged in the full life cycle of live performances from the venue operations to the organization, investment, the production and promotion of the performance contents, and the ticketing of performances, on-site services, ticketing issuance system.
- IP merchandising: backed by the Group's licensing and marketing capabilities, the Group integrated resources within or outside the Alibaba Ecosystem to provide comprehensive distribution channels connecting with both corporate customers and individual consumers ("IP2B2C").
- Drama series production: the investment and production of drama series.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

For the year ended March 31, 2025					
	Film technology and investment, production, promotion and distribution platform RMB'000	Damai RMB'000	IP merchandising RMB'000	Drama series production RMB'000	Total RMB'000
Segment revenue					
Revenue from contract with customers under HKFRS 15					
– recognized at a point in time	1,540,437	2,057,205	1,367,284	499,919	5,464,845
– recognized over time	1,171,372	–	62,869	–	1,234,241
	2,711,809	2,057,205	1,430,153	499,919	6,699,086
Film and TV related investment income	–	–	3,240	–	3,240
Total segment revenue from continuing operations	2,711,809	2,057,205	1,433,393	499,919	6,702,326
<i>Including: revenue recognized that was included in the contract liabilities balance at the beginning of the year</i>	78,564	11,137	317,328	8,000	415,029

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

For the year ended March 31, 2024 (restated, Note 2)

	Film technology and investment, production, promotion and distribution platform RMB'000	Damai RMB'000	IP merchandising RMB'000	Drama series production RMB'000	Total RMB'000
Segment revenue					
Revenue from contract with customers under HKFRS 15					
– recognized at a point in time	1,976,394	394,277	756,400	596,124	3,723,195
– recognized over time	1,023,065	218,308	68,742	–	1,310,115
	2,999,459	612,585	825,142	596,124	5,033,310
Film and TV related investment income	–	–	2,403	–	2,403
Total segment revenue from continuing operations	2,999,459	612,585	827,545	596,124	5,035,713
<i>Including: revenue recognized that was included in the contract liabilities balance at the beginning of the year</i>	90,248	–	79,751	406	170,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

	For the year ended March 31, 2025				Total RMB'000
	Film technology and investment, production, promotion and distribution platform RMB'000	Damai RMB'000	IP merchandising RMB'000	Drama series production RMB'000	
Segment revenue	2,711,809	2,057,205	1,433,393	499,919	6,702,326
Cost of sales and services	(1,953,528)	(748,482)	(1,047,670)	(474,516)	(4,224,196)
Allocated selling and marketing expenses	(685,072)	(78,440)	(5,374)	—	(768,886)
Segment results	73,209	1,230,283	380,349	25,403	1,709,244
Unallocated selling and marketing expenses					(20,427)
Administrative expenses					(1,237,422)
Reversal of impairment losses on financial assets, net					112,270
Other income					39,821
Other gains, net					45,249
Finance income					239,314
Finance expenses					(45,940)
Share of loss of investments accounted for using the equity method					(120,488)
Impairment of investments accounted for using the equity method					(427,629)
Profit before income tax					293,992

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

	For the year ended March 31, 2024 (restated, Note 2)				
	Film technology and investment, production, promotion and distribution platform RMB'000	Damai RMB'000	IP merchandising RMB'000	Drama series production RMB'000	Total RMB'000
Segment revenue	2,999,459	612,585	827,545	596,124	5,035,713
Cost of sales and services	(1,551,907)	(322,364)	(562,734)	(581,665)	(3,018,670)
Allocated selling and marketing expenses	(635,651)	(9,656)	(47,047)	—	(692,354)
Segment results	811,901	280,565	217,764	14,459	1,324,689
Unallocated selling and marketing expenses					(17,648)
Administrative expenses					(977,868)
Impairment losses on financial assets, net					(52,635)
Other income					57,366
Other losses, net					(24,224)
Finance income					182,614
Finance expenses					(781)
Share of loss of investments accounted for using the equity method					(78,616)
Impairment of investments accounted for using the equity method					(112,552)
Profit before income tax					300,345

During the years ended March 31, 2025 and 2024, all of the segment revenue reported above was from external customers and there were no inter-segment sales.

Segment results represent the gross profit generated by each segment after allocation of certain selling and marketing expenses. This is the measure reported to the Board of Directors of the Company for the purpose of resource allocation and performance assessments.

Segment assets and liabilities are not regularly reported or provided to the Board of Directors of the Company and therefore information of separate segment assets and liabilities is not presented.

Most of the Group's segment revenue is derived from the Chinese Mainland except certain revenue from the film technology and investment, production, promotion and distribution platform and Damai.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

As of March 31, 2025 and 2024, the Group's non-current assets, other than financial instruments and deferred income tax assets, were substantially located in the Chinese Mainland.

For the year ended March 31, 2025, no single customer contributed 10% or more of the Group's revenue (2024: approximately 13% of the total revenues of the Group were derived from one external customer).

Contract liabilities

The Group has recognized the following contract liabilities related to contracts with customers:

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Film technology and investment, production, promotion and distribution platform	90,711	78,564
Damai	33,612	11,137
IP merchandising	275,578	317,328
Drama series production	223,126	8,000
	<u>623,027</u>	<u>415,029</u>

Contract liabilities are the Group's obligations to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. As of March 31, 2025, the total balance of contract liabilities will be recognized as revenue within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 OTHER INCOME

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Interest income on loan receivables	27,339	35,376
Local government grants	3,873	9,611
Rental income	3,069	1,185
Refund of service fee for withholding IIT	2,787	1,464
Additional deduction of input VAT	–	7,031
Sundry income	2,753	2,699
	39,821	57,366

7 OTHER GAINS/(LOSSES), NET

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Change in fair value of listed investment (Note 18)	36,525	(22,469)
Change in fair value of structured deposits (Note 3.3 and 18)	22,305	12,655
Net gains on disposal of film and TV rights and investments	13,829	9,748
Other payable waived	10,586	–
Net gains/(losses) on disposal of property, plant and equipment and investment properties	2,251	(1,309)
Change in fair value of film and TV investments, measured at fair value (Note 3.3 and 19)	1,992	11,151
Gain on disposal of a joint venture	1,991	–
Change in fair value of unlisted investments (Note 3.3 and 18)	(41,408)	(33,150)
Others	(2,822)	(850)
	45,249	(24,224)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EXPENSE BY NATURE

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Cost of inventories, intellectual property licenses and other services recognized as cost of sales and services	2,416,677	1,030,214
Film and TV rights recognized as cost of sales and services (Note 19)	1,640,981	1,679,568
Employee benefit expense (Note 9)	885,189	879,733
Marketing and promotion expenses	789,313	710,002
Payment processing and other service fees	169,129	109,310
Technology service fees	88,702	83,359
Amortization of intangible assets (Note 15)	35,557	20,039
SMS platform service and customer service support fees	35,152	12,649
Depreciation of property, plant and equipment (Note 14)	34,646	15,521
Depreciation of investment property (Note 17)	32,223	4,031
Travel and entertainment fees	30,943	27,712
Depreciation of right-of-use assets (Note 16)	5,069	14,316
Auditor's remunerations		
– Audit services	4,670	4,430
Rental expense for short-term and low-value leases (Note 16)	2,386	1,862
Others	80,294	113,794
Total cost of sales and services, selling and marketing expenses and administrative expenses	6,250,931	4,706,540

Note:

Impairment loss on film and TV rights treated as intangible assets and inventories of RMB152,608,000 for the year ended March 31, 2025 (2024: RMB204,643,000) were included in the above line item of "Film and TV rights recognized as cost of sales and services". Impairment loss of RMB140,423,000 and RMB12,185,000 were included in the film technology and investment, production, promotion and distribution platform and drama series production reportable segment respectively (2024: RMB169,911,000 and RMB34,732,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSES

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonus	582,665	614,164
Share-based payment under share option scheme and share award scheme (Note 25)	106,593	84,393
Share-based payment transactions expense pushdown from ultimate parent (Note 25)	18,222	35,881
Social security costs and housing fund (Note a)	153,138	137,745
Termination benefits	24,571	7,550
	885,189	879,733

Notes:

- (a) All of the Group's full-time employees in the PRC participate in a state-sponsored defined contribution pension plan. The Group is required to make monthly defined contributions to this plan at a rate of 16%~17% (2024: 14%~16%) of the employees' basic salaries subject to a cap determined by the state on an annual basis.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme.

There was no forfeited contribution utilized to offset employers' contributions for the year ended March 31, 2025 (2024: nil). There was no forfeited contribution available to reduce the contribution payable in the future years as of March 31, 2025 (2024: nil).

During the year ended March 31, 2025, the Group made total contributions to the retirement benefits schemes of RMB67,823,000 (2024: RMB62,733,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSES (Continued)

Notes: (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended March 31, 2025 include 2 (2024: 1) directors whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining 3 (2024: 4) individuals during the year ended March 31, 2025 are as follows:

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Salaries, share options, other allowances and benefits in kind	9,102	15,234
Discretionary bonuses	3,868	2,548
Contributions to the retirement scheme	155	268
	<u>13,125</u>	<u>18,050</u>

The emoluments fell within the following bands:

	For the year ended March 31,	
	2025	2024
Emolument bands		
HK\$3,500,001 to HK\$4,000,000	1	–
HK\$4,000,001 to HK\$4,500,000	1	2
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,000,001 to HK\$6,000,000	1	–
HK\$6,000,001 to HK\$6,500,000	–	1
	<u>3</u>	<u>4</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 FINANCIAL INCOME AND EXPENSES

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits	239,314	180,516
– Exchange gain, net	–	2,098
	<u>239,314</u>	<u>182,614</u>
Finance expenses		
– Exchange loss, net	(39,661)	–
– Interest expenses on bank borrowings	(3,858)	–
– Interest expenses on lease liabilities (Note 16)	(2,421)	(781)
	<u>(45,940)</u>	<u>(781)</u>
Finance income, net	<u>193,374</u>	<u>181,833</u>

11 INCOME TAX CREDIT

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Current income tax expense	(8,473)	(48,463)
Deferred income tax credit (Note 29)	<u>100,873</u>	<u>107,073</u>
	<u>92,400</u>	<u>58,610</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INCOME TAX CREDIT (Continued)

The tax on the Group's profit before income tax from continued operations differs from the theoretical amount that would arise using the PRC statutory tax rate as follows:

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Profit from continued operation before income tax	293,992	300,345
Tax calculated at a tax rate of 25% (2024: 25%)	73,498	75,086
Tax effects of:		
– Effect of different tax rates of subsidiaries	(57,277)	(103,918)
– Associates' and joint ventures' results reported net of tax	29,809	16,536
– Income not subject to tax	(32,288)	(14,750)
– Additional deduction in relation to research and development costs	(22,211)	(5,543)
– Expenses not deductible for tax purposes	15,033	5,670
– Refund of income tax from previous years	(20,389)	(78)
– Utilization of previously unrecognized temporary differences and tax loss	(75,682)	(220,569)
– Recognition of temporary differences and tax loss that have not been recognized in the previous periods	(105,020)	(84,615)
– Temporary differences and tax losses for which no deferred income tax asset was recognized	102,127	273,571
Tax credit	(92,400)	(58,610)

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Law of Bermuda and accordingly, is exempted from Bermuda income tax.

