

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-38511

SOHU.COM LIMITED

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

Level 18, Sohu.com Media Plaza
Block 3, No. 2 Kexueyuan South Road, Haidian District
Beijing 100190

People's Republic of China
(Address of principal executive offices)

Joanna Lv

Chief Financial Officer

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>(Title of each class)</u>	<u>(Trading Symbol(s))</u>	<u>(Name of each exchange on which registered)</u>
American Depositary Shares, each representing one ordinary share, par value US\$0.001 per share	SOHU	The Nasdaq Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 26,069,022 ordinary shares, par value \$0.001 per share, as of December 31, 2025.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

TABLE OF CONTENTS

INTRODUCTION	1
FORWARD-LOOKING INFORMATION	2
PART I	3
Item 1. Identity of Directors, Senior Management and Advisers	3
Item 2. Offer Statistics and Expected Timetable	3
Item 3. Key Information	3
Item 4. Information on the Company	65
Item 4A. Unresolved Staff Comments	112
Item 5. Operating and Financial Review and Prospects	112
Item 6. Directors, Senior Management and Employees	127
Item 7. Major Shareholders and Related Party Transactions	133
Item 8. Financial Information	137
Item 9. The Offer and Listing	138
Item 10. Additional Information	138
Item 11. Quantitative and Qualitative Disclosures About Market Risk	148
Item 12. Description of Securities Other than Equity Securities	149
PART II	150
Item 13. Defaults, Dividend Arrearages and Delinquencies	150
Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds	150
Item 15. Controls and Procedures	150
Item 16A. Audit Committee Financial Expert	151
Item 16B. Code of Ethics	151
Item 16C. Principal Accountant Fees and Services	151
Item 16D. Exemptions from the Listing Standards for Audit Committees	152
Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers	152
Item 16F. Change in Registrant’s Certifying Accountant	152
Item 16G. Corporate Governance	152
Item 16H. Mine Safety Disclosure	152
Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	152
Item 16J. Insider Trading Policies	153
Item 16K. Cybersecurity	153
PART III	156
Item 17. Financial Statements	156
Item 18. Financial Statements	156
Item 19. Exhibits	157
SIGNATURES	161

Introduction

In this annual report, except where the context otherwise requires and for purposes of this annual report only:

- “we,” “us,” “our,” “our company,” the “Company,” the “Sohu Group,” the “Group,” and “Sohu” refer to Sohu.com Limited (or our predecessor Sohu.com Inc., as applicable) and, unless the context requires otherwise, include its subsidiaries and the variable interest entities, or VIEs, that it consolidates. For a list of the principal VIEs we consolidate, see “Information on the Company - Organizational Structure” in Item 4 of this annual report. As described elsewhere in this annual report, we do not own the VIEs, and the results of the VIEs’ operations only accrue to us through contractual arrangements between certain of the VIEs, and/or such VIEs’ nominee shareholders, on one hand, and certain of our subsidiaries, on the other hand. Accordingly, in appropriate contexts we will describe the VIEs’ activities separately from those of our direct and indirect owned subsidiaries and our use of the terms “we,” “us,” and “our” may not include the VIEs in those contexts. Sohu.com Inc., a Delaware corporation, was dissolved on May 31, 2018 and Sohu.com Limited, which before then was a direct wholly-owned subsidiary of Sohu.com Inc., replaced Sohu.com Inc. as the top-tier, publicly-traded holding company of the Sohu Group. See “Information on the Company - History and Development of the Company” in Item 4 of this annual report.
- “ADSs” refers to our American depository shares, each of which represents one ordinary share, par value \$0.001 per share;
- “Cayman Islands Companies Act” refers to the Companies Act (2025 Revision) (as amended or revised from time to time) of the Cayman Islands;
- “Changyou” refers to Changyou.com Limited, a Cayman Islands exempted company, and, unless the context requires otherwise, includes its subsidiaries and the consolidated VIEs, but excludes Fox Information Technology (Tianjin) Limited (“Video Tianjin”) and its subsidiaries;
- “China” refers to the People’s Republic of China; and “Chinese mainland” refers to the People’s Republic of China excluding Hong Kong, Macau, and Taiwan;
- “HNTE” refers to high and new technology enterprises;
- “IPO” refers to an initial public offering;
- “Memorandum and Articles of Association” refers to our Amended and Restated Memorandum of Association and our Amended and Restated Articles of Association;
- “MMORPGs” refers to massively multiplayer online role-playing games;
- “Offshore” refers to nations and territories outside of the Chinese mainland, and for this purpose includes Hong Kong, Macau, and Taiwan;
- “PC games” refers to interactive online games that may be accessed and played simultaneously by hundreds of thousands of game players through personal computers with local game client-end access software installation requirements. In previous annual reports, we have sometimes used the terms “MMOGs” and “MMORPGs” when referring to these client-end installed games played through personal computers;
- “RMB” refers to the Renminbi, which is the legal currency of the Chinese mainland;
- “Tian Long Ba Bu” refers to the popular novel of that name by the famous Chinese writer Louis Cha;
- “TLBB PC” and “TLBB: Return” refer to the PC games that Changyou developed based on the title and characters of Tian Long Ba Bu, which were launched in 2007 and 2025, respectively;
- “TLBB 3D,” “Legacy TLBB Mobile,” “TLBB Honor,” and “New TLBB Mobile” refer to the mobile games that Changyou developed based on the title and characters of Tian Long Ba Bu, which were launched in 2014, 2017, 2019 and 2023, respectively;
- “U.S. GAAP” refers to generally accepted accounting principles in the United States; and
- “VIE” refers to an entity that is a variable interest entity under U.S. GAAP, including a subsidiary of an entity that is a variable interest entity under U.S. GAAP.

[Table of Contents](#)

Our predecessor Sohu.com Inc. completed an IPO of shares of its common stock on Nasdaq on July 17, 2000. Following the dissolution of Sohu.com Inc. on May 31, 2018, our ADSs began trading on Nasdaq in place of the shares of common stock of Sohu.com Inc. under the same “SOHU” symbol under which Sohu.com Inc.’s shares had previously traded.

Changyou completed its IPO on Nasdaq in April 2009, trading under the symbol “CYOU.” On April 17, 2020, we acquired all outstanding shares of Changyou that we did not already beneficially own pursuant to the merger (the “Changyou Merger”) of a newly-formed wholly-owned subsidiary with and into Changyou, with Changyou being the company surviving the Changyou Merger, and resulting in Changyou being delisted from Nasdaq and continuing as a privately-held company wholly-owned by us.

This annual report on Form 20-F includes our audited consolidated financial statements as of December 31, 2024 and 2025 and for the years ended December 31, 2023, 2024, and 2025. Starting in 2025, we changed the name of our “brand advertising business,” as described in our previous annual and other reports with the Securities and Exchange Commission (the “SEC”), to the “marketing services business.” This change is intended to more accurately reflect the nature of the business, which consists primarily of advertising and other marketing-related services. We have updated the names of related financial measures and disclosures in this annual report to align with this updated terminology.

FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains “forward looking statements.” These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terms such as “may,” “will,” “expects,” “anticipates,” “future,” “intend,” “plan,” “believe,” “estimate,” “is/are likely to” and similar expressions. The forward-looking statements made in this annual report relate only to events as of the date on which the statements are made. We undertake no obligation, beyond any that is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even though our situation will change in the future.

These forward-looking statements include, but are not limited to, the following:

- our ability to maintain and strengthen our competitive position in the marketing services and online game businesses in the Chinese mainland;
- our expected development, launch and market acceptance of our products and services;
- our various initiatives to implement our business strategies to expand our business;
- our future business development, results of operations and financial condition;
- the expected growth of and change in the industries in which we operate, and the volatility of the macroeconomic environment, in the Chinese mainland;
- regulatory policies in the Chinese mainland applicable to our current and prospective businesses, particularly those relating to Internet and Internet content providers;
- the effect that Chinese mainland laws and regulations; regulatory policies in the Chinese mainland; and the views of courts, arbitral tribunals, and other regulatory authorities in the Chinese mainland may have on our ability to rely on contractual rights to effect control and management of the VIEs that are consolidated with us and our ability to consolidate such VIEs’ results of operations, assets, and liabilities in our consolidated financial statements and/or to transfer the revenues of such VIEs to our corresponding Chinese mainland subsidiaries; and
- the impact of increasing geopolitical instability in general, and recent or future U.S. judicial, executive, legislative, and regulatory activities in particular, on the Chinese economy as well as on investor confidence and the trading prices of securities of Chinese mainland-based companies listed on U.S. stock exchanges, including our ADSs.

Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. Some of the assumptions, future results, and levels of performance expressed or implied in the forward-looking statements we make inevitably will not materialize, and unanticipated events may occur which will affect our results.

We would like to caution you not to place undue reliance on forward-looking statements and you should read these statements in conjunction with all other parts of this annual report, including the risk factors set forth in Item 3. See “Key Information - Risk Factors.”

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

Financial Information Related to VIEs and Sohu.com Limited

We do not own the VIEs that we consolidate in our financial statements. Chinese mainland law currently restricts foreign ownership of value-added telecommunication services, Internet publishing, online news information services, online audiovisual transmission, online games, and certain other business activities in the Chinese mainland. To comply with Chinese mainland law, we conduct a significant part of our value-added telecommunications, online game, and other business activities through contractual arrangements between our principal Chinese mainland subsidiaries and the corresponding VIEs and their respective shareholders. See “Information on the Company - Organizational Structure” in Item 4 of this annual report for a description of the ownership information of the principal VIEs through which we conduct a significant portion of our operations. See Item 7 “Major Shareholders and Related Party Transactions - Contractual Arrangements with VIEs and their Shareholders” of this annual report for a more detailed discussion of the contractual arrangements with the VIEs. For a discussion of risks related to these contractual arrangements, please see “Item 3. Key Information - Risk Factors - Risks Related to Our Corporate Structure - We depend upon contractual arrangements with the VIEs and/or their shareholders for the success of our business; these contractual arrangements, which provide the basis for us to consolidate such VIEs under U.S. GAAP (ASC 810), may not be as effective in providing us with a controlling financial interest (as defined under U.S. GAAP (ASC 810)) as would ownership of these businesses; and the contracts may be difficult to enforce” and “- A failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them could have an adverse effect on our business and financial condition.”

Table of Contents

The table below presents our condensed consolidating schedule of financial position for our top-tier publicly-traded holding company Sohu.com Limited, our wholly-owned subsidiaries that are the primary beneficiaries of the VIEs under U.S. GAAP (the “Primary Beneficiaries of VIEs”), our other subsidiaries that are not the Primary Beneficiaries of VIEs (the “Other Subsidiaries”), and the VIEs and their subsidiaries that we consolidate under U.S. GAAP (ASC 810) as of the dates presented (in thousands).

	As of December 31, 2024					Consolidated totals
	Sohu.com Limited	Other Subsidiaries	Primary Beneficiaries of VIEs	VIEs and their subsidiaries	Eliminating adjustments	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,130	98,712	44,095	12,990	0	159,927
Short-term investments	0	506,581	219,328	18,589	0	744,498
Accounts receivable, net	0	11,253	15,194	27,315	0	53,762
Prepaid and other current assets	631	21,817	56,160	4,967	0	83,575
Intra-Group receivables due from subsidiaries (1)	532,850	215,567	621,066	118,761	(1,488,244)	0
Total current assets	537,611	853,930	955,843	182,622	(1,488,244)	1,041,762
Fixed assets, net	0	45,028	207,758	74	0	252,860
Investment in subsidiaries (2)	726,968	3,587,925	885,722	347,783	(5,548,398)	0
Controlling financial interests in VIEs (3)	0	0	239,545	0	(239,545)	0
Long-term time deposits	0	173,769	157,521	0	0	331,290
Other non-current assets	22,036	24,831	12,926	50,352	(1,391)	108,754
Total assets	\$1,286,615	4,685,483	2,459,315	580,831	(7,277,578)	1,734,666
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 44	10,430	20,410	5,159	0	36,043
Accrued liabilities	1,245	39,693	31,500	24,700	0	97,138
Receipts in advance and deferred revenue	0	2,619	1,543	46,845	0	51,007
Accrued salary and benefits	83	4,787	39,316	3,046	0	47,232
Tax payables	447	1,945	9,480	2,353	0	14,225
Intra-Group payables due to subsidiaries (1)	163,443	943,867	146,529	234,405	(1,488,244)	0
Other short-term liabilities	0	62,299	3,535	10,488	0	76,322
Total current liabilities	165,262	1,065,640	252,313	326,996	(1,488,244)	321,967
Long-term other payables	0	0	2,807	0	0	2,807
Long-term tax liabilities	199,018	0	0	12,830	0	211,848
Deferred tax liabilities	0	265,862	7,835	0	0	273,697
Other non-current liabilities	0	6	1,600	1,444	(1,391)	1,659
Total long-term liabilities	199,018	265,868	12,242	14,274	(1,391)	490,011
Total liabilities	\$364,280	1,331,508	264,555	341,270	(1,489,635)	811,978
Commitments and contingencies						
SHAREHOLDERS' EQUITY						
Total Sohu.com Limited shareholders' equity	922,335	3,353,622	2,194,760	239,561	(5,787,943)	922,335
Noncontrolling interest	0	353	0	0	0	353
Total shareholders' equity (2)(3)	922,335	3,353,975	2,194,760	239,561	(5,787,943)	922,688
Total liabilities and shareholders' equity	\$ 1,286,615	4,685,483	2,459,315	580,831	(7,277,578)	1,734,666

[Table of Contents](#)

	As of December 31, 2025					
	Sohu.com Limited	Other Subsidiaries	Primary Beneficiaries of VIEs	VIEs and their subsidiaries	Eliminating adjustments	Consolidated totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,799	71,302	38,817	14,390	0	128,308
Short-term investments	0	483,481	208,105	10,786	0	702,372
Accounts receivable, net	0	7,966	15,310	20,059	0	43,335
Prepaid and other current assets	0	27,973	61,465	4,465	0	93,903
Intra-Group receivables due from subsidiaries (1)	532,974	275,291	633,984	135,745	(1,577,994)	0
Total current assets	536,773	866,013	957,681	185,445	(1,577,994)	967,918
Fixed assets, net	0	44,082	202,145	36	0	246,263
Investment in subsidiaries (2)	961,361	3,845,582	1,377,108	572,549	(6,756,600)	0
Controlling financial interests in VIEs (3)	0	0	268,942	0	(268,942)	0
Long-term time deposits	0	206,735	143,924	0	0	350,659
Other non-current assets	0	24,675	13,748	34,213	(1,423)	71,213
Total assets	\$1,498,134	4,987,087	2,963,548	792,243	(8,604,959)	1,636,053
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 0	8,917	22,023	5,275	0	36,215
Accrued liabilities	1,123	38,455	34,221	21,631	0	95,430
Receipts in advance and deferred revenue	0	1,613	930	52,335	0	54,878
Accrued salary and benefits	55	4,162	48,492	2,309	0	55,018
Tax payables	49	2,111	11,441	1,970	0	15,571
Intra-Group payables due to subsidiaries (1)	219,179	975,845	161,926	221,044	(1,577,994)	0
Other short-term liabilities	0	64,180	3,808	8,613	0	76,601
Total current liabilities	220,406	1,095,283	282,841	313,177	(1,577,994)	333,713
Long-term other payables	0	202	2,694	0	0	2,896
Long-term tax liabilities	0	0	0	13,121	0	13,121
Deferred tax liabilities	0	0	7,930	0	0	7,930
Other non-current liabilities	0	143	179	1,423	(1,423)	322
Total long-term liabilities	0	345	10,803	14,544	(1,423)	24,269
Total liabilities	\$ 220,406	1,095,628	293,644	327,721	(1,579,417)	357,982
Commitments and contingencies						
SHAREHOLDERS' EQUITY						
Total Sohu.com Limited shareholders' equity	1,277,728	3,891,115	2,474,375	464,522	(6,830,013)	1,277,727
Noncontrolling interest	0	344	195,529	0	(195,529)	344
Total shareholders' equity (2)(3)	1,277,728	3,891,459	2,669,904	464,522	(7,025,542)	1,278,071
Total liabilities and shareholders' equity	\$1,498,134	4,987,087	2,963,548	792,243	(8,604,959)	1,636,053

[Table of Contents](#)

The following table presents our condensed consolidating schedules of results of operations for the VIEs that we consolidate and other entities for the periods presented (in thousands):

	Year Ended December 31, 2023					
	Sohu.com Limited	Other Subsidiaries	Primary Beneficiaries of VIEs	VIEs and their subsidiaries	Eliminating adjustments	Consolidated totals
Revenues:						
Third-party revenues	\$ 0	51,825	71,645	477,202	0	600,672
Intra-Group revenues (4)	0	2,431	382,418	13,283	(398,132)	0
Total revenues	0	54,256	454,063	490,485	(398,132)	600,672
Cost of revenues:						
Third-party cost of revenues	0	30,422	63,914	55,227	(3,806)	145,757
Intra-Group cost of revenues (4)	0	15,178	8,396	86,435	(110,009)	0
Total cost of revenues	0	45,600	72,310	141,662	(113,815)	145,757
Gross profit	0	8,656	381,753	348,823	(284,317)	454,915
Operating expenses:						
Third-party operating expenses	2,193	137,111	358,862	44,059	0	542,225
Intra-Group operating expenses (4)	0	1,387	287	282,812	(284,486)	0
Total operating expenses	2,193	138,498	359,149	326,871	(284,486)	542,225
Operating profit/(loss)	(2,193)	(129,842)	22,604	21,952	169	(87,310)
Income/(loss) from subsidiaries (2)	(51,138)	68,616	(122,232)	0	104,754	0
Income/(loss) from VIEs (3)	0	0	23,879	0	(23,879)	0
Non-operating income/(expense)	376	28,873	48,766	3,814	(169)	81,660
Income/(loss) before income tax expense	(52,955)	(32,353)	(26,983)	25,766	80,875	(5,650)
Income tax expense	12,850	19,050	26,633	1,887	0	60,420
Net income/(loss) from continuing operations	(65,805)	(51,403)	(53,616)	23,879	80,875	(66,070)
Less: Net loss from continuing operations attributable to the noncontrolling interest shareholders	0	(265)	0	0	0	(265)
Net income/(loss) from continuing operations attributable to Sohu.com Limited	(65,805)	(51,138)	(53,616)	23,879	80,875	(65,805)
Net income from discontinued operations, net of tax						35,426
Net loss	\$					<u>(30,379)</u>

[Table of Contents](#)

	Year Ended December 31, 2024					
	Sohu.com Limited	Other Subsidiaries	Primary Beneficiaries of VIEs	VIEs and their subsidiaries	Eliminating adjustments	Consolidated totals
Revenues:						
Third-party revenues	\$ 0	53,430	60,058	484,911	0	598,399
Intra-Group revenues (4)	0	1,480	359,872	13,468	(374,820)	0
Total revenues	0	54,910	419,930	498,379	(374,820)	598,399
Cost of revenues:						
Third-party cost of revenues	0	37,798	70,143	60,678	(2,786)	165,833
Intra-Group cost of revenues (4)	0	14,313	9,582	72,697	(96,592)	0
Total cost of revenues	0	52,111	79,725	133,375	(99,378)	165,833
Gross profit	0	2,799	340,205	365,004	(275,442)	432,566
Operating expenses:						
Third-party operating expenses	2,514	147,592	328,228	63,633	0	541,967
Intra-Group operating expenses (4)	0	929	22	274,491	(275,442)	0
Total operating expenses	2,514	148,521	328,250	338,124	(275,442)	541,967
Operating profit/(loss)	(2,514)	(145,722)	11,955	26,880	0	(109,401)
Income/(loss) from subsidiaries (2)	(83,009)	45,173	(140,968)	0	178,804	0
Income/(loss) from VIEs (3)	0	0	21,744	0	(21,744)	0
Non-operating income/(expense)	554	34,576	27,664	(1,561)	0	61,233
Income/(loss) before income tax expense	(84,969)	(65,973)	(79,605)	25,319	157,060	(48,168)
Income tax expense	15,300	17,005	16,190	3,575	0	52,070
Net income/(loss) from continuing operations	(100,269)	(82,978)	(95,795)	21,744	157,060	(100,238)
Less: Net income from continuing operations attributable to the noncontrolling interest shareholders	0	31	0	0	0	31
Net income/(loss) from continuing operations attributable to Sohu.com Limited	(100,269)	(83,009)	(95,795)	21,744	157,060	(100,269)
Net loss	\$					(100,269)

[Table of Contents](#)

	Year Ended December 31, 2025					
	Sohu.com Limited	Other Subsidiaries	Primary Beneficiaries of VIEs	VIEs and their subsidiaries	Eliminating adjustments	Consolidated totals
Revenues:						
Third-party revenues	\$ 0	40,974	52,684	490,675	0	584,333
Intra-Group revenues (4)	0	1,330	396,717	13,794	(411,841)	0
Total revenues	0	42,304	449,401	504,469	(411,841)	584,333
Cost of revenues:						
Third-party cost of revenues	0	27,923	59,581	43,985	0	131,489
Intra-Group cost of revenues (4)	0	16,118	9,686	93,417	(119,221)	0
Total cost of revenues	0	44,041	69,267	137,402	(119,221)	131,489
Gross profit	0	(1,737)	380,134	367,067	(292,620)	452,844
Operating expenses:						
Third-party operating expenses	24,202	149,993	325,502	46,952	0	546,649
Intra-Group operating expenses (4)	0	0	173	292,541	(292,714)	0
Total operating expenses	24,202	149,993	325,675	339,493	(292,714)	546,649
Operating profit/(loss)	(24,202)	(151,730)	54,459	27,574	94	(93,805)
Income/(loss) from subsidiaries (2)	219,018	73,104	(139,249)	(21,118)	(131,755)	0
Income/(loss) from VIEs (3)	0	0	23,714	0	(23,714)	0
Non-operating income/(expense)	892	27,460	15,848	176	(94)	44,282
Income/(loss) before income tax expense	195,708	(51,166)	(45,228)	6,632	(155,469)	(49,523)
Income tax expense/(benefit)	(198,387)	(270,175)	20,916	4,037	0	(443,609)
Net income/(loss) from continuing operations	394,095	219,009	(66,144)	2,595	(155,469)	394,086
Less: Net income/(loss) from continuing operations attributable to the noncontrolling interest shareholders	0	(9)	(21,118)	0	21,118	(9)
Net income/(loss) from continuing operations attributable to Sohu.com Limited	394,095	219,018	(45,026)	2,595	(176,587)	394,095
Net income	\$					<u>394,095</u>

[Table of Contents](#)

The following table presents our condensed consolidating schedules of cash flows for the VIEs that we consolidate and other entities for the periods presented (in thousands):

	Year Ended December 31, 2023					
	Sohu.com Limited	Other Subsidiaries	Primary Beneficiaries of VIEs	VIEs and their subsidiaries	Eliminating adjustments	Consolidated totals
Cash flows from operating activities:						
Net cash provided by/(used in) transactions with third parties	\$ (1,631)	(356,837)	(76,861)	409,762	0	(25,567)
Net cash provided by/(used in) transactions with intra-Group entities	0	(13,528)	396,121	(382,593)	0	0
Net cash provided by/(used in) continuing operating activities	(1,631)	(370,365)	319,260	27,169	0	(25,567)
Net cash used in operating activities						(25,567)
Cash flows from investing activities:						
Net cash provided by/(used in) transactions with third parties	0	(351,792)	75,049	(14,922)	0	(291,665)
Net cash provided by/(used in) transactions with intra-Group entities	3	(1,124,552)	(1,325,496)	73,894	2,376,151	0
Net cash provided by/(used in) continuing investing activities	3	(1,476,344)	(1,250,447)	58,972	2,376,151	(291,665)
Net cash used in investing activities						(291,665)
Cash flows from financing activities:						
Net cash used in transactions with third parties	(6,560)	0	0	0	0	(6,560)
Net cash provided by/(used in) transactions with intra-Group entities	9,794	1,355,281	1,112,687	(101,611)	(2,376,151)	0
Net cash provided by/(used in) continuing financing activities	3,234	1,355,281	1,112,687	(101,611)	(2,376,151)	(6,560)
Net cash used in financing activities						(6,560)

[Table of Contents](#)

	Year Ended December 31, 2024					
	<u>Sohu.com Limited</u>	<u>Other Subsidiaries</u>	<u>Primary Beneficiaries of VIEs</u>	<u>VIEs and their subsidiaries</u>	<u>Eliminating adjustments</u>	<u>Consolidated totals</u>
Cash flows from operating activities:						
Net cash provided by/(used in) transactions with third parties	\$ (1,469)	(189,550)	(241,663)	384,664	0	(48,018)
Net cash provided by/(used in) transactions with intra-Group entities	0	(12,720)	371,281	(358,561)	0	0
Net cash provided by/(used in) continuing operating activities	(1,469)	(202,270)	129,618	26,103	0	(48,018)
Net cash used in operating activities						(48,018)
Cash flows from investing activities:						
Net cash used in transactions with third parties	0	(15,539)	(89,506)	(8,315)	0	(113,360)
Net cash provided by/(used in) transactions with intra-Group entities	(1,142)	(64,471)	177,995	35,788	(148,170)	0
Net cash provided by/(used in) continuing investing activities	(1,142)	(80,010)	88,489	27,473	(148,170)	(113,360)
Net cash used in investing activities						(113,360)
Cash flows from financing activities:						
Net cash used in transactions with third parties	(40,875)	0	0	0	0	(40,875)
Net cash provided by/(used in) transactions with intra-Group entities	44,702	226,218	(370,433)	(48,657)	148,170	0
Net cash provided by/(used in) continuing financing activities	3,827	226,218	(370,433)	(48,657)	148,170	(40,875)
Net cash used in financing activities						(40,875)

[Table of Contents](#)

	Year Ended December 31, 2025					
	<u>Sohu.com Limited</u>	<u>Other Subsidiaries</u>	<u>Primary Beneficiaries of VIEs</u>	<u>VIEs and their subsidiaries</u>	<u>Eliminating adjustments</u>	<u>Consolidated totals</u>
Cash flows from operating activities:						
Net cash provided by/(used in) transactions with third parties	\$ (1,865)	(107,655)	(337,494)	442,252	0	(4,762)
Net cash provided by/(used in) transactions with intra-Group entities	0	(13,176)	410,069	(396,893)	0	0
Net cash provided by/(used in) continuing operating activities	(1,865)	(120,831)	72,575	45,359	0	(4,762)
Net cash used in operating activities						(4,762)
Cash flows from investing activities:						
Net cash provided by/(used in) transactions with third parties	0	(12,138)	29,483	7,498	0	24,843
Net cash provided by/(used in) transactions with intra-Group entities	(124)	(153,178)	(222,837)	(38,070)	414,209	0
Net cash provided by/(used in) continuing investing activities	(124)	(165,316)	(193,354)	(30,572)	414,209	24,843
Net cash provided by investing activities						24,843
Cash flows from financing activities:						
Net cash used in transactions with third parties	(54,077)	0	0	0	0	(54,077)
Net cash provided by/(used in) transactions with intra-Group entities	55,735	258,377	113,490	(13,393)	(414,209)	0
Net cash provided by/(used in) continuing financing activities	1,658	258,377	113,490	(13,393)	(414,209)	(54,077)
Net cash used in financing activities						(54,077)

Note (1): Represents the elimination of intercompany balances generated from intra-Group service charges among Sohu.com Limited, the Primary Beneficiaries of VIEs, the Other Subsidiaries, and the VIEs and their subsidiaries that we consolidate under U.S. GAAP (ASC 810).

Note (2): Represents the elimination of investments among Sohu.com Limited, the Primary Beneficiaries of VIEs, and the Other Subsidiaries.

Note (3): Represents the elimination between the Primary Beneficiaries of VIEs and the VIEs and their subsidiaries that we consolidate under U.S. GAAP (ASC 810).

Note (4): Represents the elimination of intra-Group service charges at the consolidation level.

[Table of Contents](#)

Transfers of Cash Within the Sohu Group

The following is a summary of cash transfers that have occurred between our subsidiaries and the VIEs (in thousands):

	Year ended December 31,		
	2023	2024	2025
Cash paid by the VIEs to our subsidiaries under service agreements	\$(396,728)	\$(372,882)	\$(411,454)
Cash received by the VIEs from our subsidiaries under service agreements	14,135	14,321	14,561
Cash paid by the VIEs to our subsidiaries for intra-Group financing	(101,611)	(48,657)	(62,964)
Cash received by the VIEs from our subsidiaries for intra-Group financing	73,894	35,788	11,501

Risk Factors

Risks Related to Our Business

We are subject to the risks associated with operating in an evolving market.

As a company operating in an evolving Internet market in the Chinese mainland, we face numerous risks and uncertainties. Some of these risks relate to our ability to:

- build our businesses successfully;
- continue to attract users to remain with us and use our products and services;
- continue to attract a large audience to our matrices and services by expanding the type and technical sophistication of the content and services we offer;
- maintain and develop a sufficiently large advertiser base for our marketing services business;
- maintain and attract online game users by timely updating our existing online games and developing and launching new online games;
- effectively control our costs and expenses; and
- attract and retain qualified personnel.

Our operating results are likely to fluctuate significantly and may differ from market expectations.

Our annual and quarterly operating results have varied significantly in the past, and may vary significantly in the future, due to a number of factors which could have an adverse impact on our business. We reported an operating loss for each fiscal year from 2023 through 2025 and may continue to suffer operating losses in future years. Our marketing services revenues often fluctuate as our advertisers adjust their allocation of advertising dollars in response to varying business trends and economic cycles within their industries. Our advertisers' online marketing spending may also be negatively impacted by the general macroeconomic environment in the Chinese mainland, which in turn could negatively impact our marketing services revenues. Also see “- We depend on revenues from Changyou’s PC game TLBB PC and mobile game Legacy TLBB Mobile for a significant portion of our revenues, net income, and operating cash flow.”

Table of Contents

We depend on revenues from Changyou's PC game TLBB PC and mobile game Legacy TLBB Mobile for a significant portion of our revenues, net income, and operating cash flow.

For the year ended December 31, 2025, 60% of our total revenues and 69% of our online game revenues were derived from TLBB PC and Legacy TLBB Mobile. Despite Changyou's efforts to improve these two games, game players may nevertheless lose interest in them over time and their popularity, revenues, and profitability may decline accordingly. If Changyou fails to improve and update TLBB PC and Legacy TLBB Mobile on a timely basis, or if Changyou's competitors introduce more popular games, including mobile games, catering to Changyou's game-player base, the decline in TLBB PC's and Legacy TLBB Mobile's popularity can be expected to accelerate, which could cause a significant decrease in our revenues. If Changyou's revenues from TLBB PC and Legacy TLBB Mobile continue to decline as they have in recent years, or if Changyou's online game revenues from games other than TLBB PC and Legacy TLBB Mobile do not grow or if they decrease, our revenues, net income, and operating cash flow will be adversely affected. Furthermore, any interruptions in TLBB PC's and Legacy TLBB Mobile's operations could cause significant decreases in our revenues, net income, and operating cash flow.

We face intense competition, which could reduce our market share and adversely affect our financial performance.

There are many companies that distribute online content and services targeting Chinese Internet users. We compete with distributors of content and services over the Internet, including content sites, online games, Internet service providers and sites maintained by regulatory authorities, educational institutions and other institutions. These sites compete with us for high-quality content, user traffic, advertising dollars, online game players, potential partners and mobile services. The Internet market in the Chinese mainland continues to evolve. Competition is intense and can be expected to increase significantly in the future, because there are no substantial barriers to entry in our market.

We have many competitors in the Internet market in the Chinese mainland, including 37 Interactive, 58.com, Alibaba, Archosaur, Autohome, Baidu, Bilibili, BitAuto, Century Huatong (formerly known as Shanda), Cheetah Mobile, Douyin, Douyu, Giant, G-bits, Hello Group, Huya, IGG, iQIYI, JD, JOYY, Kingsoft, Kuaishou, Leju, Lilith, Mango TV, Meituan, miHoYo, NetDragon, NetEase, Perfect World, Phoenix, Pinduoduo, Rednote, Sina, Tencent, Tencent Music Entertainment, TouTiao, VIPs, Weibo, Xiaomi, and Youku.

We compete with our peers and competitors in the Chinese mainland primarily on the following basis:

- access to financial resources;
- technological advancements;
- attractiveness of products;
- brand recognition;
- volume of traffic and users;
- quality of Internet platforms and content;
- strategic relationships;
- quality of services;
- effectiveness of sales and marketing efforts;
- talent of staff; and
- pricing.

Our competitors may have certain competitive advantages over us including:

- greater brand recognition among Internet users and clients;
- better products and services;
- larger user and advertiser bases;

Table of Contents

- more extensive and well-developed marketing and sales networks; and
- substantially greater financial and technical resources.

Our existing competitors may in the future achieve greater market acceptance and gain a greater market share through launching of new products, introducing new technologies, or forming alliances among themselves, or may enhance their ability to compete with us through mergers and acquisitions or financing activities. For example, in the past many of our competitors have successfully raised significant amounts of capital through IPOs, follow-on public equity offerings, and convertible bond offerings. Several of our competitors have also conducted private placements of equity or debt that included alliances with larger partners who are able to bring them strategic advantages in addition to financing. By enhancing their capital bases and forming strategic alliances, our competitors have strengthened their competitiveness and gained greater brand recognition. Some of our major competitors have actively invested or initiated transactions in the market sectors in which we operate or into which we wish to expand our business, which could make it more difficult for us to compete against them effectively.

In addition, in recent years the Internet industry in the Chinese mainland has been increasingly dominated by Alibaba, Baidu, ByteDance, and Tencent. These dominant companies may be able to further strengthen their influence in the industry by encouraging cooperation among the companies in which they invest or with which they establish strategic relationships. We may not be able to compete successfully and avoid marginalization in the industry if we are unable to develop our own comparable business ecosystem, which may be difficult for us to do in view of our relatively limited resources in comparison to these dominant companies.

Further, new competitors may emerge and acquire significant market share. For example, high-quality smaller Internet companies that compete with us in vertical content production and live broadcasting may continue to emerge in the Internet industry with competitive advantages over us, including being led by young entrepreneurs who have a particular understanding of the needs and interests of younger users and, in view of their relatively small size, being able to adapt more easily than we are to rapid changes in the industry by adjusting their product strategies, market focus, and profit models.

In order to compete effectively in the primary markets in which we operate, we are likely to need additional financial and additional strategic resources, which may be hard to obtain. If our competitors are more successful than we are in obtaining necessary resources, in developing products or in attracting and retaining users and advertisers, our revenues and growth rates could decline.

If we fail to successfully develop and introduce new products, features and services, our ability to attract and retain users and generate revenues could be harmed.

We are continually developing new products, features and services for our users. The planned timing or introduction of new products, features and services is subject to risks and uncertainties. Actual timing may differ materially from original plans. Unexpected technical, operational, distribution or other problems could delay or prevent the introduction of one or more of our new products or services. Emerging start-ups may be able to innovate and provide new products, features and services faster than we can. Moreover, we cannot be sure that any of our new products, features and services will achieve widespread market acceptance or generate incremental revenues.

In addition, we may experience difficulties in promoting our new products, features and services as a result of the significant market power of our competitors or any anti-competitive practices they might engage in. As a result, despite considerable efforts in this regard, we may fail to attract and retain users.

As our products and services are currently accessed primarily through mobile phones, tablets, wearable devices and other internet-enabled mobile devices, we believe that we must develop products and applications for such devices if we are to maintain or increase our market share and revenues, and we may not be successful in doing so.

Devices other than personal computers, such as mobile phones, tablets, wearable devices and other internet-enabled mobile devices, are used increasingly in China and in overseas markets, and have surpassed personal computers as the primary means to access the Internet. We believe that, for our business to be successful when our content and services are delivered over mobile devices, we need to design, develop, promote and operate products and applications that are attractive to users of such devices, as well as enhance targeted delivery of our content and marketing services to our users and advertising customers. The design and development of new products and applications, and our efforts to enhance the effectiveness of such targeted delivery, may not be successful. We may encounter difficulties with the installation of such new products and applications for mobile devices, such products and applications may not function smoothly, and algorithms we develop for targeted delivery may not be effective in identifying the interests and needs of our users and advertising customers. As new devices are released or updated, we may encounter problems in developing and upgrading our products or applications for use on mobile devices and we may need to devote significant resources to the creation, support, and maintenance of such products or applications for mobile devices.

Table of Contents

Our business depends on a strong brand; thus we will not be able to attract users, customers and clients for our products and offerings if we do not maintain and develop our brands.

It is critical for us to maintain and develop our brands so as to effectively expand our user base and our revenues. We believe that the importance of brand recognition will increase as competition for Internet users in the Chinese mainland continues to intensify. In order to attract and retain users and customers, as well as online game players, we may need to substantially increase our expenditures for creating and maintaining brand loyalty. Our success in promoting and enhancing our brands, as well as our ability to remain competitive, will also depend on our success in offering high-quality content, features and functionality. If we fail to promote our brands successfully or if our users or advertisers do not perceive our content and services to be of high quality, we may not be able to continue growing our business and attracting users, advertising customers, and online game players.

Our failure to keep up with rapid technology changes may severely affect our future success.

The Internet industry is undergoing rapid technological changes. Our future success will depend on our ability to respond to evolving technologies, such as emerging artificial intelligence (“AI”) technology, adapt our services to changing industry standards and improve the performance and reliability of our services. If we fail to adapt to such changes, our business may be adversely affected. For example, with the emergence of cloud computing technology, the primary Internet technology platform has been transformed from a traditional platform to a cloud computing platform. If we fail to adapt to the transformation, our products and services upgrade process will fall behind our competitors, and accordingly weaken our capacity to adapt our technology to the market. In addition, as mobile devices other than personal computers are increasingly used to access the Internet, we must develop products and services for such devices. To meet advertisers’ needs in targeting potential advertisers accurately, we need to develop and operate a more effective system for our advertising delivery, tracking and recording. Otherwise, we will not be able to maintain or increase our revenues and market share. Also see “- Certain of our products and services incorporate open source software or rely on AI technologies accessed via third-party large model providers, and we also contribute or license certain of our technology to or through open source projects, which may expose our proprietary software, intellectual property, products, and services to unique risks that could adversely affect our business.”

In the meantime, the Ministry of Industry and Information Technology (the “MIIT”) and other regulatory authorities in the Chinese mainland can be expected to regularly promulgate standards and other regulations regarding Internet software and other Internet-based technologies. Adapting to such standards and regulations, including any regarding emerging AI technology, could require us to make significant expenditures in the future.

Our strategy of acquiring complementary assets, technologies and businesses or making other strategic investments may fail and result in impairment losses.

As a component of our growth strategy, we have acquired and intend to identify and acquire assets, technologies and businesses that are complementary to our existing businesses. Our acquisitions could result in the use of substantial amounts of cash, issuance of potentially dilutive equity securities, significant impairment losses related to goodwill or amortization expenses related to intangible assets, and exposure to undisclosed or potential liabilities of acquired companies. Companies that we have invested in may not be successful, which may lead to impairment of the values of our investments and in turn adversely affect our financial condition and operating results.

We may be required to record a significant charge to earnings when we reassess our goodwill or intangible assets.

We are required under U.S. GAAP to test for goodwill impairment annually or when an event occurs or circumstances change in a manner that could indicate that the goodwill might be impaired. We are also required to review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Factors that may be considered a change in circumstances indicating that the carrying value of our intangible assets may not be recoverable include a decline in stock price and market capitalization and slower or declining growth rates in our industry. We may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or intangible assets is determined. In 2025, Sohu recognized a \$37.0 million goodwill impairment loss. See “Note 13 - Goodwill” of the Notes to Consolidated Financial Statements included in this annual report.

Table of Contents

Any changes in accounting rules for share-based compensation, or any changes we make in our employee share incentive plans, may adversely affect our operating results, our ADS price and our competitiveness in the employee marketplace.

Our performance is largely dependent on talented and highly skilled individuals. Our future success depends on our continuing ability to identify, develop, motivate and retain highly skilled personnel for all areas of our organization. We have a history of using employee share options and restricted share units to align employees' interests with the interests of our shareholders and encourage quality employees to join us and retain our quality employees by providing competitive compensation packages. We have adopted guidance on accounting for share-based compensation that requires the measurement and recognition of compensation expense for all share-based compensation based on estimated fair values. As a result, our operating results contain a charge for share-based compensation expense related to employee share options and restricted share units. The recognition of share-based compensation expense in our consolidated statements of comprehensive income has had and will have a negative effect on our reported results and earnings per share, which can in turn negatively affect our ADS price. On the other hand, if we modify or cancel our employee share incentive plans, share-based compensation expense might be minimized but it may also limit our ability to continue to use share-based awards as a tool to attract and retain our employees, which may adversely affect our operations. It is possible that there will be changes in the accounting rules for share-based compensation in the future that could have an adverse effect on our ADS price and our competitiveness in the employee marketplace.

Our failure to manage future development and adapt to evolving industry trends and business models could have an adverse commercial impact on us.

The retention and management of personnel require significant time and resource commitments from us and our senior management. If we are unable to effectively manage a large and geographically dispersed group of employees or anticipate our future development, our business could be adversely affected. As we have approximately 4,000 employees, it can be difficult for us to fully monitor each employee's behavior. In addition, as we have several branch offices in the Chinese mainland, it is harder for us to monitor and regulate the overall behavior of our branch offices or of individual employees at such branch offices, to effectively implement our strategy to local offices and to manage the growth of these local operations. We cannot be certain that we will be able to maintain policies and procedures that are rigorous enough or that we will be able to cause all of our employees or all of our branch offices to behave in conformity with those policies and procedures, or to ensure that our employees will not engage in conduct that could expose us to third-party liability or governmental sanctions, which may limit our future growth and hamper our business strategy. Additionally, our business relies on our reporting and data systems, which have grown increasingly complex due to acquisitions and the diversification and complexity of our business. Our ability to operate our business efficiently depends on these systems, and if we are unable to adapt to these changes, our business could be adversely affected.

Moreover, to keep pace with the developing and evolving Internet industry, we must continually explore new products, services or revenue models for our business. Since we may have limited experience in new business areas, we may fail to manage growth and adapt to industry trends and business models. In addition, we must continue to develop products and services that are adaptable to mobile devices so as to attract users and cause our existing users and advertisers to remain with us. See “- As our products and services are currently accessed primarily through mobile phones, tablets, wearable devices and other internet-enabled mobile devices, we believe that we must develop products and applications for such devices if we are to maintain or increase our market share and revenues, and we may not be successful in doing so.”

If we fail to establish and maintain relationships with content, technology and infrastructure providers, we may not be able to attract and retain users.

We rely on third-party content providers to some extent for high-quality content in order to make our Internet platforms, which include our websites and our applications optimized for mobile devices (“Mobile Apps”), attractive to users and advertisers. To enlarge our video content library, we also produce self-developed video content. Content providers may increase the fees they charge us for their content, and the production costs for our self-developed video content may also rise. These could cause our costs and operating expenses to increase and affect our ability to obtain content at an economically acceptable cost. If we are not able to purchase or produce enough content, our platforms may become less attractive to users and advertisers may choose not to advertise through our Internet platforms. Except for exclusive content that we obtain from certain of our video content providers, much of the third-party content provided to our Internet platforms is also available from other sources or may be provided to other Internet companies. If other Internet companies present the same or similar content in a superior manner, it would adversely affect our user traffic.

We have made efforts to create a culture for user-generated content (“UGC”) and professional generated content (“PGC”), a sub-category of UGC where the content is created by a large group of professional or semi-professional content studios, that will allow and encourage Internet users to play an active role in the process of collecting, reporting, analyzing and disseminating content, and to encourage our users and other content providers to establish and disseminate their content, and interact, through our Internet platforms. We increasingly rely on content provided by UGC and PGC providers to generate user traffic, retain our existing users and attract new users. If we are not able to continue to attract users or other content providers to establish quality content on our Internet platforms, or if the UGC and PGC providers on our Internet platforms are not able to provide quality content that is appealing to Internet users in general, the volume of our user traffic may decrease and our business and prospects may be adversely affected. Also see “- We may be subject to intellectual property infringement claims, which may force us to incur substantial legal expenses and, if determined adversely to us, materially disrupt our business.”

Table of Contents

Our business also depends significantly on relationships with leading technology and infrastructure providers and the licenses that the technology providers have granted to us. Our competitors may establish the same relationships as we have, which may adversely affect us. We may not be able to maintain these relationships or replace them on commercially attractive terms.

We depend on key personnel and our business may be severely disrupted if we lose the services of our key executives and employees.

Our operation and future success is heavily dependent upon the services of our key executives, particularly Dr. Charles Zhang, who is the founder, Chief Executive Officer, Chairman of the Board, and a major shareholder of our company. For Changyou, we rely on the services of Dewen Chen, Changyou's Chief Executive Officer. If one or more of our key executives and employees are unable or unwilling to continue in their present positions, we may not be able to replace them easily and our business may be severely disrupted. In addition, if any of our key executives or employees joins a competitor or forms a competing company, we may lose know-how, key professionals and staff members, as well as customers and suppliers, and incur additional expenses to recruit and train personnel. Each of our executive officers has entered into an employment agreement and a confidentiality, non-competition and non-solicitation agreement with us. However, if there are disputes between our executive officers and us with respect to such agreements, we may have to incur substantial legal expenses in any legal or other action necessary to enforce them, and any such legal or other action may not be successful. We also rely on a number of key members of our technology staff for our business. Given the competitive nature of the industry, and in particular our competitors' increasingly aggressive efforts to provide competitive compensation packages to attract talent in the core Chinese markets where we operate, the risk of key technology staff leaving our company is high and could have a disruptive impact on our operations.

Our growth may cause significant pressures upon our financial, operational, and administrative resources.

Our financial, operational, and administrative resources may be inadequate to sustain the growth we want to achieve. As the demands of our users and the needs of our customers change, if there are increases in the number of our users and volume of advertising, requirements for maintaining sufficient servers to provide high-definition online video and to provide game players smooth online game experiences, and/or mobile activities, we will need to increase our investment in our network infrastructure, facilities and other areas of operations. If we are unable to manage our operations effectively, the quality of our services could deteriorate and our business may suffer. Our future success will depend on, among other things, our ability to:

- access financial resources;
- adapt our services and maintain and improve the quality of our services;
- protect our Internet platforms from hackers and unauthorized access;
- continue training, motivating and retaining our existing employees and attract and integrate new employees; and
- maintain and improve our operational, financial, accounting and other internal systems and controls.

Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business.

We regard our copyrights, trademarks, trade secrets and other intellectual property as critical to our success. Unauthorized use of our intellectual property by third parties may adversely affect our business and reputation. For example, a third-party Internet platform operator might provide its users access to video content on our Internet platforms while blocking Internet advertisements embedded in our video content, which could adversely affect our marketing services revenues and our reputation with our current and potential marketing services clients. We rely on trademark and copyright law, trade secret protection and confidentiality agreements with our employees, customers, business partners and others to protect our intellectual property rights. Despite our precautions, it may be possible for third parties to obtain and use our intellectual property without authorization. Our self-developed video content may be disseminated by third parties without our authorization. In addition, under the *Patent Law of the People's Republic of China* (the "Patent Law"), the State Council of China (the "State Council")'s Patent Administration Department may grant a compulsory license to individuals or entities to use one or more of our patents if our exploitation of the patents has been determined to violate the antitrust laws. Furthermore, the validity, enforceability and scope of laws protecting intellectual property in Internet-related industries continue to evolve, and the laws of the countries and regions in which we operate our businesses may not provide sufficient protection of our intellectual property rights. Moreover, litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Litigation could result in substantial costs and diversion of resources. We cannot be certain that judgments from any such lawsuits will be issued in our favor or that any resulting damages will cover our business losses and litigation expenses. If any such lawsuits do not achieve their intended effect, our business and operations may be adversely affected.

Table of Contents

We may be subject to intellectual property infringement claims, which may force us to incur substantial legal expenses and, if determined adversely to us, materially disrupt our business.

We cannot be certain that the products, services and intellectual property used in our normal course of business do not or will not infringe valid patents, copyrights or other intellectual property rights held by third parties. We have in the past been, and may in the future be, subject to claims and legal proceedings relating to the intellectual property of others in the ordinary course of our business and have in the past been, and may in the future be, required to pay damages or to agree to restrict our activities. In particular, if we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, may be ordered to pay damages or fines, and may incur licensing fees or be forced to develop alternatives. We may incur substantial expense in defending against third party infringement claims, regardless of their merit. Successful infringement claims against us may result in substantial monetary liability or may materially disrupt the conduct of our business by restricting or prohibiting our use of the intellectual property in question. In addition, it is possible that content on our Internet platforms, or on public accounts registered and operated by us on third-party Internet platforms, which not only includes content developed by us but also provides a platform for a significant amount of content generated by others, may violate the intellectual property rights of third parties. We, as a primary provider of self-developed video content, may incur relatively higher monetary liability if such content is found to have infringed the intellectual property rights of third parties. Also, as we increasingly rely on content provided by third-party PGC and UGC providers on our Internet platforms, either developed by the outlets themselves or adapted from content of parties separate from such outlets, it will become increasingly difficult for us to fully monitor such content, which could make us more vulnerable to potential infringement claims. Furthermore, regulatory authorities in the Chinese mainland have regularly been drawing attention to issues regarding the infringement of online intellectual property rights. For example, a regulatory program called the “Jian Wang Campaign” aimed at cracking down on network copyright infringement, has been in effect for several years. The Jian Wang Campaign for 2025, which was conducted from May through November of 2025 and targeted piracy and other forms of copyright infringement related to unauthorized dissemination and sale of films, TV dramas, micro-short dramas, short videos, animation and game-related works, and computer software, aimed to strengthen the copyright protection of original works.

We may be subject to, and may expend significant resources in defending against, claims based on the content and services we provide over our Internet platforms.

As our services may be used to download and distribute information to others, there is a risk that claims may be made against us for defamation, negligence, or copyright or trademark infringement or based on the nature and content of such information. Furthermore, we could be subject to claims for the online activities of our users and incur significant costs in our defense. In the past, claims based on the nature and content of information that was posted online by users have been made in the United States against companies that provide online services. We do not carry any liability insurance against such risks.

We could be exposed to liability for the selection of listings that may be accessible through our Internet platforms or through content and materials that our users may post using our interactive services. If any information provided through our services contains errors, third parties may make claims against us for losses incurred in reliance on the information. We also offer e-mail and subscription services, which expose us to potential liabilities or claims resulting from:

- unsolicited e-mail;
- lost or misdirected messages;
- illegal or fraudulent use of e-mail;
- interruptions or delays in e-mail service; or
- illegal or inappropriate content included in advertisements on our platforms.

Investigating and defending any such claims may be expensive, even if they do not result in liability.

Table of Contents

We may not have exclusive rights to trademarks, designs and technologies that are crucial to our business.

We have applied for initial registrations in the Chinese mainland and our target Offshore markets, and/or changes in registrations relating to transfers, of our key trademarks, including Sohu.com, Sohu News, Sohu Video, trademarks relating to Changyou products such as ChangYou.com, cyou.com, 17173, and the corresponding Chinese versions of the marks, so as to establish and protect our exclusive rights to these trademarks. Changyou has license rights to use certain word and graphic-text combination trademarks, including Tian Long Ba Bu and New Tian Long Ba Bu for its PC games and TLBB 3D, Legacy TLBB Mobile, TLBB Honor, and New TLBB Mobile for its mobile games, under Changyou's existing license agreements with the holder of the intellectual property rights with respect to the popular Chinese martial arts novel Tian Long Ba Bu. After the expiration of their terms Changyou may not be able to renew these license agreements with commercial terms that are favorable to Changyou, if at all, and Changyou's inability to renew these license agreements could force Changyou to lose the right to use the trademarks related to those games to the extent that they relate to Tian Long Ba Bu. We have also applied for patents relating to our business. While we have succeeded in registering the trademarks for most of these marks in the Chinese mainland under certain classes, the applications for initial registration, and/or changes in registrations relating to transfers, of some marks and/or of some of marks under other classes are still under examination by the Trademark Office of the China National Intellectual Property Administration (the "CNIPA") and relevant authorities of Offshore markets. While we have succeeded in obtaining some patents, some of our patent applications are still under examination by the Patent Office of the CNIPA. Approvals of our initial trademark registration applications, and/or of changes in registrations relating to such transfers, or of our patent applications, are subject to determinations by the Trademark Office of the CNIPA, the Patent Office of the CNIPA and relevant authorities overseas that there are no prior rights in the applicable territory. We cannot assure you that these applications will be approved. Any rejection of these applications could adversely affect our rights to the affected marks, designs and technologies. In addition, even if these applications are approved, we cannot be certain that any registered trademark or issued patent will be sufficient in scope to provide adequate protection of our rights.

Certain of our products and services incorporate open source software or rely on AI technologies accessed via third-party large model providers, and we also contribute or license certain of our technology to or through open source projects, which may expose our proprietary software, intellectual property, products, and services to unique risks that could adversely affect our business.

To remain competitive amid the rapid development of AI technologies, we have incorporated, and expect to continue to incorporate, open-source software into certain of our products and services to enhance functionality and user experience and reduce development time and costs. However, the use of open-source software may impose obligations on us to disclose, license, or distribute our proprietary source code under open-source license terms depending on how we incorporate and distribute such software. The terms of many open-source licenses have not been interpreted by courts of the Chinese mainland or relevant Offshore jurisdictions, and the legal landscape in this area remains evolving and uncertain. Failure to comply with these license requirements could result in claims of intellectual property infringement, demands to release our proprietary source code, costly litigation, injunctions restricting product distribution, or the need for expensive re-engineering efforts. Additionally, open-source components may contain third-party intellectual property without adequate permissions from copyright or patent owners, exposing us to infringement claims, or include security vulnerabilities that could be exploited by infringers to access or compromise our proprietary source code and other intellectual property.

Furthermore, open-source arrangements may weaken or cause us to forfeit exclusive rights to our own intellectual property. Inadvertent license incompatibilities or contributions could result in our innovations being licensed royalty-free to the public, limiting our ability to enforce patents or copyrights against infringers and reducing our competitive advantages. Open-source software also typically lacks warranties or indemnification, leaving us responsible for defects and non-compliance issues.

Our products and services increasingly incorporate AI technologies, including generative AI models accessed via third-party large model providers, as well as other AI technologies developed internally. The rapid development and complexity of AI present significant uncertainties and evolving risks. AI-generated content may infringe third-party intellectual property or personality rights, or otherwise violate applicable laws and regulations prohibiting unfair competition.

In the Chinese mainland, the regulatory environment for AI is developing rapidly and remains uncertain, with requirements such as AI-generated content labeling, algorithm filing, and other compliance obligations that may apply to our offerings. See "Governmental Regulation and Legal Uncertainties – Specific Statutes and Regulations – Miscellaneous – Laws and Regulations Related to Security and Censorship." Failure to comply with existing or future laws, regulations, or government directives could result in penalties, operational restrictions, reputational harm, user complaints, litigation, damages, or other liabilities, any of which could adversely affect our business, financial condition, and results of operations.

[Table of Contents](#)

We may be subject to claims for invasion of personal privacy, which may force us to incur legal expenses and, if determined adversely to us, disrupt our business.

We allow users to upload written materials, images, pictures and other content on our platforms and to download, share, and link to audio, video, and other content either on our platforms or from other websites through our platforms. Procedures that we have designed to reduce the likelihood that content will be used without proper licenses or third-party consents may not be effective in preventing the unauthorized posting or sharing of content. Further, we cannot be certain that content uploaded or shared by our users is legal and will not violate the privacy of others, and we may be unable to anticipate the existence of such content on our platforms or to implement adequate preventative measures. As a result, we may be subject to claims and legal proceedings relating to violations of the personal privacy of others in the ordinary course of our business and may be required to pay damages or fines or to restrict our activities. See “Governmental Regulation and Legal Uncertainties – Specific Statutes and Regulations – Miscellaneous – Laws and Regulations Related to Consumer Protection and Privacy Protection – Privacy Protection.” Complying with such requirements could cause us to incur substantial expenses or necessitate that we alter or change our practices in a manner that could harm our business.

Data security breaches relating to our platforms could damage our reputation and expose us to penalties and legal liability.

We collect, process, and store on our servers significant amounts of data concerning our users, business partners and employees. Although we have taken steps to protect our user data, our security measures could be compromised, because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, and we may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, we are, and will continue to be, subject to various Chinese mainland regulatory requirements relating to the security and privacy of such data, including existing requirements or requirements that may be imposed on us in the future, making the extent of our responsibility in that regard uncertain. For example, we are subject to the requirements of *the Personal Information Protection Law* (the “PIPL”), which took effect on November 1, 2021 and emphasizes the importance of processors’ obligations and responsibilities for personal information protection. See “Governmental Regulation and Legal Uncertainties – Specific Statutes and Regulations – Miscellaneous – Laws and Regulations Related to Consumer Protection and Privacy Protection – Privacy Protection.” In addition, *the Data Security Law*, which took effect on September 1, 2021 (the “Data Security Law”), regulates data processing activities and security. Any organizations or individuals who engage in data processing activities that violate the Data Security Law can be subject to civil, administrative, or criminal penalties depending on the circumstances. On September 24, 2024, the State Council promulgated the *Regulations on the Administration of Cyber Data Security* (the “Data Security Regulations”), which took effect on January 1, 2025 and impose enhanced requirements on online platform service providers, such as us, with respect to the protection of personal data in connection with data processing activities conducted over the internet. See “Governmental Regulation and Legal Uncertainties – Specific Statutes and Regulations – Miscellaneous – Laws and Regulations Related to Security and Censorship.”

Any failure, or perceived failure, by us, or by our partners, to maintain the security of our user data or to comply with applicable Chinese mainland or Offshore privacy, data security and personal information protection laws, regulations, policies, contractual provisions, industry standards and other requirements may result in civil or regulatory liability, including regulatory or data protection authority enforcement actions and investigations, fines, penalties, enforcement orders requiring us to cease operating in a certain way, litigation or adverse publicity, and may require us to expend significant resources in responding to and defending allegations and claims against us. Moreover, any claims or allegations that we have failed to adequately protect our users’ data, or otherwise violated applicable privacy and data security laws, regulations, policies, contractual provisions, industry standards or other requirements, may result in damage to our reputation and a loss of confidence in us by our users or our partners, potentially causing us to lose users, advertisers, content providers, other business partners and revenues, which could have an adverse effect on our financial condition and results of operations.

Pending or future litigation could have an adverse impact on our financial condition and results of operations.

From time to time, we have been, and may in the future be, subject to lawsuits brought against us by our competitors, or other third parties. For example, in 2020, a group of plaintiffs brought a lawsuit against Changyou in the Cayman Islands claiming that they were entitled to assert dissenters’ rights in the Changyou Merger and to receive payment of the “fair value” of their ordinary shares in Changyou. The Grand Court of the Cayman Islands, the Cayman Islands Court of Appeal, and the Judicial Committee of the Privy Council in the United Kingdom ruled in the plaintiffs’ favor as to the plaintiffs’ right to assert dissenters’ rights in the Changyou Merger, notwithstanding that the relevant statute did not expressly confer such a right. In December 2025, Changyou reached a settlement with the plaintiffs and the plaintiffs’ demand to receive “fair value” for their shares was dismissed.

Where we can make a reasonable estimate of the liability relating to pending litigation against us and determine that an adverse result for us from such litigation is probable, we record a related contingent liability. As additional information becomes available, we assess the potential liability and revise estimates as appropriate. However, due to the inherent uncertainties relating to litigation, the amount of our estimates may be inaccurate. While we do not believe that any currently pending proceedings are likely to have a material adverse effect on our business, financial condition and results of operations, if there were adverse determinations in legal proceedings against us, we could be required to pay substantial monetary damages or adjust our business practices, which could have an adverse effect on our financial condition and results of operations.

Table of Contents

We face risks related to natural disasters, terrorist attacks, and health epidemics.

Our business has been and could in the future be adversely affected by natural disasters, such as earthquakes, floods, landslides, and tsunamis; terrorist attacks and other acts of violence or war; social instability; and recurrences of outbreaks of previous health epidemics and pandemics such as avian influenza, severe acute respiratory syndrome (or SARS), the Zika virus, the Ebola virus, and COVID-19.

We do not have business insurance coverage.

Insurance companies in the Chinese mainland offer limited business insurance products. We do not have any business liability, loss of data or disruption insurance coverage for our operations in the Chinese mainland. Any business disruption, litigation or natural disaster might result in our incurring substantial costs and the diversion of our resources.

The brand advertisement market includes many uncertainties, which could cause our marketing services revenues to decline.

We generate a significant portion of our marketing services revenues from the sale of advertising for posting on our Internet platforms. Marketing services revenues represented approximately 10% and 12% of our total revenues for the years ended December 31, 2025 and 2024, respectively. Our marketing services revenues mainly rely on the sale of advertising for posting on our Internet platforms, which may be affected by many of the following risk factors:

- The marketing services market in general, and the advertising market in particular, in the Chinese mainland is still evolving and changing. Our current and potential advertising clients may not devote a significant portion of their marketing budgets to Internet-based advertising in general, or to us in particular;
- Changes in regulatory policy could restrict or curtail our marketing services, and our advertising services in particular. For example, during the last several years, regulatory authorities in the Chinese mainland enacted a series of regulations, administrative instructions, and policies to restrict online medical advertising. As a result of these regulations, we may lose some of our existing medical advertising clients;
- Advertising agencies and advertisers may adopt new methods and strategies other than brand advertising to promote their brands. For example, they may shift their budgets from advertising to sales-driven promotions. Advertising agencies and advertisers may also face financial difficulties that cause them to curtail their spending on advertising. Any of these would have an adverse effect on our marketing services revenues;
- The acceptance of the Internet as a medium for advertising depends on the development of standards for measuring the effectiveness of advertisements disseminated over the Internet, and no standards have been widely accepted for the measurement of the effectiveness of brand advertising over the Internet. Industry-wide standards may not develop that are sufficient to support the Internet as an effective advertising medium. If these standards do not develop, advertisers may choose not to advertise on the Internet in general or through our portals; and
- We may not have systems that are sufficiently well-developed to support our marketing services business, and as a result, we may suffer system bugs that cause bad user experiences, errors, or omissions in publishing our client's advertisements, which could have a negative impact on our marketing services business.

In addition, our ability to generate and maintain marketing services revenues will also depend upon:

- the development and maintenance of a large base of users possessing demographic characteristics attractive to advertising clients;
- the acceptance of brand advertisement as an effective way for business marketing by advertising clients;

Table of Contents

- the effectiveness of our advertising delivery, tracking and reporting systems;
- the resistance pressure on brand advertising prices and limitations on inventory;
- the ability to integrate advertisers' needs with our various marketing events and campaigns; and
- the establishment of a successful business model to make our new products adaptable to portable devices, which has required us, and will continue to require us, to make significant expenditures for research, development, promotion and operations.

Many advertisers allocate their online marketing budgets primarily to advertising on mobile devices, and the forms of advertising change rapidly. As a result, our marketing services business will suffer if we do not optimize, adapt, and make attractive our various product and service offerings for access on mobile devices and effectively deliver advertising content in a manner that attracts and retains users' interest and attention.

The operation of our marketing services requires us to make substantial expenditures for content, technology, infrastructure, and brand promotion. We may not be able to effectively contain these costs or provide sufficient marketing services to recoup our continuing costs, and our relatively limited financial resources compared to those of many of our competitors in the brand advertising market may prevent us from competing effectively.

It has been, and can be expected to continue to be, necessary for us to invest financial, operational, strategic, technological, personnel, and other resources in our marketing services. Over the past few years, traffic and user acquisition costs have remained at a high level and have adversely affected our operating results. Although we have worked to control our expenditures for marketing services, our total operating costs may continue to exceed the amount of our revenues derived from our platforms. Further, we compete with providers of popular content and services that have substantially greater financial resources than we do. If we are unable to expend the resources at a level necessary to self-develop or acquire the rights to, and provide on our platforms, quality content, we may not be able to compete effectively against these other popular content and service providers, or maintain or increase the level of our user traffic, which could make our platforms less attractive to advertisers, have a negative impact on our ability to generate revenues, and make it difficult for us to stem our losses from operation of our marketing services or to recoup our expenditures.

We may not be able to reverse the decline in revenues from our marketing services business. If we fail to do so, our marketing services business may not ever become profitable, and we may not be able to recoup our substantial expenditures for development of the business.

Our marketing services revenues, which as of the date of the filing of this annual report consist primarily of revenues generated from our advertising services offerings, have declined in recent years. Although the online advertising industry in the Chinese mainland has experienced growth in recent years, we cannot be certain that it will continue to grow. Growth of the online advertising industry is affected by numerous factors, such as users' general Internet experience, technological innovations, development of Internet and Internet-based services, regulatory changes in general and regulations affecting copyright in particular, and the macroeconomic environment. If the online advertising industry in the Chinese mainland does not grow, if our business strategies fail to align with market trends, or if we fail to successfully implement our business strategies, including the development and implementation of new marketing services models, our user traffic may decrease, our marketing services revenues may continue to decline, and our business and prospects may be adversely affected. We have allocated and spent, and expect to continue to allocate and spend, substantial financial resources to develop our marketing services business, which may result in less financial resources being used or available for, and the diversion of management attention and our other resources from, our development of new business opportunities. For us to become profitable, it will be necessary for us to both increase our revenues and control or reduce our expenditures. If we fail to become profitable, we will be unable to recoup our substantial expenditures for the development of our marketing services business.