Some of the subsidiaries are incorporated in the British Virgin Islands ("BVI") as exempted companies with limited liability under the Companies Law of BVI and accordingly, are exempted from BVI income tax.

Provision for the PRC enterprise income tax is calculated based on the statutory tax rate of 25% (The year ended March 31, 2024: 25%) on the assessable income of each of the group companies, except that: (1) two subsidiaries of the Group are taxed at preferential tax rates of 15% (The year ended March 31, 2024: two subsidiaries of the Group are taxed at preferential tax rates of 15%) under the relevant PRC tax rules and regulations; (2) one subsidiary of the Group, incorporated in Horgos, Xinjiang Province, is exempted from income taxes from the first year of generating revenue before December 31, 2030 and the exemption period is five years according to the relevant PRC tax rules and regulations; and (3) certain subsidiaries of the Group are small low-profit enterprises, followed by a reduced tax rate of 20% (The year ended March 31, 2024: 20%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less shares held for share award scheme during the year.

	For the year ended March 31,	
	2025	2024
Profit from continuing operations attributable to owners of the Company (RMB'000)	363,576	334,583
Loss from discontinued operations attributable to owners of the Company (RMB'000)	—	(49,793)
	<u> </u>	<u> </u>
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	29,467,845	27,651,787
	<u> </u>	<u> </u>
Basic earnings per share for profit attributable to the owners of the Company (expressed in RMB cents)		
From continuing operations	1.23	1.21
From discontinued operations	—	(0.18)
	<u> </u>	<u> </u>
Total basic earnings per share	1.23	1.03
	<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 EARNINGS PER SHARE(Continued)

(b) Diluted

For the years ended March 31, 2025 and 2024, diluted earnings per share is calculated based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares outstanding after adjustment for unvested awarded shares granted to employees. The Group also has share options in issuance, however, as the exercise price was much higher than the average share price of the Company, the inclusion of the share options would be anti-dilutive.

	For the year ended March 31,	
	2025	2024
Profit from continuing operations attributable to the owners of the Company (RMB'000)	363,576	334,583
Loss from discontinued operations attributable to the owners of the Company (RMB'000)	—	(49,793)
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	29,467,845	27,651,787
Bonus element of the unvested awarded shares assumed vested (thousands)	198,130	97,389
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousands)	29,665,975	27,749,176
Diluted earnings per share for profit attributable to the owners of the Company (expressed in RMB cents)		
From continuing operations	1.23	1.21
From discontinued operations	—	(0.18)
Total diluted earnings per share	1.23	1.03

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	For the year ended March 31,	
	2025 RMB'000	2024 RMB'000
At beginning of the year	1,672,220	1,827,249
Capital injection	6,810	—
Transfers to financial assets at fair value through profit or loss (Note 3.3 and a)	(189,780)	—
Disposal of investment in a joint venture	(28,009)	—
Share of loss of investments (Note b)	(120,488)	(78,616)
Share of other comprehensive (loss)/income of associates	(2,338)	6,120
Share of changes of other reserves of associates	2,628	(471)
Reduction	(3,000)	—
Impairment (Note c)	(427,629)	(112,552)
Currency translation differences	4,334	30,490
At end of the year	914,748	1,672,220

Notes:

- (a) During the year ended March 31, 2025, certain investments were no longer eligible for using the equity method considering the latest arrangements thus the Group transferred the related carrying value from investments accounted for using the equity method to financial assets at fair value through profit or loss.
- (b) When the most recently available financial statements of associates or joint ventures are different from the Group's reporting date, the Group may take advantage of the provision contained in HKAS 28 whereby it is permitted to include the attributable share of profit or loss of the associates or joint ventures based on the financial statements drawn up to a non-coterminous period end where the difference must be no greater than three months. Adjustments shall be made for the effects of significant transactions or events that occur between that date and the balance sheet date of the Group.

The financial year end date of the Group is March 31, which is different from all of the associates and joint ventures of the Group. Except Bona Film Group Co., Limited ("Bona Film") which is listed on Shenzhen Stock Exchange and could provide its financial statements as of March 31, 2025 before the results announcement of the Group, the financial information of other associates and joint ventures as of March 31, 2025 and 2024 are not available. As a result, the Group records its share of profit or loss of investments accounted for using the equity method for those associates and joint ventures except Bona Film on one quarter in arrear basis for the years ended March 31, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(Continued)

Notes: (Continued)

- (c) The Group regularly reviews whether there is any indication of impairment in accordance with relevant accounting standards.

When impairment indicators were identified, management determined the recoverable amounts, which was the higher of its fair value less costs of disposals and its value in use. When value in use calculations were undertaken, management estimated the present value of estimated future cash flows expected to arise from their businesses. When fair value less costs of disposals calculations were undertaken, management estimated the fair value using market approach.

In respect of the recoverable amount determined with reference to the value in use assessment result, the estimated cash flows used in the assessments were based on assumptions, such as long-term growth rates, pre-tax discount rates, forecasted revenue and gross margin, with reference to the business plans and prevailing market conditions. As of March 31, 2025, the pre-tax discount rates were 16.5%-17.3%. In respect of the recoverable amount determined with reference to the fair value less costs of disposals assessment result, the estimated fair values were based on the active market quotes as of March 31, 2025.

Based on the assessment results, the Group recognized an impairment loss of RMB427,629,000 (2024: RMB112,552,000) for the investments accounted for using the equity method of the Group for the year ended March 31, 2025.

- (d) The Directors of the Company are of the view that except Bona Film, none of the Group's associates or joint ventures was individually material to the Group as of March 31, 2025.

The tables below provide summarised financial information for Bona Film. The information disclosed reflects the amounts presented in the financial statements of Bona Film and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarized financial information

	As of March 31, 2025 RMB'000	2024 RMB'000
Total current assets	4,804,686	6,058,681
Total non-current assets	7,866,370	9,285,922
Total current liabilities	3,814,593	4,061,639
Total non-current liabilities	4,548,012	5,097,398
Total equity	4,308,451	6,185,566
Total equity attributable to ordinary equity shareholders	4,326,110	6,197,155
Percentage of ownership of the Group	6.18%	6.18%
Total equity attributable to the Group	267,299	382,907
Notional goodwill and others	473,068	472,630
Impairment of interests in Bona Film	(358,191)	—
Interest in associates	382,176	855,537
Quoted fair value	382,176	571,566

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(Continued)

Notes: (Continued)

(d) (Continued)

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Revenue	1,546,963	1,523,663
Loss after taxation	(2,225,571)	437,065
Loss attributable to owners of Bona Film	(1,827,625)	(438,880)
Loss attributable to the equity shareholders of the Company	(112,137)	(24,588)
Other comprehensive loss attributable to the equity shareholders of the Company	(66)	(2,569)
Total comprehensive loss attributable to the equity shareholders of the Company	(112,203)	(27,157)

As of March 31, 2025, the aggregate carrying amounts of individually immaterial associates and joint ventures were RMB521,242,000 and RMB11,330,000, respectively (2024: RMB775,824,000 and RMB40,859,000).

During the year ended March 31, 2025, the aggregate amounts of the Group's share of loss from continuing operations of individually immaterial associates and joint ventures were RMB5,623,000 and RMB2,728,000, respectively (2024: RMB47,365,000 and RMB6,663,000).

Nature of parts of investment in associates and joint ventures as of March 31, 2025 and 2024:

Name of entity	Place of business	% of ownership interest As of March 31,	
		2025	2024
Associates:			
Hainan Alibaba Pictures Investment Management Limited 海南阿里巴巴影業投資管理有限公司	The PRC	40.00%	40.00%
Shanghai Movie & Media Co., Ltd. 上海影視傳媒股份有限公司	The PRC	5.00% *	5.00% *
Hainan Alibaba Pictures Entertainment Industry Investment Fund (LLP) 海南阿里巴巴影業文化產業基金合夥企業(有限合夥)	The PRC	59.95% ***	59.95% ***
Bona Film Group Limited 博納影業集團股份有限公司	The PRC	6.18% *	6.18% *
Shanghai Mingjian Limited 上海鳴澗影業有限公司	The PRC	6.25% *	6.25% *
YH Entertainment Group 樂華娛樂集團	The PRC	12.26% *	12.26% *
Storyteller Holding Co., LLC	USA	—	5% *
Wuhan Two Ten Culture Communication Limited 武漢兩點十分文化傳播有限公司	The PRC	—	17.79% *

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(Continued)

Name of entity	Place of business	% of ownership interest	
		As of March 31, 2025	2024
Joint ventures:			
Sparkling Fish (Suzhou) Technology Co., Ltd. 閃閃魚(蘇州)科技有限公司	The PRC	43.75%	43.75%
Oriental Wenyun (Beijing) Culture Technology Co., Ltd. 東方文韻(北京)文化科技有限公司	The PRC	40.00%	40.00%
Kunshan Digital Dream Workshop Film and Television Culture Industry Co., Ltd. 昆山數字夢工廠影視文化產業有限公司	The PRC	35.00%	35.00%
Shanghai Shengtian Movie & Media Co., Ltd. 上海晟天影視傳媒有限公司	The PRC	—	60.00%**

* Although the Group holds less than 20% of the equity shares of these investees, the Group can exercise significant influence over the investees by virtue of its contractual right to appoint director to the board of Directors of the investees and has the power to participate in the key financial and operating decisions of the investees. As such, the investment in these investees were accounted for using the equity method.

** Although the Group holds more than 50% of the equity shares of these investees, the investments in these entities are accounted for as investments in joint ventures as unanimous consent is required from all shareholders of these entities for approving certain relevant activities according to the respective shareholders' agreements of these entities.