As we offer self-developed video content that we develop in house, we face the risk that such self-developed content may not be well received by viewers and/or fail to attract advertisers, and we may not be able to generate sufficient revenues to stem our losses from our online video services or to ultimately recoup our costs.

We have spent, and expect to continue to spend, resources on self-developed video content. However, we are subject to the risk that the quality of our self-developed video content will not be up to our expectations or those of our target viewer audience. If our self-developed video content is not well received by viewers and/or fail to attract sufficient advertising placements from advertisers, or if the development of any such content is not completed as a result of financial, regulatory, or other restraints, we may not be able to recoup our production costs and other expenditures. In recent years, the production of self-developed content, including micro-short dramas, has become increasingly common in the online video industry in the Chinese mainland. We may continue to face significant competition from other online video platforms with respect to the acquisition of quality and popular intellectual property, such as story lines, plots, and characters, for use in such content and the cost of obtaining such intellectual property will therefore be likely to increase.

Table of Contents

We rely on advertising agencies to sell our marketing services. As the brand advertising market in the Chinese mainland is effectively controlled by a small number of large advertising agencies, such advertising agencies may be in a position to demand higher sales rebates or to delay payments to us, which would adversely affect our gross margin.

Most of our brand advertisement offerings are distributed by advertising agencies. In 2025, approximately 69% of our marketing services revenues were derived from advertising agencies, and the five largest advertising agencies in the Chinese mainland contributed approximately 22% of our marketing services revenues. In consideration for these agencies' services, we are required to pay certain percentages of revenues as sales rebates. As the brand advertising market is effectively controlled by a small number of large advertising agencies, such advertising agencies may be in a position to demand higher sales rebates based on increased bargaining power, or to delay payments to us, which could negatively affect our marketing services' growth and the timing of our collection of payments.

The expansion of Internet advertisement blocking measures may result in a decrease in our marketing services revenues.

The development of Web software that blocks Internet advertisements before they appear on a user's screen may hinder the growth of online advertising. For example, some Internet platforms allow their users to access video content from our Internet platforms, while completely blocking our advertisements from being viewed by their users. Since our marketing services revenues are generally based on user views, the expansion of advertisement blocking on the Internet may decrease our marketing services revenues because, when an advertisement is blocked, it is not downloaded from the server, which means such advertisements will not be tracked as a delivered advertisement. In addition, advertisers may choose not to advertise on the Internet or on our Internet platforms because of the use by third parties of Internet advertisement blocking measures. In addition, increasing numbers of browsers include technical barriers designed to prevent Internet information service providers such as us to trail the browsing history of the Internet users, which is also likely to adversely affect the growth of online advertising.

If our video content fails to attract and retain users and advertisers, we may not be able to generate sufficient user traffic to allow us to maintain or increase our video revenues.

Our business largely depends on our ability to generate sufficient user traffic through provision of attractive content and products, and to in turn attract advertisers to place advertisements on our Internet platforms. For example, in order to attract and retain users, we have needed, and will continue to need, to expend resources to develop our own or acquire from third parties high-quality video content. In the past, we purchased significant amounts of exclusive video content, including films and TV dramas, through which we generated user traffic, advertising revenues, and revenues from bartering for other video content from other parties or distributing to other third parties. As some films and TV dramas are required to obtain permits from the National Radio and Television Administration (the "NRTA"), the National Film Administration (the "NFA"), or their respective local branches before they are transmitted via the Internet, if we are not able to timely obtain the required permits, users might access pirated versions of such films and TV dramas and become less likely to view them on our Internet platforms when they become available, which would significantly affect the ability of our exclusive video content to attract and retain users, and cause our online traffic and advertising revenues to be lower than we expected.

In order to reduce our video content costs, in recent years we have gradually shifted our strategy from purchasing expensive head content to purchasing lower cost content or developing content in-house which generally generates less user traffic and revenues than purchased content does and has adversely affected, and may continue to adversely affect, our revenues. We cannot be certain that we will continue to be able to acquire content rights or develop premium content in the future, and our user traffic and revenues generated from such content could be reduced. Moreover, if we fail to produce by ourselves or acquire from third parties high-quality video content, or if video content we develop by ourselves or acquire proves to be less attractive to users than we anticipated, our user traffic and our market share could be adversely affected, which could result in our being unable to maintain or increase our video revenues.

Table of Contents

Videos and other types of content and materials displayed on our Internet platforms, or on public accounts registered and operated by us on third-party Internet platforms, may be found objectionable by regulatory authorities in the Chinese mainland, may subject us to penalties and other administrative actions, and may subject us to liabilities for infringement of third-party intellectual property rights or other allegations.

Regulatory authorities in the Chinese mainland have adopted regulations governing Internet access and the distribution of videos over the Internet. Although we have adopted internal procedures to monitor the content displayed on our Internet platforms which is uploaded by PGC and UGC providers, due to the significant amount of content uploaded, we may not be able to identify all videos or other content that may violate relevant laws and regulations, and the risk may be greater as we increasingly rely on content provided by PGC and UGC providers through our Internet platforms, as our ability to fully review such content prior to its publication is limited. Failure to identify and prevent illegal or inappropriate content, either developed in-house or provided by PGC and UGC, such as content that is defamatory, is racially or religiously discriminatory, compromises national security, or infringes the intellectual property rights of third parties, from being displayed on our Internet platforms may subject us to liability.

To the extent that regulatory authorities in the Chinese mainland find any content displayed on our Internet platforms objectionable, they may require us to limit or eliminate the dissemination of such content on our Internet platforms, with take-down orders or otherwise. The State Administration of Press, Publication, Radio, Film and Television (the “SAPPRFT”), which in March 2018 was reorganized into three separate regulatory authorities in the Chinese mainland - the NRTA, the NFA, and the National Press and Publication Administration (the “NPPA”), prior to March 31, 2018 published, and one or more of those successor entities have published or can be expected to publish, from time to time lists of content that they consider objectionable, and we must dedicate teams of employees to continually monitor user-uploaded content and remove content that is deemed objectionable. In addition, regulatory authorities may impose penalties on us based on content displayed on or linked to our Internet platforms in cases of significant violations, including a revocation of our operating licenses or a suspension or shutdown of our online operations. In the event that regulatory authorities in the Chinese mainland find the video content on our Internet platforms objectionable and impose penalties on us or take other administrative actions against us in the future, our business and reputation may be adversely affected. Moreover, the costs of compliance with these regulations may continue to increase as more content is uploaded by our users.

In addition, under laws and regulations of the Chinese mainland governing online advertising, online publishers, such as us, are required to monitor advertising content displayed on their Internet platforms for accuracy, and for compliance with Chinese mainland law governing the dissemination of content over the Internet that is deemed to be unlawful or inappropriate. If we were found to have failed to fulfill our obligation to monitor advertisements on our platforms, we could be subject to various penalties, including being prohibited from providing advertising services for advertisers. For example, regulatory authorities required that we suspend our News Apps from the Apple App Store for two weeks during 2018, based on a claim that our News Apps had been displaying unlawful and inappropriate advertising content.

We have been involved in litigation based on allegations of infringement of third-party copyrights and other rights, such as privacy and image rights, due to the videos displayed on our Internet platforms. See “- We may be subject to intellectual property infringement claims, which may force us to incur substantial legal expenses and, if determined adversely to us, materially disrupt our business.” While we have implemented internal procedures to review videos uploaded by our users and remove promptly from our Internet platforms any infringing videos after we receive infringement notifications from rights owners, due to the significant number of videos uploaded by users, we may not be able to identify all content that may infringe on third-party rights. Moreover, some rights owners may not send us a notice before bringing a lawsuit against us. Thus, our failure to identify unauthorized videos posted on our Internet platforms has subjected us to, and may in the future subject us to, claims of infringement of third-party intellectual property rights or other rights. In addition, we may be subject to administrative actions brought by the National Copyright Administration (the “NCA”) or its local branches for alleged copyright infringement.

We may also face litigation or administrative actions for defamation, negligence, or other purported injuries resulting from videos and advertisements that we display on our Internet platforms or on public accounts registered and operated by us on third-party Internet platforms. Such litigation and administrative actions, with or without merit, may be expensive and time-consuming and may result in significant diversion of resources and management attention from our business operations. Furthermore, such litigation or administrative actions may adversely affect our brand image and reputation.

Also see “- Certain Information that we display on, or distribute or otherwise make accessible through, our Internet platforms or public accounts registered and operated by us on third-party platforms may subject us to liabilities and other sanctions for violation of Chinese mainland laws, rules and regulations.”

Risks Related to the Chinese Mainland’s Telecommunications Infrastructure

Our growth depends on there being reliable telecommunications infrastructure and related services in the Chinese mainland, and any failure of or interruption in this infrastructure or related services could result in severe disruptions to our business and limit our ability to expand it.

Our ability to grow our business depends on regulatory authorities and telecommunications infrastructure and related service providers in the Chinese mainland maintaining and expanding reliable Internet and telecommunications infrastructure and services in order for them to be sufficient to allow us to reach a broad base of Internet users in the Chinese mainland. Although there are a small number of non-state-owned telecommunications service providers in the Chinese mainland, almost all access to the Internet is maintained through state-owned telecommunication service providers under the administrative control and regulatory supervision of the MIIT. We rely on the infrastructure operated and maintained by these state-owned telecommunications service providers to provide data communications capacity, primarily through local telecommunications lines, and we will have no access to alternative networks and services on a timely basis, if at all, in the event of any disruption or failure in the infrastructure they operate.

[Table of Contents](#)

We have signed Bandwidth Provision and Server Hosting Agreements with each of the state-owned telecommunications service providers. We maintain servers in the Chinese mainland to support most of our core services under these agreements. However, as there are limited telecommunication infrastructure service providers, we may not be able to lease additional bandwidth on acceptable terms on a timely basis, or at all. If we are not able to lease additional bandwidth, the development of our business can be adversely affected.

To the extent we are unable to scale our systems to meet the increasing Internet population, we will be unable to expand our user base and increase our attractiveness to advertisers and merchants.

As Internet volume and traffic increase in the Chinese mainland, we may not be able to scale our systems proportionately. To the extent we do not successfully address our capacity constraints, our operations may be severely disrupted, and we may not be able to expand our user base and increase our attractiveness to advertisers and merchants. Even if we scale our systems proportionately, any unforeseen increase in traffic may disrupt our operations and make it difficult for our users to visit our Internet platforms, or even cause users to be unable to access our Internet platforms at all, which could result in a loss of users.

Unexpected network interruptions caused by system failures may result in reduced user traffic, reduced revenue and harm to our reputation.

Our Internet platforms operations are dependent upon Web browsers, Internet service providers, content providers and other Internet platforms operators in the Chinese mainland. Our users may experience difficulties due to system failures unrelated to our systems and services. Any system failure or inadequacy that causes interruptions in the availability of our services, or increases the response time of our services, as a result of increased traffic or otherwise, could reduce our user satisfaction, our future traffic and our attractiveness to users and advertisers.

Our operations are vulnerable to natural disasters and other events, as we only have limited backup systems and do not maintain any backup servers outside of the Chinese mainland.

We have limited backup systems and have experienced system failures and electrical outages from time to time in the past, which have disrupted our operations. Our disaster recovery plan cannot fully ensure safety in the event of damage from fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins and similar events. If any of the foregoing occurs, we may experience a complete system shutdown. We do not carry any business interruption insurance. To improve the performance and to prevent disruption of our services, we may have to make substantial investments to deploy additional servers or one or more copies of our Internet platforms to mirror our online resources.

Although we carry property insurance with low coverage limits, our coverage may not be adequate to compensate us for all losses, particularly with respect to loss of business and reputation that may occur.

Our network operations may be vulnerable to hacking, viruses, and other disruptions, which may make our products and services less attractive and reliable, and third-party online payment platforms that we partner with and cloud-based servers that we lease from third-party operators may be susceptible to security breaches, which may damage our reputation and adversely affect our business.

Internet use can decline if any well-publicized compromise of security occurs. “Hacking” involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment. Hackers, if successful, could misappropriate proprietary information or cause disruptions in our service. We may be required to expend capital and other resources to protect our Internet platforms against hackers, and measures we may take may not be effective. In addition, the inadvertent transmission of computer viruses could expose us to a risk of loss or litigation and possible liability, as well as damage our reputation, decrease our user traffic, and adversely affect our financial performance.

Furthermore, we could be liable for security breaches of our users’ confidential information, such as credit card numbers and expiration dates, personal information and billing addresses, stored by the third-party online payment platforms that we partner with. Since our revenues are derived in part from such payment platforms, any security breach resulting from Internet payment transactions could damage our reputation and deter current and potential users from using our online services.

We store on cloud-based servers that we lease from third-party operators, and transmit over the Internet, considerable and continually increasing amounts of data in connection with our service offerings, much of which is essential to the operation of our business and some of which is highly confidential information concerning our business and our users. Any breaches by hackers of cloud-based servers that we lease from third-party operators could cause disruptions in our service or operations, any of which could have an adverse impact on our businesses, our revenues, and our reputation among our customers, suppliers, and business partners. In order to minimize the likelihood of such breaches as the amount of confidential and sensitive data that we transmit increases, we will need to expend considerable resources to maintain and enhance the effectiveness of our security systems and to monitor and manage potential security risks associated with our use of third-party cloud-based servers and related services.

Risks Related to Our Corporate Structure

In order to comply with Chinese mainland regulatory requirements, we operate our main businesses through companies with which we have contractual relationships but in which we do not have an actual ownership interest. If our current ownership structure is found to be in violation of current or future Chinese mainland laws, rules or regulations regarding the legality of foreign investment in the Chinese mainland's Internet sector, we could be subject to severe penalties.

Our ADSs represent ordinary shares of a Cayman Islands exempted holding company that has no operations of its own. All of our operations are conducted through our direct and indirect subsidiaries, or through VIEs that are incorporated in the Chinese mainland and are not owned, directly or indirectly, by us, but rather are held by Dr. Charles Zhang and/or certain of our other employees, as our nominees. Various Chinese mainland laws and regulations restrict or prohibit foreign ownership of certain businesses in the Chinese mainland that we are engaged in, such as value-added telecommunication services, Internet publishing, online news information services, online audiovisual transmission, online games, and certain other business activities. Accordingly, in order to comply with Chinese mainland regulatory requirements while providing our shareholders with the opportunity to hold economic interests in the results of the Chinese mainland operations of those businesses, the VIEs conduct operations of those businesses where foreign investment is prohibited or restricted in the Chinese mainland, and the results of operations of the VIEs only accrue to us through a series of contractual arrangements between certain of the VIEs and/or their shareholders, on the one hand, and certain of our Chinese mainland-based wholly-owned subsidiaries, on the other hand. These arrangements pose substantial risks to us and our shareholders that are not present in conventional arrangements where operations are conducted through direct and indirect subsidiaries of holding companies.

The MIIT issued a circular in 2006 that emphasizes restrictions on foreign investment in value-added telecommunications businesses. In addition, a notice issued in 2009 by the SAPPRFT, the NCA, and the National Office of Combating Pornography and Illegal Publications states that foreign investors are not permitted to invest in online game operating businesses in the Chinese mainland or to exercise control over or participate in the operation of such businesses through indirect means. While we are not aware of any internet company which uses the same or similar contractual arrangements as we do having been penalized or ordered to terminate operations by authorities in the Chinese mainland claiming that the arrangements constituted foreign investment in value-added telecommunication services or a kind of control over or participation in the operation of online game operating businesses through indirect means, it is unclear whether and how the various regulations of the authorities in the Chinese mainland might be interpreted or implemented in the future. For a detailed discussion of Chinese mainland regulations, notices and circulars with respect to such restrictions, see “Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Regulation of Foreign Direct Investment in Value-Added Telecommunications Companies” and “Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Regulation of Online Game Services - Online Games and Cultural Products.”

In addition, pursuant to the *Notice on Establishing a Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* (“Circular 6”), which was promulgated by the General Office of the State Council in February 2011, a security review is required for mergers and acquisitions by foreign investors having “national defense and security” concerns and mergers and acquisitions by which foreign investors may acquire “de facto control” of domestic enterprises with “national security” concerns. Pursuant to *the Rules on Implementation of Security Review System*, which were promulgated by the Ministry of Commerce (the “MOFCOM”) and became effective on September 1, 2011 (the “MOFCOM Security Review Rules”), foreign investors are prohibited from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or Offshore transactions. These national security review-related regulations are relatively new and there is a lack of clear statutory interpretation regarding the implementation of the rules, and authorities in the Chinese mainland may interpret these regulations to mean that the transactions implementing our VIE structures should have been submitted for review. For a discussion of these Chinese mainland national security review requirements, see “Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Miscellaneous - Regulation of M&A and Overseas Listings.”

[Table of Contents](#)

The *Law of the People's Republic of China on Foreign Investment* (the "Foreign Investment Law") currently does not explicitly categorize contractual arrangements as a form of foreign investment. However, the Foreign Investment Law provides that foreign investment includes "foreign investors' investment in the Chinese mainland through any other methods specified by laws, administrative regulations, or provisions prescribed by the State Council" without elaboration on the meaning of "other methods." The *Implementing Regulations of the Foreign Investment Law* are also silent on whether foreign investment includes contractual arrangements. There is no assurance that future laws, administrative regulations or provisions of the State Council would not count contractual arrangements as a form of foreign investment. For a detailed discussion of Chinese mainland regulations with respect to wholly foreign owned subsidiaries that are incorporated in the Chinese mainland ("WFOEs") and any subsidiaries that, although not wholly foreign owned, are considered to be foreign owned, see "Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Requirements for Establishment of WFOEs."

If we were found to be in violation of any existing or future Chinese mainland law or regulations relating to foreign ownership of value-added telecommunication services, Internet publishing, online news information services, online audiovisual transmission, online games, and certain other businesses where foreign investment is prohibited or restricted in the Chinese mainland or is subject to security review under Chinese mainland law, regulatory authorities with jurisdiction over the operation of our business would have broad discretion in dealing with such a violation, including levying fines, confiscating our income, revoking the business or operating licenses of our Chinese mainland subsidiaries and/or the VIEs we consolidate under U.S. GAAP (ASC 810), requiring us to restructure our corporate structure, including our use of VIE arrangements, or operations, requiring us to discontinue or divest ourselves of all or any portion of our operations or assets, restricting our right to collect revenues, blocking our Internet platforms, or imposing additional conditions or requirements with which we may not be able to comply. Any of these actions could cause significant disruption to our business operations and have an adverse impact on our business, financial condition and results of operations, which could cause the value of our ADSs to significantly decline or become worthless. Further, if changes were required to be made to our VIE structure, we might be unable to consolidate the VIEs, which would adversely affect our financial condition and results of operations as presented in our financial statements.

We may be unable to collect long-term loans to our officers and employees and entities owned by our officers and employees in connection with certain VIEs we consolidate.

As of December 31, 2025, we had outstanding long-term loans of \$11.2 million to Dr. Charles Zhang and to certain Chinese mainland entities owned by Dr. Zhang and/or certain other employees. These long-term loans were used by them to finance their investments in the equity of Beijing Century High-Tech Investment Co., Ltd. ("High Century"), Beijing Gamease Age Digital Technology Co., Ltd. ("Gamease"), and Beijing Guanyou Gamespace Digital Technology Co., Ltd. ("Guanyou Gamespace"), which are the principal VIEs, as well as certain other VIEs we consolidate, not owned by us or our subsidiaries, that are used to facilitate our participation in telecommunications, internet content, online games and certain other businesses in the Chinese mainland where foreign ownership is either prohibited or restricted.

The loan agreements contain provisions that, subject to Chinese mainland law, the loans can only be repaid to us by the nominee shareholders transferring the shares of High Century, Gamease, and Guanyou Gamespace, as well as other VIEs we consolidate, to us. The nominee shareholders have pledged all of their shares in High Century, Gamease, and Guanyou Gamespace, and such other VIEs, to secure the performance of their obligations under the loan agreements. The loans bear no interest and are due on the earlier of a demand or such time as Dr. Charles Zhang or one of the other shareholder borrowers, as the case may be, is not an employee of us. We do not intend to request repayment of the loans as long as Chinese mainland regulations prohibit our Chinese mainland-based subsidiaries from engaging, or owning entities engaged, in the businesses operated by the VIEs.

Because these loans can only be repaid by the borrowers' transferring the shares of the various entities to us, our ability to ultimately realize the effective return of the amounts advanced under these loans will depend on the profitability of High Century, Gamease, and Guanyou Gamespace, and other VIEs we consolidate, and on changes being made in existing Chinese mainland law that may never occur, and is therefore highly uncertain.

Furthermore, because of uncertainties associated with Chinese mainland law related to VIEs and the fact that the enforceability of our arrangements with the VIEs and/or their shareholders has never been considered or determined by a court in the Chinese mainland, ultimate enforcement of the loan agreements is uncertain. Accordingly, we may never be able to collect these loans.

Table of Contents

We depend upon contractual arrangements with the VIEs and/or their shareholders for the success of our business; these contractual arrangements, which provide the basis for us to consolidate such VIEs under U.S. GAAP (ASC 810), may not be as effective in providing us with a controlling financial interest (as defined under U.S. GAAP (ASC 810)) as would ownership of these businesses; and the contracts may be difficult to enforce.

Because we conduct our Internet operations mainly in the Chinese mainland, and are restricted or prohibited by laws and regulations of the Chinese mainland from engaging in value-added telecommunication services, Internet publishing, online news information services, online audiovisual transmission, online games, and certain other business activities in the Chinese mainland, we must depend on the VIEs, in which we have no ownership interest, to provide those services through contractual arrangements and to hold some of our assets, including some of the domain names and trademarks relating to our business. These arrangements may not be as effective in providing control over our value-added telecommunication services, Internet publishing, online news information services, online audiovisual transmission, online games, and certain other business activities as would ownership of the entities operating these businesses. For example, if we owned the VIEs, we would be able to exercise our rights as a shareholder to effect changes in their boards of directors, which in turn could effect changes at the management level. Due to the VIE structure, we have to rely on contractual rights in order to have a controlling financial interest (as defined under U.S. GAAP) in, and to control management of, the VIEs, which exposes us to the risk of potential breach of contract by the VIEs or their shareholders, such as their failing to use the domain names and trademarks held by them, or failing to maintain our Internet platforms, in an acceptable manner or taking other actions that are detrimental to our interests. In addition, as each of the VIEs is owned by its shareholders, it may be difficult for us to change our corporate structure if such shareholders refuse to cooperate with us. Moreover, some of the VIEs could fail to take actions required for our business, such as entering into content development contracts with potential content suppliers or failing to maintain the necessary permits for the content servers. Furthermore, if the shareholders of any of the VIEs were involved in proceedings that had an adverse impact on their interests in the VIEs or on our ability to enforce relevant contracts related to the VIE structure, our business would be adversely affected.

The shareholders of the VIEs may breach, or cause the VIEs to breach, the VIE contracts for a number of reasons. For example, their interests as shareholders of the VIEs and the interests of our subsidiaries may conflict and we may fail to resolve such conflicts; the shareholders may believe that breaching the contracts will lead to greater economic benefit for them; or the shareholders may otherwise act in bad faith. If any of the foregoing were to happen, we might have to rely on legal or arbitral proceedings to enforce our contractual rights. In addition, disputes may arise among the shareholders of any of the VIEs with respect to their ownership of such VIEs, which could lead them to breach their agreements with us. Such legal and arbitral proceedings and disputes may cost us substantial financial and other resources, and result in disruption of our business, and the outcome might not be in our favor. For example, a court or arbitration panel in the Chinese mainland could conclude that our contracts with the VIEs and/or their shareholders violate Chinese mainland law or are otherwise unenforceable. If our contractual arrangements with any of the VIEs or their shareholders were found by authorities with appropriate jurisdiction in the Chinese mainland to be unenforceable, we might no longer have a controlling financial interest (as defined under U.S. GAAP) in such VIEs and lose our ability to consolidate such VIEs' results of operations, assets and liabilities in our consolidated financial statements and/or to transfer the revenues of such VIEs to our corresponding Chinese mainland subsidiaries, which could have a severe adverse impact on our financial condition and results of operations, which could in turn cause the market price of our ADSs to decline significantly and perhaps to zero.

A failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them could have an adverse effect on our business and financial condition.

As all of our contractual arrangements with the VIEs and/or their shareholders are governed by Chinese mainland law and provide for the resolution of disputes through arbitration in the Chinese mainland, they would be interpreted in accordance with Chinese mainland law and any disputes would be resolved in accordance with Chinese mainland legal procedures. We would have to rely for enforcement on legal remedies under Chinese mainland law, including specific performance, injunctive relief or damages, which might not be effective. For example, if we sought to enforce the equity interest purchase right agreements for the transfer of the shareholders' equity interests in any of the VIEs and the transferee was a foreign company, the transfer would be subject to approval by regulatory authorities in the Chinese mainland such as the MIIT and the MOFCOM, and the transferee would be required to comply with various requirements, including qualification and maximum foreign shareholding percentage requirements. As these regulatory authorities have wide discretion in granting such approvals, we could fail to obtain such approval. In addition, our contracts with the VIEs and/or their shareholders might not be enforceable in the Chinese mainland if regulatory authorities, courts or arbitral tribunals in the Chinese mainland took the view that such contracts contravened Chinese mainland law or were otherwise not enforceable for public policy reasons. As of the date of the filing of this annual report, the validity and enforceability of the types of contracts that we have with the VIEs and/or their shareholders, or, to our knowledge, of similar contracts used by other Chinese mainland-based companies, have never been considered or determined by a court in the Chinese mainland. Accordingly, we cannot assure you that these contracts are valid and enforceable in the Chinese mainland. In the event we were unable to enforce these contractual arrangements, we would no longer have a controlling financial interest (as defined under U.S. GAAP) in the VIEs, and our ability to conduct our business, and our financial condition and results of operations, would be severely adversely affected.

Table of Contents

The contractual arrangements between our subsidiaries and the VIEs that conduct a significant portion of our operations may result in adverse tax consequences.

Laws and regulations of the Chinese mainland emphasize the requirement of an arm's length basis for transfer pricing arrangements between related parties. The laws and regulations also require enterprises with related party transactions to prepare transfer pricing documentation to demonstrate the basis for determining pricing, the computation methodology and detailed explanations. Related party arrangements and transactions may be subject to tax inspection or challenge by tax authorities in the Chinese mainland.

If our transfer pricing arrangements between our Chinese mainland-based subsidiaries and the VIEs are judged by tax authorities to be tax avoidance, or if related documentation does not meet applicable requirements, or the transactions are challenged as not being at arm's length, our Chinese mainland-based subsidiaries and the VIEs may be subject to material adverse tax consequences, such as transfer pricing adjustments. A transfer pricing adjustment could result in a reduction, for Chinese mainland tax purposes, of adjustments recorded by VIEs, which could adversely affect us by (i) increasing the VIEs' tax liabilities without reducing our subsidiaries' tax liabilities, which could further result in interest and penalties being levied on us for unpaid taxes; or (ii) limiting the ability of our Chinese mainland-based companies to maintain preferential tax treatment and other financial incentives.

In addition, if for any reason we need to cause any VIE to distribute dividends to its nominee shareholders, or to transfer any of the nominee shareholders' equity interests in any of the VIEs to a different nominee shareholder (such as if, for example, one of such shareholders is no longer employed by us), we may be required to pay personal income tax, which is currently at the rate of 20%, on behalf of the relevant nominee shareholder with respect to such dividends or any gain deemed to have been realized on such transfer.

We may lose the ability to use and enjoy assets held by one or more of the VIEs that are important to the operation of our business if such VIEs declare bankruptcy or become subject to dissolution or liquidation proceedings.

Each of the VIEs that we consolidate under U.S. GAAP (ASC 810) holds assets, such as core intellectual property, licenses and permits, that are critical to our business operations. Although the equity interest purchase right agreements among our wholly-owned, Chinese mainland-based subsidiaries and the corresponding VIEs and their shareholders contain terms that obligate the shareholders of the VIEs to ensure the valid existence of the VIEs, in the event the shareholders breached these obligations and voluntarily liquidated the VIEs, or if one or more of the VIEs declared bankruptcy and all or part of their assets became subject to liens or rights of third-party creditors, we might be unable to continue some or all of our business operations. Furthermore, if one or more of the VIEs were to undergo a voluntary or involuntary liquidation proceeding, their shareholders or unrelated third-party creditors might claim rights to some or all of such VIEs' assets and their rights could be senior to our rights under the VIE contracts, thereby hindering our ability to operate our business.

Heightened regulatory focus and frequent press reports and other commentary in the United States questioning the VIE structure used by us and other Chinese mainland-based companies publicly traded in the United States appear to have created concern among investors, and may cause such an effect in the future.

In recent years various prominent Western news outlets, as well as members of the U.S. Congress, the Chairman of the SEC, and the staff of the SEC (the "SEC Staff"), have questioned the use by Chinese mainland-based companies that are publicly traded in the United States of VIE structures as a means of complying with Chinese mainland law prohibiting or restricting foreign ownership of certain businesses in the Chinese mainland, including businesses we are engaged in, such as value-added telecommunication services, Internet publishing, online news information services, online audiovisual transmission, online games, and certain other business activities. Some of such comments have also sought to draw a connection between widely-reported accounting issues at certain Chinese mainland-based companies and the use of VIE structures. Such comments appear to have had the effect of causing concern among investors in several Chinese mainland-based companies, including us, that are publicly traded in the United States. While we are not aware of any causal connection between the reported accounting scandals and the use of VIE structures, it is possible that investors in our ADSs will believe that such a connection exists. Any of such circumstances could lead to further loss of investor confidence in Chinese mainland-based companies such as us and cause fluctuations in the market price of our ADSs and, if such prices were to drop sharply, could subject us to shareholder litigation, which could cause the price for our ADSs to drop further.

Our interests in our subsidiaries, such as our wholly-owned subsidiary Changyou, could be diluted from the issuance of equity incentive shares.

Our interest in our subsidiaries, such as our wholly-owned subsidiary Changyou, could be diluted by any implementation of equity incentive plans in the future. Shares reserved under any such plan, if and when issued, would reduce our percentage interests in Changyou. The issuance of these reserved shares or the occurrence of any of such other dilutive events with respect to Changyou in the future would cause our share of the earnings of the affected subsidiary to be reduced.

Risks Related to the Chinese Mainland's Regulatory Environment

Political, economic and social policies of regulatory authorities in the Chinese mainland could affect our business.

Substantially all of our business, operating assets, fixed assets and operations are located in the Chinese mainland, and substantially all of our revenues are derived from our operations in the Chinese mainland. Accordingly, our business may be adversely affected by changes in political, economic or social conditions in the Chinese mainland; adjustments in regulatory policies in the Chinese mainland; or changes in laws and regulations of the Chinese mainland.

The economic system of the Chinese mainland may differ from those of others, such as the countries belonging to the Organization for Economic Cooperation and Development, in a number of respects, including:

- structure;
- level of government involvement;
- level of development;
- level of capital reinvestment;
- growth rate;
- control of foreign exchange; and
- methods of allocating resources.

The government of the Chinese mainland plays an important role in regulating the development of industry and has significant influence over the economic growth of the Chinese mainland. We cannot predict the future effect on our business or results of operations of any economic reforms and macroeconomic measures adopted by regulatory authorities in the Chinese mainland.

The economy of the Chinese mainland has grown significantly in the past. However, the rate of growth has been uneven across different geographic areas, among various sectors of the economy, and during different periods, and the overall rate of growth has slowed in recent years. Any potential prolonged slowdown or contraction in the Chinese mainland economy may reduce the demand for our services and influence our business and operating results. The government in the Chinese mainland has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures, such as interest rate adjustments aimed at preventing the economy from overheating or developing chaotically, could benefit the Chinese mainland's overall economy but have an adverse effect on us.

The evolving legal system of the Chinese mainland presents uncertainties, which could limit the legal protections available to us and you.

The legal system of the Chinese mainland is a civil law system based on written statutes, in which decided legal cases have limited precedential value. In 1979, the government in the Chinese mainland began to promulgate a comprehensive system of laws and regulations governing economic matters in general, which is still evolving. Our Chinese mainland operating subsidiaries Beijing Sohu New Momentum Information Technology Co., Ltd. ("Sohu New Momentum"), Beijing Sohu New Era Information Technology Co., Ltd., ("Sohu Era"), and Beijing AmazGame Age Internet Technology Group Co., Ltd. ("AmazGame") are WFOEs, which are enterprises incorporated in the Chinese mainland and wholly-owned directly by our indirect Offshore subsidiaries. Our Chinese mainland operating subsidiary Beijing Sohu New Media Information Technology Co., Ltd. ("Sohu Media") is jointly owned by our direct wholly-owned Offshore subsidiary Sohu.com (Hong Kong) Limited and our Chinese mainland-based subsidiary Video Tianjin, which is jointly owned by two of our indirect wholly-owned subsidiaries in the Chinese mainland and Gamease, one of the principal VIEs that we consolidate. Those WFOEs and Sohu Media, and their direct and indirect Chinese mainland subsidiaries, are subject to applicable laws and regulations of the Chinese mainland with respect to foreign investment in the Chinese mainland. In addition, all of the VIEs and their subsidiaries that we consolidate under U.S. GAAP (ASC 810) are incorporated in the Chinese mainland and are subject to all applicable laws and regulations of the Chinese mainland. Because the promulgation of the comprehensive legal system for the Chinese mainland began relatively recently and is still evolving, the interpretation and enforcement of many of the applicable laws and regulations involve uncertainties. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, a difference in interpretation of the applicable law between the relevant regulatory authority in the Chinese mainland and us may lead to penalties imposed on us. For example, under current tax laws and regulations of the Chinese mainland, in order to be entitled to the preferential tax treatment afforded to HNTEs we are responsible for conducting a self-assessment and filing required supporting documentation with tax authorities. However, we may be found to be in violation of the tax laws and regulations based on the interpretations and determinations of local accreditation authorities with regard to the qualification of HNTEs or of local tax authorities with regard to the applicable conditions for preferential tax treatment, and therefore we might be subject to penalties, including revocation of the preferential tax treatment we have enjoyed. In addition, we cannot predict the effect of future developments in the legal system of the Chinese mainland, particularly with regard to the Internet, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws.

Table of Contents

The enforcement of the Labor Contract Law and other labor-related regulations in the Chinese mainland may adversely affect our business and results of operations.

In 2007, the Standing Committee of the National People's Congress of the People's Republic of China (the "National People's Congress") enacted the *Labor Contract Law of the People's Republic of China* (the "Labor Contract Law"), which was amended on December 28, 2012. The Labor Contract Law introduced specific provisions related to fixed-term employment contracts, part-time employment, probationary periods, consultation with labor unions and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining to enhance previous Chinese mainland labor laws. Under the Labor Contract Law, an employer is obligated to sign an unlimited-term labor contract with any employee who has worked for the employer for ten consecutive years. Further, if an employee requests or agrees to renew a fixed-term labor contract that has already been entered into twice consecutively, the resulting contract, with certain exceptions, must have an unlimited term. With certain exceptions, an employer must pay severance to an employee where a labor contract is terminated or expires. In addition, regulatory authorities in the Chinese mainland have continued to introduce various new labor-related regulations since the effectiveness of the Labor Contract Law. For example, there are regulations which require that annual leave ranging from five to 15 days be made available to employees and that employees be compensated for any unused annual leave days at a rate of three times their daily salary, subject to certain exceptions.

Under the *Social Insurance Law of the People's Republic of China* and the *Administrative Measures on Housing Fund*, employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance and housing funds and employers are required, together with their employees or separately, to pay the social insurance premiums and housing funds for their employees.

These laws designed to enhance labor protection tend to increase our labor costs. In addition, as the interpretation and implementation of these regulations are still evolving, our employment practices may not be at all times be deemed in compliance with the regulations. As a result, we could be subject to penalties or incur significant liabilities in connection with labor disputes or investigations.

If we are found to be in violation of current or future Chinese mainland laws, rules, and regulations regarding Internet-related services, telecom-related activities, and overseas listings, we could be subject to severe penalties.

The Chinese mainland has enacted regulations that apply to Internet-related services and telecom-related activities. While many aspects of these regulations remain unclear, they purport to limit and require licensing of various aspects of the provision of value-added telecommunication services, Internet publishing, online news information services, online audiovisual transmission, online games, and certain other business activities in the Chinese mainland.

The *Catalogue of Classification of Internet Audio-Video Program Services (Trial)* issued by the SAPPRFT on March 17, 2010 and amended on March 10, 2017, classifies the business of providing public program searching and watching services through the Internet to the public as an Internet audio-video program service for which a Permit for the Network Transmission of Audiovisual Programs is required. The VIE Beijing Sohu Internet Information Service Co., Ltd. ("Sohu Internet") received a renewal of a Permit for the Network Transmission of Audiovisual Programs from the SAPPRFT on June 20, 2023. In addition, Sohu's businesses are operated under various Internet platforms, such as sohu.com, but current laws and regulations of the Chinese mainland are lack of clear provisions indicating whether it is permissible to provide video services over several Internet platforms that are owned by a single company under one permit and the NRTA might claim that such operation under one permit is not allowed under the *Provisions on the Administration of Private Network and Targeted Communication Audiovisual Program Services*. If the NRTA were to make such a claim, we could face penalties from the NRTA, such as fines, cancellation of our existing permit, or the forced discontinuation or restriction on our video services or even our operations. If we are ordered to suspend our services, our user traffic will be reduced and therefore our revenues will be negatively affected.

[Table of Contents](#)

Current laws and regulations of the Chinese mainland require an online publishing service license for the provision of online game services. Because our Chinese mainland-based subsidiaries and their direct and indirect subsidiaries are not allowed by Chinese mainland law to obtain such a license, the VIEs Gamease and Guanyou Gamespace obtained such licenses instead. Gamease received a renewal of its online publishing service license from the NPPA on February 29, 2024. As of the date of the filing of this annual report, Guanyou Gamespace's online publishing service license has expired, and Guanyou Gamespace is in the process of applying for renewal of its license. There is uncertainty as to whether Guanyou Gamespace will be able to renew such license.

In addition, an Internet news information services permit is required under current laws and regulations of the Chinese mainland for news republishing services and platforms services that disseminate news over the Internet. The VIE Sohu Internet holds such a permit because our wholly-owned Chinese mainland-based subsidiaries and their direct and indirect subsidiaries are not allowed to obtain such a permit.

The Cyberspace Administration of China (the "CAC") issued a series of regulations and administrative measures regulating Internet users' social accounts accessible by the public, group information platforms, BBS communities, and news information platforms, which require Internet platform operators to establish specific management rules for their platforms, and subject them to various specific obligations. See "Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Regulation of the Provision of Internet Content - Internet Information Services" and "Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Regulation of the Provision of Internet Content - Online News Dissemination and Online News Search Services" for further descriptions of the Internet platform operators' obligations as required by several administrative measures issued by the CAC. Complying with such requirements could cause us to incur substantial expense or necessitate that we alter or change our existing practices in a manner that could harm our business.

Regulatory authorities in the Chinese mainland regularly enhance the enforcement of anti-monopoly laws and regulations and the related supervision of Internet platform operators. On February 7, 2021, the Anti-Monopoly Committee of the State Council issued the *Anti-Monopoly Guidelines for the Platform Economy Sector* (the "Platform Economy Guidelines"), which provide guidance on competition and compliance for companies operating in Internet-related businesses. On June 24, 2022, the Standing Committee of the National People's Congress amended the *Anti-Monopoly Law of the People's Republic of China* (as amended, the "Anti-Monopoly Law"), which became effective on August 1, 2022. On January 28, 2026, the State Administration for Market Regulation (the "SAMR") issued the *Anti-Monopoly Compliance Guidelines for Internet Platforms* (the "Internet Platform Guidelines"), which provide further guidance to Internet platform operators on establishing a systematic anti-monopoly compliance management system. In addition, in recent years, the SAMR imposed administrative penalties on a number of Internet companies in anti-monopoly cases. We do not expect that the regulatory requirements under the anti-monopoly laws and regulations of the Chinese mainland will have a material impact on our business and results of operations, and as of the date of the filing of this annual report, we have not been subject to any penalties or other administrative actions in connection with any anti-monopoly violation. However, due to the uncertainties associated with the evolving legislative activities and varied local implementation practices of the competition laws and regulations of the Chinese mainland, the enhanced regulatory requirements may increase our compliance burden in our already highly-regulated industry.

In recent years, regulatory authorities in the Chinese mainland have enacted or published for public comment a series of laws and regulations related to cybersecurity and data security, such as the *Internet Security Law of the People's Republic of China* (the "Internet Security Law"), which was initially enacted by the Standing Committee of the National People's Congress on November 7, 2016 and amended on October 28, 2025, with the amendment taking effect on January 1, 2026; the *Data Security Law*, which took effect on September 1, 2021; the *Regulations on Security Protection of Critical Information Infrastructure* (the "CII Regulations"), which were promulgated by the State Council on July 30, 2021 and became effective on September 1, 2021; the *Data Security Regulations*, which were promulgated by the State Council on September 24, 2024 and became effective on January 1, 2025; and the *Measures for Cybersecurity Review*, which were promulgated on December 28, 2021 and took effect on February 15, 2022 (the "Measures for Cybersecurity Review," together with the Internet Security Law, the CII Regulations and the Data Security Regulations, the "Cybersecurity Laws"), while intensifying oversight and enforcement actions. See "Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Miscellaneous - Laws and Regulations Related to Security and Censorship." The laws and regulations governing cybersecurity and data security in the Chinese mainland are relatively new and evolving rapidly, and the relevant regulatory authorities in the Chinese mainland have wide discretion in their interpretation and enforcement, which involve uncertainties. For example, the Measures for Cybersecurity Review provide that the following activities are subject to cybersecurity review: (i) purchases of network products and services by critical information infrastructure operators ("CIIOs") that impact or may impact national security; (ii) listings abroad by Internet platform operators holding personal information of over one million users; and (iii) data processing activities by Internet platform operators that affect or may affect national security. However, it is not clear under the current regulations how it is determined whether a purchaser of network products and services is a CIIO, whether an Internet platform operator holds personal information of over one million users, or the precise circumstances under which a data processor may be subject to such review. We have not been required to go through any cybersecurity review by the CAC under the Cybersecurity Laws as currently in effect; and we believe that we are unlikely to be required by the CAC to go through cybersecurity reviews due to the facts that (i) our ADSs were listed on Nasdaq before the Cybersecurity Laws went into effect, and the Cybersecurity Laws do not require Internet platform operators that hold personal information of over one million users to file supplemental applications for cybersecurity reviews of such operators' previous issuances of their securities to foreign investors that occurred before the Cybersecurity Laws went into effect; (ii) the competent regulatory and supervisory authorities in the Chinese mainland are required under the CII Regulations to identify critical information infrastructure and the CIIOs of such critical information infrastructure, and to notify all CIIOs that have been so identified, and we have not received any such notice; (iii) the nature of the data that we process in our business is such that it is unlikely that Chinese mainland authorities would conclude that such data impact or may impact national security; and (iv) we have not been required to go through a cybersecurity review initiated by the CAC, nor are we aware of any preliminary investigation of our company by the CAC that might lead to such a review. However, we cannot assure you that the CAC will not initiate a cybersecurity review of us under the Cybersecurity Laws. Any failure to clear such a review or meet relevant requirements could subject us to penalties, including fines, suspension of business and revocation of required licenses, which could adversely affect our business, financial condition, and results of operations.

[Table of Contents](#)

On July 6, 2021, several authorities in the Chinese mainland jointly promulgated the *Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law*, which called for enhanced administration and supervision of Chinese mainland-based companies listing outside of the Chinese mainland, proposed to revise the relevant regulations governing the issuance and listing of shares outside of the Chinese mainland by such companies, and clarified the related responsibilities of competent industry regulators and regulatory authorities in the Chinese mainland. On February 24, 2023, the China Securities Regulatory Commission (the “CSRC”) published the revised *Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offerings and Listings by Chinese Mainland Domestic Companies* (the “Archives Rules”), which took effect on March 31, 2023. The Archives Rules apply to indirect Offshore offerings and listings by Chinese mainland domestic companies. Under the Archives Rules, if a Chinese mainland domestic company wishes to provide or publicly disclose to investment bankers, other securities and investment services providers, or regulators outside of the Chinese mainland (i) any information or materials that contain state secrets or work secrets of any regulatory authorities in the Chinese mainland or (ii) any other information or materials leakage of which could have an adverse impact on national security or the public interest, the company must obtain approval from, and/or comply with filing or other regulatory requirements of, relevant authorities in the Chinese mainland before any such provision or disclosure. Accordingly, we will be required to make a filing with and obtain advance approval of relevant regulatory authorities with respect to any plans we may have for provision to investment bankers, other securities and investment services providers or to regulators outside of the Chinese mainland, or public disclosure, of information or materials that could be determined by such authorities to contain state secrets or work secrets of any regulatory authorities in the Chinese mainland or dissemination of which could have an adverse impact on national security or the public interest. Any failure to obtain such advance approval could subject us to severe penalties.

On February 17, 2023, the CSRC adopted the *Trial Measures for the Administration of Overseas Securities Offerings and Listings by Chinese Mainland Domestic Companies* (the “Overseas Listing Measures”), which took effect on March 31, 2023. The Overseas Listing Measures establish a new filing-based regime to regulate direct and indirect overseas offerings and listings by Chinese mainland domestic companies. Under the Overseas Listing Measures, an indirect overseas offering and listing by a Chinese mainland domestic company refers to an offering and listing in an Offshore market made by a Chinese mainland domestic company through and in the name of an Offshore issuer established by, and based on the equity interests, assets, earnings or other similar interests and rights of, a Chinese mainland domestic company which operates its primary businesses in the Chinese mainland. The Overseas Listing Measures require, among other things, that a Chinese mainland domestic company that is the issuer of a direct overseas offering and listing or one of the principal operating entities in the Chinese mainland designated by the Offshore issuer of an indirect overseas offering and listing to (i) in the case of an initial public offering in an Offshore market, submit a filing to the CSRC within three business days after the submission of its offering and listing application in such Offshore market; (ii) in the case of a follow-on offering of its securities in the same Offshore market, submit a filing to the CSRC within three business days after the completion of such offering; (iii) in the case of a follow-on offering of its securities in another Offshore market, submit a filing to the CSRC within three business days after the submission of its offering application in such other Offshore market; and (iv) report to the CSRC any of the material events specified in the Overseas Listing Measures within three business days after the occurrence and public announcement of such event. Under the *Notice on Arrangements for the Filing Administration of Overseas Securities Offerings and Listings by Chinese Mainland Domestic Companies* issued by the CSRC on February 17, 2023 (the “Overseas Listing Measures Notice”), Chinese mainland domestic companies that had already listed in Offshore markets before March 31, 2023, the effective date of the Overseas Listing Measures, are not required to immediately file with the CSRC retroactively for their initial public offerings or other previous listings. While we have not been required, and we believe that we are unlikely to be required, by the CSRC to obtain approval of or complete any filing with the CSRC with respect to any offering of our securities (including the initial public offering of the Company’s predecessor Sohu.com Inc. on Nasdaq) that was completed before the Overseas Listing Measures became effective, it is possible that we will be required to do so retroactively in the future, and we will be required to (i) make a filing with the CSRC with respect to any follow-on offering of our securities on Nasdaq within three business days after the completion of such offering and (ii) make a filing with the CSRC for any offering or listing in an Offshore market other than Nasdaq within three business days after the first submission of application materials for such offering or listing that are required by the Offshore market.

[Table of Contents](#)

On February 5, 2024, the NRTA promulgated the *Notice on Further Coordinating Development and Safety to Promote the Healthy and Prosperous Development of the Internet Micro-short Dramas Industry* (the “Micro-short Drama Notice”) to implement a classification and grading review system for micro-short dramas, a rapidly growing video format on Chinese mainland Internet platforms, based on the levels of investment in micro-short dramas specified in the guidelines. The Micro-short Drama Notice stipulates that online audiovisual platform operators, such as us, are responsible for content management and review for certain micro-short dramas with a total investment of less than RMB300,000 (or approximately \$41,992) that are not identified as highly recommended for purposes of marketing and business promotion on their platforms or otherwise specifically promoted on their home page or screen. If the NRTA finds that we have failed to fulfill these responsibilities, we may have to take down from our platforms the relevant micro-short dramas and face other penalties, which could result in the loss of users and user traffic on our platforms.

We cannot be certain that we have fully complied with or will in the future always comply with the rules and regulations of the Chinese mainland with respect to Internet security, data security, anti-monopoly, and other matters associated with Internet-related services and telecom-related activities. In addition, regulatory authorities in the Chinese mainland may promulgate new laws, rules or regulations in the future. If current or future laws, rules or regulations regarding Internet-related activities are interpreted to be inconsistent with our ownership structure and/or our business operations, our business could be severely impaired and we could be subject to severe penalties.

The laws and regulations of the Chinese mainland mandate complex procedures for some acquisitions of Chinese mainland-based companies by foreign investors, which could make it more difficult for us to make acquisitions in the Chinese mainland.

There are laws and regulations of the Chinese mainland, such as the *Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* (the “M&A Rules”), which were jointly issued by six regulatory authorities in the Chinese mainland on August 8, 2006 and were amended on June 22, 2009; the Anti-Monopoly Law; Circular 6; and the MOFCOM Security Review Rules, established procedures and requirements expected to make merger and acquisition activities in the Chinese mainland by foreign investors time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a Chinese mainland domestic enterprise, and that approval from the MOFCOM be obtained in circumstances where overseas companies established or controlled by Chinese mainland enterprises or residents acquire affiliated domestic companies. The Platform Economy Guidelines stipulate that any business combinations or acquisitions of control (“Concentrations of Undertakings”) involving VIE structures fall within the scope of anti-monopoly review. If a Concentration of Undertakings meets the criteria for declaration as stipulated by the State Council, an operator must report such Concentration of Undertakings to the anti-monopoly law enforcement agency under the State Council in advance. There are laws and regulations of the Chinese mainland that also require certain merger and acquisition transactions to be subject to a merger control security review. The MOFCOM Security Review Rules further provide that, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to a security review by the MOFCOM, the principle of substance over form should be applied and foreign investors are prohibited from bypassing the security review requirements by structuring transactions through proxies, trusts, indirect investments, leases, loans, or control through contractual arrangements or Offshore transactions. Factors that the MOFCOM considers in its security review for acquisitions of Chinese mainland-based companies by foreign investors include whether (i) an important industry is involved, (ii) the transaction involves factors that have had or may have an impact on national economic security and (iii) the transaction will lead to a change in control of a Chinese mainland domestic enterprise that holds a well-known Chinese mainland trademark or a time-honored Chinese mainland brand. The *Measures for the Security Review of Foreign Investment* (the “Security Review Measures”), promulgated by the MOFCOM and the National Development and Reform Commission (the “NDRC”), which became effective on January 18, 2021, further stipulate that any foreign investment that affects or may affect national security will be subject to a security review by relevant regulatory authorities in the Chinese mainland. If the business of any target company that we might plan to acquire falls into the ambit of security review, we may not be able to successfully acquire the target company. Complying with the requirements of the relevant regulations to complete any such transactions could be time-consuming, and any required approval process, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business.

Certain Information that we display on, or distribute or otherwise make accessible through, our Internet platforms or public accounts registered and operated by us on third-party platforms may subject us to liabilities and other sanctions for violation of Chinese mainland laws, rules and regulations.

The Chinese mainland has enacted regulations governing Internet access and the distribution of news and other information. Regulatory authorities in the Chinese mainland may stop the distribution of information over the Internet that they believe violates Chinese mainland law, including content that is obscene, incites violence, endangers national security, is contrary to the national interest or is defamatory. In addition, we may not be able to publish certain news items, such as news that compromises national security, without permission from regulatory authorities in the Chinese mainland. Furthermore, the Ministry of Public Security (the “MPS”) has the authority to make any local Internet service provider block any website maintained outside the Chinese mainland at its sole discretion. If regulatory authorities in the Chinese mainland were to take any action to limit or prohibit the distribution of information through our network or to limit or regulate any current or future content or services available to users on our network, our business would be harmed.

[Table of Contents](#)

We are also subject to potential liabilities for content on our Internet platforms or on public accounts registered and operated by us on third-party platforms that is deemed inappropriate and for any unlawful actions of our content providers and other users of our systems under regulations promulgated by the MIIT, including the imposition of fines or even the shutting down of our Internet platforms or public accounts.

Furthermore, we are required to delete content that clearly violates Chinese mainland law and report content that we suspect may violate Chinese mainland law. We may have difficulty determining the type of content that may result in liability for us and, if we are wrong, we may be prevented from operating our Internet platforms.

Sohu.com Limited and our other Offshore entities may not be able to obtain cash from dividends distributed by our Chinese mainland-based subsidiaries because such subsidiaries and VIEs located in the Chinese mainland are subject to restrictions imposed by Chinese mainland law on paying such dividends and making other payments.

Sohu.com Limited is a holding company with no operating assets other than investments in Chinese mainland-based operating entities through our intermediate Offshore holding companies. Our Offshore entities may need to rely on dividends and other distributions on equity paid by Chinese mainland-based subsidiaries to fund any cash requirements those Offshore entities may have. The primary source of any dividend payments to our Offshore entities would be after-tax profits generated by our Chinese mainland-based subsidiaries, including profits attributable to revenues from cash payments received from the corresponding VIEs under various service agreements and other arrangements.

Our Chinese mainland-based subsidiaries may not be able to generate sufficient amount of cash to be distributed as dividend. It is also possible that these subsidiaries may not be able to continue to receive payments in accordance with our service agreements and other arrangements with the corresponding VIEs or that such payments will become subject to restrictions imposed by Chinese mainland law. Furthermore, as VIEs are not owned by our Chinese mainland-based subsidiaries or any of our subsidiaries outside of the Chinese mainland, they are not able to make dividend payments directly to our subsidiaries. If our subsidiaries and/or the VIEs incur debt on their own behalf, the instruments governing the debt may restrict their ability to pay dividends or make other distributions through the intermediate companies.

Chinese mainland regulations currently permit payment of dividends by our Chinese mainland-based subsidiaries only out of their accumulated profits, if any, determined in accordance with Chinese mainland accounting standards and regulations. Chinese mainland law also requires our Chinese mainland-based subsidiaries to set aside no less than 10% of their net income each year to fund certain reserve funds until these reserves equal 50% of the amount of registered capital. These reserves are not distributable as cash dividends, or as loans or advances. Failure to fully fund such reserves by our Chinese mainland-based subsidiaries may hinder their ability to distribute dividends to our Offshore entities to meet their cash needs.

Tax laws and regulations of the Chinese mainland provide that a withholding tax at a rate of up to 10% may be applicable to dividends payable to non-Chinese mainland investors that are “non-resident enterprises,” to the extent that such dividends are derived from sources within the Chinese mainland. Under the *Arrangement Between the Chinese Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income* (the “Chinese mainland-HK Tax Arrangement”), which became effective on January 1, 2007, the dividend withholding tax rate may be reduced to 5% if a Hong Kong resident enterprise is considered a non-Chinese mainland resident enterprise and holds at least 25% of the equity interests in the Chinese mainland enterprise distributing the dividends, subject to approval of the local tax authority in the Chinese mainland. However, if the Hong Kong resident enterprise is not considered to be the beneficial owner of such dividends under applicable Chinese mainland tax regulations, such dividends may remain subject to withholding tax at a rate of 10%. The State Administration of Taxation (the “SAT”) issued the *Announcement on Issues in Tax Treaties Relating to “Beneficial Owner”* (“Announcement 9”), effective April 1, 2018, which provides guidance on determining whether an enterprise is a “beneficial owner” of dividends under the Chinese mainland’s tax treaties and tax arrangements. Announcement 9 provides that, in order to be a beneficial owner, an entity generally must be a direct owner of, and have the right to control, the income of the enterprise that is paying the dividends or must be a direct owner of, and have the right to control, the tangible or intangible assets generating such income, and also specifies that a company that is not organized for the purpose of engaging in substantive business activities may not be regarded as a beneficial owner. If any of our Hong Kong subsidiaries is, in the light of Announcement 9, determined by the SAT to not be a beneficial owner for purposes of the Chinese mainland-HK Tax Arrangement, any dividends paid to it by any of our Chinese mainland-based subsidiaries would not qualify for the preferential dividend withholding tax rate of 5%, but rather would be subject to the regular withholding tax rate of 10%. We do not intend to have any of our Chinese mainland subsidiaries or the VIEs distribute any undistributed profits of such subsidiaries or VIEs to their direct Offshore parent companies for the foreseeable future, but rather intend that such profits will be reinvested by such subsidiaries and VIEs for our Chinese mainland operations.

Table of Contents

Chinese mainland laws and regulations also impose controls and restrictions on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of foreign currencies out of the Chinese mainland. Accordingly, we may experience difficulties in completing the relevant procedures necessary to obtain and remit foreign currencies.

Activities of Internet content providers are or will be subject to additional Chinese mainland regulations, which have not yet been put into effect. Our operations may not be consistent with these new regulations when put into effect, and, as a result, we could be subject to severe penalties.

The MIIT has stated that the activities of Internet content providers are subject to regulation by various regulatory authorities in the Chinese mainland, depending on the specific activities conducted by the Internet content provider. Various regulatory authorities in the Chinese mainland have stated publicly that they are in the process of preparing new laws and regulations that will govern these activities. The areas of regulation currently include online advertising, online news reporting, online publishing, provision of online or mobile music, online securities trading, the provision of industry-specific information (such as, for example, drug-related information) over the Internet, foreign investment in value-added telecommunication services, cybersecurity, and data security. Other aspects of our online operations may be subject to additional regulations in the future. Although we have obtained a permit to engage in the live broadcasting video platform services, we cannot be certain that regulatory authorities in the Chinese mainland will not issue new laws or regulations specifically regulating the operation of a live broadcasting video platform. Our operations might not be consistent with current laws and regulations or any such new regulations and, as a result, we could be subject to penalties.

Regulation of the distribution of information in the Chinese mainland may adversely affect our business.

Authorities in the Chinese mainland have enacted regulations governing Internet access and the distribution of news and other information. For example, the MIIT has published regulations that subject online information providers to potential liability for content included in their portals and the actions of subscribers and others using their systems, including liability for violation of Chinese mainland law prohibiting the distribution of content deemed to be socially destabilizing. Furthermore, because many Chinese mainland laws, regulations and legal requirements with regard to the Internet are relatively new and untested, their interpretation and enforcement may involve uncertainty. In addition, the legal system of the Chinese mainland is a civil law system in which decided legal cases have limited binding force as legal precedents. As a result, in many cases an Internet platform operator may have difficulties determining the type of content that may subject it to liability.

Periodically, the MPS stops the distribution over the Internet of information which it believes to be socially destabilizing. The MPS also has the authority at its sole discretion to require any local Internet service provider to block any website maintained outside the Chinese mainland. If regulatory authorities in the Chinese mainland were to take action or exercise its authority to limit or eliminate the distribution of information through our portal or to limit or regulate current or future applications available to users of our portal, our business would be adversely affected.

The National Administration of State Secrets Protection (the “State Secrets Protection Bureau”) is authorized to block any website it deems to be leaking state secrets or failing to meet the relevant regulations relating to the protection of state secrets in the distribution of online information. Under the applicable regulations, we may be held liable for any content transmitted on our portal. Furthermore, where the transmitted content clearly violates Chinese mainland law, we will be required to delete it. Moreover, if we consider transmitted content suspicious, we are required to report such content. We must also undergo computer security inspections, and if we fail to implement the relevant safeguards against security breaches, we may be shut down. In addition, the State Secrets Protection Bureau has adopted regulations stipulating that Internet companies, such as us, that provide bulletin board systems, chat rooms or similar services must apply for the approval of the State Secrets Protection Bureau. As the implementing rules of these regulations have not been issued, we do not know how or when we will be expected to comply, or how our business will be affected by the application of these regulations.

We may be adversely affected by the Chinese mainland regulatory authorities’ ongoing crackdown on Internet pornographic content.

[Table of Contents](#)

Regulatory authorities in the Chinese mainland have stringent prohibitions on online pornographic information and has launched several crackdowns on Internet pornography. On December 4, 2009, the MIIT and three other regulatory authorities in the Chinese mainland jointly issued the *Incentives Measures for Report of Pornographic, Obscene and Vulgar Messages on Internet and Mobile Media* (the “Anti-Pornography Notice”) to further crackdown on online pornography. Pursuant to the Anti-Pornography Notice, rewards of up to RMB10,000 (or approximately \$1,400) will be provided to Internet users who report websites that feature pornography, and a committee has been established to review such reports to determine an appropriate award. On April 13, 2014, the National Working Group on Anti-Pornography and three other regulatory authorities in the Chinese mainland jointly issued the *Proclamation of Special Action Regarding Crackdown on Online Pornographic Content* (the “Anti-Pornography Proclamation”). Under the Anti-Pornography Proclamation, Internet service providers must immediately remove texts, images, video, advertisements and other information that contain pornographic content. The relevant regulatory authority in the Chinese mainland may order enterprises or individuals who flagrantly produce or disseminate pornographic content to stop conducting business, and may revoke relevant administrative permits. Although we require all users upon account registration to agree to our terms of service, which specify the types of content that are prohibited on our platforms, and we have deleted from our relevant channels and communities all Web pages with material that we believe could reasonably be considered to be vulgar and have strengthened our internal censorship and supervision of links and content uploaded by users, it is possible that our users may engage in obscene conversations or activities on our platforms that may be deemed illegal under laws and regulations of the Chinese mainland. For example, we provide a live broadcasting video platform for users, and because the video and audio communication on this platform is conducted in real time, we are unable to examine the content generated by our hosts and users on air before the content is streamed on the platform. There is no assurance that content considered vulgar by regulatory agencies in the Chinese mainland will not appear in the future. We may be subject to fines or other disciplinary actions, including in serious cases suspension or revocation of the licenses necessary to operate our platforms, if we are deemed under the laws and regulations of the Chinese mainland to have facilitated the appearance of inappropriate content placed by third parties on our platforms. In addition, if we are accused by any regulatory authority of hosting vulgar content, our reputation could be adversely affected.

Regulations relating to the online transmission of foreign films and TV dramas may adversely affect our business.

On September 2, 2014, the SAPPRFT issued the *Notice on Further Strengthening the Administration of Online Foreign Audiovisual Content* (the “September 2014 SAPPRFT Notice”), which requires that operators of audiovisual websites obtain from the SAPPRFT a Film Public Screening Permit, TV Drama Distribution Permit, or TV Animation Distribution Permit for all foreign films and TV dramas before they are transmitted via the Internet in the Chinese mainland. The September 2014 SAPPRFT Notice further stipulates that before any foreign films or TV dramas for transmission exclusively via the Internet are purchased after the promulgation of the September 2014 SAPPRFT Notice, operators of audiovisual websites must declare their annual purchasing plans with the SAPPRFT before the end of the year preceding the year of the intended broadcast and obtain the SAPPRFT’s approval. The September 2014 SAPPRFT Notice also states that the number of foreign films and TV dramas to be purchased by an operator and transmitted via its website in a single year may not exceed 30% of the total amount of Chinese mainland domestic films and TV dramas purchased and transmitted by the same website in the previous year.

The promulgation of the September 2014 SAPPRFT Notice has had, and may continue to have, an adverse impact on our business. If we are not able to obtain the required SAPPRFT approval in time, there will be a delay in our ability to broadcast such foreign films and TV dramas on our Internet platforms and in our generation of revenues from such films and TV dramas. We are also subject to the risk that users might access pirated versions of such films and TV dramas during any such delay, and become less likely to view them on our Internet platforms when they become available, which would cause our online traffic and corresponding revenues to be lower than we expected. If we fail to obtain the required approval by the SAPPRFT, we may not be able to recoup the costs we spent in acquiring the broadcasting rights of, and marketing, those films and TV dramas. In addition, it could be necessary for us to recognize impairment charges related to foreign films and TV dramas we have purchased. The requirement of a minimum ratio of domestic video content to foreign-sourced content in the September 2014 SAPPRFT Notice may require us to purchase more domestic video content in order for us to be permitted to maintain a sufficient portfolio of online foreign films and TV dramas. If, on the other hand, we respond to the minimum ratio requirement of the September 2014 SAPPRFT Notice by reducing our purchases of foreign films and TV dramas, our attraction to users, traffic or advertisers on our online video Internet platforms could be reduced, resulting in a decrease in our revenues.

Regulation and censorship of live broadcasting services in the Chinese mainland may adversely affect our business.

As live broadcasting has surged in popularity in the Chinese mainland, regulatory authorities in the Chinese mainland have increased their efforts to regulate it. The Ministry of Culture and Tourism of the People’s Republic of China (the “MCT”) issued the *Online Performance Notice*, which became effective on July 1, 2016, and issued the *Online Performance Measures*, which became effective on January 1, 2017; the CAC issued the *Provisions on the Administration of Online Live Social Video Services* (the “Live Social Video Provisions”), which became effective on December 1, 2016; and the MIIT and several other regulatory authorities in the Chinese mainland issued the *Notice on Strengthening the Administration of Live Online Social Video Services* on August 1, 2018, providing for the administration and censorship of live broadcasting. The Live Social Video Provisions require us to implement procedures to detect and block illegal, fraudulent and inappropriate content and activities conducted through our live broadcasting platform. Although we have implemented procedures for our live broadcasting platform designed to detect and prevent material and activity that we believe could reasonably be considered to be prohibited, it is possible that hosts and users of our platforms may distribute content and engage in activities that may be deemed illegal, but that we do not detect and identify as such. If regulatory authorities in the Chinese mainland believe that illegal or inappropriate activities have been conducted through our live broadcasting platform, or if there is negative media coverage concerning our platforms, the authorities in the Chinese mainland may hold us liable for non-compliance and subject us to administrative penalties or other sanctions, which could cause our business to suffer or have an adverse effect on our user base. See “Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Regulation of the Provision of Internet Content - Online Cultural Products.”

Table of Contents

Regulations relating to Offshore investment activities by residents of the Chinese mainland may limit our ability to acquire Chinese mainland-based companies and could adversely affect our business.

In July 2014, the State Administration of Foreign Exchange (the “SAFE”) promulgated the *Circular on Issues Concerning Foreign Exchange Administration Over the Overseas Investment and Financing and Roundtrip Investment by Domestic Residents Via Special Purpose Vehicles* (“Circular 37”), which replaced the *Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Corporate Financing and Roundtrip Investment through Offshore Special Purpose Vehicles* (“Circular 75”), promulgated by the SAFE in October 2005. Circular 37 requires residents of the Chinese mainland, including institutions and individuals of the Chinese mainland, to register with the local SAFE branch in connection with their direct establishment or indirect control of an Offshore entity, referred to in Circular 37 as a “special purpose vehicle,” for the purpose of holding domestic or Offshore assets or interests. Residents of the Chinese mainland must also file amendments to their registrations in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by individuals of the Chinese mainland, share transfer or exchange, merger, division or other material event. In February 2015, the SAFE promulgated the *Circular for Further Simplifying and Improving Policies of Foreign Exchange Administration Applicable to Direct Investment*, which provides that effective June 2015 designated local banks are delegated authority under Circular 37 to review and process Chinese mainland residents’ applications for their initial foreign exchange registrations or amendments to their registrations in connection with their overseas direct investments. Under these regulations, Chinese mainland residents’ failure to comply with specified registration procedures may result in restrictions being imposed on the foreign exchange activities of the relevant Chinese mainland-based entity, including the payment of dividends and other distributions to its Offshore parent, as well as restrictions on capital inflows from the Offshore entity to the Chinese mainland-based entity, including restrictions on the ability to contribute additional capital to the Chinese mainland-based entity.

It is possible that some or all of our shareholders who are residents of the Chinese mainland will not comply with all the requirements required by Circular 37 or related rules. Any future failure by any of our shareholders who is a resident of the Chinese mainland, or controlled by a resident of the Chinese mainland, to comply with relevant requirements under these regulations could subject us to fines or legal sanctions imposed by regulatory authorities in the Chinese mainland, including restrictions on our subsidiaries’ ability to pay dividends or make distributions to us and our ability to increase our investment in these subsidiaries and restrict our cross-border investment activities, which could in turn limit our ability to distribute dividends to holders of our ordinary shares and ADSs.

Chinese mainland regulatory requirements with respect to transfers by offshore holding companies, such as us, to their Chinese mainland subsidiaries and VIEs that they consolidate and regulatory control of currency conversion in the Chinese mainland may limit or delay our ability to transfer funds to our Chinese mainland subsidiaries and the VIEs we consolidate, which could have an adverse effect on our ability to fund and expand our business.

As a holding company incorporated in the Cayman Islands, we will need to comply with applicable laws and regulations of the Chinese mainland in order to transfer funds to our Chinese mainland subsidiaries, which are treated as foreign-invested enterprises (“FIEs”), or to the Chinese mainland-based VIEs that we consolidate under U.S. GAAP (ASC 810). If we transfer funds to any of our Chinese mainland subsidiaries by way of increasing their registered capital, we will need to make a capital contribution to such subsidiaries and convert the contributed amount from U.S. dollars or another foreign currency into RMB, and will need to report any such increase to the MOFCOM or one of its local branches, the SAFE or one of its local branches, or an authorized bank. If we transfer funds through loans to our Chinese mainland subsidiaries or to the Chinese mainland-based VIEs that we consolidate, under current Chinese mainland law we will also need to register such loans with the SAFE or one of its local branches, and the amount that we may convert into RMB and loan to one of these entities will be limited by applicable SAFE regulations, in the case of a loan to one of our Chinese mainland subsidiaries, to the greater of (i) the difference between the subsidiary’s approved total investment and the subsidiary’s total registered capital and (ii) two times the subsidiary’s net assets and, in the case of one of the VIEs that we consolidate, to two times the VIE’s net assets. The need to comply with such requirements could prevent us from making timely fund transfers to our Chinese mainland subsidiaries and, in the event we wish to make such transfers through loans to our Chinese mainland subsidiaries or the VIEs, will limit the amounts that we may transfer, which could limit our ability to fund or expand our business.

The SAFE promulgated the *Circular on Reforming Management of the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises* (“Circular 19”), which became effective on June 1, 2015, and the *Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts* (“Circular 16”), which took effect on June 9, 2016. Circular 19 and Circular 16 replaced previous regulations limiting an FIE’s use of its RMB-settled registered capital. Circular 19 and Circular 16 provide, among other restrictions, that an FIE may use its RMB funds converted from foreign currencies through capital contributions by or loans from its overseas investor(s) only for purposes within the FIE’s approved business scope, and that violations of the regulations can result in severe penalties, including large fines. These regulations may limit our ability to transfer and use our overseas funds through capital contributions or loans to our Chinese mainland-based subsidiaries and the Chinese mainland-based VIEs that we consolidate to invest in or acquire other businesses, or establish additional VIEs.

[Table of Contents](#)

We may be subject to fines and legal sanctions if we or our employees who are citizens of the Chinese mainland fail to comply with Chinese mainland regulations relating to employee share options.

Under the *Administration Measures on Individual Foreign Exchange Control* issued by the PBOC and the related Implementation Rules issued by the SAFE, all foreign exchange transactions involving an employee share incentive plan, share option plan or similar plan participated in by citizens of the Chinese mainland may be conducted only with the approval of the SAFE. Under the *Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company* (the “Offshore Share Incentives Rule”), issued by the SAFE on February 15, 2012, citizens of the Chinese mainland who are granted share options, restricted share units, or restricted shares by an Offshore publicly listed company are required to register with the SAFE or its authorized branch and comply with a series of other requirements. The Offshore Share Incentives Rule also provides procedures for registration of incentive plans, the opening and use of special accounts for the purpose of participation in incentive plans, and the remittance of funds for exercising options and gains realized from such exercises and sales of such options or the underlying shares, both outside and inside of the Chinese mainland. We, and any of our employees or members of our Board of Directors who are citizens of the Chinese mainland and have been granted share options, restricted share units, or restricted shares, are subject to the *Administration Measures on Individual Foreign Exchange Control*, the related Implementation Rules, and the Offshore Share Incentives Rule. Circular 37 was the first regulation to regulate the foreign exchange registration of a non-listed special purpose vehicle’s equity incentives granted to residents of the Chinese mainland, there remains uncertainty with respect to its implementation. If we, or any of our employees or members of our Board of Directors who are citizens of the Chinese mainland and receive or hold options, restricted share units or restricted shares in us or any of our subsidiaries, fail to comply with these registration and other procedural requirements, we may be subject to fines and other legal or administrative sanctions.

If the status of certain of our Chinese mainland subsidiaries and the VIEs as “HNTEs” is revoked or expires, we may have to pay additional taxes or make up any previously unpaid tax and may be subject to a higher tax rate, which would adversely affect our results of operations.

Tax laws and regulations of the Chinese mainland generally impose a uniform income tax rate of 25% on all enterprises, but grant preferential treatment to HNTEs, pursuant to which HNTEs are instead subject to an income tax rate of 15%, subject to a requirement that they re-apply for HNTE status every three years. During this three-year period, an HNTE must conduct a qualification self-review each year to ensure it meets the HNTE criteria, and will be subject to the regular 25% income tax rate for any year in which it does not meet the criteria.

There are uncertainties regarding future interpretation and implementation of the laws and regulations of the Chinese mainland governing the preferential income tax rate for HNTEs. It is possible that the qualification of our operating entities currently qualified as HNTEs, or these entities’ entitlements to income tax exemptions, will be challenged by higher level tax authorities and be repealed, or that there will be future implementing regulations that are inconsistent with current interpretation of the applicable tax laws and regulations. If our subsidiaries and the VIEs that we have consolidated under U.S. GAAP (ASC 810) that have qualified as HNTEs, cannot qualify for such preferential income tax status in the future, our effective income tax rate will be increased significantly and we may have to pay additional income tax to make up the previously unpaid tax, which would reduce our net income.

We may be deemed a Chinese mainland resident enterprise and be subject to Chinese mainland taxation on our worldwide income.

Tax laws and regulations of the Chinese mainland provide that enterprises established outside of the Chinese mainland whose “de facto management bodies” are located within the Chinese mainland are considered “resident enterprises” and are generally subject to the uniform 25% corporate income tax rate on their worldwide income (including dividend income received from subsidiaries). Under the *Implementing Regulations for the Corporate Income Tax Law*, issued by the State Council on December 6, 2007 and amended on April 23, 2019 and December 6, 2024, respectively (the “CIT Law Implementing Regulations”), “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise. Since substantially all of our operational management is currently based in the Chinese mainland, it is unclear whether Chinese mainland tax authorities would require (or permit) us to be treated as a Chinese mainland-resident enterprise. If we are treated as a resident enterprise for Chinese mainland tax purposes, we will be subject to Chinese mainland tax on our worldwide income at the 25% uniform tax rate, which could have an impact on our effective tax rate and an adverse effect on our net income and results of operations.

[Table of Contents](#)

Dividends payable by us to our foreign investors and profits on the sale of our shares may be subject to tax under Chinese mainland tax law.

Under the CIT Law Implementing Regulations, Chinese mainland income tax at the rate of 10% is applicable to dividends payable to investors that are “non-resident enterprises,” not having an establishment or place of business in the Chinese mainland, or which do have such establishment or place of business but whose relevant income is not effectively connected with the establishment or place of business, to the extent that such dividends have their sources within the Chinese mainland. Similarly, any profits realized through the transfer of shares by such investors are also subject to 10% Chinese mainland income tax if such profits are regarded as income derived from sources within the Chinese mainland. It is unclear whether dividends we pay with respect to our shares, or the profits you may realize from the transfer of our shares, would be treated as income derived from sources within the Chinese mainland and be subject to Chinese mainland tax. If we are required under the CIT Law Implementing Regulations to withhold Chinese mainland income tax on dividends payable to our non-Chinese mainland investors that are “non-resident enterprises,” or if you are required to pay Chinese mainland income tax on the transfer of our ADSs, the value of your investment in our ADSs may be materially and adversely affected.

Restrictions on currency exchange may limit our ability to use our revenues effectively.

Substantially all of our revenues and operating expenses are denominated in RMB. The RMB is not freely tradable in capital account transactions, which include foreign direct investment. Foreign exchange transactions classified as capital account transactions are subject to limitations and require approval from the SAFE. This could affect our Chinese mainland-based subsidiaries’ ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contributions from us.

Further, although the RMB is at present freely convertible in current account transactions, which include dividends, and trade and service-related foreign exchange transactions, and our Chinese mainland-based subsidiaries may purchase and retain foreign exchange for settlement of such transactions, including payment of dividends, without the approval of the SAFE, the relevant regulatory authorities in the Chinese mainland may limit or eliminate our ability to purchase and retain foreign currencies in the future.

Since a significant amount of our future revenues are likely to be in the form of RMB, these existing restrictions, and any future restrictions, on currency exchange may limit our ability to use revenues generated in RMB to fund our business activities outside of the Chinese mainland, or to make expenditures denominated in foreign currencies.

We may suffer currency exchange risks if the RMB depreciates or appreciates relative to the U.S. dollar.

Our reporting currency is the U.S. dollar. However, substantially all of our revenues are denominated in RMB. In July 2005, the Chinese mainland reformed its exchange rate regime by establishing a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. The RMB is no longer pegged to the U.S. dollar and the exchange rate will have some flexibility. Hence, considering the floating exchange rate regime, if the RMB depreciates relative to the U.S. dollar, our revenues as expressed in our U.S. dollar financial statements will decline in value. Conversely, if the RMB appreciates relative to the U.S. dollar, our revenues as expressed in our U.S. dollar financial statements will appreciate in value, while not illustrating fully the relative strength of our operating results following such appreciation compared to prior periods.

In 2023 and 2024, the RMB exchange rate against the U.S. dollar depreciated significantly. The center point of the official RMB to U.S. Dollar trading band was 6.8020 in January 2023 and 7.1024 in December 2023, representing depreciation of approximately 4.4% in 2023; and the center point of the official trading band was 7.1058 in January 2024 and 7.1884 in December 2024, representing depreciation of approximately 1.2% in 2024. This depreciation in 2023 and 2024 led to a relative decline in our revenues reported in U.S. dollars for 2023 and 2024. The center point of the currency’s official trading band was 7.1819 in January 2025, and was 7.0588 in December 2025, representing appreciation of approximately 1.7% in 2025, which led to a relative increase in our revenues reported in U.S. dollars for 2025.

There are limited hedging transactions available in the Chinese mainland to reduce our exposure to exchange rate fluctuations. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to successfully hedge our exposure, if at all. In addition, our currency exchange losses may be magnified by Chinese mainland exchange control regulations that restrict our ability to convert RMB into U.S. dollars.

Risks Related to Our Ordinary Shares and ADSs

The U.S. Public Company Accounting Oversight Board (the “PCAOB”) in the past was, and may in the future be, unable to conduct inspections of our independent auditor’s work in relation to its audits of our financial statements, and the inability of the PCAOB to conduct such inspections could deprive investors in our ADSs of the benefits of such inspections.

Starting in 2011, we and the Chinese mainland/Hong Kong-based affiliates of the “big four” accounting firms, including our independent registered public accounting firm, were affected by a conflict between U.S. and Chinese mainland law. As a result, before 2022 the PCAOB was not able to conduct to its satisfaction inspections of independent registered public accounting firms based in the Chinese mainland and Hong Kong, including our independent registered public accounting firm, and we and investors in our ADSs were deprived of the potential benefits of such inspections. Although the PCAOB reported on December 15, 2022 that it has been able to inspect the big four accounting firms based in the Chinese mainland and Hong Kong, including our registered public accounting firm, to its satisfaction, we cannot assure you that the PCAOB will be able to continue conducting such inspections to its satisfaction in the future, as this may be affected by factors, such as increasing geopolitical instability, that are beyond our control or the control of our independent registered public accounting firm. The lack of such inspections in the future could cause investors and potential investors in our ADSs to lose confidence in our registered public accounting firm’s audit and quality control procedures, our reported financial information, and the quality of our financial statements, and cause the market value of our ADSs to decline significantly.

The U.S. Holding Foreign Companies Accountable Act, which was signed into law by the U.S. President in December 2020, could result in the prohibition of the trading of our ADSs on Nasdaq, any other U.S. securities exchange, or in the U.S. over-the-counter markets.

On December 18, 2020, the U.S. President signed the Holding Foreign Companies Accountable Act (as amended on December 29, 2022, the “HFCAA”). The HFCAA, among other things, directs the SEC to prohibit trading on U.S. stock exchanges and in the U.S. over-the-counter markets the securities of foreign-based companies if their financial statements are audited by accounting firms that the PCAOB determines it has been unable to inspect or investigate completely for a period of two consecutive audit years (“Non-Inspection Years”), because of a position taken by an authority in any foreign jurisdiction (each accounting firm so determined by the PCAOB, a “PCAOB-Identified Firm”). On November 5, 2021, the SEC approved a PCAOB rule that provides a framework for the PCAOB to determine, pursuant to the HFCAA, whether an accounting firm is a PCAOB-Identified Firm. On December 2, 2021, the SEC announced that it was finalizing interim rules providing for, among other things, procedures to identify issuers that filed their annual reports with audit reports issued by PCAOB-Identified Firms (each issuer so identified by the SEC, a “Commission-Identified Issuer”) and prohibiting the trading of the securities of Commission-Identified Issuers if they are identified as such by the SEC for the number of Non-Inspection Years specified under the HFCAA. On December 16, 2021, the PCAOB reported to the SEC (the “2021 PCAOB Determination”) that the PCAOB had determined that it was unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in the Chinese mainland and in Hong Kong, because of a position taken by the authorities in the Chinese mainland and in Hong Kong, and identified the accounting firms that were subject to the 2021 PCAOB Determination, which included our independent registered public accounting firm. On May 4, 2022, we were identified by the SEC as a Commission-Identified Issuer, because we filed with the SEC our annual report on Form 20-F for the year ended December 31, 2021, which included financial statements audited by our registered public accounting firm, which was then on the list of PCAOB-Identified Firms. On August 26, 2022, the PCAOB entered into an agreement with the CSRC and the Ministry of Finance of China (the “PCAOB/China Audit Agreement”) that provides a framework for the PCAOB’s inspection and investigation of registered public accounting firms headquartered in the Chinese mainland and in Hong Kong. On December 15, 2022, the PCAOB reported to the SEC that, after conducting extensive and thorough inspections and investigations under the PCAOB/China Audit Agreement, the PCAOB had determined that it had been able to conduct inspections and investigations to its satisfaction and that those registered public accounting firms headquartered in the Chinese mainland and in Hong Kong, including our registered public accounting firm, that were previously subject to the 2021 PCAOB Determination were no longer identified as PCAOB-Identified Firms. As a result, we were not identified by the SEC as a Commission-Identified Issuer in 2023, 2024 and 2025. However, the PCAOB may make determinations in the future under the HFCAA identifying registered public accounting firms headquartered in the Chinese mainland and in Hong Kong, including our registered public accounting firm, as PCAOB-Identified Firms, if the PCAOB concludes that authorities in the Chinese mainland have not fully performed their obligations under the PCAOB/China Audit Agreement. If that were to occur in the future, we would be likely to again be identified by the SEC as a Commission-Identified Issuer. If we were to be so identified in the future and continued as such for a period of two consecutive years, the SEC would be required by the HFCAA to prohibit trading of our ADSs and ordinary shares on Nasdaq, any other U.S. securities exchange, and in the over-the-counter market, which would substantially reduce or effectively terminate the trading of our ADSs in the United States, which could cause our ADSs to lose all of their market value.

[Table of Contents](#)

In addition, the HFCAA could cause uncertainty among investors and potential investors in our ADSs, and lead them to lose confidence in our ADSs as an investment. Further, if in the future trading in our ADSs and ordinary shares on Nasdaq, and otherwise in the United States, were to be prohibited by the SEC pursuant to the HFCAA, we might choose not to, or be unable to, list our ordinary shares on an exchange outside of the U.S., and, even if our ordinary shares were entered for trading on a non-U.S. exchange or other securities-trading platform, it is possible that no market for our ordinary shares would develop. Furthermore, it could be difficult for us to terminate the registration of our ADSs and ordinary shares under the Securities Exchange Act of 1934 (the “Exchange Act”) even if a trading prohibition were to be imposed, because the HFCAA does not provide for such termination, and the general requirements for terminating such registration are stringent and difficult to meet. This would mean that we would continue to be subject to the time and expense of complying with the periodic reporting and other requirements under the Exchange Act, even though the holders of our ADSs would not be able to trade those ADSs in the U.S. public securities markets.

We are a Cayman Islands exempted company and, because there is less judicial precedent regarding the rights of shareholders under Cayman Islands law than that under U.S. law, our shareholders may have less protection for their shareholder rights than they would under U.S. law.

Our corporate affairs are governed by our Memorandum and Articles of Association, the Cayman Islands Companies Act and the common law of the Cayman Islands (which is largely based on English law). The rights of shareholders to take action against our directors, actions by minority shareholders, and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from more numerous judicial precedents under English common law (and other common law jurisdictions), which have persuasive, and in some cases binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States, such as the State of Delaware, where many United States-based corporations are organized. In particular, the Cayman Islands law may provide significantly less protection to investors. In addition, shareholders in Cayman Islands companies will not have standing to initiate a shareholder derivative action if they do not hold their shares in their own name. It may also be difficult for shareholders to effect service of process on our directors. As a result, our public shareholders may have more difficulty in protecting their interests through actions against us, or our directors than would shareholders of a corporation incorporated in a jurisdiction in the United States such as Delaware.

It may be difficult to enforce any civil judgments against us or our Board of Directors or officers, because most of our operating and/or fixed assets are located outside the United States.

We are incorporated in the Cayman Islands, all of our assets are located outside the United States, and a substantial portion of our operations are conducted in the Chinese mainland. In addition, most of our directors and executive officers are nationals and residents of countries or regions other than the United States (primarily Chinese mainland or Hong Kong) and most, if not all, of the assets of these persons are located outside the United States. As a result, it may be difficult for holders of our ADSs to effect service of process within the United States upon these persons. It may also be difficult for holders of our ADSs to enforce in Cayman Islands courts or Chinese mainland courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws or of the securities laws of any state of the United States against us and our officers and directors.

The trading prices of our ADSs have been volatile, and the trading price of our ADSs will likely continue to be volatile. The price of our ADSs may fluctuate significantly, which may make it difficult for shareholders to sell our ADSs when desired or at attractive prices.

The trading prices of our ADSs, which are traded on the Nasdaq Global Select Market, have been volatile in recent years. During 2023, the trading price of our ADSs ranged from a low of \$7.80 to a high of \$17.25. During 2024, the trading price of our ADSs ranged from a low of \$8.79 to a high of \$17.24. During 2025, the trading price of our ADSs ranged from a low of \$7.79 to a high of \$16.45. On February 20, 2026, the closing price of our ADSs was \$16.38 per ADS.

Stock exchanges, including the Nasdaq Global Select Market, have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of technology companies, and particularly Internet-related companies. For example, the actual and perceived worldwide economic effect of the COVID-19 pandemic caused a significant drop in prices on global stock markets in the spring of 2020, and appeared to have similarly had an adverse impact on the market price of our ADSs at that time. In addition, uncertainties regarding the future growth of the Chinese mainland’s economy may have an adverse effect on the trading prices of securities, including our ADSs, of China-based companies listed on U.S. stock exchanges.

The price for our ADSs may fluctuate in response to a number of events and factors, such as quarterly variations in operating results, announcements of technological innovations or new products and media properties by us or our competitors, changes in financial estimates and recommendations by securities analysts, the implementation of any share repurchase programs that our Board of Directors has authorized and may authorize in the future, the operating and stock price performance of other companies that investors may deem comparable to us, and news reports relating to trends in our markets or general economic conditions. Further, volatility or a lack of positive performance in our ADS price may adversely affect our ability to retain key employees, all of whom have been granted share options or other share incentive awards.

Table of Contents

Holders of our ADSs may be subject to limitations on transfer of their ADSs.

Our ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems it expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the Deposit Agreement governing our ADSs (the "Deposit Agreement"), which is filed as an exhibit to this annual report, or for any other reason.

Holders of ADSs have limited voting rights and may not receive voting materials in time to be able to exercise their right to vote.

Except as described in this annual report and in the Deposit Agreement, holders of our ADSs will not be able to exercise voting rights attaching to the shares represented by our ADSs directly on an individual basis or through their brokers or other third parties holding their ADSs. Instead, holders of our ADSs or, if applicable, their brokers or such other third parties must instruct the depository how to exercise the voting rights attaching to the shares represented by the ADSs. Holders of our ADSs or their brokers or such other third parties may not receive voting materials in time to instruct the depository to vote, and it is possible that direct holders of ADSs, or persons who hold their ADSs through brokers or other third parties, will not have the opportunity to exercise a right to vote.

ADS holders' right to participate in any future rights offerings may be limited, which may cause dilution to their holdings and ADS holders may not receive cash dividends if it is impractical to make them available to such holders.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to ADS holders in the United States unless we register the securities to which the rights relate under the Securities Act of 1933 (the "Securities Act"), or an exemption from registration requirements is available. Also, under the Deposit Agreement, the depository bank will not make rights available to ADS holders unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings.

In addition, the depository of our ADSs has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. ADS holders will receive these distributions in proportion to the number of ordinary shares such holders' ADSs represent. However, the depository may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depository may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them, or that the distribution requires certain regulatory approval, such as requirement for registration or approval for currency conversion. In these cases, the depository may decide not to distribute that property and ADSs holders will not receive that distribution.

ADS holders will experience dilution if additional share options are granted and exercised.

ADS holders will experience dilution to the extent that additional ordinary shares are issued upon exercise, settlement, or issuance of options, restricted share units, or other share-based awards that we may grant from time to time under our share incentive plan.

We may need additional capital and may sell additional ADSs or other equity securities or incur indebtedness, which could result in additional dilution to our shareholders or increase our debt service obligations.

We may require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our cash resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities or equity-linked debt securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot be certain that financing will be available in amounts or on terms acceptable to us, if at all.

Table of Contents

Substantial future sales of our ADSs or ordinary shares in the public market, or the perception that these sales could occur, could cause the price of our ADSs to decline.

Additional sales of our ADSs or ordinary shares in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. As of December 31, 2025, options for the purchase of 285,863 of our ordinary shares were outstanding. We may grant or sell additional options, restricted shares or other share-based awards in the future under our share incentive plan to members of our management, our employees and other persons, the settlement and sale of which would dilute our outstanding shares, which could drive down the price of our ADSs.

If the SEC or a court were to determine, or if the SEC Staff were to take a position, that the current, or any future, mix of our assets consisting of cash and cash equivalents, short-term investments, long-term time deposits, and long-term investments could cause us to be an “investment company” under the Investment Company Act of 1940, in order to avoid such designation we could be required to place a relatively larger portion of such assets than we do at present in low-return investments.

From time to time we have held, and as of December 31, 2025 and as of the date of the filing of this annual report we hold, assets consisting of significant amounts of cash and cash equivalents and short-term investments, and a relatively smaller amount of assets consisting of long-term time deposits and long-term investments. We hold these cash and cash equivalent, short-term investment, long-term time deposit, and long-term investment assets for the sole purposes of future use in our operating businesses or to fund repurchases from time to time of our ADSs in the open market. A substantial amount of such assets that we currently hold is attributable to our sale to Tencent in September 2021 of our interest in a controlled operating subsidiary engaged in providing search and search-related advertising services.

Section 3(a)(1) of the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), defines “investment company,” in relevant part, as an issuer which “(A) [i]s or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities . . . or (C) [i]s engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40 per centum of the value of such issuer’s total assets (exclusive of Government securities and cash items) on an unconsolidated basis.” For the reasons noted below, we believe that we are not an investment company under either Section 3(a)(1)(A) or Section 3(a)(1)(C), because (i) we are not now engaged, do not propose to engage, and have never since our founding in 1996 been engaged, either primarily or at all, in the business of “investing, reinvesting, or trading in securities” and (ii) based on our position noted below as to the proper application to our various assets of the definition of “investment securities,” we do not hold or propose to acquire investment securities having a value exceeding 40% of the value of our total assets, exclusive of Government securities and cash items, on an unconsolidated basis. In addition, even if we were found to meet the definition of investment company under the provisions of Section 3(a)(1)(C), we believe that we are entitled to rely on the exclusion from investment company status afforded by Section 3(b)(1) of the Investment Company Act, for the reasons discussed below.

If our assets consisting of certificates of deposit are considered to be “cash items” for purposes of Section 3(a)(1)(C) of the Investment Company Act without regard to their maturity dates, which we believe is the correct treatment of such assets, then our investment securities represented less than 40% of the value of our total assets, exclusive of Government securities and cash items, as of December 31, 2025 and as of the date of the filing of this annual report. We believe this is the appropriate treatment in our case because, among other things, our certificates of deposit are prudent uses of our cash by any measure, their principal and interest are secure, and we have immediately available cash from our bank deposits and money market funds that is adequate to meet any short-term liquidity needs that we may encounter. However, it is possible that the SEC, a court, or the SEC Staff could determine or take a position, based on the types of instruments in which we currently invest our excess cash or may invest from time to time in the future, that we are an “investment company” under the provisions of Section 3(a)(1)(C) of the Investment Company Act. To our knowledge no court, and neither the SEC nor the SEC Staff, has taken a definitive position as to the circumstances under which certificates of deposit may or may not be “cash items” or “investment securities” for purposes of the various definitions of investment company and exclusions from the definitions under the Investment Company Act. However, we are aware that the SEC Staff has from time to time taken positions that a registrant’s certificates of deposit, regardless of their maturity dates, did not qualify as “cash items.” If all of our certificates of deposit, regardless of their term, were determined to be investment securities by a court or the SEC, then we would have held as of December 31, 2025, and would hold as of the date of the filing of this annual report, investment securities exceeding 40% of the value of our total assets, exclusive of Government securities and cash items, on an unconsolidated basis, and the SEC or a court might then determine that we are an investment company under the provisions of Section 3(a)(1)(C).

We believe that, even if we were found to be an investment company under the provisions of Section 3(a)(1)(C), we clearly are entitled to rely on the exclusion from investment company status afforded by Section 3(b)(1) of the Investment Company Act. Section 3(b)(1) provides, in relevant part, that, notwithstanding Section 3(a)(1)(C) of the Investment Company Act, an “issuer primarily engaged, directly or through . . . wholly-owned . . . subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities” is not an investment company. We are indeed engaged primarily, and solely, and have always since our founding in 1996 engaged, through our direct and indirect wholly-owned subsidiaries in businesses, including the businesses that are conducted through contracts between our direct and indirect wholly-owned subsidiaries and the consolidated VIEs, other than investing, reinvesting, or trading in securities (namely online media, online video, and online games and, until September 2021, search and search-related advertising services).

[Table of Contents](#)

Further, (i) as is evidenced by our periodic filings, press releases, and earnings release conference calls, we have never held ourselves out as, and do not propose to be, primarily engaged in, “the business of investing, reinvesting, or trading in securities;” (ii) our management is focused almost exclusively on the performance and growth of the businesses of our operating subsidiaries, and only occasionally focuses on investment assets, and when our management occasionally does so it is only in order to ensure that the investments are managed in a way that will safely preserve our capital for deployment in those businesses or, from time to time, for repurchase of our ADSs in the open market; (iii) as noted, those assets are invested prudently, with the goal of preserving them for future use in operations; there is no goal of generating any significant return for shareholders through those investments, nor is there, nor has there been, any communication from us to our shareholders suggesting that there is such a goal; and (iv) although we have frequently in recent years experienced a net loss after taxes from our overall operating business, and our investments, including our investment securities, have almost always generated net income, the net losses we have experienced have been small compared to our total operating revenues; operating losses from our Sohu segment have been offset significantly by operating income from our Changyou segment; and the income from our investments, which is close to total revenues from those investments, has been small in comparison to our total revenues and the income generated by our Changyou segment.

Notwithstanding our view that we are not an investment company pursuant to Section 3(a)(1)(C) of the Investment Company Act and that, in any event, we fit clearly within the exclusion from the definition of “investment company” afforded by Section 3(b)(1) of the Investment Company Act, it is possible, in view of (i) uncertainty regarding the meaning and application of the term “cash items” as it is used in Section 3(a)(1)(C) and (ii) the fact that the availability of the exclusion from investment company status afforded by Section 3(b)(1) of the Investment Company Act is based in part on subjective judgments as to a given registrant’s particular facts and circumstances, that the SEC, a court, or the SEC Staff would determine or take a position that we are indeed an investment company under the Investment Company Act. If that were to occur, because, among other reasons, “foreign private issuers” such as us are not permitted to register as investment companies under the Investment Company Act, in order to avoid such designation we could be required to shift some of our investments that are currently in certificates of deposits into bank deposits and money market funds, which would clearly qualify as “cash items,” but would be likely to have relatively lower returns, and would tend to reduce the value of such assets over time pending their deployment in our businesses. It is also possible that our ADSs would be delisted from the Nasdaq Global Select Market or that we would face other penalties.

We believe that we may have been classified as a passive foreign investment company (a “PFIC”), for our 2025 taxable year, which would likely result in adverse United States federal income tax consequences to U.S. holders of our ADSs or ordinary shares.

We believe that we may have been classified as a PFIC for United States federal income tax purposes for our taxable year ended November 30, 2025. There can be no assurance that we will not continue to be classified as a PFIC in the current taxable year or in any future taxable year. The determination of whether we would continue to be treated as a PFIC is based in significant part on our operations and the composition of our earnings and assets (including goodwill) for a given taxable year, including the valuation of our assets based on the market price of our ADSs.

If we are treated as a PFIC for any taxable year during which a U.S. holder (as defined under “Taxation - United States Federal Income Taxation” in Item 10 of this annual report) holds our ADSs or ordinary shares, certain adverse United States federal income tax consequences likely would apply to such U.S. holder. See “Taxation - Passive Foreign Investment Company” in Item 10 of this annual report.

If we are a PFIC, a U.S. holder of our ADSs or ordinary shares could make a variety of elections that might alleviate certain tax consequences referred to above, and of these, certain elections may be made retroactively. However, it is expected that the conditions necessary for making certain of such elections will not apply in the case of our ADSs or ordinary shares. See “Taxation - Passive Foreign Investment Company” in Item 10 of this annual report.

U.S. holders and prospective holders of our ADSs are urged to consult their own tax advisors regarding the application of the PFIC rules to an investment in our ADSs or ordinary shares.

Table of Contents

Press reports in the past concerning possible increased scrutiny by Chinese mainland authorities of the VIE structure used by us and various other Chinese mainland companies publicly-traded in the United States appear to have created concern at the time among investors and to have caused the price of the ADSs of various Chinese mainland companies, including us, that are publicly traded in the United States to drop, and similar reports in the future could have a similar adverse effect on the price of our ADSs.

In the past, various prominent western news outlets reported that the MOFCOM and the CSRC, among other regulatory authorities in the Chinese mainland, might be considering increased scrutiny or enhanced regulation of Chinese mainland companies that use VIE structures, such as we do, as a means of complying with Chinese mainland law restricting foreign ownership of certain businesses in the Chinese mainland, including online game businesses such as ours. Some of such news reports also sought to draw a connection between accounting issues at certain Chinese mainland companies, which were widely reported at the time, and the use of VIE structures. Such news reports appear to have had the effect of causing significant drops at the time in the market prices of the shares of many Chinese mainland companies, including us. Recently there has been, and it appears likely that there will continue to be, increased scrutiny or enhanced regulation by Chinese mainland regulatory authorities of Chinese mainland companies, including us, that use VIE structures. In addition, while we are not aware of any causal connection between the reported accounting scandals and the use of VIE structures, it is possible that holders or potential purchasers of our ADSs will believe that such a connection exists. Any of such circumstances could lead to further loss of investor confidence in Chinese mainland companies and cause fluctuations in the market prices of our ADSs and, if such prices were to drop sharply, could subject us to shareholder litigation, which could cause the price for our shares to drop further.

A small group of our existing shareholders, whose interests may differ from other shareholders, hold a significant percentage of our outstanding shares.

Dr. Charles Zhang, our Chairman and Chief Executive Officer, is our largest shareholder and beneficially owned approximately 44.5% of our outstanding ordinary shares as of February 20, 2026. Our executive officers and members of our Board of Directors as a group, including Dr. Zhang, beneficially owned approximately 45.1% of our outstanding ordinary shares as of February 20, 2026. Accordingly, these shareholders will have significant influence in determining the outcome of any corporate transaction or other matters submitted to the shareholders for approval, including mergers, consolidations, the sale of all or substantially all of our assets, election of directors and other significant corporate actions. They will also have significant influence in preventing or causing a change in control. In addition, without the consent of these shareholders, we may be prevented from entering into transactions that could be beneficial to us. The interests of these shareholders may differ from the interests of the other shareholders.

Certain provisions of our Memorandum and Articles of Association, Cayman Islands law regarding mergers and similar arrangements, and our Shareholders' Rights Agreement could delay or deter a change in control.

Some provisions of our Memorandum and Articles of Association may make it more difficult to acquire our company or effect a change in control of our company, even if an acquisition or change in control would be in the interest of our shareholders or if an acquisition or change in control would provide our shareholders or holders of our ADSs with a premium for their shares over then current market prices. For example, our Memorandum and Articles of Association provides for the division of our Board of Directors into two classes with staggered two-year terms and provides that shareholders have no right to take action by written consent and may not call an extraordinary general meeting of shareholders, and that any changes to these provisions or the provisions governing our Board of Directors and with respect to advance notice of shareholder business or nominations to be considered at an annual general meeting of our company, or the indemnity of our directors, require the affirmative vote of shareholders holding not less than 80% of the voting power of all our outstanding ordinary shares then entitled to vote. In addition, under Cayman Islands law, a merger of our company with another company would require approval of the holders of not less than two-thirds of our outstanding ordinary shares that are present and voting at the requisite shareholders meeting convened to consider the merger. Each of these provisions may make it more difficult for a third party to gain control of our Board of Directors in connection with, or obtain any necessary shareholder approval for, a proposed acquisition or change in control.

In addition, in January 2019 we entered into a Shareholders' Rights Agreement with The Bank of New York Mellon, as Rights Agent, pursuant to which if a person or group acquires more than 15% or more of our outstanding ordinary shares (including ordinary shares represented by our ADSs), except as specifically permitted under the agreement, all our other shareholders and holders of our ADSs would have the right to purchase securities from us at a substantial discount to those securities' fair market value, thus causing substantial dilution to the holdings of the person or group which acquires more than 15%. The Shareholders' Rights Agreement may inhibit a change in control and, therefore, could adversely affect our shareholders' ability to realize a premium over the then-prevailing market price for our ADSs in connection with such a transaction.

The power of our Board of Directors to designate and issue preferred shares could have an adverse effect on holders of our ordinary shares and ADSs.

Our Memorandum and Articles of Association authorizes our Board of Directors to designate and issue one or more series of preferred shares, having rights and preferences as the board may determine, and any such designations and issuances could have an adverse effect on the rights of holders of our ordinary shares and our ADSs.

Risks Related to Changyou.com Limited

Risks Related to Changyou's Business

Overall Risks

The markets for Changyou's products and services are evolving rapidly and significantly, which makes evaluating its business and prospects difficult.

Changyou's past successes in its online game business with PC games may not provide a meaningful basis to evaluate its current business and prospects, as a substantial number of game players have migrated from personal computers to mobile devices to access online games. In response to such migration, Changyou has devoted and Changyou expects to continue to devote substantial resources to the development of its mobile games as a critical component of its business strategy, and Changyou has launched multiple mobile games, such as Legacy TLBB Mobile. Despite the early success of Changyou's mobile game Legacy TLBB Mobile after Changyou launched it in May 2017, both the popularity of and the revenues generated from the game continued to decline from 2018 through 2025. We cannot be certain that Changyou will be successful in its efforts to launch additional mobile games that generate sufficient revenues and income to sustain or grow Changyou's mobile game business.

There are additional risks and uncertainties that may be experienced by companies operating in a rapidly developing and evolving industry. Some of these risks and uncertainties relate to Changyou's ability to:

- raise Changyou's brand recognition and game players' loyalty;
- develop, license or operate new games that are appealing to game players; adapt to new trends and game player tastes; meet Changyou's expected timetables for their launch; and, if they are successful, have acceptably long lifespans and result in an acceptable level of profit for Changyou;
- successfully adapt to evolving business models, industry trends and market environments by developing and investing in new business strategies, products, services and technologies for Changyou's new games;
- arrange for its mobile games to be distributed through popular mobile application stores with commercial terms, including revenue-sharing arrangements, that are favorable enough to Changyou and allow it to achieve an acceptable level of profit from the games;
- integrate new technologies, businesses and personnel of acquired entities, and generate sufficient revenues to offset the costs and expenses of such acquisitions; and
- maintain or expand Changyou's marketing efforts to attract more game players to its games in a rapidly changing and increasingly competitive business environment, and generate sufficient revenues to offset the costs and expenses of such marketing efforts.

If Changyou does not adapt its business to address these risks and uncertainties, its ability to continue its past success or to expand its business in the future is likely to be impeded.

Changyou's business may not succeed in a highly competitive market.

Competition in the online game market is intense. Changyou competes primarily with other online game developers in the Chinese mainland. Many of Changyou's competitors have, or may over time be able to gain, competitive advantages over Changyou in terms of:

- greater financial and technical resources;
- more aggressive and effective strategies for hiring talent for game development, which may make it difficult for Changyou to retain its existing employees and attract new employees, which are necessary for Changyou to be able to grow its business;

Table of Contents

- substantially greater financial resources and more effective methods for acquiring exclusive license rights to the titles, characters, themes and story lines of popular works in order to adapt online games from such works (which has become increasingly important for new online games to be successful);
- more aggressive and effective marketing strategies for promoting their online games and penetrating the mobile game market; and
- more capability for developing and releasing new games to attract a growing number of game players.

Changyou's marketing services, which are provided through its 17173.com website (the "17173.com Website") in the Chinese mainland, also face intense competition. Changyou competes with other game information portals, such as games.sina.com.cn, operated by Sina Corporation, as well as other Internet portals.

In order to compete effectively in the Chinese mainland, as well as in the worldwide market, Changyou must continue to invest in research and development, to enhance its technology, its existing games, and its marketing and other services, and to timely introduce new game products and services in order for it to adapt to industry trends and shifting demands of game players and advertising clients and to remain competitive. If Changyou's products and services are not responsive to the needs of its game players and advertisers, are not appropriately timed with market opportunities, or are not effectively brought to market, or if its competitors are more successful than Changyou is in developing compelling products or in attracting and retaining game players and advertisers, Changyou may not be able to compete effectively.

Changyou's business could suffer if Changyou does not successfully manage any future growth.

Changyou experienced a period of rapid growth and expansion through 2013 that placed strain on its management personnel, systems and resources. In addition, to accommodate any future growth, Changyou anticipates that it will need to implement a variety of new and upgraded operational and financial systems, including procedures and controls, and improvement of its accounting and other internal management systems and security systems related to the foregoing, all of which require substantial management efforts and financial resources. Changyou will also need to continue to train, manage and motivate its workforce, and manage its relationships with its third-party operators, distributors and service providers and its game player base. All of these endeavors will require substantial management effort and skills and the incurrence of additional expenditures. Changyou may not be able to efficiently or effectively implement its growth strategies and manage the growth of its operations, and any failure to do so may limit its future growth and hamper its business strategy.

Changyou may not be able to avoid slowing growth or declines in its revenues, or future losses.

Changyou's revenues have fluctuated over several years, and Changyou may experience declines in its revenues or suffer net losses in the future due to a number of factors, including, among other things, expected continued declines in revenues from TLBB PC and Legacy TLBB Mobile; uncertainty regarding the popularity of Changyou's future games; uncertainty as to Changyou's ability to develop and launch high-quality games that are commercially successful; the relatively higher game development and distribution costs generally associated with new games; the need to expend greater amounts in order to develop or acquire new games, technologies, assets, and businesses; and uncertainty as to Changyou's ability to integrate such newly acquired games, technologies, assets and businesses. Accordingly, you should not rely on the results of any prior period as an indication of Changyou's future financial and operating performance.

Changyou's previous, and any future, acquisitions and/or strategic alliances may have an adverse effect on its ability to manage its business and may also result in impairment charges.

Changyou has made acquisitions of, and may potentially acquire in the future, technologies, businesses or assets that are complementary to its business and/or enter into strategic alliances in order to leverage its position in the Chinese mainland market and expand its business domestically and internationally. Such acquisitions or strategic alliances may expose Changyou to potential risks, including risks associated with the integration of new technologies, businesses and personnel including its continued reliance on the management teams of the acquisition targets to operate the acquired businesses, unforeseen or hidden liabilities, the diversion of management attention and resources from its existing business, and the inability to generate sufficient revenues to offset the costs and expenses of acquisitions or strategic alliances. Any difficulties encountered in the acquisition and strategic alliance process may have an adverse effect on Changyou's ability to manage its business. In addition, acquired businesses may not perform to Changyou's expectations for various reasons, including the loss of key personnel or key clients, and Changyou's strategic focus may change. As a result, Changyou may not realize the benefits it anticipated. If Changyou fails to integrate acquired technologies, businesses and assets or realize the expected benefits, Changyou may not receive a return on its investment and its transaction costs for such acquisitions. In view of the rapidly changing economic environment, highly volatile capital market and other uncertainties in the Chinese mainland market, the benefits of an acquisition or investment may also take considerable time to develop, and we cannot be certain that any particular acquisition or investment will produce the intended benefits, which could adversely affect its business and operating results. Acquisitions could result in contingent liabilities or amortization expenses related to intangible assets or write-offs of goodwill and/or intangible assets, and/or result in impairment losses related to assets of acquired businesses, which could adversely affect Changyou's results of operations.

Table of Contents

Changyou is dependent upon its management and upon its key development and technical personnel, and Changyou's business may be disrupted if it loses the services of any of them.

Changyou's future success depends substantially on the services of the members of its management and its key development and technical personnel, such as Changyou's Chief Executive Officer Dewen Chen and its key game development personnel. If one or more of the members of Changyou's management or key development or technical personnel were unable or unwilling to continue in their present positions, Changyou might not be able to replace them easily, or at all. If any of the members of Changyou's management or its key employees joins a competitor or forms a competing company, not only would Changyou lose know-how, key professionals, staff members and suppliers, but such members of Changyou's management and key employees could develop and operate games and other services that could compete with and take game players and users away from Changyou's existing and future business. Although each of these members of Changyou's management and key personnel has entered into an employment agreement with non-competition provisions, these non-competition provisions may not be enforceable in the Chinese mainland.

Changyou's prospects for growth may be adversely affected if Changyou cannot successfully manage and make timely adjustments to its hiring needs to support its business strategies.

The Internet industry in the Chinese mainland is characterized by high demand and intense competition for talent, particularly for game developers and related technical personnel, and Changyou's success in the implementation of its growth strategies depends on Changyou's ability to successfully manage, and make timely adjustments to, its hiring needs. In 2025, as part of efforts to streamline its game development functions, Changyou laid off certain employees. This and any future workforce reduction could have an adverse effect on the morale and loyalty of Changyou's remaining employees, and cause Changyou to lose employees whose talent and experience are important for its business, and could also have a negative impact on Changyou's reputation as an employer and its ability to attract qualified employees in the future. Laid-off employees could also make claims against Changyou for additional compensation, causing Changyou to incur additional expense.

Changyou may not have exclusive rights to trademarks, designs and technologies that are crucial to its business.

Changyou has applied for initial registrations in Chinese mainland and Offshore markets, and/or changes in registrations relating to transfers in the Chinese mainland, of its key trademarks, including ChangYou.com, cyou.com, 17173, and the corresponding Chinese versions of the marks, so as to establish and protect its exclusive rights to these trademarks. Changyou has succeeded in registering the trademarks ChangYou.com, cyou.com, and 17173 in the Chinese mainland under certain classes. The applications for initial registration, and/or changes in registrations relating to transfers, of other marks and/or of some of these marks under other classes are still under examination by the Trademark Office of the CNIPA, and relevant authorities overseas. Changyou has license rights to use certain word and graphic-text combination trademarks, including Tian Long Ba Bu and New Tian Long Ba Bu for its PC games and TLBB 3D, Legacy TLBB Mobile, TLBB Honor, and New TLBB Mobile for its mobile games, under Changyou's existing license agreements with the holder of the intellectual property rights with respect to the popular Chinese martial arts novel Tian Long Ba Bu. After the expiration of their terms, Changyou may not be able to renew these license agreements with commercial terms that are favorable to Changyou, if at all, and Changyou's inability to renew these license agreements could force it to lose the right to use the trademarks related to those games. Changyou has applied for patents relating to the design of its games and to technology intended to enhance the functionalities of its games. Changyou has succeeded in obtaining certain patents from the Patent Office of the CNIPA and also has various patent applications under examination by that office. Approvals of Changyou's initial trademark registration applications, and/or of changes in registrations relating to such transfers, or of Changyou's patent applications, are subject to determinations by the Trademark Office of the CNIPA, the Patent Office of the CNIPA and relevant authorities overseas that there are no prior rights in the applicable territory. Changyou cannot be certain that these applications will be approved. Any rejection of these applications could adversely affect Changyou's rights to the affected marks, designs and technologies. In addition, even if these applications are approved, we cannot assure you that any registered trademark or issued patent will be sufficient in scope to provide adequate protection of Changyou's rights.

Table of Contents

Changyou may need to incur significant expenses to enforce its intellectual proprietary rights, and if it is unable to protect such rights, its competitive position and financial performance could be harmed.

Changyou regards its intellectual property and proprietary rights as critical to its success. In particular, Changyou has spent a significant amount of time and resources in developing its current games and possible future games. Changyou's ability to protect its proprietary rights in connection with its games is critical for their success and Changyou's overall financial performance. While Changyou has registered software in the Chinese mainland for copyright protection and has taken various measures to protect its source codes, such measures may not be sufficient to protect its proprietary information and intellectual property. Policing unauthorized use of proprietary technology is difficult and expensive. In addition, while Changyou has registered some trademarks relating to its games in the Chinese mainland and other jurisdictions, and has applied for additional registrations of trademarks, in some instances Changyou may not succeed in obtaining registration of trademarks that it has applied for in different languages, such as English. We cannot assure you that these pending or future trademark applications will be approved. Any failure to register trademarks in any country or region may limit Changyou's ability to protect its rights in such country or region under relevant trademark laws, and Changyou may need to change the name of the relevant trademark in certain cases, which may adversely affect Changyou's branding and marketing efforts.

Despite Changyou's efforts to protect its intellectual property, online game developers may copy Changyou's ideas and designs, and other third parties may infringe Changyou's intellectual property rights. For example, certain third parties have misappropriated the source codes of previous versions of TLBB PC and have set up unauthorized servers in the Chinese mainland and elsewhere to operate TLBB PC to compete with Changyou. The existence of unauthorized servers may attract game players away from Changyou's games and may result in decreases in Changyou's revenues. Any measures Changyou takes in response may not be successful in eliminating these unauthorized servers. Litigation relating to intellectual property rights may result in substantial costs to Changyou and diversion of resources and management attention away from its business, and may not be successful. In addition, Changyou's ideas and certain of its designs, if not fixed in a tangible form of expression or registered with the appropriate authorities in the Chinese mainland, may not be protected by patents or other intellectual property rights. As a result, Changyou may be limited in its ability to assert intellectual property rights against online game developers who independently develop ideas and designs that compete with Changyou.

Changyou may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to it, could subject it to significant liabilities and other costs.

Changyou's success depends largely on its ability to use and develop its technology and know-how without infringing the intellectual property rights of third parties. We cannot be certain that third parties will not assert intellectual property claims against Changyou. Changyou is subject to additional risks if entities licensing to it intellectual property, including, for example, game source codes, do not have adequate rights in any such licensed materials. The validity and scope of claims relating to the intellectual property of game development and technology involve complex scientific, legal and factual questions and analyses and, therefore, tend to be uncertain. If third parties assert copyright or patent infringement or violation of other intellectual property rights against it, Changyou will have to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of Changyou's technical and management personnel. An adverse determination or settlement in any such litigation or proceedings to which Changyou may become a party could subject it to significant liability to third parties, or require it to seek licenses from third parties, pay ongoing royalties, or redesign its games or subject it to injunctions prohibiting the development and operation of its games.

Risks Related to Online Games

There are uncertainties regarding the future growth of the online game industry in the Chinese mainland.

The online game industry, from which Changyou derives most of its revenues, is a rapidly evolving industry. The growth of the online game industry and the level of demand and market acceptance of Changyou's games are subject to a high degree of uncertainty. Changyou's future operating results will depend on numerous factors affecting the online game industry, many of which are beyond Changyou's control, including:

- whether the online game industry, particularly in the Chinese mainland and the rest of the Asia-Pacific region, continues to grow and the rate of any such growth;
- the availability and popularity of other forms of entertainment, particularly games on console systems, which are already popular in developed countries and may gain popularity in the Chinese mainland;

Table of Contents

- growth in users of the Internet and broadband and penetration in the Chinese mainland and other markets in which Changyou offers its games, and the rate of any such growth;
- whether declines in the use of personal computers and growth in users of mobile devices such as smart phones and tablets in general, and for purposes of accessing online games in particular, continue or accelerate in the Chinese mainland and other markets in which Changyou offers its games;
- changes in consumer demographics and public tastes and preferences; and
- general economic conditions in the Chinese mainland, particularly economic conditions adversely affecting discretionary consumer spending.

There is no assurance that online games in general will continue to be popular in the Chinese mainland or elsewhere. If the online games that Changyou has launched, or expects to launch in the future, are not successful, Changyou may not be able to recoup the investments in its development and marketing of those games.

Changyou currently depends on TLBB PC and Legacy TLBB Mobile for a significant portion of its revenues, and continued decrease in the popularity of TLBB PC and Legacy TLBB Mobile or interruption in their operation will adversely affect Changyou's results of operations.

Changyou currently relies on TLBB PC and Legacy TLBB Mobile for a significant portion of its revenues. Changyou launched TLBB PC in May 2007 and Legacy TLBB Mobile in May 2017. Despite Changyou's efforts to improve TLBB PC and Legacy TLBB Mobile, their game players have nevertheless lost interest in them over time. Accordingly, the popularity, revenues, and profitability of TLBB PC and Legacy TLBB Mobile can be expected to continue to decline in the long run. See “- Changyou may not be successful in operating and improving its games to satisfy the changing demands of game players.”

To prolong TLBB PC and Legacy TLBB Mobile's lifespans and slow the pace of their decline, Changyou needs to continually improve and update them on a timely basis with new features, including but not limited to enhanced social interaction features, that appeal to existing game players, attract new game players (including those who played earlier versions of TLBB PC and Legacy TLBB Mobile), and improve player stickiness to the games. If Changyou fails to improve and update TLBB PC and Legacy TLBB Mobile on a timely basis, or if Changyou's competitors introduce more popular PC games and mobile games, catering to Changyou's game player base, the decline in TLBB PC and Legacy TLBB Mobile's popularity can be expected to accelerate, which would cause Changyou's revenues to decrease at a faster pace. Furthermore, if there are any interruptions in TLBB PC and Legacy TLBB Mobile's operation due to unexpected server interruptions, network failures or other factors, game players may be prevented or deterred from making purchases of virtual items, which could also cause significant decreases in Changyou's revenues.

Any decline in the market demand for PC games in general, and for the PC games that Changyou operates in particular, and/or in the number of game players of PC games will have an adverse effect on Changyou's online game business and prospects.

A significant portion of Changyou's online game revenues is generated from its PC games, and from TLBB PC in particular. However, until recently, the popularity of PC games had declined, leading online game developers to delay or suspend their plans for new PC games due to the difficulty of retaining their existing players. Although PC games have recently regained some popularity, we cannot assure you that this upward trend will continue. If a downward trend resumes or accelerates, it may be difficult for Changyou's existing PC games in general, and TLBB PC in particular, to maintain their popularity and for Changyou's new PC games to become commercially successful; and the game player base of Changyou's PC games in general, and of TLBB PC in particular, may shrink, which would increase Changyou's costs to acquire and retain players of its PC games and would have a negative impact on its online game revenues. In addition, Changyou's PC games generally produce relatively higher profit margins for it than do its mobile games, because Changyou must distribute its mobile games through third-party mobile game distributors or mobile application stores and enter into revenue-sharing arrangements with such distributors or mobile application stores. Accordingly, any decrease in Changyou's revenues from its PC games may have a relatively larger negative impact on Changyou's overall profits.

[Table of Contents](#)

As mobile devices such as tablets, mobile phones, and other devices other than personal computers are increasingly used to access online games, Changyou must continue to acquire or develop increasing numbers of mobile games that work on such devices.

Devices other than personal computers, such as mobile phones and tablets, are used increasingly in the Chinese mainland and in overseas markets. For its business to be successful, Changyou will need to continue to develop versions of its existing games and any future games that work well with such devices. The games that Changyou develops for such devices may not function as smoothly as its existing games, and may not be attractive to game players in other ways. In addition, manufacturers of such devices may establish restrictive conditions for developers of applications to be used on such devices, and as a result Changyou's games may not work well, or at all, on such devices. As new devices are released or updated, Changyou may encounter problems in developing versions of its games for use on such devices and Changyou may need to devote significant resources to the development, support, and maintenance of games for such devices. Since 2014 Changyou has been investing, and it expects to continue to invest, significant amounts in the development, promotion and operation of games for mobile devices. If Changyou is unable to successfully expand the types of devices on which its existing and future games are available, or if mobile versions of games that Changyou develops for such devices do not function well or are not attractive to users and game players; if the popularity and revenues of Changyou's mobile game Legacy TLBB Mobile continue to decline; or if other mobile games that Changyou has launched, or expects to launch in the future, are not successful, Changyou may not be able to maintain or increase its revenues and recoup its investments in the mobile market.

Changyou's mobile game Legacy TLBB Mobile is currently generating a significant portion of its revenues. Changyou expects to continue to rely on dominant third-party game distributors and operators that obtain licenses from it to market, distribute, and operate its mobile games, including Legacy TLBB Mobile, which is operated by Tencent under a license from Changyou. If Changyou is not able to establish and maintain collaborative relationships with Tencent and other dominant third-party game distributors and operators for its existing and future mobile games, it is likely that Changyou will not be able to maintain or expand its mobile game business.

Changyou's mobile game Legacy TLBB Mobile has been generating a significant portion of Changyou's revenues since its launch in May 2017. For the year ended December 31, 2024, revenues from Legacy TLBB Mobile were \$44.4 million, accounting for approximately 9% of Changyou's online game revenues and approximately 9% of its total revenues. For the year ended December 31, 2025, revenues from Legacy TLBB Mobile were \$41.4 million, accounting for approximately 8% of Changyou's online game revenues and approximately 8% of its total revenues. Changyou has relied, and expects to continue to rely, on dominant third-party game distributors and operators with large user bases, leading big data analytical capabilities, and track records and experience with successful operation of mobile games to operate its mobile games. For example, Tencent, which is an Internet conglomerate with a very large user base and is a dominant game developer and distributor in the Chinese mainland, is the exclusive operator and distributor of Legacy TLBB Mobile under a license from Changyou, and shares with Changyou the revenues generated by the game. If Tencent terminates the current licensing arrangements with Changyou for Legacy TLBB Mobile or curtails Tencent's marketing efforts to promote Legacy TLBB Mobile, or if Changyou is not able to establish and maintain collaborative relationships with other dominant game distributors and operators in the Chinese mainland for its existing and future mobile games on commercial terms that are acceptable to Changyou, it will be difficult for Changyou to maintain or expand its mobile game business. In addition, Changyou relies on Tencent and other third-party operators to collect payments from game players for their purchases of virtual items in Changyou's mobile games, and to pay to Changyou the pre-agreed revenue-sharing amounts, and there is usually a delay between the time of a game player's purchase and the time when the operator pays Changyou, which has placed, and may continue to place, constraints on Changyou's cash flow.

Changyou's business will suffer if it is unable to develop successful high-quality games for mobile devices, expand its game portfolio with a variety of genres that are appealing to game players, monetize mobile games that Changyou develops, or acquire and maintain for a reasonable period the popularity and revenue levels of any of Changyou's mobile games that are successful.

Developing high-quality games for mobile devices is an important component of Changyou's online game strategy. The mobile games market in the Chinese mainland recently has been dominated by a small number of high-quality games, which collectively generate a substantial majority of the total revenues and profits of all mobile games in the market. Changyou has devoted and Changyou expects to continue to devote substantial resources to the development of its mobile games, focusing on those that Changyou believes have the potential to become high-quality games. Despite the early success of Changyou's mobile game Legacy TLBB Mobile, we cannot guarantee that Changyou will be able to develop additional high-quality games that appeal to players or, even if Changyou is able to develop high-quality games that are successful, that such games will have lifespans that are long enough to generate an acceptable level of revenues, as mobile games tend to have relatively shorter lifespans than PC games. In addition, Changyou may encounter difficulty in integrating features into games developed for mobile devices that a sufficient number of players will pay for, or in otherwise sufficiently monetizing mobile games. As the mobile-device market in the Chinese mainland is saturated or near saturation, mobile-game developers and operators have increasingly devoted substantial resources to the expansion of their mobile-game portfolios with a variety of genres, such as MMORPGs, multiplayer online battle arena games, or first person shooter games, that are appealing in the mobile game market, in order to acquire and retain game players and maintain or increase revenues from the games. However, Changyou has not been successful in the development of mobile games other than those in the MMORPG genre. If Changyou is unable to develop successful high-quality games and expand its game portfolio with games in a variety of genres that are in line with market trends, or implement successful monetization strategies for its mobile games in general, its ability to maintain or grow revenues will be adversely affected.

Table of Contents

Changyou's ability to successfully develop and monetize games for mobile devices will depend on its ability to:

- expand the portfolio of mobile games, and particularly high-quality games, in a variety of genres that Changyou develops in-house and licenses from third-party developers;
- effectively develop new mobile games for multiple mobile operating systems and mobile devices;
- anticipate and effectively respond to changing interests of players;
- attract, retain and motivate talented game designers, product managers and engineers with experience in developing games for mobile devices;
- minimize launch delays and cost overruns on the development of new games;
- effectively monetize mobile games without degrading the social game experience for its players;
- develop games that provide for a compelling and optimal user experience through existing and developing third-party technologies; and
- acquire and successfully integrate high-quality mobile game assets, personnel, and companies.

Further, even if Changyou develops or acquires license rights to a mobile game that is successful, the game's lifespan may be short, as even successful mobile games tend to have less sustained user loyalty than do successful PC games. For example, the revenues generated from Changyou's mobile game Legacy TLBB Mobile, which was launched in May 2017, declined sequentially from 2018 through 2025, which is typical for mobile games. In view of the uncertain lifespans of mobile games and the large quantity of mobile games available at any given time competing for game players, it is necessary for Changyou to make considerable investments in order to have a number of mobile games, and particularly mobile games that have the potential to become high-quality hit games, in its pipeline.

If Changyou is unable to develop or acquire new mobile games in general, and high-quality games in particular, that are successful, or to maintain for a reasonable period the popularity and revenue levels of any mobile games that Changyou develops or acquires that are successful, Changyou may not be able to recoup its development and acquisition costs and its ability to expand its business in the future is likely to be impeded.

We believe that the chance of success for online games is improved if they are adapted from the titles, characters, themes, and story lines of popular works of Chinese and foreign authors. However, there are many risks and uncertainties related to obtaining the rights to adapt such works for online games, and Changyou's games adapted from such works may not be successful.

We believe that, in order for many of the new online games that Changyou develops to be successful in the Chinese mainland, it is important for it to obtain license rights, and preferably exclusive license rights, to adapt the titles, characters, themes and story lines of popular works for use in the games. For example, Changyou developed and it operates its PC games TLBB PC and TLBB: Return, and its mobile games TLBB 3D, Legacy TLBB Mobile, and New TLBB Mobile with various features that are included in reliance on rights under its existing license agreements with respect to the late Chinese martial arts author Louis Cha's popular novel Tian Long Ba Bu. We believe that these features have had a critical role in attracting and retaining many of the players of TLBB PC, TLBB: Return, TLBB 3D, Legacy TLBB Mobile, and New TLBB Mobile. However, it can be difficult to identify a sufficient number of such works that are suitable for adaptation for use in online games, and Changyou faces significant competition for rights, and in particular exclusive license rights, to such works from other online game companies that also adapt their online games from popular works. Obtaining license rights, and particularly exclusive license rights, to adapt suitable works for use in online games can involve significant expense, as the license fees, and the percentage of revenues from the games adapted from such works, payable to authors have continued to rise as competition for such license rights has intensified. In addition, Changyou has previously obtained, and may continue to seek to obtain, license rights for works from certain authors in foreign countries, and its ability to obtain such rights has previously been, and may be in the future be, adversely affected by greater scrutiny of such works, and a stricter approval process for permission to obtain such rights, by relevant authorities in the Chinese mainland compared to the scrutiny of and approval process applicable to domestic works.

Table of Contents

Even if Changyou obtains license rights for works, we cannot be certain that games that Changyou adapts from such works will be popular and commercial successes and that Changyou will be able to recoup the amounts it pays for the license rights. Obtaining such rights and adapting such works for mobile games present additional risks, because of the relatively short lifespans of mobile games. Moreover, after the expiration of the terms of Changyou's existing license agreements with the holder of the copyrights to Tian Long Ba Bu and other holders of copyrights, Changyou may not be able to renew the agreements with commercial terms that are favorable to it, if at all. Changyou's inability to renew such agreements could force it to discontinue the related online games or, in the case of games based on Tian Long Ba Bu, to lose the rights to trademarks that Changyou has claimed as to various features and character names based on or inspired by Tian Long Ba Bu, and have a significant adverse impact on its online game operations and revenues.