*** Although the Group holds more than 50% of the equity shares of these investees, the investment in this entity is accounted for as investment in associate as the voting right is below 50%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
For the year ended March 31, 2024					
Opening net book amount	7,625	8,990	902	–	17,517
Additions	198	8,997	597	–	9,792
Acquisition of subsidiaries (Note 36)	1,951	26,933	–	–	28,884
Disposals	(1,616)	(633)	–	–	(2,249)
Depreciation charge (Note 8)	(1,940)	(13,311)	(270)	–	(15,521)
Closing net book amount	6,218	30,976	1,229	–	38,423
At March 31, 2024					
Cost	44,558	123,376	1,895	–	169,829
Accumulated depreciation	(38,340)	(92,400)	(666)	–	(131,406)
Net book amount	6,218	30,976	1,229	–	38,423
For the year ended March 31, 2025					
Opening net book amount	6,218	30,976	1,229	–	38,423
Additions	905	40,247	329	61,326	102,807
Transfers	32,432	16,568	–	(49,000)	–
Acquisition of subsidiaries (Note 36)	9,022	593	–	–	9,615
Disposals	(102)	(549)	(220)	–	(871)
Depreciation charge (Note 8)	(6,816)	(27,541)	(289)	–	(34,646)
Closing net book amount	41,659	60,294	1,049	12,326	115,328
At March 31, 2025					
Cost	86,746	165,323	2,004	12,326	266,399
Accumulated depreciation	(45,087)	(105,029)	(955)	–	(151,071)
Net book amount	41,659	60,294	1,049	12,326	115,328

Note:

During the year ended March 31, 2025, depreciation charges of RMB14,319,000 and RMB20,327,000 (2024: nil and RMB15,521,000) have been charged to 'Cost of sales and services' and 'Administrative expenses', respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Film and television programme production and distribution license	Operating license of the ticketing system	Customer and supplier relationship	Patent	Brand Name	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended March 31, 2024								
Opening net book amount	3,551,116	7,808	77,877	8,480	-	-	5,585	3,650,866
Additions	-	-	-	-	-	-	2,091	2,091
Acquisition of subsidiaries (Note 36)	3,766	-	-	115,720	6,005	38,285	-	163,776
Amortization charge (Note 8)	-	-	(10,867)	(6,716)	(200)	(1,276)	(980)	(20,039)
Impairment Loss	-	(7,808)	-	-	-	-	-	(7,808)
Closing net book amount	3,554,882	-	67,010	117,484	5,805	37,009	6,696	3,788,886
At March 31, 2024								
Cost	3,554,882	7,808	163,000	150,020	6,005	38,285	21,204	3,941,204
Accumulated amortization and impairment	-	(7,808)	(95,990)	(32,536)	(200)	(1,276)	(14,508)	(152,318)
Net book amount	3,554,882	-	67,010	117,484	5,805	37,009	6,696	3,788,886
For the year ended March 31, 2025								
Opening net book amount	3,554,882	-	67,010	117,484	5,805	37,009	6,696	3,788,886
Additions	-	-	-	-	-	-	1,321	1,321
Acquisition of subsidiaries (Note 36)	289,243	-	-	258,400	-	-	21	547,664
Amortization charge (Note 8)	-	-	(10,867)	(17,517)	(600)	(3,828)	(2,745)	(35,557)
Impairment Loss	-	-	-	-	-	-	-	-
Closing net book amount	3,844,125	-	56,143	358,367	5,205	33,181	5,293	4,302,314
At March 31, 2025								
Cost	3,844,125	7,808	163,000	408,420	6,005	38,285	22,546	4,490,189
Accumulated amortization and impairment	-	(7,808)	(106,857)	(50,053)	(800)	(5,104)	(17,253)	(187,875)
Net book amount	3,844,125	-	56,143	358,367	5,205	33,181	5,293	4,302,314

During the year ended March 31, 2025, amortization charge of RMB35,557,000 (2024: RMB20,039,000) was charged to 'Administrative expense'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 GOODWILL AND INTANGIBLE ASSETS (Continued)

For the purpose of impairment testing, goodwill and intangible assets with indefinite useful life have been allocated to respective CGU or CGUs, which were then aggregated into each of the reportable segment. The following is a summary of goodwill allocated to CGUs included in the following reportable segments:

	As of March 31, 2025 RMB'000
Goodwill	
– Film technology and investment, production, promotion and distribution platform	3,441,547
– IP merchandising	398,812
– Damai	3,766
	<hr/>
	3,844,125
	<hr/>
	As of March 31, 2024 RMB'000
Goodwill	
– Film ticketing and technology platform	2,776,916
– Film investment, production, promotion and distribution	524,293
– IP merchandising and innovation initiatives	249,907
– Damai	3,766
	<hr/>
	3,554,882
	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 GOODWILL AND INTANGIBLE ASSETS (Continued)

The reaggregation of the reportable segments (Note 5) didn't impact allocating of goodwill and intangible assets with indefinite useful life to respective CGU or CGUs.

Impairment review on the goodwill and intangible assets with indefinite useful life of the Group was conducted by management as of March 31, 2025 according to HKAS 36 "Impairment of assets". For the purposes of impairment review, the recoverable amount of the CGUs is determined based on VIU.

The VIU calculations use cash flows projections based on financial budget prepared by management covering a five-year period. Major underlying assumptions adopted as of March 31, 2025 are summarized below:

	Film technology and investment, production, promotion and distribution platform	IP merchandising	Damai
Pre-tax discount rates	23.1%-27.0%	21.8%-25.9%	19.6%
Long-term growth rate	2.0%	2.0%	2.0%

Major underlying assumptions adopted as of March 31, 2024 are summarized below:

	Film ticketing and technology platform	Film investment, production, promotion and distribution	IP merchandising and other initiatives	Damai
Pre-tax discount rates	23.7%-24.6%	24.1%-25.2%	26.2%	14.7%
Long-term growth rate	2.5%	2.5%	2.5%	2.0%

Other key assumptions for the VIU calculations relate to the estimation of cash inflows/outflows which include forecast revenue, gross margin, gross merchandise value ("GMV") and the ratio of market promotion expenses to GMV, such estimation is based on the past performance of the CGUs and management's expectations for the market development.

Based on above assessment, during the year ended March 31, 2025, no impairment was recognized for the goodwill (2024: nil). A reasonable and possible change of the key assumptions would not result in a provision of impairment loss for the year ended March 31, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 LEASE

(a) Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As of March 31, 2025 RMB'000	As of March 31, 2024 RMB'000
Right-of-use assets		
Buildings	<u>230,150</u>	<u>6,566</u>
Lease liabilities		
– Current	35,275	5,897
– Non-current	<u>229,429</u>	<u>58,408</u>
	<u>264,704</u>	<u>64,305</u>

Additions to the right-of-use assets for the year ended March 31, 2025 were RMB231,929,000 (2024: RMB5,394,000).

(b) Amounts recognized in the statement of profit or loss

	For the year ended March 31, 2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets (Note 8)	5,069	14,316
Interest expense on lease liabilities (Note 10)	2,421	781
Rental expense for short-term and low-value leases (Note 8)	<u>2,386</u>	<u>1,862</u>

The total cash outflow for leases for the year ended March 31, 2025 was RMB17,894,000 (2024: RMB38,934,000).

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

The Group leases various offices. Rental contracts are typically made for fixed periods of 2 to 10 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVESTMENT PROPERTIES

	For the year ended March 31	
	2025	2024
	RMB'000	RMB'000
Opening net book amount	443,546	20,238
Additions	16,038	—
Acquisition of assets by equity transaction (Note 21(d))	—	408,262
Acquisition of subsidiaries (Note 36)	—	19,077
Lease modification for right-of-use assets classified as investment properties	(14,317)	—
Disposal	(16,546)	—
Depreciation charge	(32,223)	(4,031)
Closing net book amount	396,498	443,546
Cost	433,223	450,579
Accumulated depreciation	(36,725)	(7,033)
Net book amount	396,498	443,546
Fair value at end of the year	402,048	474,346

As of March 31, 2025 and 2024, the investment properties included one leased property, which represent right-of-use assets that meet the definition of investment properties. They are initially measured based on the initial amount of the relevant lease liability. The lease liability is initially measured at the net present value of lease payments discounted using the implicit interest rate in the lease. The ownership of such leased property is not transferred to the Group from the lessors. The leased property is depreciated over the lease term which is shorter than their useful life on a straight-line basis.

As of March 31, 2025, the fair value of the Company's investment properties was RMB402,048,000. The investment properties, located in the Chinese Mainland, are valued by the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. The fair value falls into the category of fair value measurements using significant unobservable inputs (level 3) including future rental cash inflows and capitalization rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at either amortized cost or FVOCI, and
- equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

Financial assets measured at FVTPL include the following:

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Non-current assets		
Unlisted investments	535,876	661,645
Listed investment	74,272	38,984
	<u>610,148</u>	<u>700,629</u>
Current assets		
Investments in structured deposits	<u>797,847</u>	<u>706,196</u>

(b) Amounts recognized in profit or loss

During the year, the following gains/(losses) were recognized in the consolidated statements of profit or loss:

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Fair value gains on structured deposits (Note 3.3 and 7)	22,305	12,655
Fair value loss on unlisted investments (Note 3.3 and 7)	(41,408)	(33,150)
Fair value gain/(loss) on listed investment (Note 7)	<u>36,525</u>	<u>(22,469)</u>

(c) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in Note 3.1. For information about the methods and assumptions used in determining fair value please refer to Note 3.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 FILM AND TV RIGHTS AND INVESTMENTS

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Film and TV rights and investment		
– Treated as intangible assets	2,104,728	1,616,284
– Treated as inventories	1,497,661	604,501
– Film and TV investments, at fair value	<u>2,652</u>	<u>10,962</u>
	<u>3,605,041</u>	<u>2,231,747</u>
– Current	3,602,389	2,228,853
– Non-current	<u>2,652</u>	<u>2,894</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 FILM AND TV RIGHTS AND INVESTMENTS (Continued)

Movements of film and TV rights and investments are as below:

	Film and TV rights treated as intangible assets RMB'000	Film and TV rights treated as inventories RMB'000	Film and TV investments, at fair value RMB'000	Total RMB'000
For the year ended March 31, 2024				
Opening net book amount	1,294,463	496,630	184,943	1,976,036
Additions	1,576,256	671,972	–	2,248,228
Recognized as an expense included in cost of sales and services	(945,468)	(529,457)	–	(1,474,925)
Change in fair value of film and TV investments	–	–	11,151	11,151
Impairment loss	(169,911)	(34,732)	–	(204,643)
Refund of investment	(4,118)	–	–	(4,118)
Disposal	(135,434)	–	–	(135,434)
Derecognition	–	–	(185,371)	(185,371)
Currency translation differences	496	88	239	823
Closing net book amount	1,616,284	604,501	10,962	2,231,747
For the year ended March 31, 2025				
Opening net book amount	1,616,284	604,501	10,962	2,231,747
Additions	1,583,408	1,134,863	–	2,718,271
Acquisitions of subsidiaries (Note 36)	181,850	207,633	–	389,483
Recognized as an expense included in cost of sales and services	(1,051,201)	(437,172)	–	(1,488,373)
Change in fair value of film and TV investments	–	–	1,992	1,992
Impairment loss	(140,423)	(12,185)	–	(152,608)
Refund of investment	(39,550)	–	–	(39,550)
Disposal	(46,226)	–	–	(46,226)
Derecognition	–	–	(10,311)	(10,311)
Currency translation differences	586	21	9	616
Closing net book amount	2,104,728	1,497,661	2,652	3,605,041