Changyou may not be able to distribute its mobile games through its desired Internet platforms, its profits from any successful mobile games can be expected to be relatively lower than the profits Changyou has enjoyed historically from PC games and its mobile game revenues are subject to additional risks as Changyou relies on mobile application stores to collect payments from players of its mobile games.

Changyou may not be able to arrange for its mobile games to be distributed through its desired popular third-party mobile application stores with commercial terms, including revenue-sharing arrangements that are favorable enough to it to allow it to achieve an acceptable level of profit from the games. Changyou's profits from mobile games, even if the games are successful, are likely to be relatively lower than the profits it generates from PC games, because, in order to gain access for its games on mobile application stores, Changyou must enter into revenue-sharing arrangements that generally result in lower profit margins than those generated from its PC games. Due to market competition and pressures, only a handful of third-party mobile application stores and other game distribution channel providers have survived and, of the remaining providers, an even smaller number of key providers, including Tencent and Mobile Hardcore Alliance, collectively control a substantial share of the market. As a result, Changyou has reduced leverage and weaker bargaining power in business negotiations with game distribution channel providers, which may lead to Changyou being forced to agree to receive relatively low revenue-sharing percentages for many of its mobile games.

Changyou relies on mobile application stores to collect payments from game players for their purchases of its virtual items and to pay to Changyou pre-agreed revenue-sharing amounts. If mobile application stores cease to offer Changyou's games over their platforms, change their user payment policies, such as return policies, or fail to make revenue-sharing payments that are due to Changyou, Changyou's revenues will be adversely affected. When Changyou distributes its games through smaller, less well-known application stores, Changyou may not receive revenue-sharing payments when they are due. In addition, the iOS-based mobile application store allows game players to use foreign currency to purchase virtual items or game points in Changyou's games, and the store pays to Changyou pre-agreed revenue-sharing amounts after converting the foreign-currency denominated revenues from such purchases into RMB using an exchange rate effective at the time of the payment. Since there is usually a delay between the time of a game player's purchase and the time when the store pays Changyou, if the foreign currency used has depreciated against the RMB during the delay Changyou will receive lower amounts at the time of the payment than Changyou would have received if the payment had been made at the time of the game player's purchase.

Changyou's new mobile games will be less likely to be successful if Changyou cannot adopt and implement innovative and effective marketing strategies to attract attention to its games from game players in its targeted demographic groups.

A relatively large number of mobile games are typically available at any given time in the markets in which Changyou launches and operates its mobile games, and such games compete for attention from the same game player population that it targets. Changyou's ability to successfully promote and monetize its mobile games will depend on its ability to adopt and effectively implement innovative marketing strategies, and particularly precision marketing through new media, such as Weibo, WeChat, Douyin, Bilibili.com Website and other online game forums, targeting potential mobile game players in general, and game players in specific demographic groups for certain games in particular, and Changyou's ability to cross-market mobile games to players of its current PC games and mobile games. If Changyou fails to adopt and implement such marketing and cross-marketing strategies, or if the marketing strategies of Changyou's competitors are more innovative and effective than Changyou's, its mobile games will be less likely to be successful and as a result Changyou may not be able to achieve an acceptable level of revenue from those games.

Table of Contents

Changyou's development and operation of mobile games may be adversely affected by the promulgation of new, and the implementation and interpretation of existing, laws and regulations of the Chinese mainland affecting mobile games.

Changyou, as a developer and operator of mobile games, has been facing increasingly intense regulatory scrutiny from regulatory authorities in the Chinese mainland regarding the development and operation of its mobile games. Uncertainties exist regarding the timing of the promulgation of, and any changes to, current and future laws and regulations of the Chinese mainland and the effect of the interpretation and implementation thereof, which may, among other things:

- have an adverse impact on the way Changyou designs its games and game features, which may make the games less attractive to game players;
- have an adverse impact on Changyou's ability to achieve an acceptable level of revenues and profit from its mobile games;
- make it harder to access Changyou's mobile games and cause a decrease in its player base;
- increase the cost of the development and operation of Changyou's mobile games; and
- require substantial management attention and effort in monitoring the development of, and ensuring Changyou's compliance with, existing and future laws and regulations of the Chinese mainland affecting the mobile games business.

For a discussion of the risks associated with laws and regulations of the Chinese mainland affecting online games in general and mobile games in particular, see “- Risks Related to Changyou.com Limited - Risks Related to Doing Business in the Chinese Mainland” in this Item 3 of this annual report.

Changyou's new games may attract game players away from its existing games.

With Changyou's increasingly diversified game portfolio, we cannot be certain that players of Changyou's existing games will not be attracted to play other newly launched games. If this occurs, it will decrease Changyou's existing games' player bases, which could in turn make these games less attractive to other game players, resulting in decreased revenues from its existing games. For example, revenues generated from Changyou's mobile game TLBB 3D decreased significantly in the second quarter of 2017, and we believe that this may have been due in part to the launch of Changyou's mobile game Legacy TLBB Mobile in May 2017. Game players who switch from playing Changyou's existing games to its new games may also spend less money to purchase virtual items in its new games than they would have spent if they had continued playing Changyou's existing games, resulting in an adverse effect on its overall revenues. In addition, game players' switching from playing Changyou's existing PC games to its new mobile games, as well as from its in-house developed games to its licensed games, could cause Changyou's overall online game profits to be relatively lower, as its profits from mobile games and licensed games tend to be relatively lower as a result of revenue-sharing arrangements.

Changyou relies on recorded data for game revenue recognition and tracking of game players' patterns of consumption of virtual items. If its data systems fail to operate effectively, such failure will affect the completeness and accuracy of its revenue recognition, and also its ability to design and improve virtual items that appeal to game players.

Changyou's game operation revenues are generated through the direct online sale of game points and sale of its prepaid game cards, and its recognition of those revenues depends on such factors as whether the virtual items purchased by game players are considered consumable or perpetual. Changyou's revenue recognition policy with respect to perpetual virtual items is based on its best estimate of the lives of the items. Changyou considers the average period that paying players typically play its games and other player behavior patterns to arrive at its best estimate of the lives of these perpetual items. However, given the fast-evolving nature of the game industry and the various types of online games that Changyou offers to players with different tastes and preferences, its estimate of the period that players typically play its games may not accurately reflect the actual lives of these perpetual virtual items. Changyou revises its estimates as it obtains additional operating data, and it attempts to refine its estimation process accordingly. Any future revisions to these estimates could adversely affect the time period during which Changyou recognizes revenues from these items. For example, an increase in the estimated lives of these perpetual virtual items would increase the period over which revenues from these items are recognized.

Table of Contents

Changyou relies on its data systems to record and monitor the purchase and consumption of virtual items by its game players and the types of virtual items purchased. If its data systems fail to accurately record the purchase and consumption information of the virtual items, Changyou may not be able to accurately recognize its revenues. In addition, Changyou relies on its billing systems to capture such historical game player behavior patterns and other information. If such information is not accurately recorded, or if Changyou does not have sufficient information due to the short operating history of any of its games, Changyou will not be able to accurately estimate the lives of, or the estimated average period the game players play its games with respect to, the perpetual virtual items, which will also affect its ability to accurately recognize its revenues from such perpetual virtual items. If Changyou's data systems were damaged by system failure, network interruption, or virus infection, or attacked by a hacker, the integrity of data would be compromised, which could adversely affect its revenue recognition and the completeness and accuracy of its recognized revenues.

Changyou regularly updates its existing virtual items and designs new virtual items and may also adjust prices. If its data systems fail to record data accurately, its ability to update existing virtual items or design new virtual items that are appealing to its game players may be adversely affected, which could in turn adversely affect its revenues.

Online payment platforms that Changyou uses and third-party online payment platforms with which Changyou collaborates may experience security breaches, and any such breaches could cause Changyou's customers to lose confidence in the integrity of the payment systems that it uses and have an adverse impact on its revenues.

Game players purchase Changyou's virtual game points and prepaid game cards through Changyou's online payment platforms and those of third parties with which Changyou collaborates. It is essential that confidential information, such as customers' credit card numbers and expiration dates, personal information, and billing addresses, that is transmitted over public networks for these online transactions be secure. An increasing amount of such purchases by Changyou's game players will be conducted over the Internet as a result of the growing use of online payment systems. As a result, the risk of associated online crime will increase, and Changyou's current security measures and those of third-party online payment platforms with which it collaborates may not be adequate. Accordingly, Changyou must be prepared to increase its security measures and efforts, including those designed and implemented to respond to security breaches at its third-party online payment platforms, in order for its game players to have confidence in the reliability of the online payment systems that it uses, which will require Changyou to incur additional expense. Even with such enhanced measures and efforts, Changyou's security measures may not be sufficient to make its online payment systems completely safe. In addition, Changyou does not have control over the security measures of third-party online payment platforms with which it collaborates, and may not be aware of security vulnerabilities that exist in any such third-party online payment platforms. Breaches in the security of online payment systems that Changyou uses could expose it to litigation and liability for failing to secure confidential customer information, and could harm its reputation, ability to attract customers and ability to encourage customers to purchase virtual items. Moreover, any security breach at any third-party online payment platforms with which Changyou collaborates could cause it to lose revenues that would otherwise be collectible from such third-party online payment platforms for payments from Changyou game players.

Any failure of third-party developers of online games that Changyou licenses from or jointly develops with them to fulfill their obligations under Changyou's license or joint operation agreements with them could have an adverse effect on Changyou's operation of and revenues from those games.

Changyou derives a portion of its revenues from PC games and mobile games that Changyou licenses from, or jointly develops with, third-party developers. Under its license and joint development agreements for these games, Changyou relies on the third-party developers to provide game updates, enhancements and new versions, provide materials and other assistance in promoting the games and resolving game programming errors and issues with "bots" and other intrusions. Any failure of third-party developers to provide game updates, enhancements and new versions in a timely manner and that are appealing to game players, provide assistance that enables Changyou to effectively promote the games, or otherwise fulfill their obligations under Changyou's license and joint development agreements could adversely affect the game-playing experience of Changyou's game players, damage its reputation, or shorten the life-spans of those games, any of which could result in the loss of game players, acceleration of Changyou's amortization of the license fees it has paid for those games, or a decrease in or elimination of its revenues from those games.

Furthermore, for games that Changyou licenses from or jointly develops with third parties, Changyou may not have access to the game source codes during the initial period of the license, or at all. Without the source codes, Changyou has to rely on the licensors to provide updates and enhancements, giving it less control over the quality and timeliness of updates and enhancements. If Changyou's game players are not satisfied with the level of services they receive, they may choose to not play the games.

There are additional risks associated with Changyou's licensing from overseas developers of online games that are successful only in particular overseas markets, because such games may not be successful in the Chinese mainland market and other markets if Changyou is not able to successfully customize the games to adapt to differences in culture and user preferences in the Chinese mainland market and other markets.

Table of Contents

Changyou receives relatively lower profits from the operation of online games that it licenses from or jointly develops with third-party developers.

Changyou's revenue-sharing arrangements for games that Changyou licenses from or jointly develops with third-party developers provide Changyou with relatively less profit than games that Changyou develops in-house, and in some cases Changyou may not be able to recoup its investments in such games. Moreover, to secure the rights to games from third-party developers, Changyou often must pay up-front fees and also commit to pay additional fees in the future. Changyou also has invested in mobile game development studios in order to assure access to an extensive pipeline of mobile games. Changyou often must make such commitments and investments without knowing whether the games Changyou is licensing or jointly developing will be successful and generate sufficient revenues to enable Changyou to recoup its costs or for the games to be profitable.

Changyou faces significant risks and incurs substantial costs when it licenses its games to, or jointly operates them with, third-party operators, and Changyou faces additional risks and costs when it directly operates its games or licenses its games to, or jointly operates its games with, third-party operators in overseas markets.

Changyou currently exclusively licenses to, or jointly operates with, third-party operators some of its games in markets that Changyou selects, including overseas markets, and expects to continue to do so. Changyou faces significant risks associated with the licensing or joint operation of Changyou's games, including:

- difficulties in identifying appropriate markets;
- difficulties in identifying, negotiating and maintaining good relationships with licensees or joint operators who are knowledgeable about, and can effectively operate Changyou's games in, particular markets;
- difficulties in maintaining Changyou's reputation and the reputation of its games when its games are operated by licensees or joint operators pursuant to their own standards; and
- difficulties in protecting Changyou's intellectual property.

Changyou currently licenses and operates, and expects to continue to expand the licensing and operation of, some of its existing and future games, either directly or jointly with third-party operators, in selected overseas markets. Additional risks associated with the licensing or direct or joint operation of Changyou's games overseas include:

- difficulties and significant costs in protecting Changyou's intellectual property in overseas markets;
- difficulties in retaining and maintaining local management and key development and technical personnel who are experienced and knowledgeable about, and can effectively operate Changyou's games in, particular markets;
- uncertainties relating to Changyou's ability to develop its games and/or expansion packs catering to particular overseas markets;
- uncertainties relating to Changyou's ability to renew its license and joint operation agreements with licensees and joint operators upon their expiration;
- for Changyou's direct operation of its games overseas, interruptions in the operation of the games due to cross-border Internet connection or other system failures;
- significant costs for translation of its games into the local languages of, or customization of its games for, the overseas markets in which Changyou plans to license or jointly operate its games;
- limited choices of third-party Internet platforms to distribute Changyou's mobile games in certain overseas markets;
- difficulty for Changyou's management to exercise timely and effective supervision and administration of local management and employees in general, and their interactions with local third-party Internet platforms or other service providers in particular, in order to identify and prevent any sloppy, dishonest or illegal activities, which could harm Changyou's business and reputation or subject Changyou to penalties;

Table of Contents

- significant marketing costs to promote Changyou's games in certain overseas markets where third-party Internet platforms do not include marketing services as part of the revenue-sharing arrangements;
- different game player preferences in certain overseas markets;
- difficulties and significant costs relating to compliance with the different legal requirements and commercial terms, such as game export regulatory procedures, taxes and other restrictions and expenses, in the overseas markets in which Changyou licenses or directly or jointly operates its games;
- exposure to different regulatory systems governing the protection of intellectual property and the regulation of online games, the Internet and the export of technology;
- costs for compliance with different legal requirements and commercial terms in overseas markets;
- difficulties in verifying revenues generated from Changyou's games by its licensees for purposes of determining royalties payable to Changyou;
- difficulties and delays in contract enforcement and collection of receivables through the use of foreign legal systems;
- changes in the political, regulatory or economic conditions, or public policy, affecting online games in particular foreign countries or regions;
- the risk that regulatory authorities in foreign countries or administrative regions may impose withholding taxes, or place restrictions on repatriation of Changyou's profits; and
- fluctuations in currency exchange rates.

If Changyou is unable to manage these risks and control these costs effectively, its ability to license or operate its games in the Chinese mainland or in regions and countries outside of the Chinese mainland, either directly or jointly with third-party joint operators, may be impaired.

Changyou may not be successful in operating and improving its games to satisfy the changing demands of game players.

Changyou depends on purchases and continual consumption of virtual items by its game players to generate revenues, which in turn depend on the continued attractiveness of its games to the game players and their satisfactory game-playing experience. Various issues could arise that would cause its games to be less attractive to its game players or could limit the continued attractiveness of its games. For example:

- Changyou may fail to provide game updates, expansion packs and other enhancements in a timely manner due to technological or resource limitations, or other factors;
- Changyou's game updates, expansion packs and new versions may contain programming errors, and their installation may create other unforeseen issues that adversely affect the game-playing experience;
- Changyou may fail to timely respond and/or resolve complaints from its game players;
- Changyou may fail to eliminate computer "bots" which can disrupt its games' smooth operation and reduce the attractiveness of its games; and
- Changyou's game updates, expansion packs and other enhancements may change rules or other aspects of its games that its game players do not welcome, resulting in a reduction in the active accounts or active paying accounts of its online games.

Table of Contents

Changyou's failure to address these issues could adversely affect the game-playing experience of its game players, damage the reputation of its games, shorten the lifespans of its games, and result in the loss of game players and a decrease in its revenues.

Changyou may fail to launch new games according to its timetable, and its new games may not be commercially successful.

All online games have limited lifespans. Changyou must continually launch new games that can generate additional revenue and diversify its revenue sources in order to remain competitive. Changyou will not generate any meaningful revenue from a game in development until it is commercially launched after open beta testing, and we cannot be certain that Changyou will be able to meet its timetable for new game launches or that its new games will be successful. A number of factors, including technical difficulties, lack of sufficient game development capabilities, personnel and other resources, failure to obtain or delays in obtaining relevant regulatory authorities' approvals, adverse developments in Changyou's relationships with the licensors or third-party operators of its new games, and outbreaks of health epidemics and pandemics, could result in delayed launching of its new games or the cancellation of the development of its pipeline games. In addition, we cannot be certain that Changyou's new games will be as well received in the market as TLBB PC and Legacy TLBB Mobile have been. Changyou may fail to anticipate and adapt to future technological trends, new business models and changed game player preferences and requirements, fail to effectively plan and organize marketing and promotion activities, or fail to differentiate its new games from its existing games. If the new games Changyou introduces are not commercially successful, Changyou may not be able to generate sufficient revenues from new games to sustain or grow its revenues or to recover its product development costs and sales and marketing expenses, which can be significant. If Changyou acquires and pays for a license giving it the right to adapt an online game from an author's work, but does not complete the development and introduction into the market of the game, or Changyou introduces the game but it is not successful, Changyou may not be able to recover the license fees it has paid.

Changyou generates all of its game revenues under the item-based revenue model, which presents risks related to consumer preferences and regulatory restrictions.

All of Changyou's games, including PC games and mobile games, are operated under the item-based revenue model. Under this revenue model, Changyou's game players are able to play the games for free, but are charged for the purchase of virtual items in the games. The item-based revenue model requires Changyou to design games that not only attract game players to spend more time playing, but also encourage them to purchase virtual items. The sale of virtual items requires Changyou to track closely consumer tastes and preferences, especially as to in-game consumption patterns. If Changyou fails to design and price virtual items so as to incentivize game players to purchase them, Changyou may not be able to effectively translate its game player base and their playing time into revenues. In addition, the item-based revenue model may cause additional concerns with regulators in the Chinese mainland who have been implementing regulations designed to reduce the amount of time that youths spend on online games and intended to limit the total amount of virtual currency issued by online game operators and the amount purchased by individual game players. A revenue model that does not charge for time played may be viewed by the regulators in the Chinese mainland as inconsistent with these goals. The item-based revenue model may not continue to be commercially successful and in the future Changyou may need to change its revenue model to a time-based or other revenue model. Any change in revenue model could result in disruption of Changyou's game operations, a decrease in the number of its game players and a decline in its revenues.

Undetected programming errors or defects in Changyou's games could harm its reputation and adversely affect its results of operations.

Changyou makes frequent improvement and updates to its online games, which may contain bugs or flaws that become apparent only after the updated games are accessed by users, particularly as Changyou launches new updates under tight time constraints. If for any reason programming bugs or flaws are not resolved in a timely fashion, Changyou may lose some of its users, and third-party operators that license or jointly operate its games may seek to recover damages from it, which could have an adverse effect on Changyou's results of operations, and could harm its reputation and the market acceptance of its games.

Breaches in the security of Changyou's server network, or cloud-based servers that it leases from third-party operators, could cause disruptions in its service or operations, facilitate piracy of its intellectual property, or compromise confidential information of its game players and its business.

Changyou stores on its servers, including physical servers that Changyou owns or leases and cloud-based servers that Changyou leases from third-party operators, and transmits over the Internet considerable and continually increasing amounts of data, much of which is essential to the operation of its business and some of which is highly confidential information concerning its business and its game players. In addition, the expansion of Changyou's business to include mobile games and its need to comply with Chinese mainland regulations requiring real-name registration of its game players are likely to cause the amount of personal data concerning its game players that is transmitted over its networks to increase over time. Any breaches by hackers of Changyou's network or of cloud-based servers Changyou leases from third-party operators could cause severe disruptions in its game development and operations and other business activities, allow piracy of the source code used in the operation of its games and allow pirated versions of its games to enter the marketplace, or result in the release of confidential personal or financial information of its game players or confidential information concerning Changyou's business, breaches in the security of Changyou's server network, including cloud-based servers that Changyou leases from third-party operators, could cause disruptions in its service or operations, any of which could have an adverse impact on Changyou's business, its revenues, and its reputation among game players. In order to minimize the likelihood of such breaches as Changyou's business expands and the amount of confidential and sensitive data increases, we expect that Changyou will need to expend considerable resources to maintain and enhance the effectiveness of its security systems.

Table of Contents

Rapid technological changes may increase Changyou's game development costs. Changyou also faces uncertainties and evolving risks related to the adoption of AI technology, intellectual property infringement, data leakage, and rapidly changing regulatory requirements in the Chinese mainland.

Technological development in online game industry is evolving rapidly, so Changyou needs to anticipate new technologies, such as AI, and evaluate their possible market acceptance. In addition, regulatory authorities or industry organizations in the Chinese mainland may adopt new technical standards that apply to game development. Any new technologies and new standards may require increases in expenditures for PC game and mobile game development and operations and continuing professional training of Changyou's development and technical personnel, and Changyou will need to adapt its business and prepare its workforce to cope with the changes and support these new services to be successful. If Changyou falls behind in adopting new technologies or standards, its existing games may lose popularity, its newly developed games may not be well received in the marketplace.

Changyou has actively embraced AI technology and expects to continue to research AI-related technologies and explore in-depth application of such technologies in game development, publishing, and operations. However, there remain uncertainties regarding the commercial application of AI and its compliance with rapidly evolving AI-related laws and regulations. Regulatory authorities in the Chinese mainland have issued certain regulations directed at AI services, such as the *Interim Measures for Generative Artificial Intelligence Services*, which were issued by the CAC and six other regulatory authorities in the Chinese mainland on July 10, 2023 and took effect on August 15, 2023 (the "Generative AI Services Measures"), and may promulgate additional regulations. See "Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Miscellaneous - Laws and Regulations Related to Security and Censorship" for a more detailed discussion of the Generative AI Services Measures. As a result, we may be required to allocate significant financial and management resources to comply with heightened regulatory requirements. Also see "- Certain of our products and services incorporate open source software or rely on AI technologies accessed via third-party large model providers, and we also contribute or license certain of our technology to or through open source projects, which may expose our proprietary software, intellectual property, products, and services to unique risks that could adversely affect our business."

The proliferation of "cheating" programs and scam offers that seek to exploit Changyou's games and players harms the game-playing experience and may lead players to stop playing its games.

Third parties have developed, and may continue to develop, "cheating" programs that enable players to exploit Changyou's games, play the games in an automated way or obtain unfair advantages over other players who play fairly. These programs harm the experience of players who play fairly and may disrupt the economics of Changyou's games. In addition, unrelated third parties may attempt to scam Changyou's players with fake offers for virtual items. Changyou needs to devote significant resources to discover, disable and prevent such programs and activities, and if Changyou is unable to do so quickly its operations may be disrupted, its reputation may be damaged and players may stop playing its games. This may lead to lost revenue and increased costs for Changyou to develop technological measures to combat such programs and activities.

Game players' spending on Changyou's games may be adversely affected by fluctuating growth in the Chinese economy and adverse conditions in the global economy.

Changyou relies for its revenues on the spending of its game players, which in turn depends on the players' level of disposable income, perceived future earnings capabilities and willingness to spend. The overall growth rate of the Chinese mainland's gross domestic product has slowed in recent years and may fluctuate in the future, and a prolonged slowdown in the growth rate or a contraction in the future could result in a reduction in spending by Changyou's game players.

In addition, the global economy has experienced significant instability and there has been volatility in global financial and credit markets in recent years. It is unclear how long such instability and volatility will continue, whether it will increase, and how much adverse impact such instability and volatility might have on the economies of the Chinese mainland and other jurisdictions where Changyou operates its games. Any such instability, volatility or adverse impact in the Chinese mainland or in Offshore markets could cause Changyou's game players to reduce their spending on its games in the Chinese mainland or Offshore markets and reduce its revenues.

Table of Contents

Risks Related to the Platform Channel Business

Marketing Services revenues from the 17173.com Website could fail to grow, or could decline further, as a result of the shift from PC games to mobile games in the online games market and uncertainties in the online advertising market.

Changyou's marketing services revenues of \$3.2 million for the year ended December 31, 2025, which were mainly derived from the operation of the 17173.com Website, and represented a decline of \$0.6 million, or 16%, from its marketing services revenues for the year ended December 31, 2024. Changyou's ability to sustain or grow its marketing services revenues is subject to significant risks, such as declining marketing demand from PC game developers, advertisers shifting to non-online promotion methods, potential regulatory restrictions, and users losing interest in the 17173.com Website's content.

The expansion of Internet advertisement blocking software may result in a decrease in marketing services revenues.

The development of Web software that blocks Internet advertisements before they appear on a user's screen may hinder the growth of online advertising. The expansion of advertisement blocking on the Internet may decrease Changyou's revenues from the 17173.com Website because, when an advertisement is blocked, it is not downloaded from the server, which means that it will not be tracked as a delivered advertisement. In addition, advertisers may choose not to advertise on the Internet or on Changyou's 17173.com Website because of the use by third parties of Internet advertisement blocking software.

Changyou relies on advertising agencies to sell marketing services on the 17173.com Website. If current trends of consolidation of advertising agencies in the Chinese mainland market continue, the bargaining power of the large advertising agencies resulting from such consolidation may permit them to require that Changyou pay higher sales rebates, which would adversely affect Changyou's marketing services revenues.

Most of the marketing services of the 17173.com Website are distributed by, and most of the marketing services revenues of the 17173.com Website are derived from, advertising agencies. In 2025, Changyou engaged four advertising agencies, which contributed approximately 50% of the marketing services revenues of the 17173.com Website. In consideration for these agencies' services, Changyou is required to pay certain percentages of revenues as sales rebates. If the online advertising market is consolidated and effectively controlled by a small number of large advertising agencies, such advertising agencies may be in a position to demand higher sales rebates based on increased bargaining power, which could negatively affect Changyou's online advertising growth, as Changyou books its marketing services revenues net of its sales rebates to advertising agencies.

Risks Related to Doing Business in the Chinese Mainland

The SAPPRFT's, the MIIT's, and other Chinese mainland authorities' regulatory supervision of the online game industry may adversely affect Changyou's online game operations.

The SAPPRFT has issued a series of regulations affecting the online game industry and providing guidance regarding online game operations. The SAPPRFT issued a notice in September 2009 stating that the SAPPRFT would be the only regulatory agency with the authority to review and approve online games, including reviewing and approving the importation of online games from Offshore copyright owners, and that all online game operators must obtain an Internet publishing license in order to operate online games and related services and obtain additional pre-approval from the SAPPRFT to make any changes to, or any new versions or expansion packs of, the originally approved online games. The *Measures of Internet Publication Service Administration* issued by the SAPPRFT and the MIIT (the "New Internet Publication Measures"), which became effective on March 10, 2016 and replaced the *Temporary Measures for Internet Publication Administration* that had become effective in 2002, require that entities in the Internet publishing business apply for an online publishing service license, instead of an Internet publishing license, that entities holding an Internet publishing license apply for an online publishing service license within a specified period of time to replace their Internet publishing license, and that all such entities obtain approval from the SAPPRFT prior to the publication of new online games. On May 24, 2016, the SAPPRFT issued the *Notice of the SAPPRFT on Administration of Mobile Game Publishing Services* (the "Mobile Game Notice"), which became effective on July 1, 2016. The Mobile Game Notice provides that the content of mobile games is subject to review, and that mobile game publishers and operators must apply for publishing and authorization codes for the games. Under the Mobile Game Notice, significant upgrades and expansion packs for mobile games that have previously been approved for publishing may be regarded as new works, and the operators will be required to obtain approval for such upgrades and expansion packs before they are released. In the event of any failure to meet these license and approval requirements, an operator may face heavy penalties, such as being ordered to stop operation, or having its business license revoked. In addition, the NPPA, a successor agency to SAPPRFT, first delayed, and then suspended, its review of, and issuance of publishing and authorization codes for, online games, as was the case between April 2018 and December 2018; continued to delay such review and issuance during 2019; and again delayed the issuance of publishing and authorization codes for online games between July 2021 and April 2022. Changyou's online game business may be adversely affected by these SAPPRFT and MIIT notices and related implementation measures, as the launch of online games, new versions, expansion packs and imported games might be delayed because of the approval required. Such delays may result in higher costs for Changyou's online game operation and have an adverse effect on its game revenue. If any of Changyou's online game operating entities are unable to comply with the requirements of any regulatory authority in the Chinese mainland regarding the online game industry, it may be subject to various penalties and its online game business may be adversely affected.

Table of Contents

Laws and regulations of the Chinese mainland governing the online game industry are evolving and subject to future changes. Changyou may fail to obtain or maintain all applicable permits, approvals, registrations and filings.

The online game industry in the Chinese mainland is highly regulated. Various regulatory authorities in the Chinese mainland, such as the State Council, the MIIT, the NPPA, the MCT and the MPS, have the power to issue and implement regulations governing various aspects of the online game industry.

Changyou is required to obtain applicable permits and approvals and file registrations with different regulatory authorities in order to operate its online games. For example, in order to distribute games through the Internet in the Chinese mainland, the VIEs through which Changyou conducts its businesses under the VIE arrangements must obtain an ICP license from the MIIT and an online publishing service license from the NPPA. Any online game Changyou operates needs to be approved by the NPPA prior to its launch. Once a new online game or any upgrade, expansion pack or new version of any existing game is launched, approval of the online publication of such new game or such upgrade must be obtained from the NPPA. If any such VIE fails to maintain any required permits or approvals, or to obtain any new permits or approvals on a timely basis, Changyou may be subject to various penalties, including fines and a requirement that it discontinues or limits its operations.

As the online game industry continues to develop in the Chinese mainland, new laws and regulations may be adopted from time to time to require additional licenses and permits other than those Changyou currently has, and address new issues that arise. In addition, uncertainties exist regarding the interpretation and implementation of current and any future laws and regulations of the Chinese mainland applicable to the online game industry. Furthermore, as mobile games are a relatively new type of online game, there are uncertainties relating to whether a game developer, such as Changyou, which provides mobile games to mobile device users, needs to obtain a separate operating license in addition to the ICP license that it has already obtained. For any mobile games Changyou launches, Changyou may be required to apply for a separate operating license for the mobile applications. Therefore, it may not be able to obtain timely, or at all, required licenses or any other new license required in the future, and it may be found to be in violation of current or future laws and regulations of the Chinese mainland, which could impede its ability to conduct business.

Changyou operates some of its existing games, and plans to operate certain of its future games, with Internet authorization codes that it obtained through third-party electronic publishing entities. If the NPPA challenges the commercial operation of any of Changyou's games that are operated with Internet authorization codes obtained through third-party publishing entities, Changyou may be subject to various penalties, including restrictions on its operations.

Under regulations issued by the SAPPRFT and the MIIT, online game operators are required to have an online publishing service license (or before the New Internet Publication Measures became effective on March 10, 2016, an Internet publishing license), and an authorization code obtained under such a license is required for each game in operation and publicly available in the Chinese mainland. Changyou publishes certain of its existing games with authorization codes that are held by third parties that were obtained under online publishing service licenses (or during periods prior to March 10, 2016, Internet publishing licenses). See “Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Regulation of Online Game Services - Online Games and Cultural Products.” Current Chinese mainland regulations are not clear as to the consequence of obtaining authorization codes through the licenses of third-party entities. Changyou's past and expected future practices might be challenged by the NPPA, a successor agency to the SAPPRFT, which could subject Changyou to various penalties, including fines, confiscation of publishing equipment and the revenues generated from the publishing activities, the revocation of its business license, or the forced discontinuation of or restrictions on its operations.

Restrictions on virtual currency may adversely affect Changyou's online game revenues.

Changyou's online game revenues are collected through the online sale of game points and sale of its prepaid cards, which are considered to be the "virtual currency" as such term is defined in the *Notice on Strengthening the Administration of Online Game Virtual Currency* (the "Virtual Currency Notice"), which was jointly issued by the MCT and the MOFCOM in 2009. Laws and regulations of the Chinese mainland, including the Virtual Currency Notice, have provided various restrictions on virtual currency and imposed various requirements and obligations on online game operators with respect to the virtual currency used in their games, including that (i) the total amount of virtual currency issued by online game operators and the amount purchased by individual users in the Chinese mainland is subject to limits, and online game operators are required to report the total amount of their issued virtual currency on a quarterly basis and are prohibited from issuing disproportionate amounts of virtual currency in order to generate revenues; (ii) virtual currency may only be provided to users in exchange for payment in RMB and may only be used to pay for virtual goods and services of the issuer of the currency, and online game operators are required to keep transaction data records for no less than 180 days; (iii) online game operators are prohibited from providing lucky draws or lotteries that are conducted on the condition that participants contribute cash or virtual currency in exchange for game props or virtual currencies; (iv) online game operators are prohibited from providing virtual currency trading services to minors; and (v) companies involved with virtual currency in the Chinese mainland must be either issuers or trading platforms, and may not operate simultaneously as issuers and as trading platforms. Changyou must tailor its business model carefully, including designing and operating its databases to maintain users' information for the minimum required period, in order to comply with the requirements of current laws and regulations of the Chinese mainland, including the Virtual Currency Notice, in a manner that in many cases can be expected to result in relatively lower sales of its game coins and an adverse impact on its online game revenues. Although pursuant to the *Notice on Adjusting the Examination and Approval Scope of the Internet Cultural Business License to Further Regulate the Examination and Approval* (the "MCT Approval Scope Notice"), which was issued by the MCT on May 14, 2019, the MCT is no longer responsible for regulating the online game industry, as of the date of the filing of this annual report the Virtual Currency Notice have not been abolished, and their validity and future enforceability remain uncertain.

Changyou's business may be adversely affected by public opinion and regulatory policies in the Chinese mainland as well as in other jurisdictions where Changyou operates its online games or licenses its online games to third parties.

Due to relatively easy access to personal computers and Internet cafés, the increasing use and popularity of mobile devices such as smart phones and tablets connected to the Internet, and the lack of other appealing forms of entertainment in the Chinese mainland, many teenagers and other minors in the Chinese mainland frequently play online games. Concern that this can cause minors to spend less time on or refrain from other activities, including education, vocational training, sports, and resting, has resulted in adverse public reaction and stricter governmental regulation over the years. For example, regulatory authorities in the Chinese mainland have promulgated anti-fatigue-related regulations to limit the amount of time minors can play online games.

Adverse public opinion could discourage game players from playing online games, and could result in government regulations that impose additional limitations on the operations of online games as well as game players' access to online games. For example, under the circular entitled *Implementation of Online Game Monitor System of the Guardians of Minors* (the "Monitor System Circular") online game operators are required to adopt various measures to maintain a system to communicate with the parents of minors playing online games and are required to monitor the activities of minors and suspend the accounts of minors if so requested by their parents. The *Notice on Preventing Minors From Indulging in Online Games* (the "Indulgence Prevention Notice"), which the NPPA issued on October 25, 2019 and became effective on November 1, 2019, requires online game operators to implement measures to not give minors access to online game services during specified periods of the day, imposes daily limits on minors' length of use and spending for paid online game services, and prohibits online game operators from providing paid game services to minors under the age of eight. On August 30, 2021, the NPPA issued the *Notice on Further Strengthening the Administration of the Prevention of Minors from Indulging in Online Games* (the "Further Indulgence Prevention Notice"), which provides that online game operators may only provide online game services to minors on Fridays, Saturdays, Sundays and the Chinese mainland's statutory holidays for one hour per day from 8:00 p.m. to 9:00 p.m. In addition, online game operators may not provide game services to any users who have not registered using their real names. These restrictive measures may cause minors to permanently switch their preferred pastimes from online games to other forms of entertainment, such as short video or network video, which could result in a long-term decline in Changyou's game-player base and its online game revenues. Changyou authorizes third parties to operate its mobile games, and Changyou receives a certain percentage of the third-party operators' monthly revenues from the games as royalty payments. Third parties have the right to decide the games' operating strategies, including whether to provide access to the games to minors. If the games are provided with minors, the third parties are required to impose stringent limits in accordance with the regulatory policies discussed above, which may lead to a reduction in the third parties' revenues from minor game players, which would in turn reduce Changyou's monthly revenue-based royalty payments. If Changyou's third-party licensees were to determine that the subject matter, story lines, plots, and/or gameplay of Changyou's games are not appropriate for minors and stop providing access to the games to minors, there would be no longer any revenues generated from minors from such games, and Changyou would not receive the correspondent monthly revenue-based royalty payments.

In addition, the SAT announced in October 2008 that it would tax game players on income derived from the trading of virtual currencies at the rate of 20%. It is still unclear how the tax will be collected or if there will be any effect on Changyou's game players or its business, but collection of such a tax might discourage players who are interested in trading virtual currencies from playing Changyou's games, which could reduce its revenues.

Table of Contents

Moreover, similar adverse public reaction may arise, and similar regulatory policies may be adopted, in other jurisdictions where Changyou licenses or operates its games, which could similarly adversely affect its revenues.

Regulation and censorship of information disseminated over the Internet in the Chinese mainland may adversely affect our business, and Changyou may be liable for information displayed on, retrieved from or linked to its websites.

Regulatory authorities in the Chinese mainland have adopted regulations governing Internet access and the distribution of news and other information over the Internet. Under these regulations, Internet content providers and Internet publishers are prohibited from posting or displaying over the Internet any content that, among other things, violates laws and regulations of the Chinese mainland, impairs the national dignity of China, or is obscene, superstitious, fraudulent or defamatory. When Internet content providers and Internet publishers, including online game operators, find that information falling within the above scope is transmitted on their websites or is stored in their electronic bulletin service systems, they are required to terminate the transmission of such information or delete such information immediately, keep records, and report to relevant authorities. Failure to comply with these requirements could result in the revocation of Changyou's ICP license and other required licenses and the closure of its websites. Internet content providers may also be held liable for prohibited information displayed on, retrieved from or linked to their websites.

In addition, the MIIT has published regulations that subject Internet content providers to potential liability for the actions of game players and others using their websites, including liability for violations of Chinese mainland law prohibiting the dissemination of content deemed to be socially destabilizing. As these regulations are subject to interpretation by the relevant authorities, it is not possible for Changyou to determine in all cases the type of content that could result in liability for it as a developer and operator of online games, and as an operator of the 17173.com Website. In addition, Changyou may not be able to control or restrict the content of other Internet content providers linked to or accessible through its websites, or content generated or placed on its websites by its game players, despite its attempt to monitor such content. To the extent that regulatory authorities find any portion of its content objectionable, they may require Changyou to curtail its games, which may reduce its game player base, the amount of time its games are played or the purchases of virtual items.

There are currently no specific laws or regulations of the Chinese mainland governing property rights with respect to virtual assets and therefore it is not clear what liabilities, if any, Changyou may have relating to the loss of virtual assets by its game players.

In the course of playing Changyou's games, game players can acquire and accumulate virtual assets, such as game player experience, skills and weaponry. Such virtual assets can be highly valued by game players and in some cases are traded among game players for real money or assets. In practice, virtual assets can be lost for various reasons, such as data loss caused by delay of network service by a network crash, or by hacking activities. There are currently no specific laws or regulations of the Chinese mainland governing property rights with respect to virtual assets. On May 28, 2020, the National People's Congress issued the *Civil Code of the People's Republic of China* (the "Civil Code"), which came into effect on January 1, 2021 and provides only a general principle that if any further law or regulation contains specific provisions in respect of the protection of virtual property, such provisions shall apply. As a result, it is unclear under laws and regulations of the Chinese mainland as in effect as of the date of the filing of this annual report who the legal owner of virtual assets is and whether the ownership of virtual assets is protected by law. In addition, it is unclear under laws and regulations of the Chinese mainland whether an operator of online games such as Changyou would have any liability (whether in contract, tort or otherwise) for loss of such virtual assets by game players. Based on several judgments regarding the liabilities of online game operators for loss of virtual assets by game players, the courts have generally required the online game operators to provide well-developed security systems to protect such virtual assets owned by game players. In the event of a loss of virtual assets, Changyou may be sued by game players and may be held liable for damages.

Changyou's online game operations may be adversely affected by implementation of anti-fatigue-related regulations.

Regulatory authorities in the Chinese mainland may decide to adopt more stringent policies to monitor the online game industry as a result of adverse public reaction to perceived addiction to online games, particularly by minors. Eight regulatory authorities in the Chinese mainland, including the SAPPRFT, the MOE and the MIIT, jointly issued regulations (the "Anti-Fatigue Notice"), requiring all online game operators in the Chinese mainland to adopt an "anti-fatigue system" in an effort to curb addiction to online games by minors. Under the anti-fatigue system, three hours or less of continuous play is defined to be "healthy," three to five hours is defined to be "fatiguing," and five hours or more is defined to be "unhealthy." Game operators are required to reduce the value of game benefits for minor game players by half when those game players reach the "fatiguing" level, and to zero when they reach the "unhealthy" level. In addition, online game players in the Chinese mainland are now required to register their identity card numbers before they can play an online game. This system allows game operators to identify which game players are minors. These restrictions could limit Changyou's ability to increase its business among minors. If these restrictions were expanded to apply to adult game players in the future, Changyou's revenues could be adversely affected.

These eight regulatory authorities in the Chinese mainland subsequently promulgated additional regulations, including the *Notice on Initiating the Verification of Real-name Registration for Anti-Fatigue System on Online Games* (the “Real-name Registration Notice”), to strengthen the implementation of the anti-fatigue system and real-name registration. The Real-name Registration Notice’s main focus is to prevent minors from using an adult’s identity to play online games and, accordingly, provides stringent punishment for online game operators for not implementing the anti-fatigue and real name registration measures properly and effectively. The most severe punishment contemplated by the Real-name Registration Notice is termination of the operation of the online game if it is found to be in violation of the Anti-Fatigue Notice, the Real-name Registration Notice or the Monitor System Circular. The Indulgence Prevention Notice and the Further Indulgence Prevention Notice require an online game operator to maintain and implement a user real-name registration system. The Real-name Registration Notice, the Indulgence Prevention Notice, the Further Indulgence Prevention Notice and other regulations increase Changyou’s operating risks, as it will cause the loss of consumers and be required to spend more resources on the real-name verification and anti-fatigue system, which will lead to an increase in its operating costs. In addition, the amount of time that minors will be able to spend playing online games such as Changyou’s will be further limited. The Indulgence Prevention Notice requires online game operators not to give minors access to online game services during a specified period of a day, imposes specified daily limits on minors’ period of use and spending for paid online game services, and prohibits online game operators from providing paid game services to minors under eight. For example, it is required under the Further Indulgence Prevention Notice that online game operators may only provide online game services to minors on Fridays, Saturdays, Sundays or Chinese mainland statutory holidays for one hour per day from 8:00 p.m. to 9:00 p.m. Furthermore, if it is found to be violating these regulations, Changyou may be required to suspend or discontinue its online game operations.

In February 2013, 15 regulatory authorities in the Chinese mainland, including the SAPPRFT, the MOE, the MCT and the MIIT, jointly issued the *Work Plan for the Integrated Prevention of Minors Online Game Addiction* (the “Work Plan”), implementing integrated measures by different authorities to prevent minors from being addicted to online games. Under the Work Plan, the current relevant regulations will be further clarified and additional implementation rules will be issued by relevant authorities. As a result, Changyou may have to impose more stringent limits for minor game players, which may lead to an increase in its operating expenses and a reduction in its revenues from minor game players.

In July 2014, the SAPPRFT issued the *Notice on Further Carrying out the Verification of Real-name Registration for Anti-Fatigue System on Online Games* (the “Verification of Real-name Registration Notice”), stating that, in view of some of the hardware and functionality limitations inherent in mobile devices, anti-fatigue system requirements applicable to online games do not currently apply to mobile games. If the NPPA, as a successor agency to the SAPPRFT, in the future decides to expand the anti-fatigue system requirements to mobile games, Changyou’s operating expenses would be likely to increase.

ITEM 4. INFORMATION ON THE COMPANY

HISTORY AND DEVELOPMENT OF THE COMPANY

In August 1996, Sohu.com Inc., our predecessor, was incorporated in Delaware as Internet Technologies China Incorporated, and in January 1997 we launched our original website, itc.com.cn. In February 1998, we re-launched our website under the domain name Sohu.com and, in September 1999, we renamed our company Sohu.com Inc. On July 17, 2000, we completed our IPO on Nasdaq trading under the symbol “SOHU.” In 2003, Sohu.com Limited was incorporated in the Cayman Islands as a direct wholly-owned subsidiary of Sohu.com Inc. On May 31, 2018, Sohu.com Inc. was dissolved, all outstanding shares of the common stock of Sohu.com Inc. were delisted and cancelled, and ADSs representing all outstanding ordinary shares of Sohu.com Limited were distributed on a share-for-share basis to the stockholders of Sohu.com Inc. On June 1, 2018 our ADSs began trading on the Nasdaq Global Select Market under the same “SOHU” symbol in place of the common stock of Sohu.com Inc. Sohu.com Limited replaced Sohu.com Inc. as the top-tier, publicly-traded holding company of the Sohu Group.

In August 2007, our wholly-owned subsidiary Changyou.com Limited was incorporated in the Cayman Islands. In December 2007, we transferred our online game business to Changyou. On April 2, 2009, Changyou completed its IPO on Nasdaq, trading under the symbol “CYOU.” On April 17, 2020, we completed the Changyou Merger, pursuant to which we acquired all of the outstanding shares of Changyou that we did not already beneficially own. As the result, Changyou.com Limited has become a privately-owned company that is wholly owned by us, and Changyou ADSs are no longer listed on the Nasdaq Global Select Market.

Our principal executive offices are located at Sohu.com Media Plaza, Block 3, No. 2, Kexueyuan South Road, Haidian District, Beijing, 100190, People’s Republic of China. Our telephone number at this address is +86 10-6272-6666. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

[Table of Contents](#)

The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants, including us, that make electronic filings with the SEC using its EDGAR system. Our corporate website is located at <http://investors.sohu.com>. Information contained on our corporate website is not part of this annual report or any other report that we filed with, or furnished to, the SEC.

BUSINESS OVERVIEW

We are a leading Chinese online media platform and game business group providing comprehensive online products and services on PCs and mobile devices in the Chinese mainland. Our businesses are conducted by Sohu and Changyou. Sohu is an online media content and services provider. Through our social features, Sohu also enables users to generate and distribute content, as well as interact with each other on our platform. Changyou is an online game developer and operator. Most of our operations are conducted through our Chinese mainland-based subsidiaries and the VIEs we consolidate under U.S. GAAP (ASC 810).

Starting in 2025, we changed the name of our “brand advertising business,” as described in our previous annual and other reports with the SEC, to the “marketing services business.” This change is intended to more accurately reflect the nature of the business, which consists primarily of advertising and other marketing-related services. We have updated the names of related financial measures and disclosures in this annual report (including our consolidated financial statements accompanying this annual report) to align with this updated terminology.

Through the operation of Sohu and Changyou, we generate marketing services revenues, online game revenues, and other revenues. For the year ended December 31, 2025, our total revenues were approximately \$584.3 million, including marketing services revenues of \$60.0 million, online game revenues of \$505.7 million, and other revenues of \$18.6 million.

Sohu’s total revenues were \$75.4 million, including \$56.8 million in marketing services revenues and \$18.6 million in other revenues. Other revenues were mainly attributable to revenues from paid subscription services, revenue sharing from other platforms, and interactive broadcasting services.

Changyou’s total revenues were \$508.9 million, including \$505.7 million in online game revenues and \$3.2 million in marketing services revenues. For online game revenues, \$412.7 million was from PC games, and \$93.0 million was from mobile games.

Sohu’s Business

Marketing Services Business

Sohu’s main business is the marketing services business, which consists primarily of advertising and other marketing-related services. Sohu is an online media content and services provider. Through our social features, we also enable users to generate and distribute content, as well as interact with each other on our platform. The majority of our products and services are provided in the Chinese mainland across multiple Internet-enabled devices such as mobile phones, tablets, and PCs, through the mobile phone applications Sohu News App and Sohu Video App, the mobile portal m.sohu.com, and the PC portal www.sohu.com.

Revenues generated by Sohu from the marketing services business are classified as marketing services revenues in our consolidated statements of comprehensive income.

Other Sohu Business

Sohu’s other business consists primarily of paid subscription services, revenue sharing from other platforms, and interactive broadcasting services. Revenues generated by Sohu from the other business are classified as other revenues in our consolidated statements of comprehensive income.

Changyou’s Business

Changyou’s business consists of the online game business and the platform channel business. The platform channel business consists primarily of marketing services.

[Table of Contents](#)

Online Game Business

Changyou's online game business offers PC games and mobile games to game players.

- **PC games.** PC games are interactive online games that are accessed and played simultaneously by hundreds of thousands of game players through personal computers and require that local client-end game access software be installed on the computers used.
- **Mobile games.** Mobile games are played on mobile devices and require an Internet connection.

All of Changyou's games are operated under the item-based revenue model, meaning that game players can play the games for free, but may choose to pay for virtual items, which are non-physical items that game players can purchase and use within a game, such as characters, weapons, gems, pets, skills, fashion items and other in-game consumables, features and functionalities. Revenues derived from the operation of online games are classified as online game revenues in our consolidated statements of comprehensive income.

Changyou's dominant games are its PC game TLBB PC and its mobile game Legacy TLBB Mobile. For the year ended December 31, 2025, revenues from TLBB PC were \$306.9 million, accounting for approximately 61% of Changyou's online game revenues, approximately 60% of Changyou's total revenues, and approximately 53% of the Sohu Group's total revenues. For the year ended December 31, 2025, revenues from Legacy TLBB Mobile were \$41.4 million, accounting for approximately 8% of Changyou's online game revenues, approximately 8% of Changyou's total revenues, and approximately 7% of the Sohu Group's total revenues.

Platform Channel Business

Changyou's platform channel business consists primarily of the operation of the 17173.com Website, which provides news, electronic forums, online videos, and other online game information services to game players. Changyou generates marketing services revenues from providing marketing services to third-party advertisers on the 17173.com Website.

PRODUCTS AND SERVICES

Sohu's Business

Marketing Services Business

Sohu's main business is the marketing services business, which consists primarily of advertising and other marketing-related services. Sohu is an online media content and services provider. Through our social features, we also enable users to generate and distribute content, as well as interact with each other on our platform. The majority of our products and services are provided in the Chinese mainland across multiple Internet-enabled devices such as mobile phones, tablets, and PCs, through the mobile phone applications Sohu News App and Sohu Video App, the mobile portal m.sohu.com, and the PC portal www.sohu.com.

Content Generation and Social Distribution

We provide users comprehensive content, such as news and information, in the form of text, picture, video, and live broadcasting. We aggregate content from third-party professional media organizations and independent contributors, and also from our users. We have made efforts to create a culture for user-generated content that encourages our users to play an active role in the process of content contribution and dissemination, and to engage in social communication and interaction through our platform. We also supplement the content library with our in-house produced video content.

As an online media platform with social features, we regularly refine our products to meet users' increasing needs for communication and interaction. By providing abundant premium content and hosting diverse events and activities both online and offline, we are able to attract users, especially young people with shared interests, to our platform. We facilitate our users' ability to build their social networks by enriching and optimizing social functions, such as "comment" and "share." These features encourage users to interact intensively with each other on our platform, which further drives the generation of high-quality content and enhances its subsequent social distribution.

Business Model

We provide advertisement placements and other marketing-related services to advertisers on our platform. Our advertisers include multinational companies and Chinese mainland domestic medium-sized and small companies. We rely on both sales by advertising agents and direct sales by our internal sales force.

Table of Contents

We have three main types of pricing models, consisting of the Fixed Price model, the Cost Per Impression (“CPM”) model, and the Cost Per Click (“CPC”) model.

Fixed Price Model

Under the Fixed Price model, a contract is signed to establish a fixed price for the marketing services to be provided. Given that advertisers benefit from displayed advertisements evenly over the period the advertisements are displayed, we recognize revenue on a straight-line basis over the period of display, provided all revenue recognition criteria have been met.

CPM Model

Under the CPM model, the unit price for each qualifying display is fixed and stated in the contract with the advertiser. A qualifying display is defined as the appearance of an advertisement, where the advertisement meets criteria specified in the contract. Given that the fees are priced consistently throughout the contract and the unit prices are fixed in accordance with our pricing practices for similar advertisers, we recognize revenue based on the fixed unit prices and the number of qualifying displays upon their occurrence, provided all revenue recognition criteria have been met.

CPC Model

Under the CPC model, there is no fixed price for marketing services stated in the contract with the advertiser. The unit price for each click is auction-based; we charge advertisers on a per-click basis when the users click on the advertisements. Given that the fees are priced consistently throughout the contract and the unit prices are fixed in accordance with our pricing practices for similar advertisers, we recognize revenue based on qualifying clicks and the unit price upon the occurrence of the clicks, provided all revenue recognition criteria have been met.

Other Sohu Business

Sohu’s other business consists primarily of paid subscription services, revenue sharing from other platforms, and interactive broadcasting services. Revenues generated by Sohu from the other business are classified as other revenues in our consolidated statements of comprehensive income.

Changyou’s Business

Online Game Business

Business Model

Changyou’s online game business offers PC games and mobile games to game players. Changyou’s game players typically access Changyou’s games through personal computers and mobile devices, such as mobile phones and tablets, connected to the Internet. In order to access Changyou’s PC games, game access software must be installed in the computer being used. Game players using PCs can typically download Changyou’s game access software, interim updates and expansion packs directly from its main game website. Game players access Changyou’s mobile games by downloading its mobile game applications, primarily from third-party mobile application stores or, to a lesser extent, from Changyou’s game website.

Changyou’s online games consist primarily of MMORPGs. Changyou is also expanding its game portfolio with additional types of card-based role-playing games (“RPGs”), sports games, casual games and strategy games. MMORPGs are massive multiplayer online role-playing games that allow a large number of players to take on the role of a character and interact with one another within a virtual world. Card-based RPGs are RPGs in which players collect characters or other virtual items in the form of cards. Sports games are games that simulate the practice of sports. Casual games generally involve simpler rules, shorter sessions, and require less learned skills. Strategy games are simulation games that allow players to control, manage and use game characters and items and to design and implement their own strategies to win the games.

Changyou’s games are operated under the item-based revenue model, meaning game players can play Changyou’s games for free, but may choose to pay for virtual items, which are non-physical items that game players can purchase and use within a game, such as characters, weapons, gems, pets, skills, fashion items and other in-game consumables, features and functionalities. Through virtual items, players are able to enhance their squad or characters, accelerate their progress in Changyou’s games, and share and trade with friends.

Table of Contents

For players who choose to purchase virtual goods, Changyou delivers enhanced gameplay experiences and benefits, such as:

Accelerated Progress. Many of Changyou's games offer players the option to purchase items that can accelerate their progress in the game and increase their capabilities, so that they level up more quickly and compete more effectively against others in the game. While Changyou sells many items that accelerate progress in its games, Changyou monitors and carefully balances the disparity in capabilities between paying and non-paying game players to avoid discouraging non-paying game players and to keep the game challenging and interesting for paying game players.

Enhanced Social Interaction. Changyou uses a variety of virtual items to promote interaction and to facilitate relationship-building among game players in its games.

Personalized and Customized Appearance. Many of Changyou's games offer players the option to purchase decorative and functional items to customize the appearance of their characters, pets, vehicles, houses and other in-game possessions to express their individuality.

Gifts. Many of Changyou's games offer players the option to purchase gift items to send to their friends. Examples of gift items include decorative items and time-limited items for special holiday events and festivals, such as Valentine's Day, Spring Festival (Chinese New Year) and Christmas.

Changyou's online games include games that it self-operates and games that it licenses out to third-party operators.

Self-operated Games

For self-operated games, Changyou determines the price of virtual items based on the demand or expected demand for such virtual items. Changyou may change the pricing of certain virtual items based on their consumption patterns. Changyou hosts the games on its own servers and is responsible for sales and marketing of the games as well as customer service. Changyou's self-operated games include PC games and mobile games developed in house as well as PC games and mobile games that Changyou licenses from or jointly develops with third-party developers.

Licensed-out Games

Changyou also authorizes third parties to operate its online games. Changyou has granted exclusive licenses to Tencent to distribute and operate its mobile games Legacy TLBB Mobile and New TLBB Mobile within the Chinese mainland, and has licensed its PC game TLBB PC, as well as its mobile games Legacy TLBB Mobile and New TLBB Mobile, to third-party operators in selected markets outside of the Chinese mainland, including Taiwan, Vietnam, and Malaysia.

The licensed-out games include PC games and mobile games developed in house as well as mobile games licensed from or jointly developed with third-party developers. Under Changyou's licensing arrangements with third-party operators, the operators pay Changyou upfront license fees and Changyou has revenue sharing rights over the terms of the licenses. The licenses are typically for a term of one to three years. Changyou provides updates and expansion packs for the licensed-out games and, for the games licensed to Offshore markets, the updates and expansion packs are typically launched after their launch in the Chinese mainland.

For licensed-out games, the third-party operators are responsible for all operations and costs, including marketing and customer service, as well as the leasing and maintenance of servers.

Platform Channel Business

Changyou's platform channel business consists primarily of the operation of the 17173.com Website, which provides news, electronic forums, online videos, and other online game information services to game players. Changyou generates marketing services revenues from providing marketing services to third-party advertisers on the 17173.com Website.

INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS

We regard our patents, copyrights, service marks, trademarks, trade secrets and other intellectual property as critical to our success. We rely on patent, trademark and copyright law, trade secret protection, non-competition and confidentiality and/or license agreements with our employees, customers, partners and others to protect our intellectual property rights. Before we launch any new products or services, we generally apply for registration of related patents, trademarks, and software copyrights. Despite our precautions, it may be possible for third parties to obtain and use our intellectual property without authorization. Furthermore, the validity, enforceability and scope of protection of intellectual property rights in Internet-related industries are uncertain and still evolving.

Table of Contents

We have been issued 422 patents in the Chinese mainland covering inventions, utility models, and designs; we have 106 patent applications currently pending in the Chinese mainland; and we intend to apply for more patents in the Chinese mainland and in countries and regions outside of the Chinese mainland to protect our core technologies and intellectual property.

We have registered three service marks with the U.S. Patent and Trademark Office, consisting of Sohu.com, registered on August 1, 2000; Sohu.com (stylized), registered on August 1, 2000; and Sohu, registered on June 13, 2000. We have registered 1,671 trademarks with the Trademark Office of the CNIPA, including the marks “SOHU.com,” “ChangYou.com,” and “cyou.com” and marks relating to our products such as Sohu.com, Sohu News, Sohu Video, and 17173, and the corresponding Chinese versions of the marks. We are the registered owner of 129 registered trademarks and have applied for 36 trademarks in countries and regions outside of the Chinese mainland. In addition, certain of our marks have been recognized as well-known Chinese trademarks by Chinese mainland courts in a series of court rulings. We also filed registration of trademarks relating to our subsidiary companies’ names and Changyou’s online games and other businesses in various countries and regions, such as the United States, the European Union, Japan, South Korea, Malaysia, Brazil, Taiwan, and Hong Kong. Our rights to these marks could be affected adversely if any of our applications are rejected. It is possible that our competitors will adopt product or service names similar to ours, thereby impeding our ability to distinguish our brand and possibly leading to customer confusion. In addition, Changyou has license rights to use certain word and graphic-text combination trademarks, including Tian Long Ba Bu and New Tian Long Ba Bu for its PC games and TLBB 3D, Legacy TLBB Mobile, TLBB Honor, and New TLBB Mobile for its mobile games, under Changyou’s existing license agreements with the holder of the intellectual property rights with respect to the popular Chinese martial arts novel Tian Long Ba Bu written by Louis Cha. After the expiration of their terms Changyou may not be able to renew these license agreements with commercial terms that are favorable to Changyou, if at all, and Changyou’s inability to renew these license agreements could cause Changyou to lose the license rights to use the trademarks related to those games to the extent that they relate to Tian Long Ba Bu. See “Risk Factors - Risks Related to Changyou.com Limited - Risks Related to Changyou’s Business - Overall Risks - Changyou may need to incur significant expenses to enforce its intellectual proprietary rights, and if it is unable to protect such rights, its competitive position and financial performance could be harmed” and “- Changyou may not have exclusive rights to trademarks, designs and technologies that are crucial to its business” in Item 3.

We are the registered owner of 1,320 software copyrights and 1,338 copyrights for works in the Chinese mainland, each of which we have registered with the State Copyright Bureau of China and its local branches. In addition to the above, we have also registered the copyrights for 20 works in countries and regions outside of the Chinese mainland.

We own the rights to 316 domain names that we use in connection with the operation of our business, including the Sohu and Changyou websites.

From time to time many market participants are actively developing chat, search, AI technologies, Web directory, and related Web technologies. We expect these parties to continue to take steps to protect these technologies, including seeking patent protection. There may be patents issued or pending that are held by others and cover significant parts of our technology, business methods, or services. For example, we are aware that a number of patents have been issued in the areas of e-commerce, Web-based information indexing and retrieval, and online direct marketing. Disputes over rights to these technologies may arise in the future. We cannot be certain that our products do not or will not infringe valid patents, copyrights or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims, from time to time, relating to the intellectual property of others in the ordinary course of our business.

We also license and expect to continue licensing technology, including open-source software, from third parties. The market is evolving and we may need to license additional technologies to remain competitive. We may not be able to license these technologies on commercially reasonable terms or at all. In addition, we may fail to successfully integrate any licensed technology into our services. Our inability to obtain any of these licenses could delay product and service development until alternative technologies can be identified, licensed, and integrated.

TECHNOLOGY INFRASTRUCTURE

The Sohu Group has built what we believe is a reliable and secure network infrastructure, with both physical and cloud-based servers that will fully support our operations. We have professional technical support teams to maintain our current technology infrastructure and online operating platforms, as well as develop new software features to further enhance the functionality of our management and security systems. We monitor the operation of our server network 24 hours a day, seven days a week. Our remote control system allows us to track our concurrent online users in real time, and discover and fix hardware or software problems on our server network in a timely fashion.

Sohu

As of December 31, 2025, Sohu maintained approximately 6,403 servers in the Chinese mainland. To fully support the operation of Sohu’s content and services, Sohu established these data centers primarily through China Mobile, China Unicom, and China Telecom, which are the three largest Internet connection service providers in the Chinese mainland, to support most of Sohu’s core services. Sohu has also developed close working relationships with other Internet connection service providers. In addition, Sohu has established branch nodes in different provinces throughout the Chinese mainland through different telecommunication operators in order to establish national coverage and provide fast and stable access to Sohu’s Internet platforms properties to users across the Chinese mainland.

[Table of Contents](#)

Sohu's operations depend on the ability of China Mobile, China Unicom, China Telecom, and other Internet connection service providers to protect Sohu's systems against damage from fire, power loss, telecommunications failure, break-ins and other events. These telecommunication operators provide Sohu with support services twenty-four hours per day, seven days per week. They also provide connectivity for Sohu's servers through multiple high-speed connections. All facilities are protected by Uninterruptible Power Supplies.

For reliability, availability, and serviceability, Sohu has created an environment in which each server can function independently. Key components of Sohu's server architecture are served by multiple redundant machines. Sohu also uses in-house and third-party monitoring software. Sohu's reporting and tracking systems generate daily traffic, demographic and advertising reports. Sohu deploys load balance equipment and cloud computing to avoid single point failure.

Sohu's operations must accommodate a high volume of traffic and deliver frequently updated information. Components or features of Sohu's products and services have in the past suffered outages or experienced slower response times because of equipment or software down time. These events have not had a material adverse effect on Sohu's business to date, but such events could have a material adverse effect in the future.

Changyou

As of December 31, 2025, Changyou maintained for its online game business approximately 1,000 physical servers in the Chinese mainland, and 4,100 cloud-based servers that are spread across the Chinese mainland, Hong Kong, other Asia-Pacific regions, Europe and North America. In order to enhance Changyou's game players' experience and to improve connectivity, Changyou has located its physical game servers in a number of regions throughout the Chinese mainland. This allows its players to connect to the nearest servers that are located in their region without exchanging data across the national backbone network. Furthermore, to ensure high-quality services for its game players, Changyou works with leading domestic cloud technology firms to provide efficient and stable game services using cloud-based resources.

MARKETING

Sohu

As Sohu is a leading Chinese online media content and services provider, our brand effectively provides us with built-in word-of-mouth marketing and we have significantly benefited from this recognition of our brand in the Chinese mainland. Leveraged by our increasingly integrated product matrix and advanced livestreaming technologies, we host differentiated events and marketing campaigns covering various verticals, both online and offline, with the goal of strengthening our brand influence and enhancing our core competitiveness and credibility, thereby attracting both users and advertisers. Further, we continually develop and distribute high-quality livestreaming content, particularly science and knowledge-based live broadcasts, and promote our self-developed video content across other online social media platforms to attract users and professional broadcasters in various fields to our platform.

Changyou

Changyou chooses what it considers to be the most suitable marketing strategy for its self-operated games. To reach a wider audience for its games in general, Changyou generally promotes and markets them through online videos, mobile applications, online forums, and other social media platforms. Changyou also works with Internet celebrities on short-form video and live broadcasting platforms to create additional publicity for some of its games. Changyou may also seek celebrity endorsements for major marketing campaigns. For new mobile games in particular, Changyou designs and implements different marketing strategies for different game genres, in order to attract the genres' target players. Changyou works closely with performance-based online advertising platforms such as Ocean Engine, Guang Dian Tong, and Fen Si Tong where Changyou can target different user groups. Changyou also works with the Apple store and Android mobile application stores to market its games. For older games including Changyou's PC games, Changyou also organizes a variety of offline activities, such as player meetups, offline competitions and carnival events, to connect with core players and promote brand awareness. In addition, Changyou creates in-game promotional events to attract existing and new game players through event-related features, such as offering special holiday-edition virtual items to enhance game player participation at holiday time.

For overseas markets, Changyou promotes its games with a targeted marketing approach, leveraging its data collection and analysis system. Changyou's overseas marketing strategies also include using social media platforms, search engine management, and outdoor advertisements to promote its games.

COMPETITION

The Internet and Internet-related markets in the Chinese mainland are evolving. We believe that attention to the Chinese mainland Internet market from both domestic and multinational competitors will continue to increase. Our existing competitors may in the future achieve greater market acceptance and gain additional market share. It is also possible that new competitors may emerge and acquire significant market share. In addition, our competitors may leverage their existing Internet platforms to cross-sell newly launched products and services. It is also possible that we will not be able to adequately enforce applicable law protecting our intellectual property, or that such law may not provide full protection, which could mean that we may not be able to prevent existing or new competitors from accessing and using our in-house developed Web content or technologies.

Competition for Sohu's Business

In the Chinese mainland's Internet space, competition for marketing services is intense and is expected to increase significantly in the future. We compete with our peers and competitors in the Chinese mainland primarily on the following basis:

- access to financial resources;
- technological advancements;
- attractiveness of products;
- brand recognition;
- volume of traffic and users;
- quality and stability of Internet platforms;
- quality and quantity of content;
- strategic relationships;
- quality of services;
- effectiveness of sales and marketing efforts;
- talent of staff; and
- pricing.

Over time, our competitors may gradually build certain competitive advantages over us in terms of:

- greater brand recognition;
- better products and services;
- larger user and advertiser base;
- more extensive and well-developed marketing and sales networks; and
- substantially greater financial and technical resources.

There are a number of existing or new Internet companies in the Chinese mainland, which include companies controlled or sponsored by private entities and by governmental entities in the Chinese mainland. As an Internet portal, we compete with 58.com, Alibaba, Autohome, Baidu, Bilibili, BitAuto, Cheetah Mobile, Douyin, Douyu, Hello Group, Huya, iQIYI, JD, JOYY, Kuaishou, Leju, Mango TV, Meituan, NetEase, Phoenix, Pinduoduo, Rednote, Sina, Tencent, Tencent Music Entertainment, TouTiao, VIPS, Weibo, Xiaomi, and Youku.

[Table of Contents](#)

We also compete with traditional forms of media, such as newspapers, magazines, radio and television, for advertisers, advertising and other marketing services revenues, and content. Some of these traditional media, such as CCTV, Xinhua News Agency and People's Daily, have extended their businesses into the Internet market. As a result, we expect to face more intense competition with traditional media companies in both their traditional media and in Internet-related markets.

Competition for Changyou's Business

Online Game Business

Existing and potential online game competitors compete with Changyou for talent, game player spending, time spent on game playing, marketing activities, quality of games, and distribution networks. Changyou competes primarily with online game developers and operators such as 37 Interactive, Archosaur, Century Huatong (formerly known as Shanda), Giant, G-bits, IGG, Kingsoft, Lilith, miHoYo, NetDragon, NetEase, Perfect World, and Tencent.

Platform Channel Business

The platform channel business conducted by Changyou's 17173.com Website competes with other game information portals such as games.sina.com.cn, which is operated by Sina Corporation, for talent, advertiser spending, number of unique visitors, number of page views, visitors' time spent on websites, and quality of service.

FACILITIES

Sohu

In February 2007, we purchased an office building of approximately 18,265 square meters in Beijing for consideration of approximately \$35.3 million. Since March 2023, we have leased this entire building to third-party tenants.

In November 2009, we entered into a contract for the purchase and development of an office building of approximately 41,283 square meters in Beijing to serve as our headquarters, for consideration of approximately \$162 million. The office building was placed in service in May 2013.

As of December 31, 2025, we leased office space of approximately 6,438 square meters in the Chinese mainland.

Changyou

In August 2009, Changyou purchased an office building of approximately 14,950 square meters in Beijing, for consideration of approximately \$33.4 million. As of December 31, 2025, Changyou leased out approximately 2,702 square meters of this building to third-party tenants.

In August 2010, Changyou entered into a contract for the purchase and development of an office building of approximately 56,549 square meters in Beijing to serve as its headquarters, for consideration of approximately \$171 million. The office building was placed in service in December 2013.

As of December 31, 2025, Changyou leased office space of approximately 2,059 square meters in the Chinese mainland and in other countries.

GOVERNMENTAL REGULATION AND LEGAL UNCERTAINTIES

The following description of laws and regulations of the Chinese mainland is based upon the opinion of Haiwen & Partners ("Haiwen"), our Chinese mainland legal counsel. The laws and regulations affecting the Internet industry in the Chinese mainland and other aspects of our business are evolving. There are uncertainties regarding the interpretation and enforcement of laws and regulations of the Chinese mainland. We cannot be certain that regulatory authorities in the Chinese mainland would find that our corporate structure and business operations strictly comply with all laws and regulations of the Chinese mainland. If we are found by regulatory authorities to be in violation of any laws or regulations of the Chinese mainland, we may be required to pay fines, obtain additional or different licenses or permits, and/or change, suspend or discontinue our business operations until we are found to comply with applicable laws. For a description of legal risks relating to our ownership structure and business, see "Item 3. Key Information - Risk Factors."

Overview

Regulatory authorities in the Chinese mainland have enacted an extensive regulatory scheme governing Internet-related areas, such as telecommunications, Internet information services, international connections to computer information networks, online game services, information security and censorship.

Various aspects of the Internet industry in the Chinese mainland are regulated by various regulatory authorities in the Chinese mainland, including, among others:

- the MIIT, which resulted from the merger of the former Ministry of Information Industry and other regulatory departments;
- the MCT, which was established in March 2018 and resulted from the merger of the former Ministry of Culture (the “MOC”), and the former China National Tourism Administration (the “CNTA”). The “MCT” as used in this annual report refers to the regulatory authority that resulted from the merger, as well as to the MOC and the CNTA separately for periods prior to the merger;
- the MPS;
- the MOFCOM;
- the SAMR, which resulted from the merger of, and assumed the responsibilities previously held by, the State Administration for Industry and Commerce (the “SAIC”), the General Administration of Quality Supervision, Inspection and Quarantine (the “AQSIQ”), the Certification and Accreditation Administration, the Standardization Administration of China (the “SAC”), and the State Food and Drug Administration (the “SFDA”). The “SAMR” as used in this annual report refers to the regulatory authority that resulted from the merger, as well as to the SAIC, the AQSIQ, the SAC, and the SFDA separately for periods prior to the merger;
- the SAPPRFT was reorganized into three separate regulatory authorities, the NRTA, the NFA, and the NPPA, in March 2018. The SAPPRFT had resulted from the merger of the former General Administration of Press and Publication (the “GAPP”) with the former State Administration of Radio, Film and Television (the “SARFT”) in March 2013. The “NRTA,” the “NFA” and the “NPPA” as used in this annual report refer to the respective regulatory authorities after the reorganization; the “SAPPRFT” as used in this annual report refers to the regulatory authority that resulted from the merger for the period after the merger and prior to the reorganization, as well as to the GAPP and the SARFT separately for periods prior to the merger;
- the China State Council Information Office (the “SCIO”);
- the CAC;
- the SAFE; and
- the China Banking and Insurance Regulatory Commission (the “CBIRC”), which resulted from the merger of, and assumed the responsibilities previously held by, the China Banking Regulatory Commission (the “CBRC”) and the China Insurance Regulatory Commission (the “CIRC”) and has been integrated into the China National Financial Regulatory Administration (the “CNRA”). The “CBIRC” as used in this annual report refers to the regulatory authority that resulted from the merger during the period after the merger of the CBRC and the CIRC and prior to the CBIRC’s integration into CNRA, to the CBRC and the CIRC separately for periods prior to the merger of the CBRC and the CIRC, and to the CNRA for the period after the integration of the CBIRC into the CNRA.

Specific Statutes and Regulations

Requirements for Establishment of WFOEs

Under the *Law on Foreign Investment Enterprises of the People’s Republic of China* (the “Foreign Investment Enterprises Law”), promulgated on April 12, 1986 and amended on October 31, 2000, the establishment of a WFOE was required to be approved by MOFCOM or one of its local branches. On September 3, 2016, the Foreign Investment Enterprises Law was further amended by the *Decision of the Standing Committee of the National People’s Congress on Amending Four Laws including the Law on Wholly Foreign-Owned Enterprises of the People’s Republic of China*, issued by the Standing Committee of the National People’s Congress, and on October 8, 2016, MOFCOM issued the *Interim Measures for the Administration of Filing for Establishment and Change of the Foreign Investment Enterprises* (the “Interim Filing Measures”), which were further amended on July 30, 2017 and June 29, 2018, respectively. The Foreign Investment Enterprises Law and the Interim Filing Measures provide that, with certain exceptions, the establishment of FIEs is only subject to certain filing requirements with, and no longer requires prior approval by, MOFCOM or its local branches.

On March 15, 2019, the Standing Committee of the National People’s Congress issued the Foreign Investment Law, which took effect on January 1, 2020 and replaced the Foreign Investment Enterprises Law and other laws relating to foreign investment. The stated purpose of the Foreign Investment Law is to expand the Chinese mainland’s opening up to the outside world, promoting and regulating foreign investment, and protecting the rights and interests of foreign investors. The Foreign Investment Law defines “foreign investment” as investment activity in the Chinese mainland conducted directly or indirectly by foreign investors through any of the following methods: (i) the foreign investor, by itself or together with other investors, establishes an FIE in the Chinese mainland; (ii) the foreign investor acquires shares or the equity securities, asset tranches, or similar rights or interests in Chinese mainland-based enterprises; (iii) the foreign investor, by itself or together with other investors, invests and establishes a new project in the Chinese mainland; or (iv) the foreign investor invests in the Chinese mainland by any other means specified by laws, administrative regulations, or provisions prescribed by the State Council. In addition, the Foreign Investment Law provides, for example, that treatment of foreign investors and their investments during the investment access stage may not be inferior to treatment afforded to Chinese mainland domestic investors and their investments, except where a foreign investment is in a category of restricted investments. The Foreign Investment Law also provides that regulatory authorities in the Chinese mainland will establish an information reporting system, and that foreign investors and FIEs will be required to submit investment information through an enterprise registration system and an enterprise credit information publicity system. On December 30, 2019 the MOFCOM issued the *Measures for the Reporting of Foreign Investment Information* (the “Reporting Measures”), which took effect on January 1, 2020, the same date as the effective date of the Foreign Investment Law to implement the information reporting system and replace the Interim Filing Measures. The Reporting Measures require that foreign investors establishing FIEs in the Chinese mainland submit an initial report through the enterprise registration system; there is no longer any filing requirement with MOFCOM or its local branches under the Reporting Measures. On December 12, 2019, the State Council also issued the *Implementing Regulations of the Foreign Investment Law* and, on December 26, 2019, the Supreme People’s Court of the People’s Republic of China (the “Supreme People’s Court”) issued the *Interpretation of the Supreme People’s Court on Several Issues Concerning the Application of the Foreign Investment Law of the People’s Republic of China*, both of which became effective on January 1, 2020. On December 19, 2020, the NDRC and the MOFCOM promulgated the Security Review Measures, which became effective on January 18, 2021. The Security Review Measures stipulate that investment by foreign investors in specified industries within the Chinese mainland that affects or may affect national security will be subject to security review by relevant regulatory authorities in the Chinese mainland.

Each of our WFOEs established before September 3, 2016 was established with proper approval, and the two WFOEs that were established by Changyou on April 13, 2020 and November 12, 2020 have fulfilled their reporting obligations under the Reporting Measures.

Requirements for Obtaining Business Licenses

All Chinese mainland-based companies may commence operations only upon the issuance of a business license by the relevant local branch of the SAMR. All of our Chinese mainland-based subsidiaries and the VIEs that we consolidate under U.S. GAAP (ASC 810) have been issued business licenses by the relevant local branches of the SAMR.

In the opinion of Haiwen, our principal Chinese mainland-based subsidiaries and the principal VIEs have satisfied the requirements for business licenses.

Regulation of Value-added Telecommunications Services

The *Telecommunications Regulations of the People’s Republic of China* (the “Telecom Regulations”), implemented on September 25, 2000 and amended on July 29, 2014 and February 2, 2016, are the primary Chinese mainland regulations governing telecommunication services, and set out the general framework for the provision of telecommunication services by Chinese mainland domestic companies. The Telecom Regulations require that telecommunications service providers procure operating licenses prior to commencing operations. The Telecom Regulations draw a distinction between “basic telecommunications services,” which we generally do not provide, and “value-added telecommunications services.” The Telecom Regulations define value-added telecommunications services as telecommunications and information services provided through public networks. The *Catalogue of Telecommunications Business* (the “Catalogue”), which was issued as an attachment to the Telecom Regulations and updated in February 2003, December 2015 and June 2019, identifies Internet data centers, content delivery networks, domestic Internet virtual private networks, Internet access, online data and transaction processing, on-demand voice and image communications, message storage and forwarding (including voice mailbox, e-mail and online fax services), call centers, and online information and data search as value-added telecommunications services. We engage in various types of business activities that are value-added telecommunications services as defined and described by the Telecom Regulations and the Catalogue.

On July 3, 2017, the MIIT issued the *Administration Measures for Telecommunications Business Operating Permits* (the “Telecom License Measures”), which became effective on September 1, 2017, to supplement the Telecom Regulations and replace the previous *Measures on the Administration of Telecommunications Business Operating Permits* promulgated in 2009. The Telecom License Measures provide requirements and procedures for obtaining licenses for value-added telecommunications services, and stipulate that the competent regulatory authorities in the Chinese mainland will mandate improved credit management mechanisms for telecommunication business operators, and will establish an online platform in connection with telecommunication business operating permits. The Telecom License Measures also confirm that there are two types of telecom operating licenses for operators in the Chinese mainland, one for basic telecommunications services and one for value-added telecommunications services. A distinction is also made as to whether a license is granted for “intra-provincial” or “trans-regional” (inter-provincial) activities. An appendix to each license granted will detail the permitted activities of the enterprise to which it was granted. An approved telecommunication services operator must conduct its business (whether basic or value-added) in accordance with the specifications recorded in its Telecommunications Services Operating License.

The business activities of the VIE Sohu Internet include providing content to mobile phone users through the platforms of the Chinese mainland’s main three telecommunications operators. On April 25, 2004, the MIIT issued a notice stating that mobile network operators may only provide mobile network access to those mobile Internet service providers which have obtained licenses from the relevant local arm of the MIIT before conducting operations. On the basis of the notice, China Mobile has required each of its mobile Internet service providers to first obtain a license for trans-regional value-added telecommunications services in order to gain full access to its mobile network, which is a nationwide policy in line with a similar notice issued by the Beijing branch of China Mobile on April 12, 2004.

On August 8, 2014, the MIIT issued to Sohu Internet a Value-Added Telecommunication Services Operating License, which was renewed on July 23, 2019 and June 5, 2024, respectively, that authorizes the provision of Internet data center services, Internet content distribution services, and Internet access services, all of which are classified as value-added telecommunication services. On January 30, 2015, the MIIT issued to the VIE Guangzhou Qianjun Network Technology Co., Ltd. (“Guangzhou Qianjun”) a Value-Added Telecommunications Services Operating License, which was renewed on November 23, 2019 and November 23, 2024, respectively, that authorizes the provision of Internet information services, which are also classified as value-added telecommunication services.

Regulation of Foreign Direct Investment in Value-Added Telecommunications Companies

Various Chinese mainland regulations currently restrict foreign-invested entities from engaging in value-added telecommunication services, including providing Internet information services and operating online games. Foreign direct investment in Chinese mainland-based telecommunications companies is regulated by the *Regulations for the Administration of Foreign-Invested Telecommunications Enterprises* (the “FITE Regulations”), which were issued by the State Council on December 11, 2001, became effective on January 1, 2002 and were amended on September 10, 2008, February 6, 2016 and March 29, 2022. Under the FITE Regulations and in accordance with WTO-related agreements, unless otherwise provided by the state, the foreign party to a foreign-invested telecommunications Chinese mainland enterprise (an “FITE”) engaging in value-added telecommunications services may hold up to 50% of the equity of the FITE, with no geographic restrictions on the FITE’s operations. The newly amended FITE Regulations have removed the requirement that major foreign investors in FITEs have a good track and operational records in value-added telecommunications businesses. On June 30, 2016, the MIIT issued the *Announcement of the Ministry of Industry and Information Technology on Issues concerning the Provision of Telecommunication Services in the Mainland by Service Providers from Hong Kong and Macao*, which provides that investors from Hong Kong and Macau may hold more than 50% of the equity in FITEs engaging in certain specified categories of value-added telecommunications services. On April 8, 2024, the MIIT promulgated the *Announcement on the Pilot Program for Expanding the Opening up of Value-added Telecommunications Services*, which clarifies that there are no foreign ownership restrictions for FITEs engaging in specified categories of value-added telecommunications services within certain designated zones in Beijing, Shanghai, Hainan, and Shenzhen.

In addition, before launching value-added telecommunications business in the Chinese mainland, FITEs must obtain approvals from the MIIT, which retains considerable discretion in granting such approvals.

The *Notice of the Ministry of Information Industry on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services* (the “MIIT Notice”), which reiterates certain provisions of the FITE Regulations, was issued on July 13, 2006. Under the MIIT Notice, if a FITE intends to invest in a Chinese mainland-based value-added telecommunications business, the FITE must be established and must apply for a telecommunications business license applicable to the business. Under the MIIT Notice, a domestic company that holds a license for the provision of Internet content services, or an ICP license, is considered to be a type of value-added telecommunications business in the Chinese mainland, and is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to conduct value-added telecommunications businesses illegally in the Chinese mainland. Trademarks and domain names that are used in the provision of Internet content services must be owned by the ICP license holder or its shareholders. The MIIT Notice requires each ICP license holder to have appropriate facilities for its approved business operations and to maintain such facilities in the regions covered by its license. In addition, all value-added telecommunications service providers are required to maintain network and information security in accordance with standards set forth in relevant Chinese mainland regulations. Some of the VIEs through which we operate, rather than our subsidiaries, hold ICP licenses, own our domain names, and hold or have applied for registration in the Chinese mainland of trademarks related to our business and own and maintain facilities that we believe are appropriate for our business operations.

[Table of Contents](#)

On November 27, 2017, the MIIT promulgated the *Notice Regulating the Use of Domain Names in the Provision of Internet-based Information Services* (the “Domain Names Notice”), which became effective on January 1, 2018. Under the Domain Names Notice, a domain name used by a provider of Internet-based information services must be registered and owned by the provider or, if the provider is an entity, by a shareholder or senior management of the provider.

In view of these restrictions on foreign direct investment in the value-added telecommunications sector, we operate our main business through the VIEs, with which we have contractual relationships but in which we do not have an actual ownership interest. For a list and a detailed discussion of the principal VIEs that we consolidate under U.S. GAAP (ASC 810), please refer to “- Organizational Structure” below. Due to a lack of interpretative materials from the relevant authorities in the Chinese mainland, there are uncertainties regarding whether authorities in the Chinese mainland would consider our corporate structure and contractual arrangements to constitute foreign ownership of a value-added telecommunications business. See “Risk Factors - Risks Related to Our Corporate Structure” in Item 3. If our current corporate structure is found to be in violation of current or future laws, rules or regulations of the Chinese mainland regarding the legality of foreign investment in the Chinese mainland Internet sector, we could be subject to severe penalties.

In the opinion of Haiwen, subject to the uncertainties and risks disclosed elsewhere in this annual report under the heading “Risk Factors - Risks Related to Our Corporate Structure - In order to comply with Chinese mainland regulatory requirements, we operate our main businesses through companies with which we have contractual relationships but in which we do not have an actual ownership interest. If our current ownership structure is found to be in violation of current or future Chinese mainland laws, rules or regulations regarding the legality of foreign investment in the Chinese mainland’s Internet sector, we could be subject to severe penalties.” in Item 3 and “Governmental Regulation and Legal Uncertainties,” the ownership structures of our principal Chinese mainland-based subsidiaries and the principal VIEs comply with all existing laws, rules and regulations of the Chinese mainland and each of such companies has the full legal right, power and authority, and has been duly approved, to carry on and engage in the business described in its business license.

Regulation of the Provision of Internet Content

Internet Information Services

On September 25, 2000, the State Council issued the *Measures for the Administration of Internet Information Services* (the “ICP Measures”), which were amended on January 8, 2011 and December 6, 2024, respectively. Under the ICP Measures, entities that provide commercial information services to online users on the Internet (“ICPs”) are obliged to obtain an operating license from the MIIT or its local branch at the provincial or municipal level in accordance with the Telecom Regulations described above.

The ICP Measures further stipulate that entities providing online information services regarding news, publishing, and education must procure the consent of the national authorities responsible for such areas prior to applying for an operating license from the MIIT or its local branch at the provincial or municipal level. Moreover, ICPs must display their operating license numbers in conspicuous locations on their home pages. ICPs are required to police their Internet platforms and remove certain prohibited content. Many of these requirements mirror Internet content restrictions that have been announced previously by ministries in the Chinese mainland, such as the MIIT, the MCT, and the SAPPRFT, that derive their authority from the State Council.

The VIEs Sohu Internet, Guangzhou Qianjun, Shanghai ICE Information Technology Co., Ltd. (“Shanghai ICE”), Guanyou Gamespace, and Gamease hold Value-Added Telecommunication Services Operating Licenses (each an “ICP license”).

In 2000, the MIIT promulgated the *Internet Electronic Bulletin Service Administrative Measures* (the “BBS Measures”). The BBS Measures required ICPs to obtain specific approvals before they provided BBS services, which included electronic bulletin boards, electronic forums, message boards and chat rooms. On September 23, 2014, the MIIT abolished the BBS Measures in a *Decision on Abolishment and Amendment Certain Regulations and Rules*. However, in practice certain local authorities still require operating companies to obtain approvals or make filings for the operation of BBS services. As of the date of the filing of this annual report, we have not been required by any regulatory authority in the Chinese mainland to obtain any approval or make any filing for the operation of BBS services.

On December 29, 2011, the MIIT issued *Several Provisions for Standardizing the Market Order of Internet Information Services* (the “Several Provisions”) which took effect on March 15, 2012. With the aim of promoting the healthy development of the Internet information services market in the Chinese mainland, the Several Provisions strengthen the regulation of the operations of Internet information service providers, including prohibiting Internet information service providers from infringing the rights and interests of other Internet information service providers, regulating evaluations provided by Internet information service providers regarding the services and products of other Internet information service providers, and regulating the installation and running of software by Internet information service providers. The Several Provisions also provide various rules to protect the interests of Internet information users, such as requesting Internet information service providers to take measures to protect the privacy information of their users and prohibiting Internet information service providers from cheating and misleading their users.

[Table of Contents](#)

On August 25, 2017, the CAC issued the *Administration Measures for Internet Forum Community Service*, effective on October 1, 2017, to regulate the provision of online interactive social network services for information dissemination. On August 25, 2017, the CAC issued the *Administration Measures for Internet Comment Thread Services*, which were amended on November 16, 2022, regulating the provision of comment-thread services by websites, applications, and other Internet platforms with media and social mobilization characteristics that allow users to release text, photos, audio, and video. On February 20, 2018, the CAC issued the *Administrative Provisions on Micro-blogging and Blogging Information Services*, effective on March 20, 2018, further regulating the provision of platform services for publishing and distributing information through micro-blogs and blogs. On September 7, 2017, the CAC issued the *Administration Measures for Internet Chat Group Services*, effective on October 8, 2017, to regulate the provision of platform services for that allow Internet user groups to exchange information online. On September 7, the CAC issued the *Administration Measures for Internet Users' Social Account Information Services*, which were effective on October 8, 2017 and amended on January 22, 2021. On June 27, 2022, the CAC promulgated the *Administrative Provisions on the Account Information of Internet Users*, effective on August 1, 2022, under which Internet information service providers must authenticate the real identity information of users before providing any information distribution or instant messaging services to those users, and must display the users' locations based on their IP addresses. On September 9, 2022, the CAC, the MIIT and the SAMR issued the *Administrative Provisions on Internet Pop-up Window Information Push Services*, effective on September 30, 2022, regulating the provision of information push services in the form of pop-up message windows through operating systems, application software and websites. These measures provide, among other things, that Internet platform operators providing the covered services will be responsible for the security of information and content published over their platforms, and provide enhanced requirements for user registration, information review, emergency response, security, personal information protection, and intellectual property protection. On July 5, 2023, the CAC promulgated the *Notice on Strengthening the Management of "We Media"* (the "We Media Notice"), which stipulates that if an Internet user intends to engage in profit-making activities, such as selling products during a livestream broadcast, through a "we media" account that the Internet user has registered with an Internet platform, the user must apply for profit-making authorization from the Internet platform in accordance with the We Media Notice. If the user and/or the user's "we media" account is found to have engaged in activities, such as dissemination of rumors or other prohibited information, that are in violation of the We Media Notice or other Chinese mainland laws and regulations regulating Internet activities within three months prior to the user's submitting its application, the Internet platform must not grant the authorization. If the Internet platform is required by applicable Chinese mainland laws and regulations to prohibit a user from making public postings through the user's "we media" account due to any such illegal activities for a specified prohibition period, the Internet platform must simultaneously suspend any profit-making authorization previously granted for a period equal to two to three times the duration of the prohibition period. If the Internet user's "we media" account is found to have engaged in marketing activities that are specified in the We Media Notice as being malicious, the Internet platform must revoke any profit-making authorization previously granted or must not grant a new authorization to such "we media" account, as the case may be, in accordance with the We Media Notice.

On November 15, 2018, the CAC promulgated the *Provisions on the Security Assessment of Internet-based Information Services with Attribute of Public Opinions or Capable of Social Mobilization*, which require that Internet information service providers that provide Internet services with the potential to influence public opinion or provoke social movement, including BBS, blog, and micro-blog services, must conduct a security self-assessment and file with the local office of the CAC a self-assessment report regarding such Internet services and supporting technologies, their user base characteristics, and any significant changes in user opinions and potential risks concerning public security issues.

On October 26, 2021, the CAC issued the *Notice on Further Strengthening the Regulation on Online Information of Entertainment Celebrities*, which requires internet platforms to, among other things, monitor online information of entertainment celebrities so as to timely identify hot topics that could involve illegal actions and promptly report to competent authorities. On August 25, 2021, the CAC issued the *Notice on Further Strengthening the Management of Chaos in Fan Groups*, which is intended to rectify behavior in the online fan groups for entertainment celebrities, specifically, in features such as entertainment celebrity rankings, hot topics, fan communities, and fans interactive functions, so as to curb verbal abuse, stigmatization, instigation, confrontation, insults, slander, rumors, malicious marketing and the spread of other harmful information.

On June 12, 2024, the CAC, the MPS, the MCT, and the NRTA promulgated the *Provisions on the Governance of Cyberviolence Information*, regulating activities related to cyberviolence information within the Chinese mainland. Internet information service providers are given primary responsibility for managing Internet content and establishing, maintaining, and continually improving mechanisms for restricting cyberviolence information.

On December 25, 2025, the CAC issued the *Notice on the Regulation of the Management of the Conduct of Online Influencer Accounts*, together with a list of prohibited behaviors for online influencer accounts, which aim to strengthen the routine regulation of online influencer accounts by clearly defining prohibited conduct, guiding online influencers to standardize their online behavior, and requiring online platforms to enhance governance and oversight over such behavior.

[Table of Contents](#)

Online News Dissemination and Online News Search Services

In May 2017, the *Administrative Regulations for Internet News Information Services* and *Implementation Rules on the Administration of Internet News Information Services Permits* (collectively the “News Regulations”) were promulgated by the CAC to replace the *Administrative Rules for Internet News Information Services* promulgated by the SCIO in 2005. The News Regulations stipulate that Internet news information services include production, publishing, and republishing services and platforms providing for the dissemination of news over the Internet, and specify that platforms providing for the dissemination of news over the Internet will be required to obtain an Internet news information services permit.

Requirements of News Regulations include, among other things, the following:

- Internet news information service providers must be entities duly incorporated within the territory of the Chinese mainland;
- Managers and chief editors of Internet news information service providers must be citizens of the Chinese mainland;
- Internet news information service providers must have personnel who have appropriate qualification and professional training;
- Internet news information service providers must have sound Internet news information service management systems;
- Internet news information service providers must have rigorous information security management systems;
- Internet news information service providers must have facilities that are suitable for their proposed services, and must be adequately funded; and
- Internet news information service providers may only republish news published by governmental news agencies and must ensure the original sources are traceable.

On July 3, 2016, the CAC issued the *Notice on Further Strengthening the Management and Prevention of Fake News* (the “Fake News Notice”). The Fake News Notice requires all providers of online news services, including news applications, Weibo, and WeChat, to establish and maintain rigorous internal supervision and management systems and to not provide any news without identifying the sources of the news, invent news, report news based on hearsay, or distort facts.

On May 11, 2004, Sohu Internet obtained from the Information Office of the Beijing Municipal Government (the local arm of the SCIO) an Internet news information services permit, which was updated by the SCIO on June 6, 2006, April 4, 2018, April 4, 2021, and April 4, 2024, respectively. There is uncertainty as to whether the provision of news search services and aggregation of news links fit within the definition of news dissemination services.

Internet Publishing

On February 4, 2016, the SAPPRFT and MIIT jointly issued the *Rules for the Administration for Internet Publishing Services* (the “Internet Publishing Rules”), which took effect on March 10, 2016, to replace the *Provisional Rules for the Administration for Internet Publishing* that had been jointly issued by the SAPPRFT and the MIIT on June 27, 2002. The Internet Publishing Rules define “Internet publications” as digital works that are edited, produced or processed to be published and provided to the public through the Internet, including (i) original digital works, such as pictures, maps, games, and comics; (ii) digital works with content that is consistent with the type of content that, prior to the Internet age, typically was published in media such as books, newspapers, periodicals, audiovisual products, and electronic publications; (iii) digital works in the form of online databases compiled by selecting, arranging and compiling other types of digital works; and (iv) other types of digital works identified by the SAPPRFT. Under the Internet Publishing Rules, Internet operators distributing such Internet publications via information networks, including Web portals such as ours, are required to apply to and register with the SAPPRFT before distributing Internet publications.

On June 5, 2020, the NPPA issued the *Notice on Further Strengthening the Administration of Online Literature Publishing*. This notice provides that a platform publishing online literary works must (i) require writers to provide real identity information; (ii) review the works before they are published on the platform; and (iii) take appropriate and timely measures to prevent dissemination through the platform of false or misleading information.

On December 22, 2010, Sohu Internet obtained an Internet publishing license issued by the SAPPRFT, which was replaced with an online publishing service license under the New Internet Publication Measures and renewed on October 1, 2019. The renewed license expired on December 21, 2021. As of the date of the filing of this annual report, Sohu Internet is in the process of applying for renewal of the license, but there is uncertainty as to whether Sohu Internet will be able to renew it. For the details of the online publishing service licenses held by the VIEs through which Changyou operates its business, see “- Regulation of Online Game Services - Online Games and Cultural Products.”

Online Audiovisual Transmission through the Public Internet

On December 20, 2007, the SAPPRFT and the MIIT jointly issued the *Rules for the Administration of Internet Audiovisual Program Services* (“Document 56”), which came into effect as of January 31, 2008 and were amended on August 28, 2015. Document 56 requires all online audio and video service providers to be either state-owned or state-controlled and to obtain a permit for the Network Transmission of Audiovisual Programs. However, at a press conference held on February 3, 2008 the SAPPRFT and the MIIT clarified that online audiovisual service providers that were already lawfully operating prior to the issuance of Document 56 may re-register and continue to operate without becoming state-owned or controlled, provided that such providers do not engage in any unlawful activities. This exemption will not be granted to service providers set up after Document 56 was issued. As we were already engaged in online audiovisual transmission prior to the issuance of Document 56, we are presumably exempted from the requirement of being state-owned or state-controlled. The VIEs Sohu Internet and Guangzhou Qianjun currently hold permits, both for PC and for Mobile Apps, for the Network Transmission of Audiovisual Programs.

On March 30, 2009, the SAPPRFT released the *Notice on Strengthening the Administration of Online Audiovisual Content* (the “March 2009 SAPPRFT Notice”). The March 2009 SAPPRFT Notice requires the operators of audiovisual websites to enhance their processes for protecting copyrights, and to take appropriate measures to protect the rights and interests of copyright holders. Operators of such sites must hold, or have a license to, the copyright to all content that they transmit. In addition, the March 2009 SAPPRFT Notice stipulates that only those films or TV programs that have already obtained from the SAPPRFT a Film Public Screening Permit, TV Drama Distribution Permit, TV Animation Distribution Permit, or TV Documentary Film Screening Permit are allowed to be transmitted via audiovisual websites. These permits are mandatory for all films and programs shown on TV and in cinemas in the Chinese mainland and must be obtained before such film or TV or program is allowed to be released. The approval applications for the Film Public Screening Permit, Television Drama Distribution Permit, Television Animation Distribution Permit or Television Documentary Film Screening Permit are extremely difficult and time-consuming, and the SAPPRFT previously did not enforce very strictly the requirements regarding these permits. However, on September 2, 2014, the SAPPRFT issued the *Notice on Further Strengthening the Administration of Online Foreign Audiovisual Content* (the “September 2014 SAPPRFT Notice”), which requires that operators of audiovisual websites to obtain from the SAPPRFT a Film Public Screening Permit, TV Drama Distribution Permit, or TV Animation Distribution Permit for all foreign films and TV dramas before they are transmitted via the Internet in the Chinese mainland. The September 2014 SAPPRFT Notice further stipulates that before any foreign films or TV dramas for transmission exclusively via the Internet are purchased after the promulgation of the September 2014 SAPPRFT Notice, operators of audiovisual websites must declare their annual purchasing plans with the SAPPRFT before the end of the year preceding the year of the intended broadcast and obtain the SAPPRFT’s approval. The September 2014 SAPPRFT Notice also states that the number of foreign films and TV dramas to be purchased by an operator and transmitted via its website in a single year may not exceed 30% of the total amount of Chinese mainland films and TV dramas purchased and transmitted by the same website in the previous year.

On March 17, 2010, the SAPPRFT issued the *Catalogue of Classification of Internet Audio-Video Program Services (Trial)* (the “Internet Audio-Video Program Catalogue”), which was amended on March 10, 2017. The Internet Audio-Video Program Catalogue classifies Internet audio-video program services (excluding IPTV, Internet TV and mobile TV services) provided to computer and mobile phone users the Internet into four categories, consisting of (i) Internet audio-video programs sponsored and broadcast through Internet radio and television stations, including political news, political talk shows, self-produced news programs and live programs of vital political, military, economic, social and sports activities; (ii) reprints of political news, Internet hosting, interviews, report and commentary services in entertainment, technology, financial, sports and educational audio-video programs, production and broadcasting of Internet dramas, compilation and broadcasting of entertainment, technology, financial, sports and education audio-video programs, and live broadcasting of cultural and sports activities; (iii) the aggregation of Internet audio-video programs, which means editing and arranging Internet audiovisual programs on the same website, providing search and viewing services to public users, and broadcasting user-uploaded audio-video programs; and (iv) retransmission of Internet audio-video programs. A permit for the Network Transmission of Audiovisual Programs specifies the scope of the services under one or more of these categories that the holder of the permit is allowed to provide. Sohu Internet’s permit for the Network Transmission of Audiovisual Programs allows Sohu Internet to provide services mostly under the categories described in clauses (ii), (iii), and (iv) above. Guangzhou Qianjun’s permit for the Network Transmission of Audiovisual Programs allows Guangzhou Qianjun to provide certain services under the categories described in clauses (ii) and (iii) above.

[Table of Contents](#)

On July 6, 2012, the SAPPRFT and the CAC jointly issued the *Notice on Further Strengthening the Administration of Internet Dramas, Micro Movies and Other Internet Audiovisual Programs* (the “2012 SAPPRFT Notice 53”), which reiterates that online audiovisual service providers must obtain a Permit for the Network Transmission of Audiovisual Programs from the SAPPRFT. The 2012 SAPPRFT Notice 53 further stipulates that online audiovisual service providers must review the content of Internet audiovisual programs prior to their transmission and must file certain information, such as the names of the Internet audiovisual programs, summaries of their content, and names of the persons conducting the reviews, with the appropriate provincial office of the SAPPRFT. On January 9, 2019, the Netcasting Services Association of China, an industry self-regulatory association, issued the *Management Standards for Internet Short Video Platforms* and *Detailed Standard Rules for Reviewing the Content of Internet Short Videos*, for the stated purpose of strengthening the responsibility of online platforms to examine the content of short videos before their transmission. On February 21, 2020, the Netcasting Services Association of China issued the *Detailed Standard Rules for Reviewing the Content of Internet Variety Shows*, which provide guidelines regarding such content matters as the choice of crew and cast and their behavior, and wardrobe and props, in variety shows, and provide detailed instructions for the examination of Internet variety shows.

On January 2, 2014, the SAPPRFT issued the *Supplemental Notice on 2012 SAPPRFT Notice 53*, which stipulates that producers of Internet dramas, micro movies and other Internet audiovisual programs must obtain a Permit for Radio and Television Program Production and Operation. Online audiovisual service providers may only retransmit dramas and micro movies produced and uploaded by individuals whose identities have been verified and the content of which complies with relevant regulations. Online audiovisual service providers must file with the provincial SAPPRFT the content of Internet audiovisual programs proposed for transmission prior to transmitting the programs.

On November 4, 2016, the SAPPRFT issued the *Notice on Further Strengthening the Planning, Development and Administration of Original Internet Audiovisual Programs* (“Document 198”). Document 198 stipulates that if online service providers plan to produce and disseminate audiovisual programs that are considered to be key audiovisual programs under Document 198, the service providers must, during the early planning and development stage, file a summary of the programs and their titles, producer names, themes, and duration with the SAPPRFT and, for audiovisual programs with sensitive themes such as politics, military, diplomacy, national security, national sovereignty, religion, the justice system and public security, consult with designated regulatory authorities in the Chinese mainland before production of the programs. On June 26, 2017, the SAPPRFT and other several regulatory authorities in the Chinese mainland issued the *Notice on Several Policies Concerning the Prosperity and Development of Television Dramas* that confirms filing procedures with respect to key Internet dramas. In accordance with the *Notice on Upgrading the Filing System of the Online Audiovisual Programs* issued by the NRTA, effective December 27, 2018, producers of key audiovisual programs must make filings prior to the commencement of the production that include a summary of specified details concerning the programs and, following the completion of the production, submit the completed programs to the NRTA or its competent provincial counterpart and make filings with additional information concerning the programs. On April 29, 2022, the NRTA issued the *Notice on Matters Relating to the Administration of Distribution Permits for Domestic Internet Dramas and Other Audiovisual Programs*, which stipulates that providers of Chinese mainland domestic Internet audiovisual programs, such as Internet dramas, micro-short videos, movies and animations, that fall within certain regulatory criteria such as investment thresholds or are intended by Internet audiovisual service providers to be their primary programs for marketing and business promotion, must obtain a distribution permit from the NRTA before publication and transmission of the programs over the Internet. On August 1, 2023, the NRTA promulgated the *Notice on Matters Relating to Further Regulating the Pre-Broadcast Filing and Content Review of Television Dramas, Internet Dramas, and Internet Movies* (the “2023 Notice 26”), which stipulates, among other requirements, that online video platform operators must file with the NRTA, for review and approval prior to live broadcast, the content of their flagship television dramas, Internet dramas, and Internet movies proposed for broadcasting on the homepage and/or featured section or column of the platform. The 2023 Notice 26 also provides guidance as to the number and duration of seasons and episodes, to discourage producers from making and releasing low-quality television dramas and Internet dramas for financial gain. On February 5, 2024, the NRTA promulgated the *Micro-short Drama Notice* to implement a classification and grading review system for micro-short dramas, a rapidly growing video format on Chinese mainland Internet platforms, based on the levels of investment in micro-short dramas specified in the guidelines. The *Micro-short Drama Notice* stipulates that online audiovisual platform operators, such as us, are responsible for content management and review for certain micro-short dramas with a total investment of less than RMB300,000 (or approximately \$41,992) that are not identified as highly recommended for purposes of marketing and business promotion on their platforms or otherwise specifically promoted on their home page or screen.

On March 16, 2018, the SAPPRFT issued the *Notice on Further Regulating the Distribution Order of Internet Audiovisual Programs*, which prohibits operators of audiovisual websites from editing or adapting audiovisual programs of third-party content providers, broadcasting illegally edited and/or adapted audiovisual programs on their audiovisual websites, and/or entering into business collaboration arrangements for online audiovisual services with providers without a Permit of Network Transmission of Audiovisual Programs.

On November 18, 2019, the CAC, the SAPPRFT, and the MCT jointly issued the *Provisions on the Administration of Internet Audio-video Information Services* (the “2019 Notice 3”), pursuant to which Internet audiovisual information services providers are required to identify and conspicuously mark for users of their platforms non-reality-based audiovisual information created using deep learning, virtual reality, and other new technologies and applications. In addition, the 2019 Notice 3 stipulates that Internet audiovisual information service providers are obliged to establish and implement an anti-rumor mechanism to detect and prevent disseminating rumors generated using such technologies and applications, and report such information and rumors to the CAC, the SAPPRFT, and the MCT.

[Table of Contents](#)

Protection of Minors

On March 29, 2019, the SAPPRFT issued the *Administrative Regulations Regarding Programs for Minors* (the “Programs for Minors Regulations”), which took effect on April 30, 2019 and were amended on October 8, 2021. Under the Programs for Minors Regulations, programs for minors refer to Internet audiovisual programs and radio and television programs with minors as the main participants or the target audience. Under the Programs for Minors Regulations, providers of online audiovisual program services are required to adopt a number of measures to protect the physical and psychological well-being of minors, including establishing separate zones on their online platforms for audiovisual programs suitable for minors; prohibiting the advertising in such separate zones of pharmaceuticals, medical equipment, cosmetics, alcohol, cosmetic surgery, and other specified categories not considered suitable for minors; displaying break reminders in a prominent position during programs for minors; and deleting, blocking, and disconnecting links and adopting other necessary measures. Online audiovisual program services providers are also required to conduct pre-broadcasting reviews of programs for minors and advertisements to be directed to minors, and to form committees consisting of minor protection experts and representatives of parent and teacher groups to periodically evaluate programs for minors and such advertisements.

On October 17, 2020, the Standing Committee of the National People’s Congress issued the *Minors Protection Law*, which took effect on June 1, 2021 and was amended on April 26, 2024 (as amended, the “Minors Protection Law”). The Minors Protection Law promotes Internet literacy among minors, protects personal information of minors, and strengthens the protection of minors from cyber bullying and from addictive behaviors related to Internet services and products.

On May 15, 2020, the Supreme People’s Court issued several guiding opinions on civil cases. The opinions stipulate that if minors pay reward money on live online performance platforms without the consent of their guardians and the money is spent in a way that is not appropriate for their age or intelligence, their guardians may require the Internet service providers to refund the money.

On October 16, 2023, the State Council issued the *Regulations on the Online Protection of Minors* (the “Minor Protection Regulations”), which took effect on January 1, 2024. The Minor Protection Regulations stipulate that (i) an online platform service provider with a large number of minor users or with a significant impact on groups of minors must promote cyber literacy and morality, using such measures as regularly assessing the impact of the protection of minors in cyberspace, providing a minor mode or special zones for minors, engaging an independent institution to supervise the protection of minors in cyberspace, developing specific platform rules, and releasing a report on social responsibility for the protection of minors in cyberspace each year; (ii) providers of online products and services must comply with regulations governing information in cyberspace, such as not displaying information that may affect the physical and mental health of minors in a conspicuous position in products or services or in key links that are likely to attract users’ attention, not carrying out commercial marketing to minors in a manner designed to result in automatic decision making, and establishing and improving mechanisms against cyberbullying; (iii) relevant entities must take measures to prevent and control Internet addiction. For example, providers of online products and services are required to establish and maintain a system for addiction prevention; use a minor mode setting, provide time management, authority management, consumption management, and other functions to facilitate guardians’ performance of their guardianship duties; take measures to reasonably limit minors’ per-use and per-day spending for providers’ products and services; and not offer to minors services that require minors to pay fees that are not suitable for their “civil capacity” as defined in the Civil Code.

On November 15, 2024, the CAC issued the *Guidelines for the Construction of Minors Mode in Mobile Internet*, which propose an overall plan for the development of a “minors mode,” that will be primarily applicable to mobile smart terminals, mobile Internet applications, and related distribution platforms for purposes of the protection of minors from harmful Internet content, behavior, and activities.

On December 26, 2025, the CAC and several other authorities in the Chinese mainland jointly issued the *Measures for the Categorization of Online Information That May Affect the Physical and Mental Health of Minors* (the “Online Information Categorization Measures”), which took effect on March 1, 2026. The Online Information Categorization Measures classify online information that may affect the physical and mental health of minors into the following categories: (i) information that may cause or induce minors to imitate or engage in improper behavior; (ii) information that may negatively impact the values of minors; (iii) information that involves the improper use of the images of minors; and (iv) information that involves the improper disclosure and use of the personal information of minors. The Online Information Categorization Measures stipulate that providers of online products and services are prohibited from displaying information that may affect the physical and mental health of minors in a conspicuous position within their products or services, or in key links that are likely to attract users’ attention, such as the first screen of the homepage or in pop-up windows. Providers of online products and services are also required to provide users with functionality to add prominently displayed labels, and to guide and regulate users in properly labeling such information.

Table of Contents

On February 11, 2026, the CAC and several other authorities in the Chinese mainland jointly issued the *Methods for Identification of Online Platform Service Providers with a Large Number of Minor Users or with a Significant Impact on Groups of Minors* (the “Identification Methods”), which will take effect on April 1, 2026. The Identification Methods provide that online platform service providers meeting one of the following standards will be deemed to have a large number of minor users: (i) the products or services provided by the online platforms are specifically targeted at minors and have more than 10 million registered users or more than one million monthly active users; or (ii) the products or services provided by the online platforms are not limited to minors and have more than 10 million registered minor users or more than one million monthly active minor users. The Identification Methods also set forth factors to be considered in identifying online platform service providers with a significant impact on groups of minors. Online platform service providers that meet the identification standards under the Identification Methods must proactively apply for identification, and the relevant authorities in the Chinese mainland may also notify such online platform service providers to undergo the identification process. The CAC will determine the identification list and publish it to the public.

Private Network and Targeted Communication Audiovisual Program Services

On April 25, 2016, the SAPPRFT issued the *Provisions on the Administration of Private Network and Targeted Communication Audiovisual Program Services* (the “Private Network Audiovisual Programs Administration Provisions”), which were amended effective March 23, 2021, to replace the *Measures for the Administration of the Transmission of Audiovisual Programs over Internet and other Information Networks* that had been issued by the SAPPRFT on July 6, 2004. The Private Network Audiovisual Programs Administration Provisions stipulate that private network and targeted communication audiovisual program services include the provision, integrated control, transmission and distribution of audiovisual content through IPTV, targeted mobile television, television network and other targeted channels. The Private Network Audiovisual Programs Administration Provisions provide that operators engaging in private network and targeted communication audiovisual program services must obtain a permit for the Network Transmission of Audiovisual Programs from the SAPPRFT. The Private Network Audiovisual Programs Administration Provisions provide that only Chinese mainland state-owned or state-controlled entities may engage in private network and targeted communication audiovisual program services. We provide a small amount of audiovisual program services through private network and/or targeted communication channels, such as IPTVs and television networks. In order to comply with the Private Network Audiovisual Programs Administration Provisions, we partner with Chinese mainland state-owned entities for the provision of such services through private network and targeted communication channels. According to a press conference of SAPPRFT regarding the Private Network Audiovisual Programs Administration Provisions, Internet audiovisual program services provided through the public Internet, which include our main online video services, other than private network and targeted communication channels should comply with Document 56. See “- Online Audiovisual Transmission through the Public Internet” for a description of regulations affecting Internet Audio-video program services provided through the public Internet.

Online Cultural Products

On May 10, 2003, the MCT issued the *Provisional Regulations for the Administration of Online Culture* (the “Online Culture Regulations”), which took effect on July 1, 2003 and were amended on July 1, 2004. On February 17, 2011, the MCT issued the new *Provisional Regulations for the Administration of Online Culture* (the “New Online Culture Regulations”), which took effect on April 1, 2011 and were amended on December 15, 2017, to replace the previous regulations. The New Online Culture Regulations apply to entities engaging in activities related to “Internet cultural products,” which include those cultural products that are produced specially for Internet use, such as online music and entertainment, online games, online plays, online performances, online works of art and Web animations, and those cultural products that, through technical means, produce or reproduce music, entertainment, games, plays and other art works for Internet dissemination. Pursuant to the New Online Culture Regulations, commercial entities are required to apply to the relevant local branch of the MCT for an Online Culture Operating Permit if they engage in any of the following types of activities:

- the production, duplication, importation, release or broadcasting of Internet cultural products;
- the dissemination of online cultural products on the Internet or transmission thereof via Internet or mobile phone networks to users’ terminals such as computers, fixed-line or mobile phones, television sets, gaming consoles and Internet surfing service sites such as Internet cafés for the purpose of browsing, using or downloading such products; or
- the exhibition or holding of contests related to Internet cultural products.

On November 11, 2021, the MCT issued the *Administrative Measures on Credit for the Cultural and Tourism Market* (the “Credit Measures”) to replace the *Measures for the Administration of a National Cultural Market Blacklist* issued on June 19, 2018. The Credit Measures classify entities that engage in activities in the cultural and tourism markets that are determined to be dishonest into entities that are determined to have engaged in egregiously dishonest activities and entities that are determined to have engaged in activities that, though dishonest, are relatively less dishonest and further stipulate standards and procedures for identifying entities that engage in such dishonest activities. In addition, operators identified as engaging in dishonest activities under the Credit Measures may be subject to a series of regulatory measures, such as strict daily supervision and frequent random inspection from MCT or its local counterparts.

[Table of Contents](#)

On July 1, 2016, the MCT issued the *Notice on Strengthening the Administration of Online Performance* (the “Online Performance Notice”) and on December 2, 2016, issued the *Measures of Administration of Online Performance Operating Activities* (the “Online Performance Measures”), which became effective on January 1, 2017. The Online Performance Notice and the Online Performance Measures both stipulate that online performance service providers must obtain an Online Culture Operating Permit and that online performances must not contain any content that is horrific, cruel, violent, vulgar or humiliating in nature, mocks persons with disabilities, includes photographs or video clips that infringe third parties’ privacy or other rights, features animal abuse, or presents characters and other features of online games that have not been registered and approved for publication by applicable regulatory authorities in the Chinese mainland.

On September 2, 2021, the NRTA issued the *Notice on Further Strengthening the Management of Arts and Their Personnel*, under which online audiovisual platforms are required to strictly control the selection of actors and are prohibited from engaging actors who engage in deeds or use words considered to be immoral, actors considered to not be adhering to an acceptable level of social fairness and justice, or actors violating laws, regulations, or the public order.

The VIEs Sohu Internet, Guangzhou Qianjun currently hold Online Culture Operating Permits. The Online Culture Operating Permit obtained by Sohu Internet includes a permit for operating Internet information services at “sohu.com.”

On September 2, 2016, the SAPPRFT issued the *Notice on Strengthening the Management of Live Online Social Video Services* (the “Live Online Notice”), which requires interactive broadcasting service providers to procure a permit for the Network Transmission of Audiovisual Programs. Sohu Internet and Guangzhou Qianjun currently hold permits for the Network Transmission of Audiovisual Programs. The Live Online Notice also stipulates that a service provider must make a filing with the local SAPPRFT branch at least five days before making any live broadcast of any significant political, military, economic, social, cultural or sports activities and at least 48 hours before making any live broadcast of other cultural or sports activities. On November 4, 2016, the CAC issued the Live Social Video Provisions, which became effective on December 1, 2016. The Live Social Video Provisions provide that business entities such as us that offer interactive broadcasting services on their Internet platforms have the primary responsibility for monitoring content disseminated by interactive broadcasting hosts and viewers through such services, and must allocate sufficient staff in line with the scale of such services and establish and maintain adequate internal policies and procedures for, among other things, content review, information security management, emergency management and technical support. The Live Social Video Provisions also require that Internet providers verify the real-name identity of interactive broadcasting hosts and viewers before allowing them to establish user accounts with the Internet providers and take appropriate remedial actions, such as issuing warnings, removing posted content, or terminating the user’s account, with respect to interactive broadcasting content or activity that is prohibited by the Live Social Video Provisions. Internet providers are subject to administrative penalties and other sanctions for noncompliance with the Live Social Video Provisions. On August 1, 2018, the MIIT and several other regulatory authorities in the Chinese mainland issued the *Notice on Strengthening the Administration of Live Online Social Video Services*, which stipulates that providers of Internet access services and App stores must not provide Internet access and App distribution services for online interactive broadcasting service providers that do not hold requisite permits from or complete the requisite filing procedure with the applicable regulatory agencies. On November 12, 2020, the NRTA promulgated the *Notice on Strengthening the Management of Live Broadcast of Online Shows and E-commerce Live Broadcast*, which requires live show online broadcasting platforms and e-commerce live online broadcasting platforms to enter information concerning their operating entities and business operations in a nationwide online system. Under the notice, live online broadcasting platforms are also required to classify their broadcast programs into, and label them according to, specified categories such as “music,” “dance,” and “travelling.” The notice and the *Guidance on Strengthening Supervision of E-commerce Live Online Broadcasting Activities* issued by the SAMR in November 2020 also provide that e-commerce live online broadcasting platforms should verify the qualifications and real-name identities of the entities and individuals selling goods and services on such platforms, and ensure such sales to comply with the *Advertising Law of the People’s Republic of China* (the “New Advertising Law”) and the *E-commerce Law of the People’s Republic of China* (the “E-commerce Law”). On April 23, 2021, the CAC and six other regulatory authorities in the Chinese mainland issued the *Administrative Measures for E-commerce Live Online broadcasting (for Trial Implementation)*, which further stipulate that live online broadcasting platforms must take certain specified measures, such as arranging special personnel to conduct real-time inspections and extending the storage time for live broadcast content with respect to key live online broadcasting operators. The live online broadcasting platforms are also required to establish a sound risk identification model and take appropriate actions to prevent suspected violations of laws and regulations in regard to high-risk marketing activities, such as issuing violation warnings, limiting traffic and suspending live online broadcasting. In addition, relevant regulatory authorities in the Chinese mainland may share information regarding e-commerce live online broadcasting entities with records of serious violations and may carry out joint enforcement and punishment.

On February 9, 2021, the CAC and six other regulatory authorities in the Chinese mainland issued the *Guiding Opinions on Strengthening the Ratification and Administration of Live Online Broadcasting* (the “Guiding Opinions”). The Guiding Opinions stipulate that live online broadcasting platforms must (i) classify and rank accounts for live online broadcasting based on factors such as the nature of the account holders, the content of performances, the number of followers and the popularity of the broadcast programs, (ii) set reasonable limits on the duration of, the amount of money to be received in, and commodities to be sold in each broadcast program based on the accounts’ categories and rankings, and (iii) set reasonable limits on the maximum amount of money paid by the Internet users for a single virtual commodity or reward in connection with a live online broadcast.

[Table of Contents](#)

On December 18, 2025, the NRTA and the CAC promulgated the *Measures for the Supervision and Administration of Live-Streaming E-Commerce* (the “Live-Streaming E-Commerce Measures”), which took effect on February 1, 2026. The Live-Streaming E-Commerce Measures clarify the responsibilities of live-streaming platform operators and hosts and strengthen oversight of their operations and activities. Under the Live-Streaming E-Commerce Measures, live-streaming platform operators are required to (i) require live-streaming room operators to provide authentic identification and business qualification information, which must be verified or updated at least once every six months; (ii) submit to designated local market-regulation authorities identification information of live-streaming room operators and their marketing personnel in January and July of each year; (iii) implement a classification and grading review system based on live-streaming room operators’ compliance status, number of followers and visitors, transaction volume, types of products or services sold, and other relevant indicators and, with respect to live-streaming room operators that conduct live-streaming e-commerce activities with large numbers of followers, high transaction volumes, influential marketing personnel, or repeated violations, or that sell products or services related to consumers’ life and health, take appropriate management measures, including technical monitoring and real-time inspections; (iv) establish an internal system for handling platform-level violations and a blacklist system; and (v) ensure, through appropriate technical measures, the integrity and retention of designated transaction information, all of which must be retained for no less than three years from the date of transaction completion

On April 19, 2019, the China Alliance of Radio, Film, and Television issued the *Notice on Strictly Implementing the Proportional Allocation of Production Costs for Television and Internet Dramas*, which specifies that the aggregate compensation paid to cast members of a television or Internet drama may not exceed 40% of the total production costs of the drama and that the aggregate compensation paid to key members of the cast may not exceed 70% of the aggregate compensation paid to all of the cast members. Payment of amounts above the specified limits without reasonable grounds may result in the suspension or cancellation of the broadcast of the drama and/or the production permits of the producer.

Mobile Internet Applications Information Services

On June 28, 2016, the CAC issued the *Provisions on the Administration of Mobile Internet Applications Information Services* (the “App Provisions”), which became effective on August 1, 2016 and were amended on June 14, 2022. Under the App Provisions, mobile application providers and application distribution platforms are prohibited from engaging in any activity that may endanger national security, disturb the social order, or infringe the legal rights of third parties. The App Provisions also require application providers to procure relevant approval to provide services through such applications and require application distribution platforms to register with local branch offices of the CAC within 30 days after they start providing application store services. We have procured the required approvals for services that we provide through our mobile applications. If we, as a provider of information services through Apps, violate these regulations, application distribution platforms through which we distribute our Apps may issue warnings to us, suspend the release, or terminate the sale, of our Apps, and/or report our violations to regulatory authorities in the Chinese mainland.

On July 21, 2023, the MIIT issued the *Notice on Carrying out the Filing of Mobile Internet Applications* (the “Mobile Apps Notice”), which requires mobile Internet App operators that are engaged in Internet information services within the Chinese mainland, App operators’ Internet access service providers and App distribution platforms to complete filings in accordance with the *Anti-Telecommunications Network Fraud Law of the People’s Republic of China*, the ICP Measures, and the Mobile Apps Notice. Such App operators are required to complete filings with the local provincial branches of the MIIT, and the App operators’ Internet access service providers and App distribution platforms must complete applications for inspection and review through the “National Internet Basic Resources Management System.”

Internet Medical, Health and Pharmaceuticals Information Dissemination

Under the *Measures for the Administration of Internet Pharmaceuticals Information Services* (the “Pharmaceuticals Information Services Measures”) issued by the SAMR on July 8, 2004, which were amended on November 17, 2017, formal approval from the SAMR or one of its local branches is required before a website may disseminate information concerning pharmaceuticals.

Under the Pharmaceuticals Information Services Measures, medical, health and pharmaceutical information (including information with respect to medical equipment) provided by websites must be scientific and accurate and must indicate the sources of such information. websites that have received approval to disseminate such information must also publish or reprint health policies, information on epidemics and major health-related incidents, and other health-related information in accordance with law. Furthermore, medical and pharmaceutical advertisements (including advertisements for medical equipment) published by such websites must not exaggerate the efficacy or promote the medical uses of such products.

[Table of Contents](#)

On January 15, 2025, the National Medical Products Administration issued the *Notice on Effectively Promoting and Implementing Relevant Pilot Reform Practices*, which stipulates that enterprises engaging in Internet information services regarding pharmaceuticals are only required to make filings with the provincial medical products administrations where the enterprises are located before disseminating any pharmaceuticals information through their websites, and replaces the previous approval requirements under the Pharmaceuticals Information Services Measures. Enterprises that had obtained approvals before the cancellation of the previous approval requirements and intend to continue providing Internet information services regarding pharmaceuticals are expected to make filings in accordance with the revised procedures after the validity periods of their previous approvals expire.

The VIEs Sohu Internet and Guangzhou Qianjun received renewed approval from the SAMR on June 13, 2019 and September 5, 2023, respectively, and Sohu Internet's renewed approval expired on June 12, 2024. Sohu Internet has made filings with the Beijing Municipal Medical Products Administration that are required for the dissemination of pharmaceuticals information over the Internet.

On December 19, 2025, the National Medical Products Administration issued the *Provisions on the Administration of the Filing of Internet Pharmaceuticals and Medical Equipment Information Services*, which require providers of Internet pharmaceuticals and medical equipment information services to complete a filing with the relevant provincial drug regulatory authority before commencing such services, and to display the filing number continuously in a prominent position on the homepage or main page of the providers' websites or Apps.

Regulation of Advertising

On April 24, 2015, the Standing Committee of the National People's Congress enacted the New Advertising Law, which became effective on September 1, 2015 and was amended on October 26, 2018 and April 29, 2021. The New Advertising Law, which was a major overhaul of an advertising law enacted in 1994, increases the potential legal liability of providers of advertising services, and includes provisions intended to strengthen identification of false advertising and the power of relevant regulatory authorities. On February 25, 2023, the SAMR issued the *Administrative Measures for Online Advertising* (the "Online Advertising Measures"), which took effect on May 1, 2023 and replaced the *Interim Measures of the Administration of Online Advertising* previously issued by the SAMR. The New Advertising Law and the Online Advertising Measures both provide that advertisements posted or published over the Internet may not affect users' normal usage of a network, and advertisements published in the form of pop-up windows on the Internet must display a "close" sign prominently and ensure one-key closing of the pop-up windows. The Online Advertising Measures provide that all online advertisements, including commodities and services ranked through competitive bidding, must be marked "Advertisement," so that viewers can easily identify them as such. Moreover, the Online Advertising Measures prohibit insertion of competitive bidding-ranked advertisements into the results of users' searching of government-services websites, web pages, Internet applications, and social accounts accessible by the general public. The New Advertising Law and the Online Advertising Measures will require us to more stringently examine and monitor our advertisers and the content of their advertisements.

On April 13, 2016, the SAMR and sixteen other regulatory authorities in the Chinese mainland jointly issued the *Notice of Campaign to Crack Down on Illegal Internet Finance Advertisements and Other Financial Activities in the Name of Investment Management*, pursuant to which a campaign was conducted between April 2016 and January 2017 targeting, among other things, online advertisements for Internet finance and other financial activities posted on Internet search portals and other financial, real estate, P2P and investment product sales services websites and portals. On March 22, 2019, the SAMR issued the *Notice of a Campaign to Deepen the Rectification of Online Advertisements*, which targets false advertising related to the physical health or the protection of property of the public in areas such as pharmaceuticals, health food, and real estate and financial investments by Internet portals, search engines, and e-commerce platforms with significant social influence and wide coverage, as well as by Internet media such as mobile client applications and new media accounts. The *Notice of Key Areas of Work in 2020 of the Inter-Ministerial Joint Meeting on Rectification of False and Illegal Advertisements*, jointly issued by the SAMR and ten other regulatory authorities in the Chinese mainland on March 9, 2020, further emphasizes the responsibility of Internet service providers to verify and examine the content and supporting documents of online advertisements and prevent the dissemination of false and illegal online advertisements.

On December 24, 2015, the SAMR enacted the *Provisions on Distribution of Real Estate Advertisements*, which became effective on February 1, 2016 and amended on April 2, 2021 and stipulate that, among other things, real estate advertisements and information in listings for residences must be accurate. The advertised area must be identified as either the overall construction area or the interior construction area, and must not contain any promised return on investment or other specified information that is misleading or in violation of applicable laws.

On August 31, 2018, the Standing Committee of the National People's Congress enacted the E-commerce Law, which took effect on January 1, 2019 and which stipulates, among other things, that although an e-commerce business operator may provide an Internet consumer with search results for goods or services based on such consumer's preferences or consumption habits, the operator must also provide such consumer with options that are not based on such consumer's preferences or habits, in order to respect and protect the rights and interests of such consumer, and reiterates that e-commerce business operators that distribute online advertisements to consumers must comply with the New Advertising Law.