During the year ended March 31, 2025, an impairment charge of RMB140,423,000 for the film and TV rights treated as intangible assets and an impairment charge of RMB12,185,000 for the film and TV rights treated as inventories (2024: RMB169,911,000 and RMB34,732,000) were recognized as cost of sales and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at amortized cost		
– Trade receivables and Other receivables (excluding non-financial assets)	3,968,231	3,234,185
– Cash and cash equivalents (Note 23)	2,505,808	4,413,697
– Restricted cash (Note 23)	1,891	4,159
– Bank deposits – current portion (Note 23)	856,912	2,296,932
– Bank deposits – non-current portion (Note 23)	4,239,925	1,217,522
Film and TV investments, at fair value (Note 19)	2,652	10,962
Financial assets at fair value through profit or loss (Note 18)	1,407,995	1,406,825
	12,983,414	12,584,282
Financial liabilities		
Financial liabilities at amortized cost		
– Borrowings (Note 27)	396,685	–
– Trade and other payables (excluding non-financial liabilities)	5,081,505	4,785,441
– Lease liabilities (Note 16)	264,704	64,305
– Film investments from business partners	199,549	7,650
	5,942,443	4,857,396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS

	As of March 31, 2025			As of March 31, 2024		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Trade receivables (Note a)						
– Related parties (Note 33(b))	1,371,218	–	1,371,218	1,187,094	–	1,187,094
– Third parties	1,300,436	–	1,300,436	776,962	–	776,962
Less: allowance for impairment of trade receivables (Note 3.1)	(172,320)	–	(172,320)	(124,254)	–	(124,254)
Trade receivables – net	2,499,334	–	2,499,334	1,839,802	–	1,839,802
Notes receivable	87,954	–	87,954	–	–	–
Prepayments for licensed IPs	195,846	–	195,846	133,285	–	133,285
Prepayment for property, plant and equipment	–	84,007	84,007	–	4,412	4,412
Prepaid TV and film deposits (Note b)	67,548	22,776	90,324	12,500	34,000	46,500
Prepayments for entertainment events	59,264	–	59,264	96,321	–	96,321
Other prepayments	123,545	–	123,545	118,490	–	118,490
Other receivables arising from (Note c):						
– Receivables from related parties (Note 33(b))	115,864	20,335	136,199	55,372	–	55,372
– Loan receivables (Note d)	345,947	195,397	541,344	413,354	338,707	752,061
– Receivables in relation to other film and TV investments	273,384	–	273,384	266,646	–	266,646
– Receivables in respect of reimbursed film distribution expenses	242,187	–	242,187	308,365	–	308,365
– Receivables in respect of live performance expenses	216,127	–	216,127	334,198	–	334,198
– Deductible VAT input	152,206	–	152,206	180,366	–	180,366
– Interest income receivables	63,247	–	63,247	58,222	–	58,222
– Receivables from non-controlling interest	47,610	–	47,610	–	–	–
– Others	168,862	28,491	197,353	92,137	23,701	115,838
Less: allowance for impairment of prepayments and other receivables (Note 3.1)	(335,672)	(836)	(336,508)	(496,319)	–	(496,319)
Other receivables and prepayments – net	1,735,965	350,170	2,086,135	1,572,937	400,820	1,973,757
Total trade and other receivables, and prepayments	4,323,253	350,170	4,673,423	3,412,739	400,820	3,813,559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS (Continued)

The fair values of the current portion of trade and other receivables approximate their carrying value.

Notes:

(a) Trade receivables

The normal credit period granted to the debtors of the Group is generally within 1 year. Before accepting any new debtor, the Group assesses the potential debtor's credit quality and defines credit limits by debtor. Credit limits granted to debtors are reviewed regularly.

The following is an aging analysis of gross trade receivables based on recognition date:

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
0 – 90 days	1,062,632	467,787
91 – 180 days	168,535	686,900
181 – 365 days	433,165	129,529
Over 365 days	1,007,322	679,840
	2,671,654	1,964,056

Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in Note 3.1.

(b) Prepaid film deposits

Prepaid film deposits represented the prepayments made by the Group pursuant to film rights purchase, cooperation or investment agreements.

(c) Other receivables

These balances generally arose from transactions surrounding the operating activities of the Group. The non-current other receivables are due for repayment within 1 to 5 years from the balance sheet date.

Note 3.1 sets out information about the impairment of other receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS (Continued)

Notes: (Continued)

(d) Loan receivables

In February 2019, the Group lent RMB700,000,000 to Huayi Brothers Media Corporation ("Huayi Brothers"), a third party independent of the Company and its connected persons, which bears an interest rate at the People's Bank of China 5-year base lending rate with a maturity of 5 years. The loan receivable is secured by pledge of equity interest in a subsidiary of Huayi Brothers, certain properties held by Huayi Brothers and two major shareholders of Huayi Brothers, as well as unlimited joint and several guarantees provided by two major shareholders of Huayi Brothers.

Through transferring the 100% shareholding rights of Beijing Huayi Brothers Jiali Culture Development Company Limited ("Jiali Culture") owned by Huayi Brothers, Huayi Brothers settled its payable of RMB350,000,000 to the Group during the year ended March 31, 2024. Jiali Culture is principally engaged in property management business and is managing one of the pledged assets under the loan agreement. The settlement amount was determined based on the fair value of the net assets of Jiali Culture (Note 17).

Through transferring the 70% shareholding rights of Zhejiang Dongyang Meila Company Limited ("Dongyang Meila") owned by Huayi Brothers, which is one of the pledged assets under the loan agreement, Huayi Brothers settled its payable of RMB350,000,000 to the Group during the year ended March 31, 2025. The settlement amount was determined based on the fair value of the equity interest in Dongyang Meila (Note 36).

The remaining balance of loan receivables mainly represent the loans to third parties independent of the Company and its connected persons with interest rates from 3% to 10% per annum and are secured by pledge of certain properties or guarantees from the debtors' controllers.

As of March 31, 2025, the allowance balance for impairment of the loan receivables as mentioned above was RMB20,043,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 INVENTORIES

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Merchandise	57,961	46,625
Less: allowance for impairment of inventories	(16,868)	(15,525)
	<u>41,093</u>	<u>31,100</u>

The cost of goods recognized as cost of sales amounted to approximately RMB397,911,000 for the year ended March 31, 2025 (2024: RMB287,308,000).

23 CASH AND BANK BALANCE

(a) Cash and cash equivalents

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Cash and deposits at banks and other financial institution	<u>2,505,808</u>	<u>4,413,697</u>

As of March 31, 2025, the Group had placed deposits amounted to RMB212,754,000 (2024: RMB179,467,000) in an online payment platform accounts managed by Alipay.com Co., Ltd. ("Alipay", a related company of Alibaba Holding) in connection with the provision of online and mobile commerce and related services, which were recorded as 'cash and cash equivalents' in the consolidated balance sheets.

The deposits at banks earn interests at floating rates based on prevailing market rates.

(b) Restricted cash

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Restricted cash	<u>1,891</u>	<u>4,159</u>

As of March 31, 2025, the cash equivalents placed in payment platform, included restricted cash, amounting to RMB1,891,000 (2024: RMB4,159,000) represent restricted funds in bank accounts and restricted cash placed in Alipay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 CASH AND BANK BALANCE (Continued)

(c) Bank deposits

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Current	856,912	2,296,932
Non-current	<u>4,239,925</u>	<u>1,217,522</u>

The effective interest rate for the bank deposits non-current was 3.29% for the year ended March 31, 2025 (2024: 3.10%).

(d) Currency denomination for cash and bank balance

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
RMB	4,609,103	6,423,952
US\$	2,795,780	1,490,149
HK\$	198,304	17,070
TW\$	914	944
MOP	403	164
EUR	30	29
AUD	<u>2</u>	<u>2</u>
	<u>7,604,536</u>	<u>7,932,310</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE CAPITAL

Ordinary shares of HK\$0.25 each, issued and fully paid:

	Number of shares	Share capital	
		HKD'000	RMB'000
At March 31, 2024	29,488,769,003	7,372,192	6,026,151
Issuance of shares	225,860,100	56,465	52,551
At March 31, 2025	29,714,629,103	7,428,657	6,078,702

25 SHARE-BASED PAYMENT

During the years ended March 31, 2025 and 2024, share-based payment expenses recognized in the consolidated statements of profit or loss included:

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Share-based payment under the Share Option Scheme (Note a)	3,430	4,282
Share-based payment under the Share Award Scheme (Note b)	103,163	80,111
Share-based payment transactions with ultimate parent (Note c)	18,222	35,881
	124,815	120,274

(a) Share option scheme

The 2012 share option scheme (the "2012 Share Option Scheme") was adopted by the Company pursuant to a resolution passed by the Company's shareholders on June 11, 2012 for the primary purpose of providing incentives or rewards to any director, employee and other eligible participants who may make contribution to the Group. The 2012 Share Option Scheme has been terminated, and the 2021 share option scheme has been adopted on September 6, 2021. All outstanding options granted under the 2012 Share Option Scheme remain valid upon expiry of the 2012 Share Option Scheme.

The maximum aggregate number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2012 Share Option Scheme and the 2021 Share Option Scheme, must not exceed 30% and 8% respectively of the total number of shares of the Company in issue from time to time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 SHARE-BASED PAYMENT (Continued)

(a) Share option scheme (Continued)

Where the options are forfeited prior to the vesting date due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such options are reversed on the effective date of the forfeiture. No further adjustments should be made after the vesting date, regardless of whether the options are forfeited later.

There are no options granted during the year ended March 31, 2025.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognized in the consolidated statement of profit or loss, with a corresponding adjustment to the share option reserve.

The vesting condition of the options granted during the past years during the year ended March 31, 2025 is a service time and the vesting period ranges from 4 to 6 years.

Movements of the share options granted by the Company pursuant to the 2012 Share Option Scheme are as below:

	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Weighted average exercise price in HK\$ per share option	Number of share options	Weighted average exercise price in HK\$ per share option	Number of share options
At beginning of the year	1.067	12,375,000	1.102	13,475,000
Lapsed	—	—	1.477	(1,100,000)
At ending of the year	1.067	12,375,000	1.067	12,375,000
Exercisable share options		7,400,000		5,537,500

Note:

For the ended March 31, 2025, value of employee services provided under the Share Option Scheme recognized in the consolidated statement of profit or loss was RMB3,430,000 (2024: RMB4,282,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 SHARE-BASED PAYMENT (Continued)

(a) Share option scheme (Continued)

Share options outstanding at the end of the year have the following grant dates, expiry dates and exercise prices:

Grant date	Expiry date	Exercise price in HK\$ per share option	Number of share options	
			As of March 31, 2025	2024
January 18, 2018	January 17, 2028	1.060	1,200,000	1,200,000
June 5, 2020	June 4, 2030	1.070	3,675,000	3,675,000
June 11, 2021	June 10, 2031	1.066	7,500,000	7,500,000
			12,375,000	12,375,000

The period within which the share options must be exercised shall not be more than 10 years from the date of grant. The options outstanding as of March 31, 2025 had a weighted average remaining contractual life of 5 years (2024: 6 years).