Regulation of Online Game Services

Online Games and Cultural Products

In September 2009, the SAPPRFT, together with the NCA and the National Office of Combating Pornography and Illegal Publications, jointly issued the *Notice on Further Strengthening the Administration of Pre-examination and Approval of Online Games and the Examination and Approval of Imported Online Games* (the “SAPPRFT Online Game Notice”). The SAPPRFT Online Game Notice states that foreign investors are not permitted to invest in online game operating businesses in the Chinese mainland via wholly foreign-owned entities, Chinese mainland-foreign equity joint ventures or cooperative joint ventures or to exercise control over or participate in the operation of domestic online game businesses through indirect means, such as other joint venture companies or contractual or technical arrangements. If the VIE structures of Changyou were deemed under the SAPPRFT Online Game Notice to be an “indirect means” for foreign investors to exercise control over or participate in the operation of a domestic online game business, the VIE structures of Changyou might be challenged by the NPPA, a successor agency to the SAPPRFT. We are not aware of any online game companies which use the same or similar VIE contractual arrangements as those Changyou use having been challenged by the SAPPRFT or the NPPA as using those VIE arrangements as an “indirect means” for foreign investors to exercise control over or participate in the operation of a domestic online game business or having been penalized or ordered to terminate operations since the SAPPRFT Online Game Notice first became effective. However, it is unclear whether and how the SAPPRFT Online Game Notice might be interpreted or implemented in the future.

On February 21, 2008, the SAPPRFT issued the *Rules for the Administration of Electronic Publications* (the “Electronic Publication Rules”), which were amended on August 28, 2015. The Electronic Publication Rules regulate the production, publishing and importation of electronic publications in the Chinese mainland and outline a licensing system for business operations involving electronic publishing. Under the Electronic Publication Rules and other related regulations issued by the SAPPRFT, online games are classified as a type of electronic publication or Internet publication that may only be provided by a licensed electronic publishing entity with a standard publication code, and the establishment of an electronic publishing entity must be approved by the SAPPRFT. Electronic publishing entities are responsible for assuring that the content of electronic publications comply with relevant laws and regulations of the Chinese mainland, and must obtain the approval of the NPPA, a successor agency to the SAPPRFT, before publishing foreign electronic publications. The New Internet Publication Measures, which became effective on March 10, 2016 and replaced the *Temporary Measures for Internet Publication Administration* that had become effective in 2002, require that entities in the Internet publishing business apply for an online publishing service license instead of an Internet publishing license, that entities holding an Internet publishing license apply for an online publishing service license within a specified period of time to replace their Internet publishing license, and that all such entities obtain approval from the SAPPRFT or the NPPA prior to the publication of new online games. In addition, under the New Internet Publication Measures, Sino-foreign joint ventures and foreign-invested entities are not permitted to engage in Internet publication services, and the legal representative of an entity providing Internet publication services may not be a foreigner.

The VIE Gamease, which is the operator of TLBB PC, Blade Online and certain other licensed PC games, and the VIE Guanyou Gamespace, which provides online game services, obtained Internet publishing licenses on December 10, 2010 and October 13, 2011, respectively, and Gamease and Guanyou Gamespace have obtained online publishing service licenses under the New Internet Publication Measures to replace the Internet publishing licenses previously held by them. TLBB PC, Blade Online and some of Changyou’s other games were historically published through third parties that were licensed electronic publishing entities, because Gamease had not obtained an Internet publishing license at the time those online games were made publicly available. New TLBB Mobile and certain of Changyou’s other existing games are currently published under an online publishing service license held by Gamease. Gamease received a renewal of its online publishing service license from the NPPA on February 29, 2024. As of the date of the filing of this annual report, the online publishing service license held by Guanyou Gamespace has expired, and Guanyou Gamespace is in the process of applying for renewal of such license. There is uncertainty as to whether Guanyou Gamespace will be able to renew such license. Current Chinese mainland regulations are not clear as to the consequences of obtaining authorization codes through third-party electronic publishing entities. While we believe that arrangements like Changyou’s are acknowledged by the SAPPRFT or the NPPA, in view of the lack of formal interpretation regarding this issue, the NPPA might challenge Changyou’s current and past practices and could subject Changyou to various penalties, including fines, confiscation of publishing equipment and the revenues generated from the publishing activities, the revocation of Changyou’s business license, or the forced discontinuation of or restrictions on its operations.

On May 24, 2016, the SAPPRFT issued the Mobile Game Notice, which became effective on July 1, 2016 and sets forth requirements for the publication and operation of mobile games online, including requiring that mobile game publishers and operators, including joint operators, review the content of the games that they publish and operate, and apply for publication and authorization codes at least 20 business days before first publishing and operating domestic recreational and educational mobile games through open beta testing. The Mobile Game Notice, as updated by a subsequent notice, specifies that game publishers and game operators were required to review the content of mobile games that were published and operated online before July 1, 2016, and to complete approval procedures for those games before December 31, 2016, or to cease operating the games. The Changyou VIEs completed prior to December 31, 2016 all of the approval procedures required by the SAPPRFT for Changyou’s mobile games that were in operation before July 1, 2016.

Table of Contents

The MCT issued the *New Provisional Regulations for the Administration of Online Culture* (the “Online Culture Regulations”), which took effect on April 1, 2011 and were amended on December 15, 2017 and replaced the *Provisional Regulations for the Administration of Online Culture*. The Online Culture Regulations apply to entities engaging in activities related to “Internet cultural products,” which include cultural products that are produced specifically for Internet use, such as online music and entertainment, online games, online plays, online performances, online works of art and Web animation, and other online cultural products that through technical means, produce or reproduce music, entertainment, games, plays and other art works for Internet dissemination. Under the New Online Culture Regulations, commercial entities are required to apply to the relevant local branch of the MCT for an Online Culture Operating Permit if they engage in the production, duplication, importation, release or broadcasting of Internet cultural products; the dissemination of online cultural products on the Internet or the transmission of such products via Internet or mobile phone networks to user terminals, such as computers, phones, television sets and gaming consoles, or Internet surfing service sites such as Internet cafés; or the holding or exhibition of contests related to Internet cultural products. In January 2008, the VIE Gamease obtained an Online Culture Operating Permit, which was re-certified in October 2015 and December 2017; and in December 2010, Shanghai ICE obtained an Online Culture Operating Permit, which was re-certified in January 2014. On May 14, 2019, the MCT issued the MCT Approval Scope Notice, pursuant to which the MCT is no longer responsible for regulating the online-game industry and its local branches are no longer responsible for granting new Online Culture Operating Permits for online games, or renewing existing permits after their expiration. It is not clear whether another regulatory authority in the Chinese mainland will be designated to supervise the online game industry and whether a new permit or license that is similar to Online Cultural Operating Permit will be required for the operation of online games. On December 9, 2019, the Comprehensive Market Enforcement Supervision Bureau of the MCT issued the *Notice on Law Enforcement in the Online Game Market*, which stipulates that the investigation and processing of online game cases will be under the *Measures of Internet Publication Service Administration*, and that the *Interim Measures for Online Games Administration*, which became effective on August 1, 2010 and were repealed on July 10, 2019, will no longer apply to such cases.

On December 22, 2023, the NPPA issued the *Draft Online Games Administration Measures*, which, if adopted, would stipulate, among other requirements, that online game publishers and operators (i) may not publish and operate online games that make participation in battles compulsory; (ii) may not provide inducement rewards such as daily logins, first recharges, and continuous recharges, and must set user recharge limits and provide pop-up window warnings with respect to excessive consumption behavior by users; (iii) may not allow the payment of large monetary rewards in online games that are livestreamed; (iv) may not provide random selection services to minors or allow minors to pay monetary rewards in online games that are livestreamed; and (v) must submit annual reports to the local provincial publishing authorities regarding the publishers’ and operators’ compliance with these requirements and certain other specified information. As of the date of the filing of this annual report, the *Draft Online Games Administration Measures* have not been formally adopted.

The *Notice on Strengthening the Approval and Administration of Imported Online Games* (the “Imported Online Game Notice”), which was issued by the SAPPRFT and took effect in July 2009, states that the SAPPRFT was, and the NPPA as a successor to the SAPPRFT is, the only regulatory authority authorized by the State Council to approve the importation of online games from Offshore copyright owners, and that any enterprise which engages in online game publication and operation services within the Chinese mainland must have the game examined and approved by the SAPPRFT or the NPPA and receive from the SAPPRFT or the NPPA an Internet publishing license (or after the New Internet Publication Measures became effective on March 10, 2016, an online publishing service license). The VIEs Gamease and Guanyou Gamespace obtained Internet publishing licenses from the SAPPRFT and they have obtained online publishing service licenses under the New Internet Publication Measures to replace the Internet publishing licenses previously held by them. In addition, the Imported Online Game Notice states that activities which involve the showing, exhibition, trading and promotion of Offshore online games in the Chinese mainland must be examined and approved by the SAPPRFT or the NPPA.

The *Administrative Measures for Content Self-review by Internet Culture Business Entities*, which took effect in December 2013, require Internet culture business entities to review the content of products and services to be provided prior to providing such content and services to the public. The content management system of an Internet culture business entity is required to specify the responsibilities, standards and processes for content review as well as accountability measures, and is required be filed with the local provincial branch of the MCT.

Registration of Software Copyrights

The *Measures Concerning Registration of Computer Software Copyright*, issued by the NCA, which became effective in February 2002, encourage the registration of software and afford greater protection to registered software than that afforded to unregistered software. Changyou has registered software copyrights covering all of its significant copyrightable products and enhancements.

Regulation of Internet Content

A number of regulatory authorities in the Chinese mainland, including the MIIT, the MCT, the NPPA, the NRTA and the MPS, have promulgated measures relating to Internet content. These measures prohibit certain Internet activities, including the operation of online games that result in the publication of any content which is found to, among other things, propagate obscenity, gambling or violence, instigate crimes, undermine public morality or Chinese cultural traditions, or compromise State security or secrets. If an ICP license holder violates these measures, the relevant regulatory authority in the Chinese mainland may revoke its ICP license and shut down its websites.

[Table of Contents](#)

Protection of Minors

On April 12, 2022, several regulatory authorities in the Chinese mainland jointly promulgated the *Notice on Strengthening the Management of Live Streaming of Games on Online Audiovisual Program Platforms* (“Notice 27”). Notice 27 prohibits minors from topping up and paying reward money, and establishes special handling channels for the refund of money paid by minors.

On October 25, 2019, the NPPA issued the Indulgence Prevention Notice, which requires online game operators to implement measures to not give minors access to online game services during specified periods of the day, imposes daily limits on minors’ length of use and spending for paid online game services, and prohibits online game operators from providing paid game services to minors under the age of eight. On August 30, 2021, the NPPA issued the Further Indulgence Prevention Notice, which provides that online game operators may only provide online game services to minors on Fridays, Saturdays, Sundays, and Chinese mainland statutory holidays for one hour per day from 8:00 p.m. to 9:00 p.m. In addition, online game operators may not provide game services to any users who have not registered using their real names.

The Minors Protection Law has enhanced the requirements for the protection of minors from addictive online-game playing behaviors. Also see “- Regulation of the Provision of Internet Content - Protection of Minors.”

On May 15, 2020, the Supreme People’s Court issued several guiding opinions on civil cases. The opinions stipulate that if minors participate in online games that are not free to play without the consent of their guardians and spend the money in a way that is not suitable for their age or intelligence, the guardians may request the online game or live game platform operators to refund the money.

On April 15, 2007, the SAPPRFT and several other regulatory authorities in the Chinese mainland issued a circular requiring the implementation of an “anti-fatigue system” and a real-name registration system by all online game operators in the Chinese mainland, in an effort to curb addictive online game play behaviors of minors. Under the anti-fatigue system, three hours or less of continuous play by minors is considered to be “healthy,” three to five hours to be “fatiguing,” and five hours or more to be “unhealthy.” Game operators are required to reduce the value of in-game benefits to a game player by half if the game player has reached “fatiguing” level, and to zero in the case of “unhealthy” level.

To identify whether a game player is a minor and thus subject to the anti-fatigue system, there was adopted a real-name registration system, which requires online game players to register their real identity information before they play online games and requires online game operators such as Changyou to submit the identity information of game players to the public security authorities for verification. On July 1, 2011, the SAPPRFT, the MIIT, the MOE and five other regulatory authorities in the Chinese mainland issued the Real-name Registration Notice, which took effect on October 1, 2011, to strengthen the implementation of the anti-fatigue system and real-name registration. The Real-name Registration Notice’s main focus is to prevent minors from using an adult’s ID to play online games and, accordingly, the notice imposes stringent punishments on online game operators that do not implement the required anti-fatigue and real-name registration measures properly and effectively. The most severe punishment contemplated by the Real-name Registration Notice is to require termination of the operation of the online game if it is found to be in violation of the Anti-Fatigue Notice, the Monitor System Circular or the Real-name Registration Notice. Changyou developed anti-fatigue and real-name registration systems for its games, and implemented them beginning in 2007. Under the systems of Changyou, game players must use real identification in order to create accounts, and in this way Changyou generally are able to tell which of their game players are minors and thus subject to these regulations. For game players who do not register, Changyou assume that they are minors. As required by the anti-fatigue rules, Changyou reduces the value of in-game benefits of game players under 18 years based on the amount of their continuous play. In order to comply with the anti-fatigue rules, game players under 18 years of age only receive half of the experience time they actually earn after three hours of play. And, after five hours of play, minors receive no experience points.

On January 15, 2011, the MCT, the MIIT and six other central regulatory authorities in the Chinese mainland jointly issued the Monitor System Circular, aiming to provide protection measures to monitor the online game activities of minors and curb addictive online game playing behaviors of minors. Under the Monitor System Circular, online game operators are required to adopt various measures to maintain a system to communicate with the parents or other guardians of minors playing online games and online game operators are required to monitor the online game activities of minors, and must suspend the account of a minor if so requested by the minor’s parents or guardians. The monitor system was formally implemented commencing March 1, 2011.

In February 2013, 15 regulatory authorities in the Chinese mainland, including the SAPPRFT, the MOE, the MCT and the MIIT, jointly issued the Work Plan implementing integrated measures by different authorities to prevent minors from being addicted to online games. Under the Work Plan, the current relevant regulations regarding online games will be further clarified and additional implementation rules will be issued; and as a result, online game operators will be required to implement measures to protect minors.

[Table of Contents](#)

On July 25, 2014, the SAPPRFT promulgated the Verification of Real-name Registration Notice, which took effect on October 1, 2014. The Verification of Real-name Registration Notice requires local press and publication administrative departments to strengthen their administration over enterprises engaged in online game publication and operations, and requires such enterprises to abide by anti-fatigue and real-name registration requirements when developing and promoting online games, excluding, at present, mobile games.

On October 16, 2023, the State Council issued the *Minor Protection Regulations*, which took effect on January 1, 2024. The Minor Protection Regulations stipulate that online game service providers must (i) establish and continuously update game rules to prevent minors from becoming addicted to online games, (ii) classify game products into specified categories, and (iii) clarify the ages of minor users for which game products are suitable, and require that prominent reminders regarding the suitable age for a game be placed at user download, registration and login locations for the game.

Information Security and Censorship

Internet content in the Chinese mainland is also regulated and restricted from a State security standpoint. The Standing Committee of the National People's Congress enacted the *Decision on Internet Security Protection* in 2000, and amended it in August 2009. The decision makes it unlawful to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak State secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. The MPS has promulgated measures that prohibit the use of the Internet in ways which, among other things, result in a leakage of State secrets or distribution of socially destabilizing content. The MPS has supervision and inspection rights in this regard, and Changyou may be subject to the jurisdiction of local security bureaus. If an ICP license holder violates these measures, the relevant regulatory authority in the Chinese mainland may revoke its ICP license and shut down its websites. On November 7, 2016, the Standing Committee of the National People's Congress issued the Internet Security Law, which took effect on June 1, 2017 and was amended on October 28, 2025, with the amendment taking effect on January 1, 2026. The Internet Security Law requires providers of services over Internet networks to keep user information that they have collected in strict confidence and to establish improved systems for the protection of user information. Such service providers must provide notice of the purpose, methods and scope of their collection and use of user information, and obtain the consent of each person whose personal information will be collected. Service providers may not collect any personal information that is not related to the services they provide, or disclose or tamper with personal information that they have collected, unless such information is encoded to prevent identification of individuals whose information is so disclosed or tampered with. Service providers who do not comply with the Internet Security Law may be subject to fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses.

In 2005, the MCT and the MIIT promulgated the *Opinions on the Development and Administration of Online Games* emphasizing the regulatory authorities' intent to foster and control the development of the online game industry in the Chinese mainland and providing that the MCT will censor online games that "threaten state security," "disturb the social order," or contain "obscenity" or "violence." Although the MCT Approval Scope Notice provides that the MCT is no longer responsible for regulating the online game industry, it is not clear whether the MIIT or another regulatory authority in the Chinese mainland will be designated to censor online games under the *Opinions on the Development and Administration of Online Games*.

In November 2018, the MPS issued the *Regulations for Internet Security Supervision and Inspection by Public Security Authority*, which specifies the standards for the inspection of network operators and the legal responsibilities of network operators that provide internet content.

Virtual Currency

On February 15, 2007, the MCT, the PBOC, and other relevant regulatory authorities in the Chinese mainland jointly issued the *Notice on the Reinforcement of the Administration of Internet Cafés and Online Games* (the "Internet Cafés Notice"). Under the Internet Cafés Notice, the PBOC is directed to strengthen the administration of virtual currency in online games to avoid any adverse impact on the economy and financial system. The Internet Cafés Notice limits the total amount of virtual currency that may be issued by online game operators and the amount that may be purchased by individual game players, and includes a clear division between virtual transactions and real transactions carried out by way of electronic commerce. The Internet Cafés Notice also provides that virtual currency may only be used to purchase virtual items.

On June 4, 2009, the MCT and the MOFCOM jointly issued the Virtual Currency Notice, to regulate the trading of online game virtual currencies. The Virtual Currency Notice defines the meaning of virtual currency and places a set of restrictions on the trading and issuance of virtual currency. The Virtual Currency Notice also states that online game operators are not allowed to give out virtual items or virtual currency through lottery-based activities, such as lucky draws, betting or random computer sampling, in exchange for user's cash or virtual money. The Virtual Currency Notice is mainly targeted at lottery-based activities relating to the "treasure boxes" found in some online games.

[Table of Contents](#)

On July 20, 2009, the MCT promulgated the *Filing Guidelines for Online Game Virtual Currency Issuing Enterprises and Online Game Virtual Currency Trading Enterprises*, which define the terms “issuing enterprise” and “trading enterprise” and stipulate that the same enterprise may not be both an issuing enterprise and a trading enterprise.

Import and Export of Software Technology

The Chinese mainland imposes controls on the import and export of technology and software products. Under the *Regulations on Administration of Import and Export of Technologies* promulgated by the State Council, which were amended on November 29, 2020, the term “technology import and export” is defined to include, among other things, the transfer or licensing of patents and know-how, and the provision of services related to technology. Depending on the nature of the relevant technology, the import and export of technology require either approval by or registration with the relevant regulatory authorities in the Chinese mainland. Under the *Software Export Management and Statistics Measures* promulgated in October 2001, if a company is classified as a software enterprise and has a minimum of RMB1.0 million (or approximately \$139,974) in registered capital, it may engage in an export business after being registered with the relevant regulatory authorities in the Chinese mainland. All contracts which relate to the export of software products, transfer of technology or provision of related services must be filed with the relevant regulatory authorities in the Chinese mainland. The *Measures for the Administration of Registration of Technology Import and Export Contracts*, issued by the MOFCOM in February 2009, specify registration requirements related to the import and export of technology.

Changyou has entered into license agreements with third parties outside of the Chinese mainland to license its games, which may be deemed to constitute the export of technology under the regulations. As a result, such licenses are required to be registered with applicable regulatory authorities in the Chinese mainland. Although there are no explicit penalties set forth in these regulations for lack of such registration, failure to register an agreement where such registration is required may result in restrictions concerning foreign exchange, banking and taxation matters relating to such agreements. Changyou has not registered all of the game license agreements under which it authorizes overseas third-party online game operators to operate its online games, and so far Changyou has not encountered any problems with respect to foreign exchange, banking or taxation matters relating to its license agreements, nor has Changyou received any notice from any regulatory authority in the Chinese mainland requiring it to complete the registration of its game license agreements.

Regulation of Other Services

Online Payment Services

On June 14, 2010, the PBOC issued the *Measures for the Administration of Payment Services Provided by Non-financial Institutions* (the “Payment Services Measures”), which took effect on September 1, 2010 and were amended on February 3, 2016 and April 29, 2020. On December 1, 2010, the PBOC promulgated the *Implementing Rules for the Payment Services Measures* (together with the Payment Services Measures, the “Payment Services Measures and Rules”), which was last amended on September 1, 2021. The Payment Services Measures and Rules required any non-financial institution engaging in payment services, such as online payments, issuance and acceptance of prepaid cards, and bill collection via bank cards, to obtain a Payment Service License. Applications for Payment Service Licenses are examined by the local branches of the PBOC and then submitted to the PBOC for approval. To further regulate the operation of online payment services, the PBOC issued the *Administration of Online Payment Services Provided by Non-Bank Payment Institutions* (the “Online Payment Services Measures”), which took effect on July 1, 2016. The Online Payment Services Measures classify personal payment accounts at entities that already hold a Payment Service License into three categories based on the extent to which the holders of the accounts have completed identity verification procedures, and provide that those account holders who have completed more of the identity verification process are entitled to a broader range of payment options through their accounts. The Online Payment Services Measures prohibit non-bank payment institutions from engaging in securities, insurance, financing, trusts and other unauthorized financial business. Non-bank payment institutions are also required to develop risk control systems, including a risk rating system for users, a dispute resolution system, and a risk reserve. On December 9, 2023, the State Council issued the *Regulations on the Supervision and Administration of Non-bank Payment Institutions*, which took effect on May 1, 2024; and, on July 9, 2024, the PBOC issued related implementation rules (collectively, the “Non-bank Payment Institutions Regulations and Rules”), which replaced the Payment Services Measures and Rules. Under the Non-bank Payment Institutions Regulations and Rules, non-bank payment businesses include operators of stored value accounts and providers of payment transaction processing services. The Non-bank Payment Institutions Regulations and Rules require non-bank payment institutions to obtain a Payment Service License before applying for a business license, and to establish and continually update their internal systems, such as business management systems. The application and approval requirements and procedures for a Payment Service License under the previous Payment Services Measures and Rules remain virtually unchanged under the Non-bank Payment Institutions Regulations and Rules.

[Table of Contents](#)

In addition, on April 29, 2019, the SAFE issued the *Administrative Measures for Foreign Exchange Services of Payment Institutions*, replacing the *Notice of the State Administration of Foreign Exchange on the Pilot Scheme of Cross-border Foreign Exchange Payment Services Provided by Payment Institutions* issued by the SAFE on January 20, 2015, pursuant to which a payment institution is required to obtain approval from the local branches of SAFE and to be registered in the Enterprise Directory for Foreign Exchange Receipts and Payments in Trade in order to provide foreign exchange payment services for cross-border e-commerce transactions. Any institution applying for such registration and approval must first obtain a Payment Services License that authorizes it to engage in the online payments business.

Lottery Sales

On May 4, 2009, the State Council issued the *Regulation on Administration of Lottery* stating that “lottery issuance agencies” and “lottery sales agencies” may authorize other entities to conduct lottery sales. On September 26, 2010, the Ministry of Finance (the “MOF”) issued the *Interim Measures on the Administration of Internet Lottery Sale* (the “Lottery Measures”), which set forth detailed requirements for the administration of online lottery sales as well as requirements for qualified online lottery service providers. Pursuant to the Lottery Measures, the MOF is the supervisory and regulatory department for online lottery sales. Lottery issuance agencies may collaborate with other entities or authorize lottery sales agencies to conduct online lottery sales, or appoint qualified entities as their online lottery sales agents. The Lottery Measures require qualified online lottery service providers to meet certain criteria, including having obtained an Internet content provider license. Lottery issuance agencies are required to apply to the MOF for approval of online lottery service providers that the lottery service agencies propose to engage to conduct an online lottery business.

On January 18, 2012, the MOF, the Ministry of Civil Affairs and the General Administration of Sports jointly issued the *Implementing Rules of the Regulation on Administration of Lottery* (the “Lottery Implementing Rules”), which became effective on March 1, 2012 and were amended on August 16, 2018. The Lottery Implementing Rules stipulate that lotteries sold through the Internet or sold without the MOF’s approval and a lottery issuing agency’s or a lottery sales agency’s authorization may be categorized as illegal lotteries.

On February 28, 2012, the General Administration of Sports issued the *Urgent Notice on the Strengthening Execution of the Lottery Implementing Rules*, reiterating that lotteries sold via the Internet without the approval of the MOF will be deemed to be illegal lotteries.

On March 27, 2014, the MOF issued the *Interim Measures on the Administration of the Sale of Lotteries via Telephone* (the “Telephone Lottery Measures”) to replace the MOF’s former version promulgated on September 26, 2010. Under the Telephone Lottery Measures, “sale of lotteries via telephone” refers to the use of fixed-line telephones and mobile telephones to sell lotteries through short messages, voice calls and applications. Properly qualified lottery sales agencies may authorize other entities (“Telephone Sales Agents”) to carry out the business of sale of lotteries via telephone. Lottery sales agencies and Telephone Sales Agents must enter into a commission agreement. A qualified Telephone Sales Agent is required to meet certain criteria, including having obtained a Value-Added Telecommunications Services Operating License. The Telephone Lottery Measures further provide that a Telephone Sales Agent must conduct business in accordance with parameters approved by the MOF and pursuant to a commission agreement.

On January 15, 2015, the MOF, the Ministry of Civil Affairs and the General Administration of Sports jointly promulgated the *Notice related to Self-inspection and Self-Remedy of Unauthorized Online Lottery Sales*, which requires provincial and municipal authority branches, including financial, civil affairs and sports bureaus, to conduct inspections and take remedial measures for unauthorized online lottery sales within their respective jurisdictions. The scope of inspection includes, among other things, commission contracts, online lottery products, exchange of lottery sales data, online lottery sales channels, and sales commission fees in connection with unauthorized engagements of online sales agents by lottery sales agencies. The notice further requires that a formal report on the result of the inspections and the remedial measures be submitted by each provincial or municipal authority to the MOF, the Ministry of Civil Affairs and the General Administration of Sports by March 1, 2015.

On April 3, 2015, the MOF, the MPS, the SAMR, the MIIT, the Ministry of Civil Affairs, the PBOC, the General Administration of Sports and the CBIRC jointly released a public announcement with regard to unauthorized online lottery sales (the “Public Announcement”). The Public Announcement provides, among other things, that (i) all lottery institutions, internet companies, and other institutions or individuals provide unauthorized online lottery sales services, either directly or through agents, must immediately cease such services; (ii) the local regulatory authorities for finance, civil affairs and sports must investigate and sanction unauthorized online lottery sales in their respective jurisdictions in accordance with applicable laws and regulations; (iii) the local regulatory authorities for public security and industry and commerce must investigate any issuances or sales of illegal lotteries within their respective jurisdictions, with necessary assistance from local regulatory authorities for finance, communication, banking regulation, civil affairs and sports, and local branches of the PBOC, and report any criminal activities to judicial authorities for prosecution; (iv) the lottery issuance authorities that plan to sell lottery products online must obtain approval from the Ministry of Civil Affairs or the General Administration of Sports by submitting an application to the MOF for written approval, and (v) no entity may provide online lottery sales services without the approval of the MOF. On April 28, 2016, the MOF, the MPS, the Ministry of Civil Affairs, the General Administration of Sports, and the SAMR, and on May 5, 2015, the SAMR, issued notices regarding unauthorized online lottery sales and further emphasized the requirements specified in the Public Announcement. Online lottery sales are an insignificant business for us.

Table of Contents

On August 8, 2018, the MOF and several other regulatory authorities jointly issued the *Announcement on Further Regulating the Order of the Lottery Market and Comprehensively Managing the Sale of Lotteries through the Internet*, which further emphasizes that business entities and individuals may not sell lottery tickets or conduct any other form of lottery business over the Internet without the approval of the MOF.

Production of Radio and Telecommunications Equipment

On September 11, 1993, the State Council and the Central Military Commission jointly issued the *Regulations on the Management of Radio Operations*, which were amended on November 11, 2016, under which the working frequencies, bands, and related technical indices of radio transmission equipment must conform to relevant regulations regarding radio and are required to be submitted to the state radio administration authority or its local branches for approval, and failure to submit such information for approval will result in the imposition of a fine.

On October 7, 1997, the State Radio Regulatory Bureau (formerly the State Radio Regulatory Commission), together with the SAMR (formerly the AQSIQ), promulgated the *Regulations on the Production of Radio Transmitting Equipment* (the “Radio Transmitting Equipment Regulations”), which took effect on January 1, 1999. Pursuant to the Radio Transmitting Equipment Regulations, each type of radio transmission equipment must obtain from the State Radio Regulatory Bureau a test report or product quality certificate (an “SRRC Certificate”) prior to production.

On May 10, 2001, the MIIT promulgated the *Administration Measures of the Network Entry of Telecommunication Equipment* (the “Telecommunication Equipment Measures”), which were amended on September 23, 2014 and January 18, 2024. The Telecommunication Equipment Measures require producers of telecommunications terminal equipment to obtain from the MIIT a Permit of Network Connection or China Type Approval Certificate (a “CTA Certificate”) for their equipment in order for it to be connected to a public telecommunications network. When a producer of such telecommunications terminal equipment applies for a CTA Certificate, it must submit an SRRC Certificate. If a CTA Certificate has not been obtained for such equipment, it may not be connected to a public telecommunications network and may not be used or sold in the Chinese mainland. Pursuant to the *Announcement on the Reform Measures for the Network Entry Permit System for Telecommunication Equipment*, which was promulgated by the MIIT on January 17, 2023 and became effective on March 1, 2023, network entry permits are no longer required for the connection of certain types of telecommunications equipment to networks.

Miscellaneous

Laws and Regulations Related to International Connections for Computer Information Networks

The State Council and the MIIT have promulgated regulations governing international connections for computer networks in the Chinese mainland, including:

- *Provisional Regulations of the People’s Republic of China for the Administration of International Connections to Computer Information Networks* (1997, and amended in 2024) and related Implementing Measures (1998); and
- *Administrative Measures for International Communications Gateways* (2002).

Under the above regulations, any entity wishing to access international connections for their computer information networks in the Chinese mainland must comply with the following requirements:

- be a legal person of the Chinese mainland;
- have the appropriate equipment, facilities and technical and administrative personnel;
- have implemented and registered a system of information security and censorship; and
- effect all international connections through an international communications gateway established with the approval of the MIIT.

We have adopted measures necessary to ensure that we are in compliance with all of these requirements.

[Table of Contents](#)

Laws and Regulations Related to Intellectual Property Protection

The Chinese mainland has adopted comprehensive laws and regulations governing intellectual property rights, including copyrights, patents and trademarks.

Copyright

On September 7, 1990, the Standing Committee of the National People's Congress promulgated *the Copyright Law*, which took effect on June 1, 1991 and was amended in 2001, 2010, and 2020. The 2020 amended Copyright Law, which took effect on June 1, 2021, extends copyright protection to Internet activities, products disseminated over the Internet, and software products. In addition, there is a voluntary registration system administered by the China Copyright Protection Center. The amended Copyright Law also requires registration of the pledge of a copyright. The latest amended Copyright Law clarifies the scope of works entitled to copyright protection and provides for more stringent enforcement measures against copyright infringement.

In order to further implement the *Computer Software Protection Regulations*, promulgated by the State Council on December 20, 2001 and amended on May 19, 2004 and January 30, 2013, the NCA issued the *Computer Software Copyright Registration Procedures* on February 20, 2002 and amended them on May 19, 2004, specifying detailed procedures and requirements with respect to the registration of software copyrights.

To address the problem of copyright infringement related to content posted or transmitted over the Internet, on April 29, 2005 the NCA and the MIIT jointly promulgated the *Measures for Administrative Protection of Copyright Related to Internet*, which became effective on May 30, 2005. These measures apply to situations where an ICP operator (i) allows another person to post or store any works, recordings, audio or video programs on the websites operated by such ICP operator, or (ii) provides links to, or search results for, the works, recordings, audio or video programs posted or transmitted by such person, without editing, revising or selecting the content of such material. Upon receipt of an infringement notice from a legitimate copyright holder, an ICP operator must take remedial actions immediately by removing or disabling access to the infringing content. If an ICP operator knowingly transmits infringing content or fails to take remedial actions after receipt of a notice of infringement harming public interest, the ICP operator could be subject to administrative penalties, including an order to cease infringing activities; confiscation by the authorities of all income derived from the infringement activities; or payment of fines.

On May 18, 2006, the State Council promulgated the *Regulations on the Protection of the Right to Network Dissemination of Information* (as amended in 2013). Under these regulations, an owner of the network dissemination rights with respect to written works or audio or video recordings who believes that information storage, search or link services provided by an Internet service provider infringe his or her rights may require that the Internet service provider delete, or disconnect the links to, such works or recordings.

Since 2005, the NCA, together with certain other regulatory authorities in the Chinese mainland, have jointly launched annual campaigns, which normally last for three to four months every year, specifically aiming to crack down on Internet copyright infringement and piracy. According to the *Notice of 2010 Campaign to Crack Down on Internet Infringement and Piracy* promulgated by the NCA, the MPS and the MIIT on July 19, 2010, one of the main targets, among others, of the 2010 campaign was Internet audio and video programs. From the time the 2010 campaign commenced in late July, the local branches of the NCA focused on popular movies and television series, newly published books, online games and animation, music and software and illegal uploading or transmission of a third party's works without proper license or permission, sales of pirated audio/video and software through e-commerce platforms, providing search links, information storage, Web hosting or Internet access services for third parties engaging in copyright infringement or piracy and infringement by the use of mobile media. In serious cases, the operating permits of the websites engaging in illegal activities may be revoked, and such websites may be ordered to shut down. A governmental program called the "Jian Wang Campaign," which is aimed at cracking down on network copyright infringement, has been in effect for several years. The Jian Wang Campaign for 2025, which was conducted from May through November of 2025 and targeted piracy and other forms of copyright infringement related to unauthorized dissemination and sale of films, TV dramas, micro-short dramas, short videos, animation and game related works, and computer software, aimed to strengthen the copyright protection of original works.

On April 17, 2015, the NCA issued the *Circular on Regulating the Order of Internet Reproduction of Copyrighted Works* (the "Internet Reproduction Circular"). Under the Internet Reproduction Circular, in order to reproduce the work of others, Internet media companies must comply with relevant provisions of the copyright laws and regulations, and, unless provided otherwise by law or regulation, must obtain permission from and pay remuneration to the owner of the copyright to the work, and must indicate the name of the author, as well as the title and the source of the work, and may not infringe any other rights or interests of the copyright owner. Moreover, when reproducing the work of others, Internet media companies may not make material alterations to the content; and may not make editorial modifications or abridgments of the work that change the work's title or its original intent. When reproducing the work of others, we will need to comply with these strict requirements of the Internet Reproduction Circular.

Table of Contents

We have adopted measures to mitigate copyright infringement risks, such as real-time monitoring and mechanisms for fast removal upon receipt of notices of infringement.

On May 28, 2020, the National People's Congress approved the Civil Code, which came into effect on January 1, 2021 and replaced the *Torts Liability Law* and eight other civil laws and regulations. Under the Civil Code, both Internet users and Internet service providers may be liable for the wrongful acts of users who infringe the lawful rights of other parties. If an Internet user infringes the rights of another party, the holder of the rights that are infringed may request the provider of the Internet service through which the rights were infringed to take necessary measures, such as removing or blocking the content, or disabling the links thereto, to prevent or stop the infringement. The notice from the holder of the rights to the service provider is required to include preliminary evidence of infringement and identify the holder of the rights, and the Internet service provider is then required to notify the infringer of the request by the holder of the rights and to take necessary measures. If the Internet service provider does not take necessary measures, it will be jointly liable for any further damages suffered by the holder of the rights. Furthermore, if an Internet service provider fails to take necessary measures when it knows or should have known that an Internet user has used the provider's Internet services to infringe the lawful rights of other parties, it will be jointly liable with the Internet user for damages resulting from the infringement.

On December 17, 2012, the Supreme People's Court promulgated the *Provisions on Several Issues Concerning the Application of Law for Trial of Civil Dispute Cases Involving Infringement of the Right to Network Dissemination of Information* (the "Network Dissemination of Information Provisions"), which were most recently amended on December 29, 2020. The Network Dissemination of Information Provisions stipulate that the dissemination by network users or network service providers of written works, performances or audio or video recordings without the permission of the holder of the rights to such dissemination will constitute infringement of such rights, and that network service providers that aid or abet any network user's infringement of the rights of another to network dissemination of any works or recordings may be liable for such network user's infringing activities.

Patent

On March 12, 1984, the Standing Committee of the National People's Congress promulgated the Patent Law, which was amended in 1992, 2000, 2008 and 2020. The 2020 amended Patent Law took effect on June 1, 2021. On June 15, 2001, the State Council promulgated the *Implementation Regulation for the Patent Law*, which was amended on December 28, 2002, January 9, 2010 and further amended on December 11, 2023. Under these laws and regulations, the Patent Office of the CNIPA is responsible for administering patents in the Chinese mainland. The patent system in the Chinese mainland adopts a "first to file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who filed the application first. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. A patent is valid for twenty years in the case of an invention, ten years in the case of utility models and designs. From June 1, 2021, in the case of designs, a patent will be valid for fifteen years from the date of the filing of the patent application. A third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, third-party use constitutes an infringement of patent rights.

Trademark

On August 23, 1982, the Standing Committee of the National People's Congress promulgated the *Trademark Law of the People's Republic of China* (the "Trademark Law"), which was amended in 1993, 2001, 2013, and 2019. On August 3, 2002, the State Council promulgated the *Implementation Regulation for the Trademark Law*, which was amended on April 29, 2014. Under the Trademark Law and the implementing regulation, the Trademark Office is responsible for the registration and administration of trademarks and resolving trademark disputes. As with patents, the Chinese mainland has adopted a "first-to-file" principle for trademark registration. If two or more applicants apply for registration of identical or similar trademarks for the same or similar commodities, the application that was filed first will receive preliminary approval and will be publicly announced. For applications filed on the same day, the trademark that was first used will receive preliminary approval and will be publicly announced. Registered trademarks are valid for ten years from the date the registration is approved. A registrant may apply to renew a registration within twelve months before the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years. The amendment of the Trademark Law that became effective on November 1, 2019 provides for enhanced procedures for the prevention of malicious registration of trademarks and increases the amount of fines that may be imposed for trademark infringements.

Laws and Regulations Related to Encryption Software

In October 1999, the State Council promulgated the *Regulations for the Administration of Commercial Encryption*, most recently amended on April 27, 2023. On September 26, 2023, the State Encryption Administration issued the *Administrative Measures for the Security Assessment of Commercial Cryptography Application*. These regulations address the use in the Chinese mainland of software with encryption functions.

Table of Contents

These regulations require that commercial cryptography products involving state security, the national economy and people's livelihoods or social public interest be tested and certified before they may be sold or otherwise provided. Internet operators are required to use commercial cryptography to provide appropriate levels of protection in accordance with the national cybersecurity protection classification standards adopted by relevant Chinese mainland authorities. In addition, operators of critical Internet network and information systems are required to regularly assess the security of their commercial cryptography applications and submit their assessment reports to the State Encryption Administration or its local provincial branches.

Violation of the encryption regulations may result in the issuance of a warning, levying of a penalty, confiscation of the encryption products and even criminal liabilities. On March 18, 2000, the Office of the State Commission for the Administration of Cryptography issued a public announcement regarding the implementation of the regulations. The announcement states that only specialized hardware and software, the core functions of which are encryption and decoding, fall within the administrative scope of the regulations as "encryption products and equipment containing encryption technology." Other products, such as wireless telephone, Windows software and browsers do not fall within this scope.

The State Commission for the Administration of Cryptography changed its name to the State Cryptography Administration Bureau (the "SCAB") in March 2005. The SCAB maintains authority over the importation, research, production, sale and use of cryptographic products in the Chinese mainland ("products" are defined to include any cryptographic technologies and products to be applied in the encryption or secure authentication of information, other than state secrets). Regulations were issued to restrict the importation, research, production and sale of encryption products and requiring that the encryption functions of such products be placed in escrow with the SCAB for reasons of national security.

We are in full compliance with current Chinese mainland laws and regulations governing encryption software.

Laws and Regulations Related to Consumer Protection and Privacy Protection

Consumer Protection

The MIIT set forth various requirements for consumer protection in a notice, issued on April 15, 2004, which addresses certain problems in the telecommunications sector, including ambiguity in billing practices for premium services, poor quality of connections and unsolicited SMS messages, all of which impinge upon the rights of consumers.

This trend was continued with the issuance of the *Notice Regarding the Ratification and Administration of Mobile Information Services Fees and Charges Method* by the MIIT on September 8, 2006.

On March 15, 2021, the SAMR issued the *Measures for the Supervision and Administration for Online Transactions* (the "Online Transaction Measures"), which became effective on May 1, 2021 and was amended on March 18, 2025, to replace the *Administrative Measures on Online Transactions* promulgated on January 26, 2014. The Online Transaction Measures apply to the sale of commodities and provision of services through the Internet, including through social networking and live online broadcasting within the territory of the Chinese mainland; aim at creating a fairer competitive environment for online transaction operators and a safer consumption environment for users in online transactions; and specify the responsibilities of platform operators in the course of providing online shows and e-commerce live broadcast services. Under the Online Transaction Measures, online transactions operators must comply with laws and regulations, fairly participate in market competition, and accept public supervision. In addition, the Online Transaction Measures have strengthened the protection of consumer interests and set forth more specific obligations for online transaction operators with respect to the display of their licenses and the collection of consumer personal information. On December 18, 2025, the SAMR and the CAC issued the *Measures for the Supervision and Administration of Rules on Online Transaction Platforms* (the "Platforms Rules Measures"), which took effect on February 1, 2026. The Platforms Rules Measures set forth detailed provisions regarding the implementation, modification, and enforcement of rules on online transaction platforms, with the goal of promoting fairness and transparency and safeguarding the legal rights and interests of all participants in online transactions. On May 26, 2016, the MIIT issued the *Measures on the Settlement of Complaints of Telecommunication Services Users* (the "Complaint Settlement Measures"), which took effect on July 30, 2016. The Complaint Settlement Measures require telecommunication services providers to respond to their users within fifteen days upon the receipt of any complaint delivered by such users, the failure of which will give the complaining users the right to file a complaint against the service providers with the provincial branch offices of the MIIT.

We are aware of the increasingly strict legal environment covering consumer protection in the Chinese mainland, and we strive to adopt all measures necessary to ensure that our business complies with these evolving standards.

Privacy Protection

The Constitution of the People’s Republic of China states that Chinese mainland law protects the freedom and privacy of the communications of citizens and prohibits infringement of such rights. In recent years, regulatory authorities in the Chinese mainland have issued various regulations on the use of the Internet that are designed to protect personal information from unauthorized disclosure. For example, the ICP Measures prohibit an Internet information services provider of the Chinese mainland from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. In addition, Chinese mainland regulations authorize telecommunication authorities in the Chinese mainland to demand rectification of unauthorized disclosure by ICPs.

Chinese mainland law does not prohibit ICPs from collecting and analyzing personal information from their users. Relevant regulatory authorities in the Chinese mainland, however, have the power and authority to order ICPs to submit personal information of an Internet user if such user posts any prohibited content or engages in illegal activities on the Internet. In addition, the Several Provisions stipulate that ICPs must not, without the users’ consent, collect information on users that can be used, alone or in combination with other information, to identify the user, or User Personal Information, and may not provide any User Personal Information to third parties without prior user consent. ICPs may only collect User Personal Information necessary to provide their services and must expressly inform the users of the method, content and purpose of the collection and processing of such User Personal Information. In addition, an ICP may use User Personal Information only for the stated purposes under the ICP’s scope of services. ICPs are also required to ensure the proper security of User Personal Information, and take immediate remedial measures if User Personal Information is suspected to have been disclosed. If the consequences of any such disclosure are expected to be serious, the ICP must immediately report the incident to the telecommunications regulatory authorities and cooperate with the authorities in their investigations. We require our users to accept a user agreement whereby they agree to provide certain personal information to us. If we violate these regulations, the MIIT or its local bureaus may impose penalties and we may be liable for damage caused to our users.

On December 28, 2012, the Standing Committee of the National People’s Congress enacted the *Decision to Enhance the Protection of Network Information* (the “Information Protection Decision”), to further enhance the protection of User Personal Information in electronic form. The Information Protection Decision provides that ICPs must expressly inform their users of the purpose, manner and scope of the ICPs’ collection and use of User Personal Information, publish the ICPs’ standards for their collection and use of User Personal Information, and collect and use User Personal Information only with the consent of the users and only within the scope of such consent. The Information Protection Decision also mandates that ICPs and their employees must keep strictly confidential User Personal Information that they collect, and that ICPs must take such technical and other measures as are necessary to safeguard the information against disclosure.

On July 16, 2013, the MIIT issued the *Order for the Protection of Telecommunication and Internet User Personal Information* (the “Order”). Most of the requirements under the Order that are relevant to ICP operators are consistent with the requirements already established under the MIIT provisions discussed above, except that under the Order the requirements are often stricter and have a wider scope. If an ICP operator wishes to collect or use personal information, it may do so only if such collection is necessary for the services it provides. Further, it must disclose to its users the purpose, method and scope of any such collection or use, and must obtain consent from the users whose information is being collected or used. ICP operators are also required to establish and publish their protocols relating to personal information collection or use, keep any collected information strictly confidential, and take technological and other measures to maintain the security of such information. ICP operators are required to cease any collection or use of the user personal information, and de-register the relevant user account, when a given user stops using the relevant Internet service. ICP operators are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such information unlawfully to other parties. In addition, if an ICP operator appoints an agent to undertake any marketing or technical services that involve the collection or use of personal information, the ICP operator is still required to supervise and manage the protection of the information. The Order states, in broad terms, that violators may face warnings, fines, and disclosure to the public and, in the most severe cases, criminal liability.

On January 5, 2015, the SAMR promulgated the *Measures on Punishment for Infringement of Consumer Rights*, which were amended on October 23, 2020. Under the *Measures on Punishment for Infringement of Consumer Rights*, business operators collecting and using personal information of consumers must comply with the principles of legitimacy, propriety and necessity, specify the purpose, method and scope of collection and use of the information, and obtain the consent of the consumers whose personal information is to be collected. Business operators may not: (i) collect or use personal information of consumers without their consent; (ii) unlawfully divulge, sell or provide personal information of consumers to others; (iii) send commercial information to consumers without their consent or request, or when a consumer has explicitly declined to receive such information.

On August 29, 2015, the Standing Committee of the National People’s Congress issued *Amendment (IX)* (“Amendment (IX)”) to the *Criminal Law of the People’s Republic of China* (the “Criminal Law”), which strengthens the protection of personal information. Pursuant to Amendment (IX), network service providers and others who unlawfully sell or otherwise provide personal information and cause serious adverse consequences may be sentenced to prison for up to seven years. In addition, network service providers who disseminate such user information and cause serious adverse consequences, and who do not rectify the problem after they receive notice of such non-compliance from relevant regulatory authorities may be sentenced to prison for up to three years, and may also be subject to public surveillance and fines. On October 21, 2019, the Supreme People’s Court and the Supreme People’s Procuratorate of the People’s Republic of China (the “Supreme People’s Procuratorate”) issued the *Interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in Criminal Cases Involving Illegal Use of Information Networks and Assistance in Criminal Activities Committed through Information Networks*, which clarifies the types of network service providers and the standards for judging whether the consequences of divulging personal information are serious and adverse.

[Table of Contents](#)

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate issued the *Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Applicable Law for Criminal Cases with Respect to Infringement of Citizen's Personal Information*, which defines "personal information," "the provision of personal information," and "the illegal collection of personal information."

The SAMR (formerly the AQSIQ and SAC) issued the *Information Security Technology - Personal Information Security Specification*, which came into effect on October 1, 2020. The specification clarifies the principles and security requirements for personal information processing activities, such as collection, storage, use, sharing, transfer, public disclosure, and deletion, that are applicable to the standardization of personal information processing activities of various organizations. On April 10, 2019, the MPS and the Beijing Network Industry Association issued the *Guidelines for Protection of the Security of Personal Information on the Internet*, which provides guidelines and recommends procedures concerning the protection of personal information applicable to enterprises providing services via the Internet as well as organizations and individuals who control and process personal information in private and non-networked environments. On June 1, 2019, the National Information Security Standardization Technical Committee issued the *Internet Security Practice Guidelines - Specification of Information Necessary for Basic Business Functions of Apps*, which provides further guidelines for the use and collection of personal information by network operators, and specifies the types of personal information deemed to be necessary for the operation of online services for areas such as online payment, short videos, Internet news information, and real estate transactions. On March 12, 2021, CAC, MIIT, MPS and SAMR jointly issued the *Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications*, to further clarify the scope of essential personal information for common types of applications.

On January 23, 2019, the CAC, the MIIT, the MPS, and the SAMR jointly issued the Public Announcement Concerning the Illegal Collection of Personal Information by Apps, which emphasizes that App operators must comply strictly with the Internet Security Law in connection with their collection and use of personal information. On March 13, 2019, the SAMR issued the *Notice on the Launch of Special Enforcement Actions to Protect Consumers and Crack Down on Violations of Personal Information of Consumers* and the *Announcement of the Implementation of App Security Certifications*, and on October 31, 2019, the SAMR and the CAC issued the *Notice of a Special Campaign to Rectify the Infringement of Legal Rights and Interests of App Users* so as to further protect the rights of the App users in and to their personal information and clarify the requirements for App security certification. In addition, a number of relevant regulatory authorities and industry associations in the Chinese mainland have published a series of guidelines and standards, such as the *Guidelines for Self-Assessment of Illegal Collection and Use of Personal Information by Apps* issued by the Special Working Group Supervising the Illegal Collection and Use of Personal Information on March 3, 2019, and the *Methods for Identification of the Illegal Collection and Use of Personal Information by Apps* issued by the CAC and three other regulatory authorities in the Chinese mainland on December 30, 2019, pursuant to which App operators are encouraged to conduct self-inspection and self-rectification to enhance the protection of personal information. On November 1, 2021, the MIIT issued the *Notice on Launching Action to Enhance User Awareness and Experience in Information and Communication Services*, under which relevant enterprises are required to establish a list of collected personal information and a list of personal information shared with third parties and to display such two lists in their Apps. On March 28, 2025, the CAC, the MIIT, the MPS and the SAMR jointly issued the *Announcement on Carrying out the 2025 Special Campaign on Personal Information Protection*, which focuses on preventing the illegal collection and use of personal information in commonly used service products and typical scenarios.

On August 22, 2019, the CAC issued the *Provisions on the Protection of the Personal Information of Minors on the Internet*, effective on August 22, 2019, to regulate activities regarding the collection, use, and disclosure of minors' personal information on the Internet.

On May 28, 2020, the National People's Congress approved the Civil Code, which came into effect on January 1, 2021. The Civil Code specifies that the personal information of a natural person must be protected, and in particular provides that an organization or individual may obtain such personal information only when necessary; must ensure the safety of such information; and may not illegally collect, use, process or transmit such personal information or illegally purchase or sell, provide or make public such personal information.

[Table of Contents](#)

On August 20, 2021, the Standing Committee of the National People's Congress promulgated the PIPL, effective November 1, 2021, which accentuates the importance of processors' obligations and responsibilities for personal information protection. The PIPL provides that personal information processors must disclose to their users the purpose, method and scope of their collection or use of such information, and, with certain exceptions, must obtain consent from their users. The PIPL also requires processors to: (i) develop internal management systems and operating procedures; (ii) implement categorized management of personal information; (iii) take appropriate security measures such as encryption and de-identification; and (iv) conduct personal information protection impact assessments in advance when conducting personal information processing activities that have a significant effect on individuals, such as processing sensitive personal information, using personal information to conduct automated decision-making, providing personal information to other personal information processors or disclosing personal information to the public. In addition, processors who provide specified internet platform services with large user bases and complex business types are subject to additional obligations, including but not limited to establishing independent bodies composed primarily of external members to supervise the protection of personal information by processors and regularly publishing social responsibility reports on the protection of personal information by processors and accepting supervision from the public. The PIPL also specifies that the definition of "sensitive personal information" is personal information that, once disclosed or illegally used, is likely to infringe the human dignity of natural persons or endanger them or their property, including biometrics, religious beliefs, specific identity, medical health, financial accounts, whereabouts and other information, as well as the personal information of minors under the age of 14. When processing sensitive personal information, processors must adopt strict protective measures, and obtain the users' separate consent. Our current security measures and those of the third parties with whom we transact business may not be adequate for the protection of user personal information. In addition, we do not have control over the security measures of our third-party online payment vendors. Security breaches of our system and the online payment systems that we use could expose us to litigation and liability for failing to secure confidential customer information and could harm our reputation, ability to attract customers and ability to encourage customers to purchase virtual items.

On February 12, 2025, the CAC issued the *Administrative Measures for the Compliance Audit of Personal Information Protection* (the "Compliance Audit Measures"), which became effective on May 1, 2025. Under the Compliance Audit Measures, personal information processors that process the personal information of more than 10 million individuals are required to conduct a personal information protection compliance audit at least once every two years. In addition, personal information processors in specific circumstances, such as where significant risks are identified that may materially affect individual rights or where security measures are inadequate, the CAC and other competent authorities may require personal information processors to engage a professional agency to conduct a compliance audit of their personal information processing activities.

On July 18, 2025, the CAC issued the *Announcement on the Submission of Information Regarding Personal Information Protection Officers* (the "PIPO Announcement"), effective on the same date. The PIPO Announcement requires personal information processors that process the personal information of more than one million individuals to submit information regarding their designated personal information protection officer(s) to the local branch offices of the CAC. Such submission must be completed within 30 business days after the processing volume reaches one million individuals. For personal information processors that had already processed the personal information of more than one million individuals prior to the issuance of the PIPO Announcement, the submission deadline was August 29, 2025.

On December 29, 2025, the CAC issued the *Announcement on the Submission of Compliance Audit Results for the Protection of Personal Information of Minors*, effective on the same date, which requires personal information processors that process minors' personal information to submit, by the end of January each year, the compliance audit results for the protection of minors' personal information for the immediately preceding year.

Laws and Regulations Related to Security and Censorship

The principal pieces of laws and regulations of the Chinese mainland concerning information security and censorship are:

- *The Internet Security Law* (2017, as amended in 2025);
- *The Measures for Cybersecurity Review* (2022);
- *The Regulations on Security Protection of Critical Information Infrastructure* (2021);
- *The Data Security Law* (2021);
- *The Data Security Regulations* (2024);
- *The Law of the People's Republic of China on the Preservation of State Secrets* (1988, as amended in 2010 and 2024) and related Implementing Rules (2014 and amended in 2024);
- *The Anti-spy Law of the People's Republic of China* (2014, as amended in 2023);
- *The Working Regulations for Anti-spy Security Precautions* (2021);

Table of Contents

- *Rules of the People's Republic of China for Protecting the Security of Computer Information Systems* (1994, as amended in 2011);
- *Administrative Regulations for the Protection of Secrecy on Railway Computer Information Systems Connected to International Networks* (1999);
- *Regulations for the Protection of State Secrets for Computer Information Systems on the Internet* (2000);
- *Notice issued by the Ministry of Public Security of the People's Republic of China Regarding Issues Relating to the Implementation of the Administrative Measure for the Security Protection of International Connections to Computer Information Networks* (2000); and
- *The Decision of the Standing Committee of the National People's Congress Regarding the Safeguarding of Internet Security* (2000, and amended in 2009).

These laws and regulations specifically prohibit the use of Internet infrastructure where it results in a breach of public security, the provision of socially destabilizing content or the divulgence of State secrets, as follows:

- “*A breach of public security*” includes a breach of national security or disclosure of state secrets; infringement on state, social or collective interests or the legal rights and interests of citizens or illegal or criminal activities.
- “*Socially destabilizing content*” includes any action that incites defiance or violation of Chinese mainland law; incites subversion of state power and the overturning of the socialist system; fabricates or distorts the truth, spreads rumors or disrupts social order; advocates cult activities; spreads feudal superstition; involves obscenities, pornography, gambling, violence, murder, or horrific acts; or instigates criminal acts.
- “*State secrets*” are defined as “matters that affect the security and interest of the state.” The term covers such broad areas as national defense, diplomatic affairs, policy decisions on state affairs, national economic and social development, political parties and “other State secrets that the State Secrets Protection Bureau has determined should be safeguarded.”

Under the laws and regulations discussed above, it is mandatory for Chinese mainland-based Internet companies to complete security filing procedures with the local public security bureau and for them provide regular updates to the local public security bureau regarding information security and censorship systems for their websites. In this regard, on October 1, 2004, the *Administrative Rules on the Filing of Commercial Websites* (the “Commercial Websites Filing Rules”) were promulgated by the Beijing Administration of Market Regulation (the “Beijing AMR”) to replace the *Detailed Implementing Rules for the Measures for the Administration of Commercial Website Filings for the Record* promulgated by the Beijing AMR on September 1, 2000. The Commercial Websites Filing Rules state that operators of commercial websites must comply with the following requirements:

- filing with the Beijing AMR and obtain electronic registration marks for the websites;
- placing the registration marks on the websites’ homepages; and
- registering the website names with the Beijing AMR.

Sohu Internet, Gamease and Guanyou Gamespace have successfully registered the Sohu.com website, the Changyou.com website and the cy.com website with the Beijing AMR and the electronic registration marks for these websites are displayed prominently on the homepages of these websites.

[Table of Contents](#)

On November 7, 2016, the Standing Committee of the National People’s Congress issued the Internet Security Law, which took effect on June 1, 2017 and was amended on October 28, 2025, with the amendment taking effect on January 1, 2026. The Internet Security Law requires providers of services over Internet networks to keep user information that they have collected in strict confidence and to establish rigorous systems for the protection of user information. Such service providers must provide notice of the purpose, methods and scope of their collection and use of user information, and obtain the consent of each person whose personal information will be collected. Providers of services over Internet networks may not collect any personal information that is not related to the services they provide, or disclose or tamper with personal information that they have collected, unless such information is encoded to prevent identification of individuals whose information is so disclosed or tampered with. The Internet Security Law provides that providers of services over Internet networks must set up internal security management systems that meet the requirements of a classified protection system for cyber security, including appointing dedicated cyber security personnel; taking technical measures to prevent computer viruses, network attacks and intrusions; taking technical measures to monitor and record network operation status and cyber security incidents; and taking data security measures such as data classification, backups and encryption. Providers of services over Internet networks are also obliged to take immediate remedial measures and report relevant information to authorities when security defects or loophole risks in the network products or services are found. The Internet Security Law sets stringent requirements for the operators of “critical information infrastructure.” These include requirements, among others, that personal information and important business data must be stored in the Chinese mainland, and requirements for national security review of any network products or services that may impact national security. Service providers who do not comply with the Internet Security Law may be subject to fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses. On July 30, 2021, the State Council promulgated the CII Regulations, effective on September 1, 2021. According to the CII Regulations, “critical information infrastructure” means an important network facility and information system in important industries such as public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, people’s livelihoods, or the public interest in the event of damage, loss of function, or data leakage. The competent regulatory authorities and supervision and management authorities of the above-mentioned industries in the Chinese mainland will be responsible for (i) organizing the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (ii) promptly notifying the identified CIIOs and the State Council’s public security department of the results. We have not been required to go through any cybersecurity review by the CAC under the Cybersecurity Laws as currently in effect; and we believe that we are unlikely to be required by the CAC to go through cybersecurity reviews due to the facts that (i) our ADSs were listed on Nasdaq before the Cybersecurity Laws went into effect, and the Cybersecurity Laws do not require Internet platform operators that hold personal information of over one million users to file supplemental applications for cybersecurity reviews of such operators’ previous issuances of their securities to foreign investors that occurred before the Cybersecurity Laws went into effect; (ii) the competent regulatory and supervisory authorities in the Chinese mainland are required under the CII Regulations to identify critical information infrastructure and the CIIOs of such critical information infrastructure, and to notify all CIIOs that have been so identified, and we have not received any such notice; (iii) the nature of the data that we process in our business is such that it is unlikely that Chinese mainland authorities would conclude that such data impact or may impact national security; and (iv) we have not been required to go through a cybersecurity review initiated by the CAC, nor are we aware of any preliminary investigation of our company by the CAC that might lead to such a review.

On December 28, 2021, several regulatory authorities in the Chinese mainland including the CAC, issued the Measures for Cybersecurity Review, which took effect on February 15, 2022 and replaced the previous version promulgated on April 13, 2020. Under the Measures for Cybersecurity Review, the following activities are subject to a cybersecurity review: (i) the purchase by critical information infrastructure operators of Internet products and services which affect or may affect national security, (ii) listings abroad by Internet platform operators that hold personal information of over one million users, and (iii) Internet platform operators’ data processing activities which affect or may affect national security. In addition, the relevant regulatory authorities in the Chinese mainland may initiate a cybersecurity review if they determine that the network products or services, or data processing activities, affect or may affect national security. Under the Measures for Cybersecurity Review, “Internet products and services” primarily refers to core network equipment, high-performance computers and servers, mass storage equipment, large databases and applications, network security equipment, critical communication products, cloud computing services, and other network products and services that may have a significant impact on the security of critical information infrastructure cybersecurity and data security. Under the Measures for Cybersecurity Review, before purchasing any network products or services, CIIOs must assess potential national security risks that may arise from the launch or use of such products or services, and apply for a cybersecurity review with the CAC if national security will or may be affected.

On June 10, 2021, the Standing Committee of the National People’s Congress promulgated the Data Security Law, which took effect on September 1, 2021. The Data Security Law establishes a classified and tiered system for data protection based on the level of importance of the data in economic and social development, as well as the level of danger the data presents to national security, public interests, or the legal interests of individuals and organizations in the event of any manipulation, destruction, leakage, illegal acquisition or illegal usage. Under the Data Security Law, data processing activities must be carried out in accordance with the laws and regulations of the Chinese mainland, and data processors must establish and continually improve data security management covering all of their processes, organize and carry out data security education and training, and take corresponding technical measures and other measures necessary to guarantee data security. The Data Security Law provides a national data security review system, under which data processing activities that affect or may affect national security are subject to national security review. Furthermore, processors of important data must carry out regular risk assessments of their data processing activities and submit risk assessment reports to the competent authorities. Organizations and individuals who engage in data processing activities that violate the Data Security Law may be subject to civil, administrative, or criminal penalties, depending on the circumstances.

[Table of Contents](#)

On July 7, 2022, the CAC promulgated the *Measures on Security Assessment of Cross-border Data Transfers* (the “Data Security Assessment Measures”), which became effective on September 1, 2022 and provide that data processors are required to pass a security assessment and review by the CAC and its designated local branches before making cross-border transfers of data out of the Chinese mainland specified in the Data Security Assessment Measures. On March 22, 2024, the CAC promulgated the *Provisions on Promoting and Regulating Cross-Border Data Flows* (the “Cross-border Data Flow Provisions”), which stipulate that if there is a conflict between the Cross-border Data Flow Provisions and the Data Security Assessment Measures, the Cross-border Data Flow Provisions will prevail. The Cross-border Data Flow Provisions specify the circumstances under which data processors must apply to the CAC through its applicable provincial branch office for a security assessment of cross-border data transfers. The enumerated circumstances include (i) CIOs transferring personal information or important data (as defined in the Data Security Assessment Measures); and (ii) data processors other than CIOs transferring important data, personal information (excluding sensitive personal information (as defined in the PIPL) of more than one million individuals, or sensitive personal information of more than 10,000 individuals within any particular calendar year.

On December 8, 2022, the MIIT issued the *Administrative Measures for Data Security in the Fields of Industry and Information Technology (for Trial Implementation)*, which became effective on January 1, 2023. The regulation requires that data processors in certain industries must take appropriate measures to regularly review, manage, identify and categorize their industry data in general, and their critical and core industry data in particular, and timely file the catalog of their critical and core industry data with the relevant industry regulators. In addition, the State Security Bureau has issued regulations authorizing the blocking of access to any site it deems to be leaking State secrets or failing to comply with laws and regulations regarding the protection of State secrets in the distribution of information online. Specifically, Chinese mainland-based Internet companies with message boards, chat rooms or similar services, such as Sohu does through VIEs, must apply for approval of the State Secrets Bureau prior to operating such services.

On September 24, 2024, the State Council issued the Data Security Regulations, which provide specific requirements with respect to the protection of personal information, maintenance of the safety of significant data, and obligations of online platform service providers in connection with processing Internet data. For example, online data processors must delete or anonymize personal information if it was collected unnecessarily or without the consent of the individual through unavoidable methods such as the use of automatic data collection technology. Online data processors are also required to periodically conduct compliance audits of personal information processing in accordance with laws and administrative regulations. For the processing of significant data, among other specific requirements under the Data Security Regulations, significant data processors must specify the persons responsible for data safety and the data safety management department, and data processors must identify and declare significant data in accordance with relevant laws and provisions. In addition, the Data Security Regulations define large online platforms as those having more than 50 million registered users or more than 10 million monthly active users, complex business types, and online data processing activities that have a significant impact on national security, economic operation, national welfare, and people’s livelihoods.