(b) Share Award Scheme

On December 30, 2016 (the “Adoption Date”), the Company adopted the Share Award Scheme as approved by the Board of Directors. The purpose of the Share Award Scheme is to (a) recognize the contributions by certain persons, including employees of the Group, any company in which a group company may have direct or indirect investment in 20% or more of its voting powers, Alibaba Holding and subsidiaries of Alibaba Holding to provide incentives thereto to retain them for the continual operation and development of the Group, and (b) attract suitable personnel for further development of the Group.

The Group has established Share Award Trust to hold and administer the Company’s shares before they are vested and transferred to selected grantees. Upon granting of shares to selected grantees, the awarded shares are either subscribed by the allotment and issuance of new shares of the Company or purchased from the open market by the Share Award Trust (with funds provided by the Company by way of settlement or otherwise contributed by the Company).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 SHARE-BASED PAYMENT *(Continued)*

(b) Share Award Scheme *(Continued)*

Subject to any early termination determined by the Board of Directors, the Share Award Scheme shall be valid and effective for a term commencing on the Adoption Date and ending on the earliest of the following:

- (a) the 15th anniversary date of the Adoption Date,
- (b) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company, or
- (c) the date as may be informed by the Company that the Share Award Scheme shall be terminated.

As of March 31, 2025, the remaining life of the Share Award Scheme was approximately 7 years.

The board of directors of the Company shall not make any further award which will result in the aggregate number of shares awarded by the board of directors of the Company or held by the Share Award Trust under the Share Award Scheme to be in excess of 8% of the issued share capital of the Company from time to time. The maximum number of shares (including both vested and non-vested shares) which may be awarded to a selected grantee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Share Award Trust shall not exercise the voting rights in respect of any shares held by it under the Share Award Scheme. Dividends declared for any shares held by the Share Award Trust shall become part of the trust fund for future purchase of shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 SHARE-BASED PAYMENT (Continued)

(b) Share Award Scheme (Continued)

Movements of the awarded shares granted by the Company pursuant to the Share Award Scheme are as below:

	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Weighted average exercise price in HK\$ per share	Number of awarded shares	Weighted average exercise price in HK\$ per share	Number of awarded shares
At beginning of the year	0.655	454,207,544	0.938	358,645,157
Granted (Note)	0.446	161,235,222	0.419	251,431,350
Vested	0.696	(162,342,142)	0.969	(132,521,892)
Forfeit	0.569	(18,020,072)	0.661	(23,347,071)
At ending of the year	0.566	435,080,552	0.655	454,207,544

Note:

For the newly granted shares during the year ended March 31, 2025, the grantees need to fulfil service periods ranging from 4 to 6 years.

The fair value of restricted shares charged to the consolidated statement of profit or loss was RMB 103,163,000 during the year ended March 31, 2025 (2024: RMB80,111,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 SHARE-BASED PAYMENT *(Continued)*

(c) Share-based payment transactions with ultimate parent

On September 29, 2022, the Company and Alibaba Holding entered into a framework agreement relating to equity-based compensation ("EBC") cost allocation and reimbursement (the "Framework Agreement"). As each of Alibaba Holding and the Company is committed to allow internal transfers between the Group and Alibaba Holding, its subsidiaries and affiliates (other than the Group) (the "Alibaba Holding Entities", each an "Alibaba Holding Entity") when equity-based awards are vital to attract, incentivize and retain employees, each of them agreed to enter into the Framework Agreement, allowing the grantees to retain their awards after the internal transfers and allocating their EBC costs to the relevant entity to which such grantee has joined.

In respect of the restricted share units, options or any other equity incentive awards of Alibaba Holding Entities pursuant to their respective equity incentive plans and/or any other EBC plans (the "Alibaba Holding Group Awards") held by any grantees (whose employment is transferred from an Alibaba Holding Entity to the Group), when the grantees transferred from Alibaba Holding Entities to the Group with the retained Alibaba Holding Group Awards, the related share-based payment expenses were to be recognized in profit or loss of the Group over the remaining vesting periods of the share-based compensation in accordance with HKFRS 2 Share-based Payment. The Group recognized share-based payment expenses of RMB18,222,000 for Alibaba Holding Group Awards for the year ended March 31, 2025 (2024: RMB35,881,000).

In respect of the awarded shares, options or any other equity incentive awards of the Group pursuant to its share award scheme(s), share option scheme(s) and any other EBC plans (the "Group Awards") held by any grantees (whose employment is transferred from the Group to an Alibaba Holding Entity), the Group recorded share-based compensation reserve as debit to other reserve when the grantees transferred from the Group to Alibaba Holding Entities with the retained Group Awards. During the year ended March 31, 2025, the related share-based compensation reserve was recognized with corresponding debit in other reserve amounted to RMB5,809,000 (2024: RMB9,046,000).

The Group and Alibaba Holding may allocate the EBC cost associated with those unvested awards to each other and obtain reimbursement in accordance with the Framework Agreement. The amount of RMB31,721,000 reimbursement made by the Company to Alibaba Holding for the year ended March 31, 2025 (2024: RMB51,188,000) was credited to equity as a deemed distribution to the ultimate holding parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 RESERVES

In accordance with the relevant laws and regulations of the PRC, certain Group's PRC subsidiaries shall set aside 10% of its profit after income tax (based on the PRC statutory financial statements and after offsetting accumulated losses from prior years) for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the registered capital).

In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments, appropriation from net profits (based on the PRC statutory financial statements after offsetting accumulated losses from prior years) should be made by the Group's wholly owned foreign subsidiaries in the PRC to their respective reserve funds. The percentage of net profit to be appropriated to the reserve fund is not less than 10% of the net profit. When the balance of the reserve fund reaches 50% of the registered capital, such transfer need not be made.

The statutory surplus reserves and the reserve funds can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities and are not distributable as cash dividends.

27 BORROWINGS

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Current		
Bank borrowings	<u>396,685</u>	<u>—</u>

The bank borrowings are denominated in RMB and secured by the Group's bills and are to be settled within one year.

The management considered that the carrying amount of the bank borrowings approximated their fair value as of March 31, 2025.

As at March 31, 2025, the bank borrowings carry interest at fixed rate from 1.0% to 1.2% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 TRADE AND OTHER PAYABLES, AND ACCRUED CHARGES

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Trade payables (Note a)		
– Related parties (Note 33(c))	104,059	101,002
– Third parties	597,789	363,742
	<u>701,848</u>	<u>464,744</u>
Notes payable	<u>14,992</u>	<u>480,000</u>
Other payable and accrued charges:		
Amounts due to related parties (Note 33(c))	209,080	171,931
Payables in relation to distribution of entertainment events tickets	2,846,145	2,808,251
Payables in relation to distribution of films	873,021	533,535
Payroll and welfare payable	237,317	230,125
Accrued marketing expense	193,808	134,008
Other tax payable	93,071	78,456
Amounts received on behalf of cinema ticketing system providers	63,232	49,573
Professional fees payable	43,617	45,997
Accrued construction expense	23,352	–
Deposit from customers	9,627	12,278
Amounts received on behalf of cinemas	8,979	7,140
Others	93,804	77,984
	<u>4,695,053</u>	<u>4,149,278</u>
Total trade and other payables, and accrued charges	5,411,893	5,094,022
Less: non-current portion	(5,287)	–
Current portion	<u>5,406,606</u>	<u>5,094,022</u>

(a) Trade payables

As of March 31, 2025 and 2024, the aging analysis of the trade payables based on invoice date is as follows:

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
0 – 90 days	543,717	361,612
91 – 180 days	79,188	49,195
181 – 365 days	39,312	26,579
Over 365 days	39,631	27,358
	<u>701,848</u>	<u>464,744</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Deferred income tax assets before offsetting	263,998	110,855
Deferred income tax liabilities before offsetting	(186,365)	(73,062)
Net deferred tax assets	198,690	94,718
Net deferred tax liabilities	(121,057)	(56,925)

The movements in deferred income tax assets during the years ended March 31, 2025 and 2024 are as follows:

	Accumulated tax loss RMB'000	Leases RMB'000	Accrued expenses and others RMB'000	Total RMB'000
At April 1, 2023	—	28,845	14,003	42,848
Credited/(charged) to the consolidated statement of profit or loss	40,258	(12,708)	40,457	68,007
At March 31, 2024	40,258	16,137	54,460	110,855
At April 1, 2024	40,258	16,137	54,460	110,855
Credited to the consolidated statement of profit or loss	59,566	44,713	29,871	134,150
Business combination (Note 36)	8,018	4,458	6,517	18,993
At March 31, 2025	107,842	65,308	90,848	263,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX (Continued)

The movements in deferred income tax liabilities during the years ended March 31, 2025 and 2024 are as follows:

	Assets arising from business combination RMB'000	Leases RMB'000	Changes in fair value of financial assets RMB'000	Others RMB'000	Total RMB'000
At April 1, 2023	(19,123)	(28,845)	(29,250)	–	(77,218)
Credited to the consolidated statement of profit or loss	3,270	12,708	23,088	–	39,066
Credited to loss from discontinued operations	–	–	6,162	–	6,162
Business combination (Note 36)	(41,072)	–	–	–	(41,072)
At March 31, 2024	<u>(56,925)</u>	<u>(16,137)</u>	<u>–</u>	<u>–</u>	<u>(73,062)</u>
At April 1, 2024	(56,925)	(16,137)	–	–	(73,062)
Credited/(charged) to the consolidated statement of profit or loss	14,713	(45,099)	–	(2,891)	(33,277)
Business combination (Note 36)	(75,568)	(4,458)	–	–	(80,026)
At March 31, 2025	<u>(117,780)</u>	<u>(65,694)</u>	<u>–</u>	<u>(2,891)</u>	<u>(186,365)</u>

Starting from January 1, 2008, the tax law of the PRC requires payment of withholding tax upon the distribution of profits earned by the PRC subsidiaries to the foreign shareholders. Deferred income tax liability has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits generated by subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through the future taxable profits is probable. As of March 31, 2025, the Group had tax losses of RMB1,726,986,000 (2024: RMB1,736,038,000) to carry forward, which were not recognized as deferred tax assets as the Directors of the Company consider that the utilization of these tax losses in the foreseeable future is not probable, of which an amount of RMB853,302,000 will expire through year 2025 to 2032 (2024: RMB966,139,000 will expire through year 2024 to 2031), and an amount of RMB873,684,000 (2024: RMB769,899,000) has no expiry date.