Amendment (IX) provides, among other things discussed elsewhere in this annual report, that network service providers who do not comply with laws and regulations regarding the safe management of information on their networks and fail to correct their conduct after they receive notice of such non-compliance from relevant regulatory authorities, with results such as the dissemination of a substantial amount of illegal information or serious loss of evidence in criminal cases, may be convicted of the crime of failing to fulfill their obligations for the safe management of information on the Internet. In addition, entities and individuals are prohibited from offering such technical and other support for Internet access, online data storage, and communication transmission while knowing that recipients of any such support are conducting criminal activities through the Internet. The *Interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in Criminal Cases Involving Illegal Use of Information Networks and Assistance in Criminal Activities Committed through Information Networks*, issued on October 21, 2019, further clarifies standards for conviction of the crimes of failing to fulfill obligations for the safe management of information on the Internet and assisting in criminal activities related to information networks. On July 22, 2025, the Supreme People’s Court, the Supreme People’s Procuratorate, and the MPS jointly issued the *Opinions on Several Issues Concerning Criminal Cases Involving Assistance in Criminal Activities Committed through Information Networks*, which clarify the standards and policy guidelines for determining criminal liability for providing assistance in criminal activities conducted through information networks. Such opinions further stipulate that, in the event of any inconsistency between such opinions and prior relevant provisions issued by the Supreme People’s Court, the Supreme People’s Procuratorate, and the MPS, such opinions should prevail.

Accordingly, we have established an internal security committee and adopted security maintenance measures, employed a full-time supervisor and exchanged information on a regular basis with the local public security bureau with regard to sensitive or censored information and websites.

On December 31, 2021, the CAC, MIIT, MPS and SAMR jointly issued the *Administrative Provisions on Algorithm Recommendations by Internet Information Services* (the “Algorithm Recommendation Provisions”), which took effect on March 1, 2022. The Algorithm Recommendation Provisions provide that providers of algorithm recommendation services are not allowed to use algorithms to create fake registered user accounts, block information, or give excessive recommendations. In addition, providers of algorithm recommendation services that have the potential to influence public opinions or provoke social movement must conduct security self-assessments and enter certain information, such as the names of the service providers, the types of algorithms, and the algorithm self-assessment reports in a nationwide online system within 10 days after they start providing algorithm recommendation services. Under the Algorithm Recommendation Provisions, providers of algorithm recommendation services are required to clearly disclose to users the basic principles, purposes and primary operating mechanisms of the algorithm recommendation services. Providers of algorithm recommendation services must also provide their users with options that are not based on the users’ preferences or habits, and must cease providing the relevant algorithmic recommendation services when users choose to terminate them.

Table of Contents

On July 10, 2023, the CAC and six other regulatory authorities in the Chinese mainland promulgated the Generative AI Services Measures, which took effect on August 15, 2023. The Generative AI Services Measures impose compliance requirements for providers of generative AI services to the general public within the Chinese mainland. The Generative AI Services Measures stipulate that providers of generative AI services related to text, image, audio, video and other content to the general public within the Chinese mainland will be responsible as “producers of Internet information content” and “personal information processors,” with the responsibilities specified in the PIPL, the Data Security Law, the Internet Security Law, and other Chinese mainland laws and regulations related to cybersecurity and personal information protection. Providers of generative AI services are required to enter into service agreements with their users and adopt effective measures to prevent minor users from over-relying upon or becoming addicted to generative AI services. In addition, providers of generative AI services that have the potential to influence public opinion or provoke social agitation are required to conduct security assessments and complete filings in accordance with the Algorithm Recommendation Provisions.

On September 7, 2023, the Ministry of Science and Technology and nine other regulatory authorities in the Chinese mainland promulgated the *Notice on Promulgation of the Measures for the Review of Science and Technology Ethics (Trial)* (the “Trial Measures for the Review of Science and Technology Ethics”), which took effect on December 1, 2023. The Trial Measures for the Review of Science and Technology Ethics identify categories of activities that will require science and technology ethics reviews, including (i) the use of personal information data derived from science activities involving human beings as research participants; (ii) science and technology activities that do not directly involve human beings or experiments on animals, but may present risks to life, health, the ecological environment, public order, or sustainable development. Entities conducting scientific and technological activities in one of the categories identified in the Trial Measures for the Review of Science and Technology Ethics are required to be submitted to the relevant authorities for review.

On March 7, 2025, the CAC, the MIIT, the MPS, and the NRTA jointly issued the *Measures for the Labeling of Artificial Intelligence-Generated and Synthetic Content* (the “Labeling Measures”), which took effect on September 1, 2025. The Labeling Measures require relevant Internet information service providers to apply explicit or implicit labels to AI-generated and synthetic content and implement measures to regulate its dissemination.

Internet Content and Anti-Pornography

A number of regulatory authorities in the Chinese mainland, including the MIIT, the MCT, the SAPPRFT and the MPS, have promulgated measures relating to Internet content. These measures specifically prohibit certain Internet activities, including the operation of online games, which result in the publication of any content which is found to, among other things, propagate obscenity, gambling or violence, instigate crimes, undermine public morality or cultural traditions, or compromise State security or secrets. If an ICP license holder violates these measures, the relevant regulatory authority in the Chinese mainland may revoke its ICP license and shut down its websites.

In addition, regulatory authorities in the Chinese mainland have issued several regulations concerning the installation of filter software to filter out unhealthy and vulgar content from the Internet. In April 1, 2009, the MOE, the MIIT and certain other ministries and agencies in the Chinese mainland issued a notice requiring that, by the end of May 2009, all computer terminals connected with the Internet at all elementary and secondary schools be able to include and operate Green Dam-Youth Escort, which is software aimed at filtering out unhealthy and vulgar content in text and graphics from the Internet and which, according to the website for the software, may be used to control time spent on the Internet, prohibit access to computer games, and filter out unhealthy websites. The MIIT further expanded the scope of required use of this filter software by issuing a notice on May 19, 2009 requiring that, effective as of July 1, 2009, all computers manufactured and sold in the Chinese mainland have the latest available version of Green Dam-Youth Escort preinstalled when they leave the factory and that all imported computers have the latest available version of Green Dam-Youth Escort preinstalled before being sold in the Chinese mainland. Green-Dam Youth Escort is to be preinstalled on the hard drive of the computer or in the form of a CD accompanying the computer and is also to be included in the backup partition and system restore CD. However, on June 30, 2009, the MIIT postponed the implementation of this requirement regarding pre-installation of Green Dam-Youth Escort.

On December 4, 2009, the MIIT and three other regulatory authorities in the Chinese mainland jointly issued the Anti-Pornography Notice to crack down on online pornography. Pursuant to the Anti-Pornography Notice, rewards of up to RMB10,000 (or approximately \$1,400) will be provided to Internet users who report websites that feature pornography, and a committee has been established to review such reports to determine an appropriate award. During a Chinese mainland anti-pornography campaign conducted in 2014, many websites (including mobile websites) that contained pornography were closed down. In addition, China Mobile announced a temporary suspension of billing for Wireless Application Protocol services, as a means of fighting against websites providing pornographic content.

[Table of Contents](#)

On April 13, 2014, the National Working Group on Anti-Pornography and three other regulatory authorities in the Chinese mainland jointly issued the Anti-Pornography Proclamation, which requires Internet service providers to immediately remove texts, images, video, advertisements, and other information that contain pornographic content. The relevant regulatory authority in the Chinese mainland may order enterprises or individuals who flagrantly produce or disseminate pornographic content to stop conducting business, and may revoke relevant administrative permits. Moreover, an enterprise or individual who provides telecom operation services, network access services, advertising services or payment services to facilitate dissemination of pornographic content may have criminal or civil penalties imposed under the Criminal Law and other relevant laws and regulations.

Laws and Regulations Related to Unfair Competition

Pursuant to the *Unfair Competition Law of the People's Republic of China* (the "Unfair Competition Law"), adopted by the Standing Committee of the National People's Congress on November 4, 2017 and amended on April 23, 2019 and June 27, 2025, a business operator is prohibited from taking any of the following actions:

- unauthorized use of marks that are the same as or similar to the names, packaging, or decoration of another party's products;
- unauthorized use of another party's organizational name or the name of an individual;
- unauthorized use of another party's domain name, website name, webpage, new media account name, application name, or icon (or similar identifiers);
- unauthorized use of another party's registered trademark or well-known unregistered trademark as the trade name in an enterprise name, or setting another party's goods name, enterprise name, registered trademark, or well-known unregistered trademark as a search keyword, where such acts are likely to cause a third party to mistakenly believe that the goods are those of the other party or that there is a specific connection with the other party; and
- other actions causing a third party to mistakenly believe that another party's product is that of the business operator.

The Unfair Competition Law forbids business operators to pay bribes in order to gain an opportunity or competitive advantage in a business transaction or to misappropriate the trade secrets of another, and prohibits relevant entities and individuals from accepting bribes. "Trade secrets," as defined in the Unfair Competition Law, refers to technical information, operating information, and other commercial information with commercial value that has not been released to the public, and is subject to appropriate measures to protect its confidentiality. On September 10, 2020, the Supreme People's Court promulgated the *Regulations on Several Issues Concerning the Application of Law in the Trial of Civil Cases of Infringement of Trade Secrets*, which clarify the definition of trade secrets under the Unfair Competition Law, and provides guidance concerning, among other matters, confidentiality obligations, determination of infringement, and civil liabilities.

The Unfair Competition Law also stipulates that an Internet business operator may not, without the consent of another Internet business operator, insert links into the Internet products and services of such other Internet business operator in order to re-direct user traffic; may not mislead or compel users to modify, terminate, or un-install any Internet products or services of another Internet business operator; may not take actions in bad faith to cause an Internet product or service of another Internet business operator to be unusable by users of the other business operator's properties; by means of fraud, coercion, circumvention or sabotage of technical management measures, or other improper means, acquire or use data lawfully held by other business operators, thereby harming the legitimate rights and interests of other business operators or disrupting market competition order; abuse platform rules, directly engage or instruct others to engage in false transactions, fake reviews, or malicious returns against other business operators, thereby harming their legitimate rights and interests and disrupting the order of market competition; or force, or in a disguised manner force, business operators using the platform to sell goods at prices below cost pursuant to platform pricing rules, thereby disrupting the order of market competition. On May 6, 2024, the SAMR promulgated the *Interim Provisions Against Internet Unfair Competition*, which became effective on September 1, 2024 and aim to strengthen supervision of Internet unfair competition activities. The provisions specify the circumstances under which an operator may not use technical means to impede or disrupt the normal operation of Internet products or services legally provided by other operators. In addition, the provisions stipulate specific requirements applicable to platform operators, including that (i) platform operators must not use service agreements, transaction rules, or other means to impose unreasonable restrictions or conditions on operators using the platform; and (ii) platform operators must take in a timely manner measures necessary to address unfair competition activities of operators using the platform, maintain relevant records, and report to the relevant authorities.

An amendment of the Unfair Competition Law that became effective on January 1, 2018 increased the maximum amount of administrative penalties that may be imposed for violations. An additional amendment of the Unfair Competition Law that became effective on April 23, 2019 increased the amount of administrative penalties that may be imposed for malicious misappropriation of trade secrets. A further amendment of the Unfair Competition Law that became effective on June 27, 2025 introduced penalties for accepting commercial bribes, and further increased the maximum administrative penalties for violations, including trade secret infringement and Internet unfair competition activities.

In addition, the Supreme People's Court promulgated the *Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Unfair Competition Law of the People's Republic of China*, which became effective on March 20, 2022. This interpretation provides guidance on how to conduct trials involving unfair competition, protect the legal rights and interests of business operators, and maintain orderly market competition.

Regulation of M&A and Overseas Listings

On August 8, 2006, the MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the SAMR, the CSRC, and the SAFE, jointly issued the M&A Rules, which became effective on September 8, 2006 and were amended on June 22, 2009. The M&A Rules include provisions that purport to require that an Offshore special purpose vehicle formed for purposes of the overseas listing of equity interests in Chinese mainland companies and controlled directly or indirectly by Chinese mainland companies or individuals obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

On July 6, 2021, several authorities in the Chinese mainland jointly promulgated the *Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law*, which called for the enhanced administration and supervision of Chinese mainland-based companies listing outside the Chinese mainland, proposed to revise the relevant regulations governing the issuance and listing of shares outside the Chinese mainland by such companies, and clarified the related responsibilities of competent industry regulators and regulatory authorities in the Chinese mainland. The Overseas Listing Measures, which the CSRC adopted on February 17, 2023 and took effect on March 31, 2023, establish a new filing-based regime to regulate direct and indirect overseas offerings and listings by Chinese mainland domestic companies. Under the Overseas Listing Measures, an indirect overseas offering and listing by a Chinese mainland domestic company refers to an offering and listing in an Offshore market made by a Chinese mainland domestic company through and in the name of an Offshore issuer established by, and based on the equity interests, assets, earnings or other similar interests and rights of, a Chinese mainland domestic company which operates its primary businesses in the Chinese mainland. The Overseas Listing Measures require, among other things, that a Chinese mainland domestic company that is the issuer of a direct overseas offering and listing or one of the principal operating entities in the Chinese mainland designated by the Offshore issuer of an indirect overseas offering and listing, to (i) in the case of an initial public offering in an Offshore market, file with the CSRC within three business days after the submission of its offering and listing application in such Offshore market; (ii) in the case of a follow-on offering of its securities in the same Offshore market, submit a filing to the CSRC within three business days after the completion of such offering; (iii) in the case of a follow-on offering of its securities in another Offshore market, submit a filing to the CSRC within three business days after the submission of its offering application in such other Offshore market; and (iv) report to the CSRC any of the material events specified in the Overseas Listing Measures within three business days after the occurrence and public announcement of such event. Under the Overseas Listing Measures Notice issued by the CSRC on February 17, 2023, Chinese mainland domestic companies that had already listed in Offshore markets before March 31, 2023, the effective date of the Overseas Listing Measures, are not required to immediately file retroactively with the CSRC for their initial public offerings or other previous listings, but may be required to do so retroactively in the future, and will be required to file with the CSRC with respect to any follow-on offerings of their securities and other specified future events and activities. We have not been required by the CSRC to obtain approval of or complete any filing with the CSRC with respect to any offering of our securities (including the initial public offering of the Company's predecessor Sohu.com Inc. on Nasdaq) that was completed before the Overseas Listing Measures became effective, and we believe that we are unlikely to be required to obtain approval of or make a filing with the CSRC under the Overseas Listing Measures as they are currently being implemented by the CSRC with respect to our predecessor Sohu.com Inc.'s initial public offering.

The *2021 Restricted List* issued by the NDRC and MOFCOM on December 27, 2021 stipulates that any domestic enterprise engaging in any of the prohibited fields specified in the 2021 Restricted List must obtain the consent of the relevant regulatory authorities in the Chinese mainland if it wishes to conduct securities offerings and listings outside of the Chinese mainland, overseas investors are not permitted to participate in the operation and management of the domestic enterprise, and overseas investors' shareholding percentage in the domestic enterprise will be subject to relevant provisions with respect to the administration of domestic securities investment by overseas investors.

On February 24, 2023, the CSRC published the Archives Rules, which took effect on March 31, 2023. The Archives Rules apply to indirect Offshore offerings and listings by Chinese mainland domestic companies. The Archive Rules require a Chinese mainland domestic company to obtain approval from, and/or comply with filing or other regulatory requirements of, relevant authorities in the Chinese mainland before providing or publicly disclosing to investment bankers or other securities and investment services providers or to Offshore regulators (i) any information or materials that contain state secrets or work secrets of any regulatory authorities in the Chinese mainland or (ii) any other information or materials leakage of which could have an adverse impact on national security or public interests. The Archives Rules require Chinese mainland domestic companies, as well as investment bankers and other securities and investment services providers providing relevant services, to abide by applicable laws and regulations of the Chinese mainland, maintain a sound confidentiality and archives administration system, and take necessary measures to fulfill confidentiality and archives management obligations. The Archives Rules also require that working papers and other files created in the Chinese mainland by relevant service providers in connection with Offshore offerings and listings by Chinese mainland domestic companies be stored in the Chinese mainland and not be transferred overseas without the approval of the relevant authorities in the Chinese mainland. The Archives Rules also stipulate that if Offshore securities regulators or relevant competent authorities request to investigate or inspect Chinese mainland domestic companies that have been listed or have offered securities, directly or indirectly, in an Offshore market or securities companies or securities service providers in the Chinese mainland that undertake relevant business for such Chinese mainland domestic companies, such investigation and inspection must be conducted in accordance with a cross-border regulatory cooperation mechanism and, before cooperating on such investigation and inspection with, or for the purpose of cooperating on such investigation and inspection providing documents and other materials to, such Offshore securities regulators or other Offshore authorities, such domestic companies, securities companies or securities service providers must obtain approval from the CSRC or other competent authorities in the Chinese mainland regarding such investigation and inspection.

[Table of Contents](#)

The M&A Rules also establish procedures and requirements that could make some acquisitions of Chinese mainland domestic companies by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a Chinese mainland domestic enterprise.

In February 2011, the General Office of the State Council promulgated Circular 6, which established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having “national defense and security” concerns and mergers and acquisitions by which foreign investors may acquire “de facto control” of domestic enterprises with “national security” concerns. In August 2011, the MOFCOM promulgated the MOFCOM Security Review Rules, to replace the *Interim Provisions of the Ministry of Commerce on Matters Relating to the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* promulgated by the MOFCOM in March 2011. The MOFCOM Security Review Rules, which came into effect on September 1, 2011, provide that the MOFCOM will look into the substance and actual impact of a transaction and prohibit foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or Offshore transactions.

On October 23, 2019, the SAFE issued the *Notice of the State Administration of Foreign Exchange to Further the Facilitation of Cross-border Trade and Investment*, which cancelled restrictions on the use by foreign-invested companies that are not investment companies of their capital funds for equity investments.

The Security Review Measures, promulgated by the NDRC and MOFCOM on December 19, 2020, stipulate that where a foreign investor acquires the equity or assets of a domestic enterprise by means of merger or acquisition, or invests in the Chinese mainland by other means, which affects or may affect national security, such merger, acquisition, or investment will be subject to a security review by relevant regulatory authorities in the Chinese mainland. See “- Requirements for Establishment of WFOEs” regarding the other provisions of the Security Review Measures.

Laws and Regulations Related to Antitrust

On August 30, 2007, the Standing Committee of the National People’s Congress adopted the Anti-Monopoly Law, which took effect on August 1, 2008 and was amended on June 24, 2022. Pursuant to the Anti-Monopoly Law, monopolistic conduct, including entering into monopolistic agreements, abuses of dominant market position, and Concentrations of Undertakings that have the effect of eliminating or restricting competition, is prohibited and business operators must not use data, algorithms, technologies, capital advantages and/or platform rules to conduct any monopolistic activities that are prohibited by the Anti-Monopoly Law. To further implement the Antitrust Law and clarify certain issues, the State Council, the MOFCOM, the NDRC, and the SAMR issued several regulations and rules, including the *Provisions on Thresholds for Prior Notification of Concentrations of Undertakings* which were issued by the State Council on August 3, 2008 and amended on September 18, 2018; the *Regulations on the Prohibition of Monopolistic Agreements*, which were issued by the SAMR on March 10, 2023 and took effect on April 15, 2023 to replace the *Interim Regulations on the Prohibition of Monopolistic Agreements* and were further amended on December 9, 2025; the *Regulations on the Prohibition of Conduct Constituting an Abuse of a Dominant Market Position*, which were issued by the SAMR on March 10, 2023 and took effect on April 15, 2023 to replace the *Interim Regulations on the Prohibition of Conduct Constituting an Abuse of a Dominant Market Position* issued by the SAMR; the *Declaration Rules for Concentrations of Undertakings* originally issued by the MOFCOM on January 5, 2009, amended by the MOFCOM on June 6, 2014, and re-issued by the SAMR on September 29, 2018; the *Provisions on Reviewing Concentration of Undertakings*, which were issued by the SAMR on March 10, 2023 and took effect on April 15, 2023 to replace the *Interim Provisions on Reviewing Concentrations of Undertakings* issued by the SAMR; the *Guidelines for Reviewing Horizontal Concentrations of Undertakings* issued by the SAMR on December 10, 2024; and the *Guidelines for Reviewing Non-Horizontal Concentrations of Undertakings* issued by the SAMR on December 15, 2025.

Taken together these various laws and regulations provide for the following:

Monopolistic Agreement: Competing business operators may not enter into monopolistic agreements that eliminate or restrict competition, such as by boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities, fixing the price of commodities for resale to third parties, unless such agreements satisfy the exemptions under the Antitrust Law, such as improving technologies or increasing the efficiency and competitiveness of small and medium-sized enterprises or where the business operators can demonstrate that their market share in the relevant market falls below the prescribed thresholds and other conditions set by the antitrust authority authorized by the State Council are satisfied. Sanctions for violations include an order to cease the relevant activities, confiscation of illegal gains and fines (from 1% to 10% of sales revenue from the previous year, or up to RMB5.0 million (or approximately \$0.7 million) if no sales revenue was generated in the previous year, or RMB3.0 million (or approximately \$0.4 million) if the transactions contemplated by monopolistic agreement have not been carried out).

Abuse of Dominant Market Position: A business operator with a dominant market position may not abuse its dominant market position to conduct acts such as selling commodities at unfairly high prices or buying commodities at unfairly low prices, selling products at prices below cost without any justifiable cause, and refusing to trade with a trading party without any justifiable cause. Dominant market position refers to a market position held by a business operator having the capacity to control the price, quantity or other trading conditions of commodities in the relevant market, or to hinder or affect any other business operator to enter the relevant market, which will be determined based on the market share of the relevant business operator, capacity of a business operator to control the sales market, the degree of dependence of other business operators upon the business operator in question in transactions, and the degree of difficulty for other business operators to enter into the relevant market. Sanctions for violation of the prohibition on the abuse of dominant market position include an order to cease the relevant activities, confiscation of illegal gains and fines (from 1% to 10% of sales revenue from the previous year).

Concentration of Undertakings: pursuant to the Anti-Monopoly Law, where a Concentration of Undertakings reaches the declaration threshold stipulated by the State Council, a declaration must be lodged in advance with the antitrust authority under the State Council. If a business operator fails to make a required declaration with, or if a properly made declaration has not been approved by, the relevant antitrust authority, the Concentration of Undertakings may not be effected. “Concentration of Undertakings” refers to (i) a merger of enterprises; (ii) acquiring control over other enterprises by an enterprise through acquiring equities or assets; or (iii) acquiring control over, or the possibility of exercising decisive influence on, an enterprise by contract or by any other means. Under the *Provisions on Thresholds for Prior Notification of Concentrations of Undertakings*, the thresholds for prior notification of Concentration of Undertakings are the following:

- the combined worldwide turnover of all of the subject enterprises in the preceding financial year is more than RMB12.00 billion (or approximately \$1.68 billion), and the nationwide turnover within the Chinese mainland of each of at least two of the subject enterprises in the preceding financial year is more than RMB800.0 million (or approximately \$112.0 million); or
- the combined nationwide turnover within the Chinese mainland of all the subject enterprises in the preceding financial year is more than RMB4.00 billion (or approximately \$559.9 million), and the nationwide turnover within the Chinese mainland of each of at least two of the subject enterprises in the preceding financial year is more than RMB800.0 million (or approximately \$112.0 million).

In addition, where a Concentration of Undertakings does not reach the threshold specified by the State Council, the competent antitrust authority under the State Council may nevertheless require a declaration to be made if the Concentration of Undertakings is proved to have or may have the effect of eliminating or restricting competition.

If business operators fail to comply with these mandatory declaration provisions and the concentration has or may have the effect of eliminating or restricting competition, the antitrust authority is empowered to terminate and/or unwind the transaction, dispose of relevant assets, shares or businesses and impose fines of no more than 10% of sales revenue from the previous year; if the concentration has no effect of eliminating or restricting competition, the antitrust authority may impose fines of up to RMB5.0 million (or approximately \$0.7 million).

On February 7, 2021, the Anti-Monopoly Committee of the State Council issued the Platform Economy Guidelines. The Platform Economy Guidelines were drafted under the framework of the Antitrust Law and, while taking into account the characteristics of the Internet platform economy, give guidance for Internet platform economy operators regarding monopolistic agreements, abuses of dominance, and Concentrations of Undertakings. The Platform Economy Guidelines also stipulate that any Concentrations of Undertakings involving VIE structures fall within the scope of anti-monopoly review.

On January 28, 2026, the SAMR issued the Internet Platform Guidelines, which focus on the prevention of anti-monopoly compliance risks specified in the Platform Economy Guidelines and provide guidance to Internet platform operators on establishing a systematic anti-monopoly compliance management system to address such risks.

Regulation of Foreign Currency Exchange and Dividend Distribution

The principal regulations governing foreign currency exchange in the Chinese mainland are the *Foreign Exchange Administration Regulations of the People's Republic of China*, which were issued by the State Council on January 29, 1996 and effective as of April 1, 1996 and amended on January 14, 1997, August 5, 2008, September 23, 2012, and October 23, 2014 (as amended, the "FX Regulations"). Under the FX Regulations, the RMB is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of the Chinese mainland, unless the prior approval of the SAFE is obtained and prior registration with the SAFE is made. Dividends paid by a Chinese mainland-based subsidiary to its overseas shareholder are deemed income of the shareholder and are taxable in the Chinese mainland. Pursuant to the *Administration Rules of the Settlement, Sale and Payment of Foreign Exchange*, FIEs may purchase or remit foreign currency, subject to a cap approved by the SAFE, for settlement of current account transactions without the approval of the SAFE. Foreign currency transactions under the capital account are still subject to limitations and require approvals from, or registration with, the SAFE and other relevant regulatory authorities in the Chinese mainland.

In July 2014, the SAFE promulgated Circular 37, which replaced Circular 75. Circular 37 requires residents of the Chinese mainland, including institutions and individuals of the Chinese mainland, to register with the local SAFE branch in connection with their direct establishment or indirect control of an Offshore entity, referred to in Circular 37 as a "special purpose vehicle," for the purpose of holding domestic or Offshore assets or interests. Residents of the Chinese mainland must also file amendments to their registrations in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by individuals of the Chinese mainland, share transfer or exchange, merger, division or other material event. Under these regulations, Chinese mainland residents' failure to comply with specified registration procedures may result in restrictions being imposed on the foreign exchange activities of the relevant Chinese mainland entity, including the payment of dividends and other distributions to its Offshore parent, as well as restrictions on capital inflows from the Offshore entity to the Chinese mainland entity, including restrictions on the ability to contribute additional capital to the Chinese mainland entity. Further, failure to comply with the various SAFE registration requirements could result in liability under Chinese mainland law for evasion of foreign exchange regulations.

Under Circular 37, if a non-listed special purpose vehicle uses its own equity to grant equity incentives to any directors, supervisors, senior management or any other employees directly employed by a domestic enterprise which is directly or indirectly controlled by such special purpose vehicle, or with which such an employee has established an employment relationship, related residents and individuals of the Chinese mainland may, prior to exercising their rights, apply to the SAFE for foreign exchange registration formalities for such special purpose vehicle. However, since Circular 37 was the first regulation to regulate the foreign exchange registration of a non-listed special purpose vehicle's equity incentives granted to residents of the Chinese mainland, there remains uncertainty with respect to its implementation.

On December 25, 2006, the PBOC issued the *Administration Measures on Individual Foreign Exchange Control*, and related *Implementation Rules* were issued by the SAFE on January 5, 2007 and amended on May 29, 2016 and March 23, 2023. Both became effective on February 1, 2007. Under these regulations, all foreign exchange transactions involving an employee share incentive plan, share option plan, or similar plan participated in by individuals of the Chinese mainland may be conducted only with approval from the SAFE or its authorized branch. Under the Offshore Share Incentives Rule, citizens of the Chinese mainland who are granted share options, restricted share units or restricted shares by an overseas publicly listed company are required to register with the SAFE or its authorized branch and to comply with a series of other requirements. In November 2011, the SAFE approved our application to designate our Chinese mainland subsidiary Sohu Media to handle the registrations and other procedures required by the Offshore Share Incentives Rule. In February 2012, the SAFE approved Changyou's application to designate its Chinese mainland subsidiary AmazGame to handle the registrations and other procedures required by the Offshore Share Incentive Rule. If we, Changyou or the Chinese mainland-citizen employees of Changyou and us who hold options, restricted share units or restricted shares fail to comply with these registration or other procedural requirements, we, Changyou and/or such employees may be subject to fines and other legal sanctions.

The SAFE promulgated Circular 19 and Circular 16, effective June 1, 2015 and June 9, 2016, to replace previous regulations limiting an FIE's use of its RMB-settled registered capital. Circular 19 and Circular 16 provide, among other restrictions, that an FIE may use its RMB funds converted from foreign currencies through capital contributions by or loans from its overseas investor(s) only for purposes within the FIE's approved business scope, and that violations of the regulations can result in severe penalties, including large fines. These regulations may limit our ability to transfer and use our overseas funds through capital contributions or loans to our Chinese mainland subsidiaries and the VIEs to invest in or acquire other businesses.

Prior to 2020, the principal laws and regulations governing distribution of dividends of foreign holding companies were the *Foreign Investment Enterprises Law* (1986), which was amended in October 2000 and October 2016, and the *Administrative Rules under the Foreign Investment Enterprises Law* (2001), which were amended in February 2014. This law and the related regulations were replaced by the Foreign Investment Law and the *Implementing Regulations of the Foreign Investment Law*, respectively, which both became effective on January 1, 2020. Under the new laws and regulations, requirements for the distribution of dividends of newly-established FIEs will be consistent with those that apply to domestic companies, which are included in the *Company Law of the People's Republic of China* (the "Company Law"). Under the Company Law, newly-established FIEs are required to set aside 10% of their after-tax profits each year to fund statutory common reserves until such reserves equal 50% of the amount of registered capital.

[Table of Contents](#)

Furthermore, under the *Corporate Income Tax Law of the People's Republic of China* (the "CIT Law"), which became effective on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, the maximum rate for withholding tax imposed on dividend payments from Chinese mainland foreign-invested companies to their overseas investors that are not regarded as "resident" for tax purposes is 20%. The rate was reduced to 10% under the CIT Law Implementing Regulations issued by the State Council. However, a lower withholding tax rate of 5% might be applied if there is a tax treaty between Chinese mainland and the jurisdiction of the foreign holding companies, such as is the case with Hong Kong, and certain requirements specified by tax authorities in the Chinese mainland are satisfied.

Laws and Regulations Related to Employment and Labor Protection

On June 29, 2007, the National People's Congress promulgated the Labor Contract Law, which became effective as of January 1, 2008 and was amended on December 28, 2012. The Labor Contract Law requires employers to provide written contracts to their employees, restricts the use of temporary workers and aims to give employees long-term job security.

Pursuant to the Labor Contract Law, employment contracts lawfully concluded prior to the implementation of the Labor Contract Law and continuing as of the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labor Contract Law but no written employment contract was concluded, a contract must be concluded within one month after its implementation.

On September 18, 2008, the State Council promulgated the *Implementing Regulations for the Labor Contract Law* which came into effect immediately. These regulations interpret and supplement the provisions of the Labor Contract Law.

We have modified our standard employment contract to comply with the requirements of the Labor Contract Law and its implementing regulations. We have entered into written employment contracts with all of our employees.

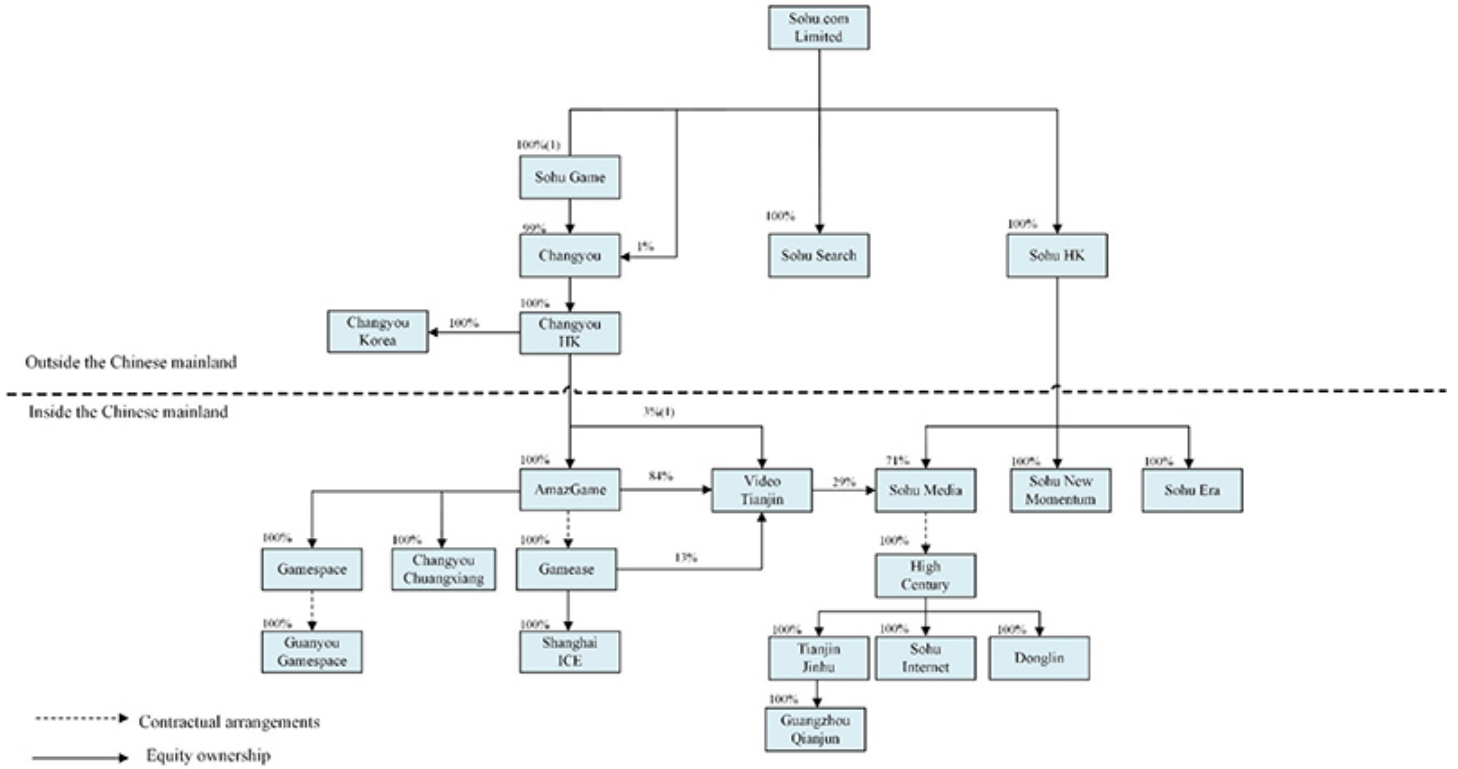
Conclusion

In the opinion of Haiwen, our principal Chinese mainland-based subsidiaries and the principal VIEs are approved to engage in the specific online services (categorized and addressed in the above sections) as described in the respective scopes indicated in the corresponding licenses and/or permits issued to the respective companies.

ORGANIZATIONAL STRUCTURE

The charts below present the principal consolidated entities of Sohu.com Limited, including our consolidated Changyou entities as of the date of the filing of this annual report. Certain intermediate holding companies that are not significant to the Sohu Group have been eliminated.

Organizational Chart



Note(1): holds equity ownership through one or more wholly-owned intermediate holding entities.

Principal Subsidiaries

The following are our principal subsidiaries:

- Sohu.com (Hong Kong) Limited, or Sohu HK, established in 2000;
- Beijing Sohu New Era Information Technology Co., Ltd., or Sohu Era, established in 2003;
- Sohu.com (Search) Limited, or Sohu Search, established in 2005;
- Beijing Sohu New Media Information Technology Co., Ltd., or Sohu Media, established in 2006;
- Changyou.com Limited, or Changyou, established in 2007;
- Changyou.com (HK) Limited, or Changyou HK, established in 2007;
- Beijing AmazGame Age Internet Technology Group Co., Ltd., or AmazGame, established in 2007;
- Sohu.com (Game) Limited, or Sohu Game, established in 2008;
- Beijing Changyou Gamespace Software Technology Co., Ltd., or Gamespace, established in 2009;
- Changyou.com Korea LLC, or Changyou Korea, established in 2010;
- Beijing Sohu New Momentum Information Technology Co., Ltd., or Sohu New Momentum, established in 2010;
- Fox Information Technology (Tianjin) Limited, or Video Tianjin, established in 2011; and
- Beijing Changyou Chuangxiang Software Technology Co., Ltd., or Changyou Chuangxiang, established in 2016.

Principal Variable Interest Entities

As of the date of the filing of this annual report, the following are the principal VIEs in the Chinese mainland that we established, or the contracts with which we succeeded to, to perform value-added telecommunications services, online games, Internet publishing, online news information services, online audiovisual transmission, and certain other business activities in the Chinese mainland, because of the Chinese mainland's legal restrictions on direct foreign investment in and operation of value-added telecommunications businesses, which restrictions are discussed in "Governmental Regulation and Legal Uncertainties - Specific Statutes and Regulations - Regulation of Foreign Direct Investment in Value-Added Telecommunications Companies." We entered into contractual arrangements between the VIEs and our Chinese mainland subsidiaries that govern a substantial portion of our operations, including those of the marketing services business, the online game business and the other business. These entities are consolidated in Sohu's consolidated financial statements, and noncontrolling interest is recognized when applicable. For a discussion of risks related to our VIE arrangements, please see Item 3. Key Information - Risk Factors - Risks Related to Our Corporate Structure "- We depend upon contractual arrangements with the VIEs and/or their shareholders for the success of our business; these contractual arrangements, which provide the basis for us to consolidate such VIEs under U.S. GAAP (ASC 810), may not be as effective in providing us with a controlling financial interest (as defined under U.S. GAAP (ASC 810)) as would ownership of these businesses; and the contracts may be difficult to enforce" and "- A failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them could have an adverse effect on our business and financial condition."

- Beijing Century High-Tech Investment Co., Ltd., or High Century, incorporated in 2001. Dr. Charles Zhang, our Chairman of the Board and Chief Executive Officer, and Wei Li, one of our employees, hold 80% and 20% interests, respectively, in this entity;
- Beijing Sohu Internet Information Service Co., Ltd., or Sohu Internet, incorporated in 2003. High Century holds a 100% interest in this entity;
- Beijing Gamease Age Digital Technology Co., Ltd., or Gamease, incorporated in 2007. High Century holds a 100% interest in this entity;

[Table of Contents](#)

- Beijing Sohu Donglin Advertising Co., Ltd., or Donglin, incorporated in 2010. High Century holds a 100% interest in this entity;
- Beijing Guanyou Gamespace Digital Technology Co., Ltd., or Guanyou Gamespace, incorporated in 2010. Beijing Changyou Star Digital Technology Co., Ltd (“Changyou Star”) holds a 100% interest in Guanyou Gamespace. Dewen Chen, Changyou’s Chief Executive Officer, and Yaobin Wang, one of our employees, hold 50% and 50% interests, respectively, in Changyou Star;
- Shanghai ICE Information Technology Co., Ltd., or Shanghai ICE, which we began consolidating in 2010. Gamease holds a 100% interest in this entity;
- Tianjin Jinhu Culture Development Co., Ltd, or Tianjin Jinhu, incorporated in 2011. High Century holds a 100% interest in this entity;
- Guangzhou Qianjun Network Technology Co., Ltd, or Guangzhou Qianjun, which we began consolidating in 2014. Tianjin Jinhu holds a 100% interest in this entity.

We have extended interest-free loans to the individual nominee shareholders of the VIEs to fund their capital investment in the VIEs. The loans are secured by pledges of the shareholders’ equity interests in the VIEs, and can only be repaid by the shareholders by surrender of those equity interests to us. We have also entered into a series of agreements with the individual shareholders to transfer their equity interests in the VIEs to us when required to do so.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. The discussion in this section contains forward-looking statements that involve risks and uncertainties. As a result of various factors, including those set forth under “Item 3. Key Information-Risk Factors” and elsewhere in this annual report on Form 20-F, our actual future results may be materially different from what we expect.

OVERVIEW

We are a leading Chinese online media platform and game business group providing comprehensive online products and services on PCs and mobile devices in the Chinese mainland. Our businesses are conducted by Sohu and Changyou. Sohu is an online media content and services provider. Through our social features, Sohu also enables users to generate and distribute content, as well as interact with each other on our platform. Changyou is an online game developer and operator. Most of our operations are conducted through our Chinese mainland-based subsidiaries and the VIEs we consolidate under U.S. GAAP (ASC 810).

Starting in 2025, we changed the name of our “brand advertising business,” as described in our annual and other reports previously filed with the SEC, to the “marketing services business.” This change is intended to more accurately reflect the nature of the business, which consists primarily of advertising and other marketing-related services. We have updated the names of related financial measures and disclosures in this annual report (including our consolidated financial statements accompanying this annual report) to align with this updated terminology.

For the year ended December 31, 2025, our total revenues were approximately \$584.3 million, representing a decrease of 2% compared to 2024, and our gross margin increased from 72% to 77%. Our marketing services business generated revenues of \$60.0 million, with an 18% annual decrease, representing 10% of total revenues. Our online game business generated revenues of \$505.7 million, with a 1% annual increase, representing 87% of total revenues. In 2025, our net income from continuing operations was \$394.1 million, compared to a net loss from continuing operations of \$100.2 million in 2024. Diluted net income from continuing operations per share attributable to Sohu.com Limited was \$13.96 in 2025, compared to a diluted net loss from continuing operations per share attributable to Sohu.com Limited of \$3.13 in 2024.

Factors and Trends Affecting our Business

The range of mobile Internet services continues to expand, reflecting a continual shift in user activity from PCs to mobile devices and an increase in the number of Internet users. We have focused our efforts on developing a portfolio of mobile products across our business lines.

For Sohu, during 2025 we continued to refine our flagship Apps and seek to better meet users' needs and enhance user experience by expanding premium content offerings, upgrading technology and algorithms, and integrating resources on our platform. We worked closely with professional media organizations and other content providers on the production of high-quality content. We also encouraged users to generate content, communicate, and distribute content, which not only provided us with abundant content, but also enabled users to build social networks on our platform. We continued to work on a series of science-related live broadcasts, including highly regarded IP, which we believe reinforced our reputation and strengthened our differentiated competitive advantages. In addition, leveraging the synergy of our product matrix, we continued to host a variety of events and activities to further build a vigorous social networking platform, providing users with abundant opportunities for online and offline communications. These activities gained widespread recognition and popularity, improved user engagement, and continually infused a large amount of content and traffic onto our platform. To attract and retain users, we have incurred expenses for content and user acquisition, as well as for promotion of our products and services. We may increase such expenditures in the future. Further, we have continually innovated our content offerings and combined them to customized brand marketing solutions for advertisers through various campaigns, which have generated premium content, gained recognition from both users and advertisers and further consolidated our brand influence and monetization value. The advertising market continued to face uncertainties, which have had, and may continue to have, an adverse impact on our revenues and results of operations.

For Changyou, during 2025, as market competition further intensified and user demands kept evolving, Changyou adhered to its "Top Games" strategy, kept close track of changing market trends and user demand, continued to optimize its development process to improve product success rate and game-development efficiency. Changyou also actively sought to unlock the potential of the Tian Long Ba Bu IP and to expand its international presence. Going forward, Changyou plans to continue to enhance its capabilities in game design and game production; continue to embrace technological advances, such as AI technologies, to improve efficiency and drive innovation; and further invest in team building and talent development. While maintaining its core competitiveness in MMORPGs, Changyou also plans to expand its game portfolio with additional types of card-based RPGs, sports games, casual games, and strategy games.

CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of our financial condition and results of operations relates to our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

We consider an accounting estimate to be critical if:

- the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made; and
- changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

There are other items within our financial statements that require estimation but are not deemed critical, as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

For a detailed discussion of our significant accounting policies and related judgments, please see "Note 2 - Summary of Significant Accounting Policies." You should read the following description of critical accounting estimates in conjunction with our consolidated financial statements and other disclosures included in this annual report.

Goodwill Impairment Assessment for the Sohu Reporting Unit

Nature of estimate: The Sohu segment has only one reporting unit, which is the Sohu reporting unit.

[Table of Contents](#)

We conduct an annual impairment test as of October 1 of each year, or more frequently if events or circumstances indicate an impairment may exist. We conduct impairment tests by quantitatively comparing the fair value of the reporting unit to its carrying value.

Assumptions: The Sohu reporting unit estimated the fair values by using the income approach and the market approach. The income approach considers a number of factors that include expected future cash flows, revenue growth rates, the discount rate, and profitability. The market approach considers earnings multipliers based on market data of comparable companies engaged in a similar business. The fair value determined using the income approach is compared with comparable market data and reconciled, as necessary. The fair value of the Sohu reporting unit also includes cash not required for working capital and the fair value of real estate held by the Sohu reporting unit for the production of rental income. The fair value of real estate owned and leased to others was determined using the income approach, with key assumptions including rental income from existing and expected lease contracts and market yields of comparable real estate. If rental income decreases and/or market yields increase, the fair value of this real estate, as well as the fair value of the Sohu reporting unit, will decrease. The goodwill impairment assessment is sensitive to the estimates related to these factors, and particularly the fair value of the real estate. The market capitalization of the Sohu Group was also considered in determining the reasonableness of estimated fair value.

Based on the annual impairment test conducted as of October 1, 2025, the fair value of the reporting unit was less than its carrying value, indicating that the goodwill was impaired. We recognized a \$37.0 million goodwill impairment loss for the year ended December 31, 2025. The nature of the key assumptions did not change significantly throughout the periods presented.

See “Note 2 - Summary of Significant Accounting Policies” and “Note 13 - Goodwill” of the Notes to Consolidated Financial Statements for more information regarding goodwill.

Expected Credit Losses

Nature of estimate: Accounting Standards Update (ASU) No. 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” requires us to record the full amount of expected credit losses for the life of a financial asset at the time it is originated or acquired, adjusted for subsequent changes in expected lifetime credit losses.

Assumptions: The provision for credit losses is estimated mainly based on past collection experience as well as consideration of current and future economic conditions and changes in our collection trends. We estimate the expected credit losses for financial assets with similar risk characteristics on a pooled basis. The key assumptions used in the process of estimating the provision for credit losses include portfolio composition, loss severity and recoveries, and application of macroeconomic forecasts. The estimate of expected credit losses is sensitive to our assumptions in these factors. When one of our estimates of loss severity and recoveries and macroeconomic forecasts decreased or increased by 5% while holding all other estimates constant, there would be no significant impact to our consolidated results of operations.

The nature of the key assumptions did not change significantly throughout the periods presented.

See “Note 2 - Summary of Significant Accounting Policies” of the Notes to Consolidated Financial Statements for more information regarding expected credit losses.

RESULTS OF OPERATIONS

Revenues

The following table presents our revenues by revenue source and by proportion for the periods indicated (in thousands, except percentages):

	2023		2024		2025		2024 vs 2023		2025 vs 2024	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Incremental ratio	Amount	Incremental ratio
Revenues:										
Marketing services	\$ 88,689	15%	\$ 73,465	12%	\$ 59,972	10%	\$(15,224)	(17)%	\$(13,493)	(18)%
Online games	479,697	80%	502,389	84%	505,738	87%	22,692	5%	3,349	1%
Others	32,286	5%	22,545	4%	18,623	3%	(9,741)	(30)%	(3,922)	(17)%
Total revenues	<u>\$600,672</u>	<u>100%</u>	<u>\$598,399</u>	<u>100%</u>	<u>\$584,333</u>	<u>100%</u>	<u>\$(2,273)</u>	<u>0%</u>	<u>\$(14,066)</u>	<u>(2)%</u>

[Table of Contents](#)

Marketing Services Revenues

Marketing services revenues were \$60.0 million for 2025, compared to \$73.5 million and \$88.7 million, respectively, for 2024 and 2023. The year-on-year reduction in marketing services revenues resulted mainly from changes in the macroeconomic environment, as well as an imbalance between strong supply and weak demand in the Chinese mainland market.

Sohu

Revenues from Sohu were \$56.8 million for 2025, compared to \$69.7 million and \$83.7 million, respectively, for 2024 and 2023. The number of advertisers was 819, 1,059 and 1,493, respectively, for 2025, 2024 and 2023. The average amount spent per advertiser was approximately \$69,000, \$66,000, and \$56,000, respectively, for 2025, 2024 and 2023.

Changyou

Revenues from Changyou's 17173.com Website were \$3.2 million for 2025, compared to \$3.8 million and \$5.0 million, respectively, for 2024 and 2023. The number of advertisers was 69, 62 and 60, respectively, for 2025, 2024 and 2023. The average amount spent per advertiser was approximately \$46,000, \$61,000 and \$83,000, respectively, for 2025, 2024 and 2023.

Other information

Sales to our five largest advertising agencies and advertisers comprised approximately 24% of total marketing services revenues for 2025, compared to 24% and 28%, respectively, for 2024 and 2023. As of December 31, 2025, 2024 and 2023, we recorded \$2.5 million, \$2.1 million and \$2.7 million, respectively, of receipts in advance from advertisers. As of December 31, 2025, we had obligations to provide, and advertisers had obligations to purchase, marketing services under existing contracts in the amount of \$9.3 million that are required to be provided during the year ending December 31, 2026.

Online Game Revenues

Revenues from the online game business were \$505.7 million for 2025, compared to \$502.4 million and \$479.7 million, respectively, for 2024 and 2023.

Revenues from PC games were \$412.7 million for 2025, compared to \$359.3 million and \$368.7 million, respectively, for 2024 and 2023, representing 82%, 72% and 77%, respectively, of Changyou's online game revenues for the corresponding years. The dominant PC game operated by Changyou is TLBB PC. In 2025, TLBB PC generated revenues of \$306.9 million, accounting for approximately 61% of Changyou's online game revenues, approximately 60% of Changyou's total revenues, and approximately 53% of the Sohu Group's total revenues. The year-on-year increase in PC game revenues for 2025 was \$53.4 million, mainly due to the revenue contribution from TLBB: Return, a new game that Changyou launched in 2025.

Revenues from mobile games were \$93.0 million for 2025, compared to \$143.1 million and \$111.0 million, respectively, for 2024 and 2023. The dominant mobile game operated by Changyou was Legacy TLBB Mobile. In 2025, the mobile game Legacy TLBB Mobile generated revenues of \$41.4 million, accounting for approximately 8% of Changyou's online game revenues, approximately 8% of Changyou's total revenues, and approximately 7% of the Sohu Group's total revenues. The year-on-year decrease in mobile game revenues for 2025 was \$50.1 million, mainly due to a natural decline in Changyou's older games.

The following table sets forth certain operating data for Changyou's PC games and mobile games for the periods indicated:

Average Monthly Active Accounts (1) (in millions)	Three Months Ended March 31		Three Months Ended June 30		Three Months Ended September 30		Three Months Ended December 31	
	PC games	Mobile games	PC games	Mobile games	PC games	Mobile games	PC games	Mobile games
2023	2.2	1.6	2.2	1.3	2.2	2.3	2.3	1.7
2024	2.3	2.8	2.2	4.9	2.2	3.2	2.3	2.6
2025	2.3	2.1	2.3	1.9	2.7	1.9	2.8	1.9

[Table of Contents](#)

Quarterly Aggregate Active Paying Accounts (2) (in millions)	Three Months Ended March 31		Three Months Ended June 30		Three Months Ended September 30		Three Months Ended December 31	
	PC games	Mobile games	PC games	Mobile games	PC games	Mobile games	PC games	Mobile games
2023	0.9	0.3	0.9	0.3	1.0	0.5	0.9	0.3
2024	0.9	0.3	0.9	1.1	0.9	1.1	1.0	0.4
2025	1.0	0.4	0.9	0.3	1.1	0.3	1.1	0.3

- (1) Average Monthly Active Accounts for a given period refers to the number of registered accounts that were logged in to these games at least once during the period.
- (2) Quarterly Aggregate Active Paying Accounts for a given quarter refers to the number of accounts from which game points are used at least once during the quarter.

Other Revenues

Revenues from other services were \$18.6 million for 2025, compared to \$22.5 million and \$32.3 million, respectively, for 2024 and 2023. The year-on-year decrease for 2025 was \$3.9 million, which was mainly attributable to a \$1.3 million decrease in revenue from paid subscription services, and a \$1.1 million decrease in interactive broadcasting services. The year-on-year decrease for 2024 was \$9.8 million, which was mainly attributable to a \$7.1 million decrease in revenue from paid subscription services, and a \$1.2 million decrease in revenue sharing from other platforms.

[Table of Contents](#)**Costs and Expenses****Cost of Revenues**

The following table presents our cost of revenues by source and by proportion for the periods indicated (in thousands, except percentages):

	2023		2024		2025		2024 vs 2023		2025 vs 2024	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Incremental ratio	Amount	Incremental ratio
Cost of revenues:										
Marketing services	\$ 71,103	48%	\$ 66,579	40%	\$ 53,451	41%	\$ (4,524)	(6)%	\$ (13,128)	(20)%
Online games	65,029	45%	88,495	53%	71,804	54%	23,466	36%	(16,691)	(19)%
Others	9,625	7%	10,759	7%	6,234	5%	1,134	12%	(4,525)	(42)%
Total cost of revenues	<u>\$145,757</u>	<u>100%</u>	<u>\$165,833</u>	<u>100%</u>	<u>\$131,489</u>	<u>100%</u>	<u>\$20,076</u>	<u>14%</u>	<u>\$(34,344)</u>	<u>(21)%</u>

[Table of Contents](#)

Cost of Marketing Services Revenues

Cost of marketing services revenues was \$53.5 million for 2025, compared to \$66.6 million and \$71.1 million, respectively, for 2024 and 2023.

The year-on-year decrease for 2025 was \$13.1 million, which mainly consisted of a \$9.4 million decrease in salary and benefits expenses, and a \$3.2 million decrease in content and license costs.

The year-on-year decrease for 2024 was \$4.5 million, which mainly consisted of a \$2.4 million decrease in bandwidth service costs, a \$1.1 million decrease in costs incurred for content marketing campaigns, and a \$1.1 million decrease in salary and benefits expenses.

Our marketing services gross margin was 11% for 2025, compared to 9% and 20%, respectively, for 2024 and 2023.

Cost of Online Game Revenues

Cost of online game revenues was \$71.8 million for 2025, compared to \$88.5 million and \$65.0 million, respectively, for 2024 and 2023.

The year-on-year decrease in cost of online game revenues for 2025 was \$16.7 million. The decrease included a \$12.3 million decrease in revenue-sharing payments to licensors, game developers, and third-party Internet platforms, a \$2.9 million decrease in salary and benefits expenses, and a \$1.5 million decrease in bandwidth service costs.

The year-on-year increase in cost of online game revenues for 2024 was \$23.5 million. The increase included a \$20.6 million increase in revenue-sharing payments to licensors, game developers, and third-party Internet platforms, and a \$1.8 million increase in bandwidth service costs.

Our online game gross margin was 86% for 2025, compared to 82% and 86%, respectively, for 2024 and 2023.

Cost of Other Revenues

Cost of other revenues was \$6.2 million for 2025, compared to \$10.8 million and \$9.6 million, respectively, for 2024 and 2023. The year-on-year decrease for 2025 was \$4.6 million, which was mainly due to a \$6.6 million decrease in content and license costs related to paid subscription services, and a \$0.9 million decrease in revenue-sharing payments related to interactive broadcasting services, offset by a \$3.2 million increase in revenue-sharing payments related to payment channels. The year-on-year increase for 2024 was \$1.2 million, which was mainly due to a \$3.3 million increase in content and license costs related to paid subscription services, offset by a \$1.8 million decrease in revenue-sharing payments related to payment channels.

[Table of Contents](#)**Operating Expenses**

The following table presents our operating expenses by nature and by proportion for the periods indicated (in thousands, except percentages):

	Year ended December 31,									
	2023		2024		2025		2024 vs 2023		2025 vs 2024	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Incremental ratio	Amount	Incremental ratio
Operating expenses:										
Product development	\$ 279,842	52%	\$ 255,233	47%	\$ 247,507	45%	\$ (24,609)	(9)%	\$ (7,726)	(3)%
Sales and marketing	213,449	39%	235,824	44%	188,989	35%	22,375	10%	(46,835)	(20)%
General and administrative	48,934	9%	50,910	9%	73,198	13%	1,976	4%	22,288	44%
Goodwill impairment	0	0%	0	0%	36,955	7%	0	0%	36,955	100%
Total operating expenses	<u>\$ 542,225</u>	<u>100%</u>	<u>\$ 541,967</u>	<u>100%</u>	<u>\$ 546,649</u>	<u>100%</u>	<u>\$ (258)</u>	<u>0%</u>	<u>\$ 4,682</u>	<u>1%</u>

[Table of Contents](#)

Product Development Expenses

Product development expenses were \$247.5 million for 2025, compared to \$255.2 million and \$279.8 million, respectively, for 2024 and 2023.

The year-on-year decrease for 2025 was \$7.7 million, representing a year-on-year decrease of 3%. The decrease mainly consisted of an \$8.9 million decrease in content and license costs, offset by a \$1.5 million increase in professional fees.

The year-on-year decrease for 2024 was \$24.6 million, representing a year-on-year decrease of 9%. The decrease mainly consisted of an \$8.5 million decrease in content and license costs, a \$5.5 million decrease in bad debt expenses, a \$4.9 million decrease in salary and benefits expenses, a \$2.1 million decrease in depreciation and amortization expenses, and a \$1.8 million decrease in bandwidth service expenses.

Sales and Marketing Expenses

Sales and marketing expenses were \$189.0 million for 2025, compared to \$235.8 million and \$213.4 million, respectively, for 2024 and 2023.

The year-on-year decrease for 2025 was \$46.8 million, representing a year-on-year decrease of 20%. The decrease mainly consisted of a \$40.4 million decrease in advertising and promotional expenses, and a \$5.7 million decrease in salary and benefits expenses.

The year-on-year increase for 2024 was \$22.4 million, representing a year-on-year increase of 10%. The increase mainly consisted of a \$28.1 million increase in advertising and promotional expenses, offset by a \$3.2 million decrease in salary and benefits expenses, and a \$2.1 million decrease in professional fees.

General and Administrative Expenses

General and administrative expenses were \$73.2 million for 2025, compared to \$50.9 million and \$48.9 million, respectively, for 2024 and 2023.

The year-on-year increase for 2025 was \$22.3 million, representing a year-on-year increase of 44%. The increase consisted of a \$13.4 million increase in expenses related to legal proceedings and professional fees, and a \$7.8 million increase in salary and benefits expenses.

The year-on-year increase for 2024 was \$2.0 million, representing a year-on-year increase of 4%. The increase mainly consisted of a \$1.7 million increase in bad debts expense.

Goodwill Impairment

In 2025, we recognized a \$37.0 million goodwill impairment loss associated with the Sohu reporting unit, which was mainly driven by a decline in the fair value of real estate held by the Sohu reporting unit for the production of rental income. In 2024 and 2023, there was no goodwill impairment. See “Note 13 - Goodwill” of the Notes to Consolidated Financial Statements for more information.

[Table of Contents](#)

Share-based Compensation Expense

Share-based compensation expense was recognized in costs and expenses for the years ended December 31, 2023, 2024 and 2025 as follows (in thousands):

Share-based compensation expense	Year Ended December 31,		
	2023	2024	2025
Cost of revenues	\$ 17	\$ 1	\$ 0
Product development expenses	156	19	0
Sales and marketing expenses	26	22	6
General and administrative expenses	509	(72)	1,493
	<u>\$ 708</u>	<u>\$ (30)</u>	<u>\$ 1,499</u>

Share-based compensation expense was recognized for share-based awards of Sohu and Changyou for the years ended December 31, 2023, 2024 and 2025 as follows (in thousands):

Share-based compensation expense	Year Ended December 31,		
	2023	2024	2025
For Sohu share-based awards	\$ 96	\$ 73	\$ 6
For Changyou share-based awards	612	(103)	1,493
	<u>\$ 96</u>	<u>\$ (30)</u>	<u>\$ 1,499</u>

There was no capitalized share-based compensation expense for the years ended December 31, 2023, 2024 and 2025.

Operating Profit/(Loss)

We had an operating loss of \$93.8 million for 2025, compared to operating loss of \$109.4 million and \$87.3 million, respectively, for 2024 and 2023.

Other Income/(Expense)

Other income was \$16.6 million for 2025, compared to \$22.1 million and \$35.7 million, respectively, for 2024 and 2023.

Interest Income

Interest income was \$29.1 million for 2025, compared to \$38.6 million and \$45.2 million, respectively, for 2024 and 2023.

Income Tax Expense/(Benefit)

Income tax benefit was \$443.6 million for 2025, compared to income tax expense of \$52.1 million and \$60.4 million, respectively, for 2024 and 2023.

The difference in income tax benefit for 2025 compared to income tax expense for 2024 was \$495.7 million, which mainly consisted of (i) a \$290.4 million decrease in deferred tax expense resulting primarily from the full reversal, upon a change in the Sohu Group's dividend policy for Changyou, of a withholding income tax that had previously been recorded in relation to that policy and (ii) a \$214.3 million decrease in U.S. corporate income tax, resulting primarily from recognition of a tax benefit related to the Toll Charge of \$199 million, offset by (iii) accrued regular income tax expense of \$6.8 million. Also see "Note 15 - Taxation - Income Tax - Treatment of Toll Charge Related to the U.S. TCJA" and "- Chinese Mainland Withholding Income Tax on Dividends" of the Notes to Consolidated Financial Statements for more information.

The difference in income tax expense for 2024 compared to 2023 resulted primarily from deferred tax expenses of \$6.7 million, accrued regular income tax expense of \$4.3 million, offset by \$2.5 million for U.S. corporate income tax, resulting primarily from accrued interest on an unrecognized tax benefit.

Net Income/(Loss)

As a result of the foregoing, we had net income from continuing operations of \$394.1 million for 2025, compared to a net loss of \$100.2 million and \$66.1 million, respectively, for 2024 and 2023.

We had net income from discontinued operations of nil for 2025, compared to net income of nil and \$35.4 million, respectively, for 2024 and 2023.

[Table of Contents](#)

Net Income/(loss) Attributable to Noncontrolling Interest

Our net loss from continuing operations attributable to noncontrolling interest was \$9,000 for 2025, compared to net income from continuing operations attributable to noncontrolling interest of \$31,000, and a net loss attributable to noncontrolling interest of \$265,000, respectively, for 2024 and 2023.

Net income/(Loss) attributable to Sohu.com Limited

As a result of the foregoing, we had net income from continuing operations of \$394.1 million attributable to Sohu.com Limited for 2025, compared to a net loss of \$100.3 million and \$65.8 million attributable to Sohu.com Limited, respectively, for 2024 and 2023.

We had net income from discontinued operations of nil attributable to Sohu.com Limited for 2025, compared to net income of nil and \$35.4 million attributable to Sohu.com Limited, respectively, for 2024 and 2023.

LIQUIDITY AND CAPITAL RESOURCES

Resources Analysis

Liquidity Sources and Balances

Our principal sources of liquidity are cash and cash equivalents, short-term investments, long-term time deposits, and cash flows generated from operations. Cash equivalents mainly consist of time deposits with original maturities of three months or less, and notice deposits. Short-term investments mainly consist of investments in financial instruments with a variable interest rate and time deposits with maturities of three months to one year. Long-term time deposits consist of time deposits with maturities over one year.

As of December 31, 2025, we had cash and cash equivalents of approximately \$128.3 million, short-term investments of \$702.4 million, and long-term time deposits of \$350.7 million. Of our cash and cash equivalents, \$55.6 million was held in financial institutions inside the Chinese mainland and \$72.7 million was held in financial institutions outside of the Chinese mainland. Of the cash and cash equivalents held in financial institutions inside the Chinese mainland, \$14.4 million was held by VIEs and \$41.2 million was held by our Chinese mainland-based subsidiaries.

We believe our current liquidity and capital resources are sufficient to meet anticipated working capital needs, commitments, capital expenditures, and investment activities for at least the next twelve months. We may, however, require additional cash resources due to changes in business conditions and other future developments, or changes in general economic conditions.

See “Item 3. Key Information - Risk Factors - Risks Related to the Chinese Mainland’s Regulatory Environment - Restrictions on currency exchange may limit our ability to use our revenues effectively,” “- Sohu.com Limited and our other Offshore entities may not be able to obtain cash from dividends distributed by our Chinese mainland-based subsidiaries because such subsidiaries and VIEs located in the Chinese mainland are subject to restrictions imposed by Chinese mainland law on paying such dividends and making other payments.” See also “Restrictions and Limitations on Cash Available to Sohu.com Limited” below and Item 11 “Quantitative and Qualitative Disclosures About Market Risk - Foreign Currency Exchange Rate Risk.”