30 DIVIDEND

The Board of Directors of the Company has resolved not to recommend the payment of a dividend for the year ended March 31, 2025 (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 CASH (USED IN)/GENERATED FROM OPERATIONS

(a) Cash (used in)/generated from operations

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Profit before income tax	293,992	232,697
– Depreciation of PPE and right-of-use assets	39,715	29,837
– Depreciation of investment properties	32,223	4,031
– Amortization of intangible assets	35,557	20,039
– Provision for impairment of film and TV rights	152,608	204,643
– (Reversal of impairment provision)/impairment provision of trade and other receivables	(112,270)	52,635
– Impairment losses of inventories	1,343	–
– Impairment losses of intangible assets	–	7,808
– Impairment losses of right-of-use assets	–	14,439
– Other payable waived	(10,586)	–
– (Gain)/loss on disposal of property, plant and equipment and investment properties	(2,251)	1,309
– Losses on disposal of subsidiaries	–	15,131
– Share of loss of investments accounted for using the equity method	120,488	78,616
– Provision for impairment of investments accounted for using equity method	427,629	112,552
– Gain on disposal of a joint venture	(1,991)	–
– Change in fair value of film and TV investments, recognized in other gains/(losses), net	(1,992)	(11,151)
– Change in fair value of investment in structured deposits	(22,305)	(12,655)
– Change in fair value of unlisted investments	41,408	33,150
– Change in fair value of listed investment	(36,525)	22,469
– Interest income on loan receivables	(27,339)	(35,376)
– Finance income, net	(193,374)	(178,253)
– Change in share-based compensation reserve under share option scheme and share award scheme	124,815	120,274
Changes in working capital:		
– Trade and other receivables, and prepayments	(704,370)	(606,073)
– Film and TV rights and investments	(1,133,811)	(448,380)
– Contract liabilities	(15,172)	218,010
– Trade and other payables, and accrued charges	(52,537)	993,320
– Inventories	(11,336)	7,369
– Financial Liabilities	–	(5,400)
– Restricted Cash	2,268	(2,020)
Cash (used in)/generated from operations	(1,053,813)	869,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 CASH (USED IN)/GENERATED FROM OPERATIONS (Continued)

(b) Non-cash investing and financing activities

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Addition of right-of-use assets	231,929	3,777
Reduction in investment properties and lease liabilities due to lease modification (Note 17)	(14,317)	–
Reduction in right-of-use assets and lease liabilities due to lease modification	–	(39,153)
	<u>217,612</u>	<u>(35,376)</u>

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of subsidiaries (Note 36(a) and (c)); and
- shares issued to employees under the Share Award Scheme for no cash consideration (Note 26(b)).

(c) Net cash reconciliation

An analysis of net cash as of March 31, 2025 and 2024 is as follows:

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Net cash		
Cash and cash equivalents	2,505,808	4,413,697
Investment in structured deposits	797,847	706,196
Bank deposits – non-current portion	4,239,925	1,217,522
Bank deposits – current portion	856,912	2,296,932
Lease liabilities – repayable within one year	(35,275)	(5,897)
Lease liabilities – repayable after one year	(229,429)	(58,408)
Bank borrowings	(396,685)	–
Film investments from business partners	(199,549)	(7,650)
Net cash	<u>7,539,554</u>	<u>8,562,392</u>
Cash and liquid investments	8,400,492	8,634,347
Gross debt	<u>(860,938)</u>	<u>(71,955)</u>
Net cash	<u>7,539,554</u>	<u>8,562,392</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 CASH (USED IN)/GENERATED FROM OPERATIONS (Continued)

(c) Net cash reconciliation (Continued)

Movements in net cash for the years ended March 31, 2025 and 2024 are as follows:

	Other assets			Liabilities from financing activities			
	Cash and cash equivalents	Structured deposits	Bank deposits	Lease liabilities	Borrowing	Film investments from business partners	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash as of April 1, 2023	3,919,526	–	300,880	(145,767)	–	(13,050)	4,061,589
Cash flows	429,883	693,541	3,154,330	37,072	–	–	4,314,826
Foreign exchange adjustments	64,288	–	–	–	–	–	64,288
Other changes	–	12,655	59,244	44,390	–	5,400	121,689
Net cash as of March 31, 2024	<u>4,413,697</u>	<u>706,196</u>	<u>3,514,454</u>	<u>(64,305)</u>	<u>–</u>	<u>(7,650)</u>	<u>8,562,392</u>
Cash flows	(1,902,339)	69,346	1,509,840	15,508	(396,685)	(88,548)	(792,878)
Foreign exchange adjustments	(5,550)	–	–	–	–	–	(5,550)
Other changes	–	22,305	72,543	(215,907)	–	(103,351)	(224,410)
Net cash as of March 31, 2025	<u>2,505,808</u>	<u>797,847</u>	<u>5,096,837</u>	<u>(264,704)</u>	<u>(396,685)</u>	<u>(199,549)</u>	<u>7,539,554</u>

32 COMMITMENTS

As of March 31, 2025, capital expenditure contracted for but not yet incurred by the Group amounted to approximately RMB1,030,406,000 with respect to investments in certain film and TV rights, property, plant and equipment and investments accounted for using the equity method (2024: RMB1,051,327,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 RELATED PARTY TRANSACTIONS

As of March 31, 2025, the Company was 53.85% owned by Alibaba Investment and Ali CV. The ultimate parent of the Company is Alibaba Holding, a company whose shares are listed on New York Stock Exchange and Hong Kong Stock Exchange and incorporated in Cayman Islands.

Save as disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties:

(a) Transactions with related parties

	For the year ended March 31,	
	2025 RMB'000	2024 RMB'000
Sales of film and TV rights to Alibaba Holding's subsidiaries (Note i)	425,555	556,208
Provision of services to Alibaba Holding's subsidiaries (Note i)	323,157	535,087
Recognition of right-of-use assets on leased assets owned by an Alibaba Holding's subsidiary	212,263	—
Purchase of services from Alibaba Holding's subsidiaries (Note i)	208,667	169,987
Purchase of services from related companies of Alibaba Holding (Note i)	138,677	81,253
Share-based compensation expenses attributable to the Alibaba Holding Group Awards (Note i)	18,222	35,881
Reimbursement amount of the Group Awards from Alibaba Holding (Note i)	5,809	9,046
Purchase of services from associates	4,941	1,302
Provision of services to associates	1,048	3,935
Provision of services to related companies of Alibaba Holding (Note i)	217	4,287
Issue of ordinary shares as consideration for a business combination to Alibaba Investment	—	1,192,204

In the opinion of the Directors of the Company, these related party transactions were carried out in the ordinary course of business and in accordance with the terms of the underlying agreements.

Note:

- (i) During the year ended March 31, 2025, most of the above transactions constituted connected transactions under the Rules Governing the Listing of Securities on the HK Stock Exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances due from related parties

As of March 31, 2025 and 2024, balances due from related parties comprised:

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Trade receivables		
Amounts due from Alibaba Holding's subsidiaries	1,270,062	1,000,368
Amounts due from associates	85,285	185,118
Amounts due from related companies of Alibaba Holding	15,871	1,608
Other receivables		
Amounts due from associates and joint ventures	72,715	54,480
Amounts due from Alibaba Holding's subsidiaries	<u>63,484</u>	<u>892</u>

Amounts due from related parties are unsecured, non-interest bearing and due in accordance with the terms of the underlying agreements.

As of March 31, 2025, the Group had a total amount of RMB212,754,000 (2024: RMB179,467,000) in the Group's settlement accounts maintained with Alipay, which had been recorded as 'cash and cash equivalents' in the consolidated balance sheet and were generated from the transactions between the Group and third parties that to be settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances due to related parties

As of March 31, 2025 and 2024, balances due to related parties comprised:

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Trade payables		
Amounts due to Alibaba Holding's subsidiaries	78,401	84,472
Amounts due to related companies of Alibaba Holding	19,058	9,746
Amounts due to associates	6,600	6,784
Other payables		
Amounts due to Alibaba Holding's subsidiaries	192,763	159,788
Amounts due to associates	12,191	12,143
Amounts due to a related company of Alibaba Holding	4,126	—
Contract Liabilities		
Amounts due to Alibaba Holding's subsidiaries	149,380	8,700
Lease liabilities		
Lease liabilities to an Alibaba Holding's subsidiary	212,263	—

The balances due to related parties are unsecured, non-interest bearing and due in accordance with the terms of the underlying agreement.

(d) Key management compensation

The compensation paid or payable to key management for employee services is shown below:

	For the year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Salaries, allowances and other benefits	3,521	3,918
Share-based payments	13,395	12,099
	16,916	16,017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	As of March 31,	
	2025	2024
	RMB'000	RMB'000
Assets		
Non-current assets		
Intangible assets	200	200
Investments in subsidiaries	20,028,694	18,332,312
	<u>20,028,894</u>	<u>18,332,512</u>
Current assets		
Cash and cash equivalents	53,873	7,608
Trade and other receivables, and prepayments	35	—
	<u>53,908</u>	<u>7,608</u>
Total assets	<u>20,082,802</u>	<u>18,340,120</u>
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	6,078,702	6,026,151
Reserves (Note b)	14,004,100	12,313,969
Total equity	<u>20,082,802</u>	<u>18,340,120</u>
Current liabilities		
Trade and other payables, and accrued charges	—	—
Total liabilities	<u>—</u>	<u>—</u>
Total equity and liabilities	<u>20,082,802</u>	<u>18,340,120</u>

The balance sheet of the Company was approved by the Board of Directors on May 19, 2025 and was signed on its behalf by:

Fan Luyuan
Executive Director & Chairman

Meng Jun
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

(b) Reserve movement of the Company

	Share premium RMB'000	Share redemption reserve RMB'000	Shares held for share award scheme RMB'000	Other reserve RMB'000	Contributed surplus RMB'000	Share-based compensation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At April 1, 2023	13,423,271	863	(208,891)	(14,266)	61,486	535,439	(2,162,228)	11,635,674
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	619,029	-	-	-	-	-	-	619,029
Shares purchased for share award scheme	-	-	(1,733)	-	-	-	-	(1,733)
Shares vested under share award scheme	-	-	111,187	-	-	(111,187)	-	-
Value of employee services provided under share option scheme and share award scheme	-	-	-	-	-	84,393	-	84,393
Value of employee services provided in relation to share-based payment transactions with ultimate parent	-	-	-	-	-	35,881	-	35,881
Value of share-based compensation allocated to ultimate parent	-	-	-	(9,046)	-	9,046	-	-
Settlement of share-based compensation cost with ultimate parent	-	-	-	(51,188)	-	-	-	(51,188)
Loss for the year	-	-	-	-	-	-	(8,087)	(8,087)
At March 31, 2024	14,042,300	863	(99,437)	(74,500)	61,486	553,572	(2,170,315)	12,313,969
At April 1, 2024	14,042,300	863	(99,437)	(74,500)	61,486	553,572	(2,170,315)	12,313,969
Issuance of shares under share award scheme	39,939	-	(92,490)	-	-	-	-	(52,551)
Shares vested under share award scheme	-	-	98,660	-	-	(98,660)	-	-
Value of employee services provided under share option scheme and share award scheme	-	-	-	-	-	106,593	-	106,593
Value of employee services provided in relation to share-based payment transactions with ultimate parent	-	-	-	-	-	18,222	-	18,222
Value of share-based compensation allocated to ultimate parent	-	-	-	(5,809)	-	5,809	-	-
Settlement of share-based compensation cost with ultimate parent	-	-	-	(31,721)	-	-	-	(31,721)
Loss for the year	-	-	-	-	-	-	1,649,588	1,649,588
At March 31, 2025	14,082,239	863	(93,267)	(112,030)	61,486	585,536	(520,727)	14,004,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 SUBSIDIARIES

(a) The following is a list of the principal subsidiaries at March 31, 2025:

Name	Place of incorporation/ registration and kind of legal entity	Place of operation	Particulars of issued share capital	Proportion of equity interests held by the Company		Proportion of equity interests held by non-controlling interests		Principal activities
				2025 (%)	2024 (%)	2025 (%)	2024 (%)	
SAC Enterprises Limited	Hong Kong/Limited liability company	Hong Kong	Ordinary HK\$12,607,216,223	100	100	-	-	Provision of management services to group companies
Alibaba Pictures Entertainment Media Limited	Hong Kong/Limited liability company	Hong Kong	Ordinary HK\$1	100	100	-	-	Investment in and production and distribution of film & TV rights
Beijing Alibaba Pictures Culture Co., Ltd. (北京阿里巴巴影業文化有限公司) (Note ii)	PRC/Limited liability company	PRC	Registered Capital RMB410,000,000	-	-	-	-	Film distribution, film production; performance brokerage; production of broadcasting & television programs
Alibaba Pictures (Tianjin) Co., Ltd. (阿里巴巴影業(天津)有限公司) (Note ii)	PRC/Limited liability company	PRC	Registered Capital RMB165,000,000	-	-	-	-	Production of broadcasting & television programs
Zhonglian Shengshi Culture (Beijing) Co., Ltd. 中聯盛世文化(北京)有限公司	PRC/Wholly foreign owned enterprise	PRC	Registered Capital RMB100,000,000	100	100	-	-	Investment holding
Alibaba Shouquanbao (Tianjin) Culture Communication Co., Ltd. 阿里巴巴授權寶(天津)文化傳播有限公司 (Note ii)	PRC/Limited liability company	PRC	Registered Capital RMB10,000,000	-	-	-	-	Advertising and sale of entertainment related merchandise and derivative products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 SUBSIDIARIES (Continued)

(a) The following is a list of the principal subsidiaries at March 31, 2025:
(Continued)

Name	Place of incorporation/ registration and kind of legal entity	Place of operation	Particulars of issued share capital	Proportion of equity interests held by the Company		Proportion of equity interests held by non-controlling interests		Principal activities
				2025 (%)	2024 (%)	2025 (%)	2024 (%)	
Guangdong Alibaba Pictures Yunzhi Software Co., Ltd. 廣東阿里影業雲智軟件有限公司	PRC/Limited liability company	PRC	Registered Capital RMB10,000,000	100	100	-	-	Supply of cinema ticketing and connecting software systems
Zhejiang Dongyang Alibaba Pictures Co., Ltd. 浙江東陽阿里巴巴影業有限公司 (Note ii)	PRC/Limited liability company	PRC	Registered Capital RMB50,000,000	-	-	-	-	Investment in and production and distribution of film and TV copyrights; investment management
Hangzhou Tao Piao Piao technology Co., Ltd. 杭州淘票票科技有限公司	PRC/Sino foreign cooperative	PRC	Registered Capital US\$193,191,909	96.7	96.7	3.3	3.3	Online movie ticketing agent
Shanghai Tao Piao Piao Movie & TV Culture Co., Ltd. 上海淘票票影視文化有限公司 (Note i)	PRC/Limited liability company	PRC	Registered Capital RMB10,000,000	-	-	-	-	Film investment; film distribution; ticketing agency; technological consultation, technology transfer and technology services in the professional field of network technology; e-commerce

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 SUBSIDIARIES (Continued)

(a) The following is a list of the principal subsidiaries at March 31, 2025:
(Continued)

Name	Place of incorporation/ registration and kind of legal entity	Place of operation	Particulars of issued share capital	Proportion of equity interests held by the Company		Proportion of equity interests held by non-controlling interests		Principal activities
				2025 (%)	2024 (%)	2025 (%)	2024 (%)	
Alibaba Pictures (Beijing) Co., Ltd. 阿里巴巴影業(北京)有限公司 (Note ii)	PRC/Limited liability company	PRC	Registered Capital RMB30,000,000	-	-	-	-	Investment in and production and distribution of film and TV copyrights
Koitake (Beijing) Technology Co., Ltd. 錦鯉拿趣(北京)科技有限公司 (Note ii)	PRC/Limited liability company	PRC	Registered Capital RMB10,000,000	-	-	-	-	Sale of pop toys
Beijing Damai Culture Communication Co, Ltd. 北京大麥文化傳播有限公司 (Note i)	PRC/Limited liability company	PRC	Registered Capital RMB10,000,000	-	-	-	-	Organization, investment, production and promotion of the performance content
Beijing Damai Cultural Media Development Co., Ltd. 北京大麥文化傳媒發展有限公司 (Note i)	PRC/Limited liability company	PRC	Registered Capital RMB30,000,000	-	-	-	-	Ticketing of performances, on-site services, ticketing issuance system and venue operations
Beijing Ali Tao Movie & TV Culture Co., Ltd 北京阿里淘影視文化有限公司 (Note i)	PRC/Limited liability company	PRC	Registered Capital RMB99,000,000	-	-	-	-	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 SUBSIDIARIES (Continued)

(a) The following is a list of the principal subsidiaries at March 31, 2025:
(Continued)

Name	Place of incorporation/ registration and kind of legal entity	Place of operation	Particulars of issued share capital	Proportion of equity interests held by the Company		Proportion of equity interests held by non-controlling interests		Principal activities
				2025 (%)	2024 (%)	2025 (%)	2024 (%)	
Damai Group Limited 大麥娛樂有限公司	Hong Kong/Limited liability company	Hong Kong	Ordinary HK\$661,037,309.72	100	100	-	-	Provision of management services to group companies
Hainan Canno Studio Pictures Co. Ltd 海南可能製造影業有限公司 (Note ii)	PRC/Limited liability company	PRC	Registered Capital RMB10,000,000	100	100	-	-	Film distribution, film production; performance brokerage; production of broadcasting & television programs
Qingdao Jinmai Network Technology Co., Ltd 青島金麥網絡科技有限公司 (Note i)	PRC/Limited liability company	PRC	Registered Capital RMB3,000,000	-	-	-	-	Investment holding
Zhonglian Jinghua Culture Communication (Beijing) Co., Ltd. 中聯京華文化傳播(北京)有限公司 (Note i)	PRC/Limited liability company	PRC	Registered Capital RMB10,000,000	-	-	-	-	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 SUBSIDIARIES (Continued)

(a) The following is a list of the principal subsidiaries at March 31, 2025:

(Continued)

Note:

- (i) These are subsidiaries arising from the Contractual Arrangements (Note 2.2.1.1(a)). Pursuant to the respective Memorandum and Articles of Association of these subsidiaries, the OPCOs have power to control the operating and financial affairs of these subsidiaries. Accordingly, they are treated as the subsidiaries of the Company under HKFRS 10 and their results, assets and liabilities are consolidated with those of the Group.
- (ii) These are subsidiaries of the OPCOs (Note i).

The above list includes the subsidiaries of the Company which, in the opinion of the Directors of the Company, principally affect the results of the Group for the year or form a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length.

(b) Material non-controlling interests

The total non-controlling interests as of March 31, 2025 amounted to RMB237,740,000 (2024: RMB98,484,000). No subsidiary has non-controlling interests that are material to the Group.

36 BUSINESS COMBINATION

Business combination for the year ended March 31, 2025

(a) Acquisition of Dongyang Meila

On July 23, 2024, Beijing Alibaba Pictures Culture Co., Ltd. ("Beijing Alibaba"), being an indirect wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Huayi Brothers, pursuant to which, Beijing Alibaba agreed to purchase, and Huayi Brothers agreed to sell, 70% of the entire equity interest in Dongyang Meila at a total consideration of RMB350,000,000, subject to the terms and conditions of the Sale and Purchase Agreement, for the purpose of setting the loan amounting to RMB350,000,000 due and owed by Huayi Brothers to the Group. The above acquisition was completed in November 2024.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration:	
Amount of the loan owed by Huayi Brothers that was settled by the acquisition	350,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BUSINESS COMBINATION (Continued)

(a) Acquisition of Dongyang Meila (Continued)

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value RMB'000
Cash and cash equivalents	104,885
Trade and other receivables, and prepayments	144,672
Film and TV rights	222,955
Property, plant and equipment	954
Right-of-use assets	2,153
Intangible assets	21
Deferred income tax assets	6,517
Trade and other payables, and accrued charges	(17,583)
Deferred income tax liabilities	(10,968)
Contract liabilities	(48,585)
Lease liabilities	(2,153)
Film investments from business partners	(103,351)
Net identifiable assets acquired	299,517
Less: Non-controlling interests	(89,855)
Add: goodwill	140,338
Net assets acquired	350,000

The goodwill arising on the acquisition of business is attributable to the strategic and business interests of the Group.

Acquired receivables

The fair value of acquired trade receivables is RMB14,691,000 with previous gross contractual amount of RMB15,044,000. Trade and other receivables, and prepayments also include loans of RMB90,015,000 due from Huayi Brother to be settled in July 2025 with an interest at 10% per annum.

Accounting policy choice for non-controlling interests

The Group recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Dongyang Meila, the Group elected to recognize the non-controlling interests at their proportionate share of the acquired net identifiable assets. See Note 2.2.1.1(b) for the Group's accounting policies for business combinations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BUSINESS COMBINATION (Continued)

(a) Acquisition of Dongyang Meila (Continued)

Revenue and profit contribution

The acquired business contributed revenues of RMB237,000 and net loss of RMB14,151,000 to the Group for the period from November 1, 2024 to March 31, 2025.

If the acquisition had occurred on April 1, 2024, consolidated pro-forma revenue and profit for the year ended March 31, 2025 would have been RMB6,719,853,000 and RMB399,966,000 respectively. These amounts have been calculated using the subsidiary's results and adjusted for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from April 1, 2024, together with the consequential tax effects.

Acquisition-related costs

Acquisition-related costs of RMB550,000 are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

(b) Acquisition of Tianhao Shengshi

On April 3, 2024, Zhejiang Dongyang Alibaba Pictures Co., Ltd. ("Dongyang Alibaba"), being an indirect wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Hainan Tianhao Baochuan Entertainment Culture Development Centre (Limited Partnership) and Mr. Zhou Hao (together the "Seller"), pursuant to which, Dongyang Alibaba agreed to purchase, and the Seller agreed to sell, 51% of the entire equity interest in Tianhao Shengshi at a total consideration of RMB200,000,000, subject to the terms and conditions of the Sale and Purchase Agreement. This acquisition was completed in January 2025.

Note: Since all of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of this acquisition are less than 5%, the entering into of this acquisition and the transactions contemplated under the Sale and Purchase Agreement do not constitute a notifiable transaction for the Company under Charter 14 of the Listing Rules.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration:	
Cash consideration	<u>200,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BUSINESS COMBINATION (Continued)

(b) Acquisition of Tianhao Shengshi (Continued)

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value RMB'000
Cash and cash equivalents	79,653
Trade and other receivables, and prepayments	142,623
Film and TV rights	166,528
Property, plant and equipment	8,661
Right-of-use assets	15,678
Deferred income tax assets	8,018
Intangible assets: Customer and supplier relationship	258,400
Trade and other payables, and accrued charges	(342,492)
Deferred income tax liabilities	(64,600)
Contract liabilities	(174,585)
Lease liabilities	(15,678)
	<hr/>
Net identifiable assets acquired	82,206
Less: non-controlling interests	(31,111)
Add: goodwill	148,905
	<hr/>
Net assets acquired	200,000

The goodwill arising on the acquisition of business is attributable to the strategic and business interests of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BUSINESS COMBINATION (Continued)

(b) Acquisition of Tianhao Shengshi (Continued)

Acquired receivables

The fair value of acquired trade receivables is RMB42,078,000 with gross contractual amount for trade receivables due is RMB58,748,000.

Accounting policy choice for non-controlling interests

The Group recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Tianhao Shengshi, the Group elected to recognize the non-controlling interests at their proportionate share of the acquired net identifiable assets. See note 2.2.1.1(b) for the Group's accounting policies for business combinations.

Revenue and profit contribution

The acquired business contributed revenues of RMB18,456,000 and net loss of RMB7,744,000 to the Group for the period from February 1, 2025 to March 31, 2025.

If the acquisition had occurred on April 1, 2024, consolidated pro-forma revenue and profit for the year ended March 31, 2025 would have been RMB6,979,147,000 and RMB315,397,000 respectively. These amounts have been calculated using the subsidiary's results and adjusted for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from April 1, 2024, together with the consequential tax effects.

Acquisition-related costs

Acquisition-related costs of RMB398,000 are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BUSINESS COMBINATION (Continued)

Business combination for the year ended March 31, 2024

(c) Acquisition of Pony Media Holdings Inc.

On September 19, 2023, the Company entered into the Share Purchase Agreement, pursuant to which the Company had conditionally agreed to acquire, and Alibaba Investment had conditionally agreed to sell, at the closing date, the entire issued share capital of Pony Media Holdings Inc. (the "Target Company"), in consideration for the issue of 2,513,028,847 shares in aggregate by the Company to Alibaba Investment. The closing date of the transaction was November 30, 2023. The Target Company and its subsidiaries operate under the trade name "Damai".

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration:	
Ordinary shares issued	<u>1,192,204</u>

The fair value of 2,513,028,847 shares issued as the consideration paid of US\$167 million for the Target Company (equivalent to approximately RMB1,192 million) was based on the results arrived at after arm's length negotiations between the Company and Alibaba Investment, taking into account various factors, including the average Volume Weighted Average Price for the 30 consecutive trading days up to and include the Last Trading Day etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BUSINESS COMBINATION (Continued)

Business combination for the year ended March 31, 2024

(c) Acquisition of Pony Media Holdings Inc. (Continued)

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value RMB'000
Cash and cash equivalents	2,075,033
Bank deposits	200,000
Structured deposits	1,300,000
Trade and other receivables, and prepayments	510,726
Property, plant and equipment	28,884
Investment properties	19,077
Current income tax recoverable	805
Right-of-use assets	1,617
Intangible assets: Patent	6,005
Intangible assets: Brand name	38,285
Intangible assets: Customer Relationship	115,720
Trade and other payables, and accrued charges	(3,038,261)
Deferred income tax liabilities	(41,072)
Contract liabilities	(26,614)
Lease liabilities	(1,767)
	<hr/>
Net identifiable assets acquired	1,188,438
Add: goodwill	3,766
	<hr/>
Net assets acquired	1,192,204

The goodwill is attributable to the high profitability of the acquired business. It will not be deductible for tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BUSINESS COMBINATION *(Continued)*

Business combination for the year ended March 31, 2024

(c) Acquisition of Pony Media Holdings Inc. *(Continued)*

Revenue and profit contribution

The acquired business contributed revenues of RMB394,277,000 and net profit of RMB224,296,000 to the Group for the period from December 1, 2023 to March 31, 2024.

If the acquisition had occurred on April 1, 2023, consolidated pro-forma revenue and profit for the year ended March 31, 2024 would have been RMB5,904,062,000 and RMB980,077,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from April 1, 2023, together with the consequential tax effects.

Acquisition-related costs

Acquisition-related costs of RMB7,990,000 that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executives' emoluments

The remuneration of Directors and the chief executive of the Company for the year ended March 31, 2025 is set out below:

Name	Fees RMB'000	Salary (Note iv) RMB'000	Discretionary bonuses RMB'000	Share-based compensation (Note v) RMB'000	Allowances and benefits in kind (Note vii) RMB'000	Employer's contributions to the retirement benefit scheme (Note 37(b)) RMB'000	Social security costs excluding retirement cost RMB'000	Total RMB'000
Executive Directors								
Mr. Fan Luyuan (Note i)	-	-	-	4,952	-	-	-	4,952
Mr. Meng Jun (Note ii)	-	-	-	402	-	-	-	402
Mr. Li Jie	-	1,841	1,500	8,041	68	50	62	11,562
Non-Executive Director								
Mr. Tung Pen Hung (Note iii)	-	-	-	-	-	-	-	-
Independent non-executive Directors								
Ms. Song Lixin (Note vi)	256	-	-	-	-	-	-	256
Mr. Tong Xiaomeng (Note vi)	311	-	-	-	-	-	-	311
Mr. Johnny Chen (Note vi)	275	-	-	-	-	-	-	275
	<u>842</u>	<u>1,841</u>	<u>1,500</u>	<u>13,395</u>	<u>68</u>	<u>50</u>	<u>62</u>	<u>17,758</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executives' emoluments (Continued)

The remuneration of Directors and the chief executive of the Company for the year ended March 31, 2024 is set out below:

Name	Fees RMB'000	Salary (Note iv) RMB'000	Discretionary bonuses RMB'000	Share-based compensation (Note v) RMB'000	Allowances and benefits in kind (Note vii) RMB'000	Employer's contributions to the retirement benefit scheme (Note 37(b)) RMB'000	Social security costs excluding retirement cost RMB'000	Total RMB'000
Executive Directors								
Mr. Fan Luyuan (Note i)	-	-	-	2,496	-	-	-	2,496
Mr. Meng Jun (Note ii)	-	-	-	667	-	-	-	667
Mr. Li Jie	-	1,761	2,000	8,936	36	59	62	12,854
Non-Executive Directors								
Mr. Liu Zheng (Note iii)	-	-	-	-	-	-	-	-
Mr. Tung Pen Hung (Note iii)	-	-	-	-	-	-	-	-
Independent non-executive Directors								
Ms. Song Lixin (Note vi)	258	-	-	-	-	-	-	258
Mr. Tong Xiaomeng (Note vi)	313	-	-	-	-	-	-	313
Mr. Johnny Chen (Note vi)	276	-	-	-	-	-	-	276
	<u>847</u>	<u>1,761</u>	<u>2,000</u>	<u>12,099</u>	<u>36</u>	<u>59</u>	<u>62</u>	<u>16,864</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' and chief executives' emoluments *(Continued)*

Notes:

- (i) Except for the share-based compensation, the remaining emoluments of Mr. Fan Luyuan were paid by Alibaba Group.
- (ii) Except for the share-based compensation, the remaining emoluments of Mr. Meng Jun were paid by Alibaba Group.
- (iii) Mr. Liu Zheng was appointed as non-executive director on October 18, 2021 and ceased to serve as a non-executive director with effect from May 15, 2023. The emoluments of Mr. Liu Zheng which were not included in director's emoluments were paid by Alibaba Group. Mr. Tung Pen Hung was appointed as non-executive director on May 15, 2023 and ceased to serve as a non-executive director with effect from January 10, 2025. The emoluments of Mr. Tung Pen Hung which were not included in director's emoluments were paid by Alibaba Group.
- (iv) Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiaries undertakings.
- (v) The values of share-based compensation are based on the share based compensation recognized for the year.
- (vi) During the year ended March 31, 2025, the total remuneration paid to each of Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen comprised director's fee.
- (vii) Includes housing allowances and estimated money value of other non-cash benefits: car and insurance premium.

No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as a compensation for loss of office as director during the year ended March 31, 2025 (2024: nil).

(b) Directors' retirement benefits

The retirement benefits paid to Mr. Li Jie during the year ended March 31, 2025 by a defined benefit pension plan operated by the Group in respect of Mr. Li Jie's services in connection with the management of the affairs of the Company and its subsidiaries undertaking is RMB50,000 (2024: RMB59,000). No other retirement benefits were paid to Mr. Li Jie in respect of Mr. Li Jie's other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2024: same).

(c) Directors' termination benefits

No payment was made to directors as compensation for early termination of the appointment during the year ended March 31, 2025 (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(d) Consideration provided to third parties for making available directors' service

No payment was made to the former employer of directors or third parties for making available the services as a director of the Company during the year ended March 31, 2025 (2024: nil).

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

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended March 31, 2025 (2024: nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transaction, arrangements and contracts in relation to the Group's business to which the group companies were parties and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended March 31, 2025 (2024: nil).

(g) Directors' emoluments

The remuneration of Directors is set out below:

For the year ended March 31, 2025

Aggregate emoluments paid to or receivable by directors in respect of their services as directors RMB'000	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company RMB'000	Total RMB'000
842	16,916	17,758

For the year ended March 31, 2024

Aggregate emoluments paid to or receivable by directors in respect of their services as directors RMB'000	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company RMB'000	Total RMB'000
847	16,017	16,864

FINANCIAL SUMMARY

RESULTS

	For the year ended March 31,				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Continuing operations					
Revenue	2,858,897	3,652,170	3,500,553	5,035,713	6,702,326
(Loss)/profit before income tax	(117,987)	128,902	(254,115)	300,345	293,992
Income tax (expense)/credit	802	25,413	415	58,610	92,400
(Loss)/profit for the period/year from continuing operations	(117,185)	154,315	(253,700)	358,955	386,392
Discontinued operations					
Loss for the year from discontinued operations	—	—	(25,207)	(61,486)	—
(Loss)/profit attributable to:					
Owners of the Company	(96,311)	169,853	(291,132)	284,790	363,576
Non-controlling interests	(20,874)	(15,538)	12,225	12,679	22,816
	(117,185)	154,315	(278,907)	297,469	386,392

ASSETS AND LIABILITIES

	As of March 31,				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Total assets	15,540,882	15,576,698	15,571,638	21,459,900	23,499,383
Total liabilities	(1,702,944)	(1,533,696)	(1,461,427)	(5,639,020)	(7,034,083)
Total equity	13,837,938	14,043,002	14,110,211	15,820,880	16,465,300
Non-controlling interest	(51,617)	(25,895)	(40,376)	(98,484)	(237,740)
Equity attributable to owners of the Company	13,786,321	14,017,107	14,069,835	15,722,396	16,227,560