[Table of Contents](#)

Cash Generating Ability

Our cash flows were summarized below (in thousands):

	Year Ended December 31,		
	2023	2024	2025
Net cash used in continuing operating activities	\$ (25,567)	\$ (48,018)	\$ (4,762)
Net cash used in operating activities	(25,567)	(48,018)	(4,762)
Net cash provided by/(used in) continuing investing activities	(291,665)	(113,360)	24,843
Net cash provided by/(used in) investing activities	(291,665)	(113,360)	24,843
Net cash used in continuing financing activities	(6,560)	(40,875)	(54,077)
Net cash used in financing activities	(6,560)	(40,875)	(54,077)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(11,982)	(3,508)	2,377
Net decrease in cash, cash equivalents and restricted cash	(335,774)	(205,761)	(31,619)
Cash, cash equivalents and restricted cash at beginning of period	701,462	365,688	159,927
Cash, cash equivalents and restricted cash at end of period	\$ 365,688	\$ 159,927	\$ 128,308
Cash, cash equivalents and restricted cash of continuing operations, end of year	<u>365,688</u>	<u>159,927</u>	<u>128,308</u>

Net Cash Used in Operating Activities

For 2025, \$4.8 million net cash used in continuing operating activities was primarily attributable to our net income of \$394.1 million, adjusted by (i) the add back of non-cash items consisting of \$37.0 million of goodwill impairment, \$25.0 million of depreciation and amortization expenses, \$3.9 million of change in fair value of financial instruments, \$1.5 million of share-based compensation expense, and \$0.9 million of allowance for credit losses, (ii) offset by \$271.8 million of deferred income tax benefit resulting primarily from a reversal of withholding income tax expense related to Changyou, \$0.6 million of disposal of fixed assets, and \$0.5 million of investment income from long-term investments. The decrease in cash from \$194.2 million in working capital items, resulting primarily from a reversal of income tax expense of \$199.0 million related to the Toll Charge (as defined and discussed in the Notes to Consolidated Financial Statements included elsewhere in this annual report), is also included in operating cash flow.

For 2024, \$48.0 million net cash used in continuing operating activities was primarily attributable to our net loss of \$100.2 million, adjusted by (i) the add back of non-cash items consisting of \$24.7 million of depreciation and amortization expenses, \$1.3 million of allowance for credit losses, \$0.9 million of impairment of other intangible assets and other assets, and \$0.3 million of investment income from long-term investments, (ii) offset by \$4.9 million of change in fair value of financial instruments, and \$0.3 million from disposal of fixed assets. The increase in cash from \$30.3 million in working capital items is also included in operating cash flow.

For 2023, \$25.6 million net cash used in continuing operation activities was primarily attributable to our net loss of \$66.1 million, adjusted by (i) the add back of non-cash items consisting of \$30.2 million of depreciation and amortization expenses, \$5.8 million of impairment of other intangible assets and other assets, \$0.7 million of share-based compensation expense, and \$0.3 million of impairment of long-term investments, (ii) offset by \$1.1 million of investment income from long-term investments, \$0.5 million from disposal of fixed assets, \$0.3 million of allowance for credit losses, and \$0.2 million of change in fair value of financial instruments. The increase in cash from \$5.6 million in working capital items is also included in operating cash flow.

Net Cash Provided by/(Used in) Investing Activities

For 2025, \$24.8 million net cash provided by continuing investing activities was primarily attributable to (i) \$1.86 billion in proceeds from short-term investments and time deposits, and \$0.9 million in cash received from other investing activities, offset by (ii) \$1.83 billion used in the purchase of short-term investments and time deposits, and \$9.7 million used in the purchase of fixed assets and intangible assets.

For 2024, \$113.4 million net cash used in continuing investing activities was primarily attributable to (i) \$1.94 billion used in the purchase of short-term investments and time deposits, and \$19.9 million used in the purchase of fixed assets and intangible assets, offset by (ii) \$1.83 billion in proceeds from short-term investments and time deposits, and \$0.6 million cash received from other investing activities.

For 2023, \$291.7 million net cash used in continuing investing activities was primarily attributable to (i) \$1.80 billion used in purchase of short-term investments and time deposits, \$22.1 million used in the purchase of long-term investment, and \$18.4 million used in purchase of fixed assets and intangible assets, offset by (ii) \$1.54 billion in proceeds from short-term investments and time deposits, and \$3.6 million cash received from other investing activities.

[Table of Contents](#)

Net Cash Used in Financing Activities

For 2025, \$54.1 million net cash used in continuing financing activities was used in the repurchase of shares.

For 2024, \$40.9 million net cash used in continuing financing activities was used in the repurchase of shares.

For 2023, \$6.6 million net cash used in continuing financing activities was used in the repurchase of shares.

Restrictions and Limitations on Cash Available to Sohu.com Limited

Sohu.com Limited is a holding company with no operating assets other than investments in the Chinese mainland-based operating entities through our intermediate Offshore holding companies. Substantially all of our operations are conducted through our indirect Chinese mainland-based subsidiaries and the VIEs that we consolidate under U.S. GAAP (ASC 810).

Sohu.com Limited and our other Offshore entities may need to rely on dividends and other distributions on equity paid by Chinese mainland-based subsidiaries to fund any cash requirements those Offshore entities may have. The ability of Sohu.com Limited's direct subsidiaries to receive dividends and distributions from our Chinese mainland-based subsidiaries and the VIEs, and the amount of cash available for distribution to, and use by, Sohu.com Limited, are subject to certain restrictions and limitations related to Chinese mainland law and our subsidiary and VIE structure. We do not expect any of such restrictions or limitations to have a material impact on our ability to meet our cash obligations.

Chinese Mainland Regulations Related to Profit Appropriation, Withholding Tax on Dividends and Foreign Currency Exchange

Regulations of the Chinese mainland currently permit payment of dividends of a Chinese mainland company only out of accumulated profits as determined in accordance with accounting standards and regulations in the Chinese mainland. Our Chinese mainland-based subsidiaries are also required to set aside each year to their general reserves at least 10% of their after-tax profit based on Chinese mainland accounting standards, until the cumulative amount reaches 50% of their paid-in capital. These reserves may not be distributed as cash dividends, or as loans or advances. Our Chinese mainland-based subsidiaries may also allocate a portion of their after-tax profits, at the discretion of their Boards of Directors, to their staff welfare and bonus funds. Any amounts so allocated would not be available for distribution to Sohu.com Limited or our other Offshore entities.

The CIT Law imposes a 10% withholding income tax for dividends distributed by FIEs in the Chinese mainland to their immediate holding companies outside the Chinese mainland. A lower withholding tax rate will be applied if there is a tax treaty arrangement between the Chinese mainland and the jurisdiction of the foreign holding company. A holding company in Hong Kong, for example, will be subject to a 5% withholding tax rate under the Chinese mainland-HK Tax Arrangement if such holding company is considered a non-Chinese mainland resident enterprise and holds at least 25% of the equity interests in the Chinese mainland FIE distributing the dividends, subject to approval of the local tax authority in the Chinese mainland. However, if the Hong Kong holding company is not considered to be the beneficial owner of such dividends under applicable Chinese mainland tax regulations, such dividend will remain subject to withholding tax at a rate of 10%.

Under regulations of the SAFE, the RMB is not convertible into foreign currencies for capital account items, such as loans, repatriation of investments and investments outside of the Chinese mainland, unless prior approval of the SAFE is obtained and prior registration with the SAFE is made.

[Table of Contents](#)

Chinese Mainland Restrictions Related to the VIE Structure

A significant portion of our operations is conducted through VIEs, which generate a significant amount of our revenues. As of December 31, 2025, none of the VIEs that we consolidate in our financial statements under U.S. GAAP (ASC 810) held significant cash balances. However, such VIEs have in the past, and may again in the future, hold significant cash balances. As the VIEs are not owned by our Chinese mainland-based subsidiaries or any of our subsidiaries outside of the Chinese mainland, they are not able to make dividend payments to those subsidiaries. Therefore, in order for Sohu.com Limited or our subsidiaries outside of the Chinese mainland to receive any dividends, loans, or advances from our Chinese mainland-based subsidiaries, in some cases we may need to rely on payments made by the VIEs to our Chinese mainland-based subsidiaries pursuant to service contracts between them. Depending on the nature of services provided by our Chinese mainland-based subsidiaries to the corresponding VIEs, certain of these payments will be subject to Chinese mainland taxes, such as VAT, which will effectively reduce the amount that our Chinese mainland-based subsidiaries receive from the corresponding VIEs. In addition, regulatory authorities in the Chinese mainland could impose restrictions on such payments or change the tax rates applicable to such payments.

Capital Expenditures

Our capital expenditures include the purchase of fixed assets, intangible assets and other assets. Our capital expenditures were \$9.7 million, \$19.9 million, and \$18.4 million, respectively, for the years ended December 31, 2025, 2024 and 2023.

CONTRACTUAL OBLIGATIONS

The following table sets forth our contractual obligations as of December 31, 2025 (in thousands):

	2026	2027	2028	2029	2030	Thereafter	Total
Purchase of content and services	8,558	690	5	0	0	0	9,253
Operating lease obligations	4,381	411	65	0	0	0	4,857
Purchase of bandwidth	4,756	0	0	0	0	0	4,756
Royalties and expenditures for licensed content of games	\$ 1,423	712	1,067	0	0	0	3,202
Others	188	60	0	0	0	0	248
Total Payments Required	<u>\$19,306</u>	<u>1,873</u>	<u>1,137</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,316</u>

OTHER LONG-TERM LIABILITIES

We recorded long-term tax liabilities of \$13.1 million related to certain business transactions that took place in previous years and management determined may result in additional tax obligations under relevant tax rules. See “Note 15 - Taxation” of the Notes to Consolidated Financial Statements for more information.

At this time, we are unable to make a reasonably reliable estimate of the timing of payments of long-term liabilities in individual years beyond 12 months due to uncertainties in the timing of the tax impact of the transactions. As a result, this amount is not included in the table above.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. We are not subject to any additional potential payments. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or product development services with us.

IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Income Taxes (Topic 740). In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740)-Improvements to Income Tax Disclosures*. ASU No. 2023-09 requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The adoption of this standard did not have a material impact on our consolidated financial statements.

Other accounting standards that we adopted beginning January 1, 2025 did not have a significant impact on our consolidated financial statements.

IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

Income Statement (Topic 220). In November 2024, the FASB issued ASU No. 2024-03, *Income Statement (Topic 220)-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)*, which was subsequently amended with ASU No. 2025-01 to clarify the effective date. ASU No. 2024-03 requires publicly-traded business entities to disclose specified information about the components of certain costs and expenses that are currently disclosed in financial statements. The guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. We do not expect to adopt ASU No. 2024-03 early and we are currently evaluating the impact of adopting this standard on our consolidated financial statements.

Financial Instruments - Credit Losses (Topic 326). In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments - Credit Losses (Topic 326)*. ASU No. 2025-05 provides all entities with a practical expedient and entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The guidance is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted. We do not expect to adopt ASU No. 2025-05 early and we are currently evaluating the impact of adopting this standard on our consolidated financial statements.

Intangibles (Topic 350). In July 2025, the FASB issued ASU No. 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)*. ASU No. 2025-06 modernizes the accounting for internal-use software to reflect current development practices, clarifies when to begin capitalizing costs, and enhances disclosure requirements. The guidance is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted. We do not expect to adopt ASU No. 2025-06 early and we are currently evaluating the impact of adopting this standard on our consolidated financial statements.

Government Grants (Topic 832). In December 2025, the FASB issued ASU No. 2025-10, *Government Grants (Topic 832)*. ASU No. 2025-10 establishes guidance on the recognition, measurement, and presentation of government grants received by business entities. The guidance is effective for annual reporting periods beginning after December 15, 2029, and interim reporting periods within those annual reporting periods. Early adoption is permitted. We do not expect to adopt ASU No. 2025-10 early and we are currently evaluating the impact of adopting this standard on our consolidated financial statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**Directors and Senior Management**

The following table sets forth information regarding our directors and executive officers as of the date of the filing of this annual report. The business address of each of our directors and executive officers is Sohu.com Media Plaza, Block 3, No. 2 Kexueyuan South Road, Haidian District, Beijing 100190, People's Republic of China.

<u>Directors and Executive Officers</u>	<u>Age</u>	<u>Position</u>
Charles Zhang	61	Chairman of the Board and Chief Executive Officer
Dewen Chen	50	Chief Executive Officer of Changyou
Joanna Lv	55	Chief Financial Officer
Charles Huang	56	Director
Zhonghan Deng ^{(1) (2) (3)}	58	Independent Director
Dave De Yang ⁽¹⁾	60	Independent Director
Dave Qi ^{(1) (2) (3)}	62	Independent Director
Shi Wang ⁽³⁾	75	Independent Director

(1) Member of the Audit Committee of our Board of Directors.

(2) Member of the Compensation Committee of our Board of Directors.

(3) Member of the Nominating Committee of our Board of Directors.

Table of Contents

Dr. Charles Zhang is our founder and has been Chairman of our Board of Directors and Chief Executive Officer since August 1996. Dr. Charles Zhang also served as our President from August 1996 to July 2004. Prior to founding Sohu, Dr. Charles Zhang worked for Internet Securities Inc. and helped to establish its China operations. Prior to that, Dr. Charles Zhang worked as the liaison officer with China for the Massachusetts Institute of Technology (“MIT”). Dr. Charles Zhang was the Chairman of the Board of Changyou prior to the completion of the Changyou Merger. Dr. Charles Zhang has a Ph.D. in experimental physics from MIT and a Bachelor of Science degree from Tsinghua University.

Dewen Chen is the Chief Executive Officer of Changyou and was one of the principal founders of Changyou’s online game business. Mr. Chen was named as one of our executive officers effective November 1, 2016. Mr. Chen joined us in 2005 as a business manager, responsible for building a sales team for game products. Beginning in May 2006, Mr. Chen was in charge of the overall marketing, promotion, sales and channel distribution of our game products. Prior to Changyou’s carve-out from us in 2007, Mr. Chen was the Director of Marketing & Operations of our online game business. From April 2000 until he joined us in 2005, Mr. Chen worked at Shanghai Hua Teng Software System Co. Ltd. as a pre-sale technology consultant and sales manager. Prior to that, Mr. Chen worked with Fujian Shi Da Computer Group as a software engineer and project manager, and later as the Director of the Technology Department of the Shanghai branch office. Mr. Dewen Chen received a bachelor’s degree in computer engineering from Xi’an Jiaotong University.

Joanna Lv has been our Chief Financial Officer since January 27, 2018. Ms. Lv joined us in August 2000. From July 31, 2016 to January 26, 2018, Ms. Lv was our Acting Chief Financial Officer. Prior to July 31, 2016, Ms. Lv was our Senior Finance Director, in charge of day-to-day finance operations, including financial reporting, budget planning and treasury. Ms. Lv brings extensive experience in financial management and has been involved in multiple strategic financial projects for us. Ms. Lv received a bachelor’s degree in economics from the Capital University of Economics and Business in Beijing and an EMBA degree from Tsinghua University.

Mr. Charles Huang is the Founder, Chief Executive Officer and Chairman of Netbig Education Holdings Ltd. (“Netbig”). Prior to founding Netbig in 1999, Mr. Huang served as Executive Director and Head of the Asia Securitization Group of Deutsche Bank, New York and Hong Kong, as well as a Senior Vice President of Prudential Securities Inc., New York. Mr. Huang is also a Chartered Financial Analyst, and serves as director of ZTO Express (Cayman) Inc. (New York Stock Exchange). Mr. Huang holds a Master of Science degree in computer science from MIT.

Dr. Zhonghan Deng is the Chief Scientist of Vimicro International Corporation, which he co-founded in 1999. Dr. Zhonghan Deng also worked as a research scientist for International Business Machines Corporation at the T.J. Watson Research Center in Yorktown Heights, New York. Dr. Deng received a Ph.D. in electrical engineering and computer sciences, a Master of Science degree in economics and a Master of Science degree in physics from the University of California, Berkeley.

Dave De Yang has served as the Chief Financial Officer and a Partner of Dalton International, an investment firm based in Chicago, since 2017. From 2012 through 2016, Mr. Yang served as Chief Financial Officer for the North Asia region, including the Chinese mainland, Hong Kong, Taiwan, Japan, and South Korea, of Reckitt Benckiser, a London-based company that is listed on the London Stock Exchange and is included in the FTSE 100 Index. Prior to joining Reckitt Benckiser, Mr. Yang worked for McDonald’s Corporation as a senior financial director, including an international assignment as the Corporate Controller of McDonald’s China division for three and half years. Prior to that role, he served as acting controller of McDonald’s India and Indonesia divisions and as a senior director of McDonald’s Corporation in the Asia Pacific, Middle East and Africa division, where he oversaw the development and supervision of financial strategy and policy. Prior to joining McDonald’s Corporation, Mr. Yang worked in the U.S. business unit of Ernst & Young LLP for seven years in various positions, including as a group manager. During Mr. Yang’s tenure at Ernst & Young LLP, he focused on business risk management consultation, corporate M&A, restructuring of corporate internal management processes, internal audits, risk assessment, control system designs, and auditing of corporate financial statements, primarily for Fortune 500 companies. Mr. Yang was a member of the Board of Directors and of the Audit Committee of Changyou prior to the completion of the Changyou Merger. Mr. Yang has a Master of Business Administration degree from the City University of New York, a master’s degree in management and engineering from the Graduate School of the Chinese Academy of Sciences in Beijing, and a bachelor’s degree in physics from the University of Science and Technology of China. Mr. Yang is a member of the U.S. Institute of Certified Internal Auditors, the Institute of Certified Public Accountants and the Institute of Certified Management Accountants.

Table of Contents

Dr. Dave Qi is a Professor of Accounting and the former Associate Dean of the Cheung Kong Graduate School of Business. He began teaching at the Cheung Kong Graduate School of Business in 2002 and was the founding Director of the Executive MBA program. Before joining the Cheung Kong Graduate School of Business, Dr. Dave Qi was an Associate Professor at the School of Accounting of the Chinese University of Hong Kong. Dr. Dave Qi has published many articles and research essays on accounting, financial reporting, capital market and other related topics. Dr. Dave Qi also serves as director of the following public companies: Bison Finance Group Limited (Hong Kong Stock Exchange), CTV Golden Bridge International Media Co., LTD. (Hong Kong Stock Exchange), Momo Inc. (Nasdaq), Yunfeng Financial Group Limited (formerly Reorient Group Limited) (Hong Kong Stock Exchange) and Haidilao International Holding Ltd. (Hong Kong Stock Exchange). In addition, Dr. Dave Qi serves as Chairman of the Audit Committee of each of Bison Finance Group Limited, CTV Golden Bridge International Media Co., LTD., and Haidilao International Holding Ltd., and as a member of the Audit Committee of each of Momo Inc., and Yunfeng Financial Group Limited. Dr. Qi has a Ph.D. in accounting from the Eli Broad Graduate School of Management of Michigan State University, a Master of Business Administration from the University of Hawaii at Manoa and a Bachelor of Science and a Bachelor of Arts degree from Fudan University. Dr. Dave Qi is currently a member of the American Accounting Association.

Mr. Shi Wang is the Honorary Chairman of the Board of Directors of Vanke, of which he also served as General Manager from 1991 to 1999. In 1984 Mr. Shi Wang founded the Shenzhen Exhibition Center of Modern Science and Education Equipment, which is the predecessor of Vanke. Mr. Shi Wang is the Executive Manager of the China Real Estate Association and is Deputy Director of the City Housing Development Council of the China Real Estate Association. Mr. Shi Wang also serves as the Chairman of the Board of Directors of Destone Acquisition Corp.

Board of Directors

Our Board of Directors currently consists of six directors and is divided into two classes consisting of three directors each, with one class of directors being elected by the holders of our ordinary shares at each annual general meeting of shareholders and holding office for staggered two-year terms, with the term of one of the classes expiring at each annual general meeting. Our directors currently consist of Dr. Charles Zhang, Zhonghan Deng, and Dave De Yang, whose terms will expire at our 2026 annual general meeting of shareholders, and Charles Huang, Dave Qi, and Shi Wang, whose terms will expire at our 2027 annual meeting of shareholders. A director is not required to hold any shares in our company by way of qualification. A director may vote with respect to any contract, proposed contract, or arrangement in which he is materially interested, provided the nature of such interest is disclosed prior to any vote thereon.

Committees of the Board of Directors

Audit Committee

The members of our Audit Committee currently are Dr. Dave Qi, Dr. Zhonghan Deng and Mr. Dave De Yang, who are each independent as that term is defined in Rule 10A-3 under the Exchange Act and Rule 5605(a)(2) of the Nasdaq Listing Rules. Our Board of Directors has determined that Dr. Dave Qi is an audit committee financial expert as set forth under the applicable SEC rules and Rule 5605(c)(2) of the Nasdaq Listing Rules. The full responsibilities of our Audit Committee are set forth in its charter, which will be reviewed and updated annually and approved by our Board of Directors, and will be posted on our website at <http://investors.sohu.com/committee-details/audit-committee>. The Audit Committee is responsible for, among other things:

- selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- overseeing our accounting and financial reporting processes and audits of the financial statements of our company;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related party transactions, as defined in the Nasdaq Listing Rules;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing major issues as to the adequacy of our internal controls over financial reporting and any special audit steps adopted in the light of any significant deficiency or material weakness in those internal controls; and
- meeting separately and periodically with management and the independent auditors.

Compensation Committee

The members of our Compensation Committee currently are Dr. Dave Qi and Dr. Zhonghan Deng, who are each independent as that term is defined in Rule 5605(a)(2) of the Nasdaq Listing Rules. Our Compensation Committee makes recommendations concerning salaries and incentive compensation, administers and approves share-based awards under our equity incentive plans, and otherwise determines compensation levels and performs such other functions regarding compensation as our Board of Directors may delegate to our Compensation Committee. The full responsibilities of our Compensation Committee are set forth in its charter, which is posted on our Web site at <http://investors.sohu.com/committee-details/compensation-committee>.

Nominating Committee

The members of our Nominating Committee currently are Dr. Dave Qi, Mr. Shi Wang and Dr. Zhonghan Deng, who are each independent as that term is defined in Rule 5605(a)(2) of the Nasdaq Listing Rules. The purpose of our Nominating Committee is to assist our Board of Directors in identifying individuals qualified to become directors under criteria approved by our Board of Directors, periodically review director compensation and benefits, recommend to our Board of Directors any proposed revisions to our corporate governance guidelines and assist our Board of Directors in assessing directors' independence, board effectiveness, continuing education, new director orientation and committee membership. The full responsibilities of our Nominating Committee are set forth in its charter, which is posted on our Web site at <http://investors.sohu.com/committee-details/nominating-committee>.

It is a policy of our Nominating Committee that candidates for director (i) be determined to have unquestionable integrity and honesty, (ii) have the ability to exercise sound, mature and independent business judgment which is in the best interests of the shareholders as a whole, (iii) have a background and experience in fields which will complement the talents of the other Board members, (iv) have the willingness and capability to take the time to actively participate in Board and committee meetings and related activities, (v) have the ability to work professionally and effectively with other Board members and our management, (vi) have the ability to remain on our Board of Directors long enough to make a meaningful contribution and (vii) have no material relationships with competitors or other third parties that could create a reasonable likelihood of a conflict of interest or other legal issues.

Neither our Nominating Committee nor our full Board of Directors has a policy with regard to the consideration of diversity when identifying and evaluating proposed director candidates, although both may consider diversity when identifying and evaluating proposed director candidates, and one of the enumerated factors under our Nominating Committee's charter that the committee may consider when identifying potential nominees is the interplay of the candidate's experience with the experience of the other Board members. In compiling a list of possible candidates and considering their qualifications, our Nominating Committee makes its own inquiries, solicits input from other directors on our Board of Directors and may consult or engage other sources, such as a professional search firm, if it deems appropriate.

Duties of Directors

Under Cayman Islands law, our directors have a common law duty owed to our company to act honestly in good faith with a view to the best interests of our company and for a proper purpose. A director must exercise the skill and care of a reasonably diligent person having both—(a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company (an objective test), and (b) if greater, the general knowledge, skill and experience that that director actually possesses (a subjective test). In fulfilling their duty of care to our company, our directors must ensure compliance with our Memorandum and Articles of Association and the Cayman Islands Companies Act. There are also duties to avoid conflicts of interest. A shareholder may have the right to seek various remedies, including damages on behalf of our company, if a duty owed by our directors is breached.

Terms of Directors and Officers

A director may be removed by a resolution passed by a majority of our directors before the expiration of such director's term of office. For more information about the classification of our Board of Directors, see “- Board of Directors.” Officers are elected by and serve at the discretion of our Board of Directors.

Compensation of Executive Officers and Directors

During the year ended December 31, 2025, we paid an aggregate of approximately \$6.3 million in cash compensation to our executive officers. We paid an aggregate of approximately \$0.61 million in cash compensation to our directors other than Dr. Charles Zhang. In 2025, the total compensation expense for our non-executive directors and executive officers recorded in our consolidated statements of comprehensive income was \$9.5 million. None of our directors, other than Dr. Charles Zhang, have service contracts that provide for benefits upon termination of employment.

Employment Agreements with Executive Officers

Employment Agreements with Dr. Charles Zhang, Ms. Joanna Lv and Mr. Dewen Chen.

We have entered into a three-year employment agreement with our Chief Executive Officer, Dr. Charles Zhang, and a three-year employment agreement with our Chief Financial Officer, Ms. Joanna Lv, and Changyou has entered into an employment agreement with Mr. Dewen Chen, Changyou's Chief Executive Officers. Under these agreements we or Changyou may terminate Dr. Zhang's, Ms. Lv's or Mr. Chen's employment for cause, at any time, for certain acts of such officer such as willful misconduct or gross negligence, repeated failure to perform substantially his or her duties, indictment or conviction for or confession of a felony, or any crime involving moral turpitude. In any such case, such officer will not be entitled to receive payment of any severance benefits or other amounts by reason of termination other than accrued salary and vacation through the date of termination and such officer's right to all other benefits will terminate, except as required by applicable law.

We or Changyou may also terminate our employment agreements with Dr. Zhang, Ms. Lv or Mr. Chen without cause upon thirty days' advance written notice. In such case of termination by us and also in a case where Dr. Zhang, Ms. Lv or Mr. Chen voluntarily terminates his or her employment with us upon thirty-days' advance written notice for "good reason," we are required to provide him or her with severance benefits equal to an amount up to six (6) months of his or her monthly base salary, provided that he or she complies during the severance period with the non-competition, non-solicitation, confidential information and work product provisions discussed below, which are incorporated into the employment agreement, and executes a release agreement in a form requested by us. "Good reason" includes (i) any significant change in the executive officer's duties and responsibilities inconsistent in any material and adverse respect with his or her title and position, and (ii) any material breach of the employment agreement by us, including any reduction in the executive officer's base salary or our failure to pay to him or her any portion of his or her compensation.

Each of Dr. Zhang, Ms. Lv and Mr. Chen has entered into an employee non-competition, non-solicitation, confidential information, and work product agreement with us or Changyou, respectively. Under these agreements, Dr. Zhang, Ms. Lv or Mr. Chen has agreed to be bound by (i) non-competition restrictions during his or her employment and for one year after the termination of his or her employment or for such longer period during which we pay him or her any severance benefits, and (ii) non-solicitation restrictions during the non-competition period. Each of Dr. Zhang, Ms. Lv and Mr. Chen has agreed to hold in confidence, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment, all of our confidential information or trade secrets, all confidential information or trade secrets of our clients or customers, and all confidential or proprietary information of any third party held by us. Each of Dr. Zhang, Ms. Lv and Mr. Chen has also agreed to disclose to us or Changyou all inventions which he or she conceives and develops during the employment and to assign all right, title and interest in them to us or Changyou and has agreed not to assert any such rights against us or Changyou.

Share Incentive Plans

Sohu Share Incentive Plans

We adopted a share incentive plan in April 2018 (the “Sohu 2018 Share Incentive Plan”), which will expire in April 2028. The maximum number of our ordinary shares issuable under the Sohu 2018 Share Incentive Plan is 1,132,315, which is equal to the remaining number of 1,148,565 of shares of common stock issuable under the Sohu.com Inc. 2010 Share Incentive Plan as of the adoption of the Sohu 2018 Share Incentive Plan, reduced by 16,250 shares that were issued upon exercise or settlement between the time of the adoption of Sohu 2018 Share Incentive Plan and the dissolution and liquidation of Sohu.com Inc. on May 31, 2018. Our Board of Directors may amend, suspend, or terminate the Sohu 2018 Share Incentive Plan at any time; provided, however, that our Board of Directors must first seek the approval of the participants in the Sohu 2018 Share Incentive Plan if such amendment, suspension or termination would adversely affect the rights of participants with respect to any of their existing awards. Share incentive awards may be granted under the Sohu 2018 Share Incentive Plan to our management and employees. Share incentive awards that were granted, or may be granted, under the Sohu 2018 Share Incentive Plan include, among other forms, options, restricted share units and restricted shares, and the maximum term of any share incentive award granted is ten years from the grant date.

Our Compensation Committee, or our full Board of Directors in the absence of such a committee, administers the Sohu 2018 Share Incentive Plan, and determines the terms and conditions of awards under the Sohu 2018 Share Incentive Plans. Awards granted under the Sohu 2018 Share Incentive Plan are evidenced by an award document that sets forth the terms and conditions applicable to each of the awards, as determined by our Board of Directors or Compensation Committee in its sole discretion.

Upon the dissolution of Sohu.com Inc. on May 31, 2018, we assumed all then existing obligations of Sohu.com Inc. with respect to equity incentive awards that had been granted under Sohu 2010 Stock Incentive Plan and then remained outstanding, and such awards were converted into the right to receive upon exercise or settlement our ordinary shares under the Sohu 2018 Share Incentive Plan rather than shares of the common stock of Sohu.com Inc., subject to the other terms of such outstanding awards.

Changyou Share Incentive Plan

Changyou adopted a share incentive plan in June 2014 (the “Changyou 2014 Share Incentive Plan”), which expired in June 2024 and is no longer available for granting new share-based awards. Changyou also adopted a share incentive plan in August 2019 (the “Changyou 2019 Share Incentive Plan”) that will terminate in August 2029 (the Changyou 2019 Share Incentive Plan and the Changyou 2014 Share Incentive Plan together, the “Changyou Share Incentive Plans”). The maximum number of Changyou Class A ordinary shares issuable under the Changyou 2014 Share Incentive Plan was 6,000,000 and the maximum number of Changyou’s Class A ordinary shares issuable under the Changyou 2019 Share Incentive Plan is 3,000,000. After the completion of the Changyou Merger, our Board of Directors may amend, suspend, or terminate the Changyou 2014 Share Incentive Plan and/or the Changyou 2019 Share Incentive Plan at any time; provided, however, that we must first seek the approval of the participants in the Changyou 2014 Share Incentive Plan or in the Changyou 2019 Share Incentive Plan, as the case may be, if such amendment, suspension or termination would adversely affect the rights of participants with respect to any of their existing awards. Share incentive awards may be granted under the Changyou Share Incentive Plans to Changyou management and employees and to management and employees of any of the Sohu Group companies. Share incentive awards that were granted, or may be granted, under the Changyou Share Incentive Plans include, among other forms, options, restricted share units and restricted shares, and the maximum term of any share incentive award granted is ten years from the grant date.

Our Board of Directors administers the Changyou Share Incentive Plans following the completion of the Changyou Merger, and determines the terms and conditions of awards under the Changyou Share Incentive Plans. Awards granted under the Changyou Share Incentive Plans are evidenced by an award document that sets forth the terms and conditions applicable to each of the awards, as determined by our full Board of Directors or our Compensation Committee in its sole discretion.

Grants of Shares and Options to Directors and Executive Officers

The following tables set forth summaries of all outstanding equity awards granted by us to, and held by each of our directors and executive officers as of February 20, 2026.

Awards Granted under Sohu 2018 Share Incentive Plan

<u>Directors and Executive Officers</u>	<u>Ordinary Shares underlying outstanding options</u>	<u>Exercise price</u>	<u>Date of grant</u>	<u>Expiration date</u>
Charles Zhang	70,000 ⁽¹⁾	\$ 0.001	7/1/2019	6/30/2029
Joanna Lv	40,000 ⁽¹⁾	\$ 0.001	7/1/2019	6/30/2029
Joanna Lv	10,000 ⁽¹⁾	\$ 0.001	9/1/2020	8/31/2030

(1) Consists of options to purchase our ordinary shares at a nominal exercise price, all of which options were vested and exercisable as of February 20, 2026.

Awards Granted under Changyou 2019 Share Incentive Plan

<u>Directors and Executive Officers</u>	<u>Ordinary Shares underlying outstanding options</u>	<u>Exercise price</u>	<u>Date of grant</u>	<u>Expiration date</u>
Dewen Chen	1,238,774 ⁽¹⁾	\$0.01	8/26/2019	9/30/2029

(1) Consists of options, granted on August 26, 2019 and effective as of October 1, 2019, all of which options were vested as of February 20, 2026.

Employees

As of December 31, 2025, we had approximately 4,000 employees, including 2,400 employees for Sohu and 1,600 employees for Changyou. None of our personnel are represented under collective bargaining agreements.

We have entered into standard employment agreements with our employees through our subsidiaries and the VIEs. Sohu’s employees have entered into confidentiality, non-competition and non-solicitation agreements with Sohu. Changyou’s employees have entered into confidentiality agreements with Changyou. A number of our employees hold share-based awards granted by Sohu and Changyou, which provide additional financial incentives to them. Most of these awards vest over a period of four years.

Share Ownership

Refer to “Item 7. Major Shareholders and Related Party Transactions” below for a description of the share ownership of our directors and executive officers.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The following table sets forth certain information regarding the beneficial ownership of our ordinary shares as of February 20, 2026 by (i) each person (including any “group” as that term is used in Section 13(d)(3) of the Exchange Act known by us to be the beneficial owner of more than 5% of our ordinary share (assuming conversion of all outstanding exercisable options and warrants held by that person), (ii) each current director, (iii) each named executive officer and (iv) all of our current directors and named executive officers as a group. Except as otherwise provided in the footnotes to this table, we believe that the persons named in this table have voting and investment power with respect to all of the ordinary shares stated to be beneficially owned by them. Each ordinary share is entitled to one vote on all matters subject to a shareholder vote.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership⁽¹⁾</u>	<u>Percent of Class⁽¹⁾</u>
Charles Zhang	11,462,100 ⁽²⁾	44.45%
Charles Huang ⁽³⁾	76,265	*
Shi Wang ⁽⁴⁾	34,132	*
Zhonghan Deng ⁽⁵⁾	5,878	*
Dave Qi ⁽⁶⁾	—	—
Dave De Yang ⁽⁷⁾	—	—
Joanna Lv	58,637 ⁽⁸⁾	*
Dewen Chen ⁽⁹⁾	—	—
All directors, nominees and executive officers as a group (8 persons)	11,637,012 ⁽¹⁰⁾	45.05%
Photon Group Limited ⁽¹¹⁾	11,048,400	42.97%
Nomura Asset Management International Inc. and Nomura Investment Management Business Trust, as joint filers ⁽¹²⁾	2,831,951	9.4%

Table of Contents

* Less than 1%.

- (1) Includes the number of shares and percentage ownership represented by such shares determined to be beneficially owned by a person in accordance with the rules of the SEC. The number of shares beneficially owned by a person includes the number of ordinary shares subject to options or restricted stock units held by that person that are currently exercisable or settleable or that are exercisable or settleable within 60 days of February 20, 2026. Such shares are deemed outstanding for the purpose of computing the percentage of outstanding shares owned by that person. Such shares are not deemed outstanding, however, for the purpose of computing the percentage ownership of each other person.
- (2) Includes (i) 70,000 ordinary shares subject to options exercisable within 60 days of February 20, 2026 and (ii) 11,048,400 ordinary shares beneficially owned by Photon Group Limited. Dr. Charles Zhang is a Director of Photon Group Limited, and may be deemed to be a beneficial owner of shares owned by it. Dr. Charles Zhang disclaims beneficial ownership of such shares except to the extent of his pecuniary interest in such shares. Dr. Charles Zhang's address is c/o Sohu.com Limited, Level 18, Sohu.com Media Plaza, Block 3, No. 2 Kexueyuan South Road, Haidian District, Beijing 100190, People's Republic of China.
- (3) Mr. Charles Huang's address is Suit 611, Chinachem Tower, 34-37 Connaught Road Central, Hong Kong.
- (4) Mr. Shi Wang's address is Vanke Architecture Research Center, No. 68 Meilin Road, Futian District, Shenzhen 518049, People's Republic of China.
- (5) Dr. Zhonghan Deng's address is 16/F, Shining Tower, No. 35, Xueyuan Road, Haidian District, Beijing 100191, People's Republic of China.
- (6) Dr. Dave Qi's address is 3/F, Tower E3, Oriental Plaza, 1 East Chang An Avenue, Beijing 100005, People's Republic of China.
- (7) Mr. Dave De Yang's address is 11132 Egeria Drive, Odessa, FL 33556, United States.
- (8) Includes 50,000 ordinary shares subject to options exercisable within 60 days of February 20, 2026. Ms. Joanna Lv's address is c/o Sohu.com Limited, Level 18, Sohu.com Media Plaza, Block 3, No. 2 Kexueyuan South Road, Haidian District, Beijing 100190, People's Republic of China.
- (9) Mr. Dewen Chen's address is c/o Changyou.com Limited, Changyou Creative Industrial Park, No. 65 East Bajiao Road, Shijingshan District, Beijing 100043, People's Republic of China.
- (10) Includes 120,000 ordinary shares that such persons have the right to acquire pursuant to currently exercisable options or options that may be exercised within 60 days of February 20, 2026.
- (11) Photon Group Limited's address is c/o Sohu.com Limited, Sohu.com Media Plaza, Block 3, No. 2 Kexueyuan South Road, Haidian District, Beijing 100190, People's Republic of China.
- (12) Data based on a Schedule 13G filed jointly by Nomura Asset Management International Inc. and Nomura Investment Management Business Trust with the SEC on February 17, 2026. Each of Nomura Asset Management International Inc. and Nomura Investment Management Business Trust reported that it beneficially owned 2,831,951 ordinary shares and that its principal business address is 100 Independence, 610 Market Street, Philadelphia, PA 19106, United States.

Related Party Transactions

Changyou's Loan Arrangements with Fox Financial Technology Group Limited ("Fox Financial," formerly known as "SoEasy Internet Finance Group Limited")

Commencing in April 2015, certain subsidiaries of Changyou and certain subsidiaries of Fox Financial entered into a series of loan agreements pursuant to which the subsidiaries of Changyou were entitled to draw down HK dollar-denominated or U.S. dollar-denominated loans from the Fox Financial subsidiaries and the Fox Financial subsidiaries were entitled to draw down equivalent RMB-denominated loans from the Changyou subsidiaries, to facilitate each other's business operations. All of the loans carry a fixed rate of interest which approximated the market interest rate at the inception of the loans.

[Table of Contents](#)

In December 2018 and 2019, Changyou entered into several supplemental agreements with Fox Financial, pursuant to which (i) all accrued and unpaid interest on the loans was added to the principal of the corresponding loans; (ii) Fox Financial provided security for its repayment obligations to Changyou; and (iii) Changyou similarly provided security for its repayment obligations to Fox Financial. If Fox Financial fails to repay the RMB-denominated loan principal and corresponding interest owed to Changyou, Changyou will have the right to apply the amount of a security deposit, consisting of the outstanding U.S. dollar-denominated loan principal and corresponding interest owed by Changyou to Fox Financial, to repay the RMB-denominated loan principal and interest owed by Fox Financial to Changyou, and vice versa. The security deposit will be required to be replenished by Fox Financial or Changyou, as the case may be, if the amount of the security deposit is insufficient to repay the applicable loan principal and interest, and any remaining security deposit will be returned to Fox Financial or Changyou, as the case may be, if there is a surplus after the repayment of the loan principal and interest.

The loan arrangements expired on December 31, 2020 and no new supplemental agreements were signed. In May 2021 and in March 2024, Changyou notified Fox Financial of Changyou's intention to exercise its rights under the supplemental agreement by applying the security deposit to repay the RMB-denominated loan principal and corresponding interest owed by Fox Financial to Changyou. As of the date of the filing of this annual report, Changyou has not received any response from Fox Financial and has not so applied any of the security deposit. In connection with such loan arrangements, we recorded in our audited consolidated balance sheets as of December 31, 2025 loans receivable from Fox Financial in a total amount of \$33.9 million as prepaid and other current assets, and loans payable to Fox Financial in a total amount of \$34.1 million as other short-term liabilities.

Transactions with Vanke Co., Ltd.

In 2023, 2024 and 2025, Vanke Co., Ltd. purchased \$208,092, \$75,982 and \$58,734, respectively, in marketing services from us. Mr. Shi Wang, one of our directors, is the Honorary Chairman of the Board of Vanke Co., Ltd.

Transactions with Deeprock Management Consultancy (Shenzhen) Co., Ltd.

In 2023, 2024 and 2025, we paid \$218,256, \$14,088 and \$26,294, respectively, to Deeprock Management Consultancy (Shenzhen) Co., Ltd. for services it provided to us. Mr. Shi Wang, one of our directors, holds 99% of the outstanding shares of Deeprock Management Consultancy (Shenzhen) Co., Ltd.

Contractual Arrangements with VIEs and their Shareholders

Chinese mainland law currently restricts foreign ownership of value-added telecommunication services, Internet publishing, online news information services, online audiovisual transmission, online games, and certain other business activities in the Chinese mainland. To comply with Chinese mainland law, we conduct a significant part of our value-added telecommunications, online game, and other business activities through contractual arrangements between our principal Chinese mainland subsidiaries and the corresponding VIEs and their respective shareholders.

See "Information on the Company - Organizational Structure" in Item 4 of this annual report for a description of the ownership information of the current principal VIEs through which we conduct a significant portion of our operations.

For a discussion of risks related to these contractual arrangements, please see Item 3. Key Information - Risk Factors - Risks Related to Our Corporate Structure. "- We depend upon contractual arrangements with the VIEs and/or their shareholders for the success of our business; these contractual arrangements, which provide the basis for us to consolidate such VIEs under U.S. GAAP (ASC 810), may not be as effective in providing us with a controlling financial interest (as defined under U.S. GAAP (ASC 810)) as would ownership of these businesses; and the contracts may be difficult to enforce" and "- A failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them could have an adverse effect on our business and financial condition."

The following is a summary of the agreements currently in effect between these principal Chinese mainland subsidiaries and principal VIEs:

Agreements between Subsidiaries, Consolidated VIEs and Nominee Shareholders

Loan and share pledge agreement between Sohu Media and the shareholders of High Century. The agreement provides for loans to the shareholders of High Century for them to make contributions to the registered capital of High Century in exchange for the equity interests in High Century, and the shareholders pledge those equity interests to Sohu Media as security for the loans. The agreement includes powers of attorney that give Sohu Media the power to appoint nominees to act on behalf of the shareholders of High Century in connection with all actions to be taken by High Century. Pursuant to the agreement, the shareholders executed in blank transfers of their equity interests in High Century, which are held by the Sohu Group's legal department and may be completed and effected at Sohu Media's election.

Loan and share pledge agreement between Sohu Focus (HK) Limited ("Focus HK") and the shareholders of Beijing Heng Da Yi Tong Information Technology Co., Ltd. ("Heng Da Yi Tong"), a VIE that we consolidate. Dr. Charles Zhang, our Chairman of the Board and Chief Executive Officer, and one of our employees hold 80% and 20% interests, respectively, in this entity. The agreement provides for loans to the shareholders of Heng Da Yi Tong for them to make contributions to the registered capital of Heng Da Yi Tong in exchange for the equity interests in Heng Da Yi Tong, and the shareholders pledge those equity interests to Focus HK as security for the loans. The agreement includes powers of attorney that give Focus HK the power to appoint nominees to act on behalf of the shareholders of Heng Da Yi Tong in connection with all actions to be taken by Heng Da Yi Tong. Pursuant to the agreement, the shareholders executed in blank transfers of their equity interests in Heng Da Yi Tong, which are held by the Sohu Group's legal department and may be completed and effected at Focus HK's election.

Loan agreements and equity pledge agreements between AmazGame and the sole shareholder of Gamease and between Gamespace and the sole shareholder of Guanyou Gamespace. The loan agreements provide for loans to the respective shareholders of Gamease and Guanyou Gamespace for the shareholders to make contributions to the registered capital of Gamease and Guanyou Gamespace in exchange for 100% of the equity interests in Gamease and Guanyou Gamespace. The loans are interest free and are repayable on demand, but the shareholders can only repay the loans by transferring to AmazGame and Gamespace, as the case may be, their equity interests in Gamease and Guanyou Gamespace. Under the equity pledge agreements, the respective shareholders of Gamease and Guanyou Gamespace pledge to AmazGame and Gamespace, their equity interests in Gamease and Guanyou Gamespace to secure the performance of their obligations under the loan agreements and Gamease's and Guanyou Gamespace's obligations to AmazGame and Gamespace under the various VIE-related agreements. If the shareholders breach their obligations under any VIE-related agreements (Gamease's or Guanyou Gamespace's breach of any of its obligations under the various applicable VIE-related agreements will be treated as its shareholder's breach of its obligations), including the equity pledge agreements, AmazGame and Gamespace are entitled to exercise their rights as the beneficiaries under the applicable equity pledge agreements, including all rights the respective shareholders have as shareholders of Gamease or Guanyou Gamespace.

Equity interest purchase right agreements among AmazGame, Gamease and the sole shareholder of Gamease and among Gamespace, Guanyou Gamespace and the sole shareholder of Guanyou Gamespace. Pursuant to these agreements, AmazGame and Gamespace have the right, exercisable at any time if and when it is legal to do so under Chinese mainland law, to purchase from the respective shareholders of Gamease and Guanyou Gamespace all or any part of their equity interests in Gamease and Guanyou Gamespace at a purchase price equal to their initial contributions to the registered capital of Gamease and Guanyou Gamespace.

Powers of attorney executed by the sole shareholder of Gamease in favor of AmazGame and by the sole shareholder of Guanyou Gamespace in favor of Gamespace, with the same term as that of the corresponding business operation agreements among AmazGame, Gamease and the sole shareholder of Gamease and among Gamespace, Guanyou Gamespace and the sole shareholder of Guanyou Gamespace (as discussed below). These powers of attorney give the respective boards of directors of AmazGame and Gamespace the right to appoint nominees to act on behalf of their respective shareholders in connection with all actions to be taken by Gamease and Guanyou Gamespace.

Business operation agreements among AmazGame, Gamease and the sole shareholder of Gamease and among Gamespace, Guanyou Gamespace and the sole shareholder of Guanyou Gamespace. These agreements set forth the right of AmazGame and Gamespace to control the actions of Gamease and Guanyou Gamespace, as the case may be, and the respective shareholders of Gamease and Guanyou Gamespace. Each agreement has an initial term of 10 years, extendable for additional 10-year terms at the sole discretion of AmazGame or Gamespace, as the case may be.

Business Arrangements between Subsidiaries and Consolidated VIEs

A significant portion of our operations are conducted through the VIEs that we consolidate under U.S. GAAP (ASC 810), which generate a significant amount of our revenues. In order for us to be able to receive such revenues, and, if applicable, other assets, from the VIEs, we rely on payments made by the VIEs to our Chinese mainland subsidiaries pursuant to a series of service contracts between them in order for the VIEs to transfer such revenues or other assets to us. For a discussion of such transfers and their limitations, please see “Item 5. Operating and Financial Review and Prospects - Liquidity and Capital Resources - Restrictions and Limitations on Cash Available to Sohu.com Limited - Chinese Mainland Restrictions Related to the VIE Structure.” The following is a summary of the material service contracts currently in effect between our Chinese mainland subsidiaries and certain of the VIEs that we consolidate:

Exclusive technology consulting and service agreement between Sohu Era and Sohu Internet. Pursuant to this agreement Sohu Era has the right to provide technical consultation and other related services to Sohu Internet in exchange for a percentage of the gross revenue of Sohu Internet. The agreement has an initial term of two years, and is renewable at the request of Sohu Era.

Technology service agreement between Donglin and Sohu Media. Pursuant to this agreement Sohu Media has the right to provide technology services and other related services to Donglin in exchange for a percentage of the gross revenue of Donglin. The agreement has a term of three years and is renewable at the request of Sohu Media.

Technology support and utilization agreements between AmazGame and Gamease, between Gamespace and Guanyou Gamespace, and between Changyou Chuangxiang and Gamease. Pursuant to these agreements, AmazGame, Gamespace and Changyou Chuangxiang have the right to provide certain product development and application services and technology support to Gamease and Guanyou Gamespace, respectively, for a fee equal to a predetermined percentage, subject to adjustment by AmazGame, Gamespace or Changyou Chuangxiang at any time, of Gamease’s and Guanyou Gamespace’s respective revenues. Each agreement terminates only when AmazGame, Gamespace or Changyou Chuangxiang is dissolved.

Services and maintenance agreements between AmazGame and Gamease, between Gamespace and Guanyou Gamespace, and between Changyou Chuangxiang and Gamease. Pursuant to these agreements, AmazGame, Gamespace and Changyou Chuangxiang, respectively, provide marketing, staffing, business operation and maintenance services to Gamease and Guanyou Gamespace, respectively, in exchange for a fee equal to the cost of providing such services plus a predetermined margin. Each agreement terminates only when AmazGame, Gamespace or Changyou Chuangxiang, as the case may be, is dissolved.

Certain of the contractual arrangements described above between the VIEs and the related wholly-owned subsidiaries of the Sohu Group are silent regarding renewals. However, because the Sohu Group has a controlling financial interest under U.S. GAAP (ASC 810) in the VIEs and has also been granted powers of attorney by the shareholders of the VIEs, the contractual arrangements can be, and are expected to be, renewed at the subsidiaries’ election.

Other Transactions with Certain Directors, Shareholders and Affiliates

See “Directors, Senior Management and Employees - Compensation of Executive Officers and Directors.”

Employment Agreements

See “Directors, Senior Management and Employees - Employment Agreements with Executive Officers.”

Share Incentive Plans

See “Directors, Senior Management and Employees - Share Incentive Plans.”

Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

Consolidated Financial Statements

Please see Item 18 “Financial Statements” for our audited consolidated financial statements filed as a part of this annual report.

Legal Proceedings

From time to time we become subject to legal proceedings and claims in the ordinary course of our business. Such legal proceedings or claims, even if not meritorious, could result in the expenditure of significant financial and management resources.

Dividend Policy

The Sohu Group intends to retain all available funds and any future earnings for use in the operation and expansion of its business or for repurchases of its ADSs if and to the extent the same may be approved by Sohu.com Limited's Board of Directors from time to time at its discretion, and does not anticipate paying any cash dividends on Sohu.com Limited's ordinary shares for the foreseeable future. Future cash dividends distributed by Sohu.com Limited, if any, will be declared at the discretion of Sohu.com Limited's Board of Directors and will depend upon future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and such other factors as our Board of Directors may deem relevant.

ITEM 9. THE OFFER AND LISTING

Our ADSs commenced trading on June 1, 2018 on the Nasdaq Global Select Market under the symbol "SOHU." Prior to June 1, 2018, the common stock of our predecessor Sohu.com Inc. was listed and traded on the Nasdaq Global Select Market under the same "SOHU" symbol.

ITEM 10. ADDITIONAL INFORMATION

Memorandum and Articles of Association

We incorporate by reference into this annual report the description of our Memorandum and Articles of Association contained in our Registration Statement on Form F-4 (File No. 333-224069) filed with the SEC on April 19, 2018 and in Sohu.com Inc.'s and our joint proxy statement/prospectus filed with the SEC on April 23, 2018. Our Memorandum and Articles of Association became effective on April 2, 2018.

Differences in Corporate Law

The Cayman Islands Companies Act is modeled after similar laws in the United Kingdom but does not follow all statutory enactments or legislative changes in the United Kingdom. In addition, the Cayman Islands Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Cayman Islands Companies Act applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

A merger or consolidation of two or more constituent companies under Cayman Islands law requires a plan of merger or consolidation to be approved by the directors of each constituent company and authorization by (a) a special resolution of the members of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The consent of each holder of a fixed or floating security interest over the assets of a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

A merger or consolidation between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders. For this purpose, a subsidiary is a company of which shares carrying at least ninety percent (90%) of the votes exercisable in a general meeting are held by or registered in the name of the parent company.

Save in certain circumstances, a dissenting shareholder of a Cayman constituent company is entitled to apply to the Grand Court of the Cayman Islands to have the fair value of his shares assessed by the Grand Court, upon dissenting to a merger or consolidation by following the procedure required by the Cayman Islands Companies Act and the rules of the Grand Court. The exercise of such appraisal rights will preclude the exercise of any other rights save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Table of Contents

In addition, there are statutory provisions applicable to a scheme of arrangement that facilitate the takeover of companies or the reconstruction and amalgamation of companies by way of a scheme of arrangement. The scheme of arrangement must be approved by three-fourths in value of each class of shareholders that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose by the direction of the Grand Court of the Cayman Islands. The scheme of arrangement must be sanctioned by the Grand Court and the court order delivered to the Registrar of Companies of the Cayman Islands for registration for the scheme of arrangement to become effective. While a dissenting shareholder has the right to express to the court the view that the scheme of arrangement ought not to be sanctioned, the court can be expected to approve the scheme of arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority shareholders to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Cayman Islands Companies Act.

When a takeover offer is made to all shareholders (or class of shareholders) and accepted by holders of 90% of the shares that are subject to the offer within four months of the offer being made, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the same terms as the offer. An objection can be made to the Grand Court of the Cayman Islands within one month of the compulsory acquisition notice but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of a lack of compliance with the statutory procedures, of fraud, bad faith, or collusion.

If a scheme of arrangement or takeover offer is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available (subject to certain exceptions) to dissenting shareholders in a merger or consolidation or to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, our company will normally be the proper plaintiff, and, as a general rule, a derivative action may not be brought by a minority shareholder and requires leave or permission from the court in the Cayman Islands for such an action to be continued. However, based on English authorities, which would in all likelihood be of persuasive (and in some cases binding) authority in the Cayman Islands, subject to leave being given, a derivative action may be available when:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected if authorized by more than a simple majority vote of our shareholders and this has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against fraud or the consequences of committing a crime. Our Memorandum and Articles of Association permits indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from fraud or dishonesty of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we have entered into indemnification agreements with our directors and senior executive officers that provide such persons with additional indemnification beyond that provided in our Memorandum and Articles of Association.

[Table of Contents](#)

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable as a matter of United States law.

Anti-Takeover Provisions in the Memorandum of Association and Articles of Association

Some provisions of our Memorandum and Articles of Association may discourage, delay, or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that authorize our Board of Directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Memorandum and Articles of Association, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company and for a proper purpose.

In January 2019, we entered into a Shareholders' Rights Agreement with The Bank of New York Mellon, as Rights Agent (the "Shareholders' Rights Agreement"). The Shareholders' Rights Agreement is designed to deter coercive takeover tactics, including the accumulation of shares in the open market or through private transactions, and to prevent an acquirer from gaining control of the Sohu Group without offering a fair and adequate price and terms to all of our shareholders. Under the terms of the Shareholders' Right Agreement if a person or group acquired more than 15% or more of our outstanding ordinary shares (including ordinary shares represented by ADSs), except as specifically permitted under the Shareholders' Right Agreement, all other shareholders and holders of our ADSs would have the right to purchase securities from us at a substantial discount to those securities' fair market value, thus causing substantial dilution to the holdings of the person or group that acquires more than 15%. The rights granted under the Shareholders' Rights Agreement will expire on January 13, 2029, unless redeemed or cancelled earlier. Also see "Item 3. Key Information - Risk Factors - Risks Related to Our Ordinary Shares and ADSs - Certain provisions of our Memorandum and Articles of Association, Cayman Islands law regarding mergers and similar arrangements, and our Shareholders' Rights Agreement could delay or deter a change in control."

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation. As a matter of Cayman Islands law, a director of a Cayman Islands company owes the following duties to the company - a duty to act bona fide in the best interests of the company and for a proper purpose, a duty not to make a personal profit based on his position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party. A director must exercise the skill and care of a reasonably diligent person having both - (a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company (an objective test), and (b) if greater, the general knowledge, skill and experience that that director actually possesses (a subjective test).

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the Board of Directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's Board of Directors.

[Table of Contents](#)

Cayman Islands law has no comparable statute, but our Memorandum and Articles of Association contains provisions similar to those contained in the Delaware General Corporation Law business combination statute. Although Cayman Islands law does not otherwise regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders or which would merit an application for ancillary relief pursuant to sections 92(e) and 95 of the Cayman Islands Companies Act.

Dissolution: Winding-up

Under the Delaware General Corporation Law, unless the Board of Directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the Board of Directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under the Cayman Islands Companies Act and our Memorandum and Articles of Association, our company may be dissolved, liquidated or wound up voluntarily by a special resolution (the vote of the holders of two-thirds of our shares voting at a meeting) or, if our company is unable to pay its debts as they fall due, by an ordinary resolution of our shareholders. Under Cayman Islands law, a company may be wound up compulsorily by an order of the courts of the Cayman Islands if the company has passed a special resolution of its shareholders to be wound up by the court or, if the company is unable to pay its debts as they fall due. The court also has authority to order a winding up in a number of other specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Material Contracts

We have not entered into any material contracts within the past two fiscal years other than in the ordinary course of business, other than those listed in Item 19 "Exhibits," as described elsewhere in this annual report.

Exchange Controls

Regulatory authorities in the Chinese mainland impose control over the convertibility of RMB into foreign currencies. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates announced by the People's Bank of China. On July 21, 2005, authorities in the Chinese mainland changed the decade-old policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy resulted in significant appreciation of the RMB against the U.S. dollar through the end of 2014. While the international reaction to the RMB revaluation has generally been positive, there remains significant international pressure on regulatory authorities in the Chinese mainland to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the RMB against the U.S. dollar.

Pursuant to the FX Regulations and the *Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange* issued by the PBOC on June 20, 1996 and effective on July 1, 1996, regarding the administration and control of foreign exchange, conversion of RMB into foreign exchange by FIEs for current account items, including the distribution of dividends and profits to foreign investors in joint ventures, is permissible. FIEs are permitted to remit foreign exchange from their foreign exchange bank accounts in the Chinese mainland on the basis of, inter alia, the terms of the relevant joint venture contracts and the board resolutions declaring the distribution of the dividend and payment of profits. Each conversion of RMB into a foreign currency and each remittance of a foreign currency for capital account items, including direct investment, loans and security investment, is subject to the approval of the SAFE. Under the FX Regulations, FIEs are required to open and maintain separate foreign exchange accounts for capital account items (but not for other items). In addition, FIEs may only buy, sell and/or remit foreign currencies at those banks authorized to conduct foreign exchange business upon the production of valid commercial documents and, in the case of capital account item transactions, approval of the documents by the SAFE.

[Table of Contents](#)

Currently, FIEs are required to apply to the SAFE for “foreign exchange registration certificates for foreign-invested enterprises” (which are granted to FIEs, upon fulfilling specified conditions and which are subject to review and renewal by the SAFE on an annual basis). With such foreign exchange registration certificates and required underlying transaction documents, or with approval documents from the SAFE if the transactions are under capital account (which are obtained on a transaction-by-transaction basis), FIEs may enter into foreign exchange transactions at banks authorized to engage in the foreign exchange business to obtain foreign exchange for their needs.

Taxation

The following summary of the material Cayman Islands, Chinese mainland and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of the filing of this annual report, all of which are subject to change. This summary does not discuss all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under United States state, local and other tax laws.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of our ADSs and ordinary shares. We will not be subject to Cayman Islands taxation on payments of dividends or upon the repurchase by us of your ADSs or Ordinary Shares, nor will gains derived from the disposal of ADSs or Ordinary Shares be subject to Cayman Islands income or corporation tax. There are no other taxes likely to be material to us or holders of our ADSs or ordinary shares levied by the Government of Cayman Islands except for stamp duties, which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands exempted companies, except those which hold interests in land in the Cayman Islands. The Cayman Islands is not party to a double tax treaty with the United States. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Chinese Mainland Taxation

Under the CIT Law and its implementation rules, an enterprise established outside of the Chinese mainland with a “de facto management body” within the Chinese mainland is considered a resident enterprise and will be subject to the corporate income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the SAT issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a Chinese mainland-controlled enterprise that is incorporated Offshore is located in the Chinese mainland, which will be subject to Chinese mainland corporate income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the Chinese mainland; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the Chinese mainland; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the Chinese mainland; and (iv) at least 50% of voting board members or senior executives habitually reside in the Chinese mainland. Circular 82 applies only to Offshore enterprises controlled by Chinese mainland enterprises or Chinese mainland enterprise groups, rather than those controlled by Chinese mainland individuals or foreigners, like us, but the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all Offshore enterprises. Although we believe we are not a Chinese mainland tax resident enterprise, it is not clear whether Sohu.com Limited and our subsidiaries established outside of the Chinese mainland will be deemed to be Chinese mainland tax residents under the CIT Law. If we are considered to be a Chinese mainland tax resident under the CIT Law by the Chinese mainland tax authorities, our global income will be subject to corporate income tax at a rate of 25%.

The implementation rules of the CIT Law provide that, (i) if an enterprise that distributes dividends is domiciled in the Chinese mainland, or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the Chinese mainland, then such dividends or capital gains are treated as Chinese mainland-sourced income. It is not clear how “domicile” may be interpreted under the CIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we, or our subsidiaries located in Hong Kong, are considered to be a Chinese mainland tax resident enterprise for tax purposes, any dividends we pay to our non-Chinese mainland resident shareholders or ADS holders as well as gains realized by such shareholders or ADS holders from the transfer of our shares or ADSs may be regarded as Chinese mainland-sourced income and as a result become subject to Chinese mainland tax at the rate up to 10% in the case of enterprises or 20% in the case of individuals. In the case of dividends, we would be required to withhold any Chinese mainland tax at source. See “Risk Factors - Risks Related to the Chinese Mainland’s Regulatory Environment - Dividends payable by us to our foreign investors and profits on the sale of our shares may be subject to tax under Chinese mainland tax law.”

United States Federal Income Taxation

The following is a general summary of the material United States federal income tax considerations related to the purchase, ownership and disposition of our ADSs or ordinary shares by U.S. holders (as defined below). This summary applies only to U.S. holders that hold our ADSs or ordinary shares as capital assets and that have the U.S. dollar as their functional currency. This discussion does not address any aspect of United States federal gift, estate tax or Medicare contribution tax, or the special accounting rules under Section 451(b) of the United States Internal Revenue Code of 1986, as amended, or state, local or foreign tax consequences of an investment in our ADSs or ordinary shares. This discussion is based on the tax laws of the United States as in effect on the date of the filing of this annual report and on United States Treasury regulations in effect or, in some cases, proposed, as of the date of the filing of this annual report, as well as judicial and administrative interpretations of such tax laws and regulations available on or before such date. All of the foregoing authorities are subject to change, and any such change could apply retroactively and could affect the tax consequences described below.

The following discussion does not describe the tax consequences that may be relevant to any particular investor or to persons in special tax situations such as:

- banks or certain financial institutions;
- insurance companies;
- broker dealers;
- traders that elect to mark to market;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding ADSs or ordinary shares as part of a straddle, hedging, conversion transaction or other integrated investment;
- regulated investments companies;
- real estate investment trusts;
- persons who acquired ADSs or ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation;
- persons who actually or constructively own 10% or more of the total combined voting power of all classes of our shares entitled to vote or 10% or more of the total value of all classes of our shares; or
- partnerships or other pass-through entities for United States federal income tax purposes or persons holding ADSs or ordinary shares through partnerships or other pass-through entities.

U.S. holders are urged to consult their own tax advisors about the application of the United States federal tax rules to their particular circumstances as well as the state, local and foreign tax consequences to them of the purchase, ownership and disposition of our ADSs or ordinary shares.

Table of Contents

The discussion below of the United States federal income tax consequences to “U.S. holders” will apply to a beneficial owner of ADSs or ordinary shares as capital assets for purposes of United States federal income tax laws and who is, for United States federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation (or other entity taxable as a corporation for United States federal income tax purposes) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or
- a trust (1) whose administration is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) that has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

For United States federal income tax purposes, the tax treatment of a partner in a partnership or other entity taxable as a partnership that holds our ADSs or ordinary shares depends on the partner’s status and the activities of the partnership. U.S. holders who hold our ADSs or ordinary shares through a partnership, limited liability company, or other entity taxable as a partnership should consult their tax advisers regarding their tax treatment.

The discussion below assumes that the representations contained in the Deposit Agreement are true and that the obligations in the Deposit Agreement and any related agreement have been and will be complied with in accordance with their terms. Holders of ADSs will be treated as the holders of the underlying ordinary shares represented by those ADSs for United States federal income tax purposes. Accordingly, deposits of ordinary shares in return for ADSs representing those shares, and surrender of ADSs in return for the underlying ordinary shares, will not be subject to United States federal income tax.

The United States Treasury has expressed concerns that parties to whom ADSs are released before the underlying shares are delivered to the depository (“pre-release”), or intermediaries in the chain of ownership between holders of ADSs and the issuer of the security underlying the ADSs, may be taking actions that are inconsistent with the claiming of foreign tax credits by holders of ADSs. These actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the creditability of Chinese mainland taxes, and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. holders, each described below, could be affected by actions taken by such parties or intermediaries.

Passive Foreign Investment Company

We believe that we may have been classified as a PFIC for United States federal income tax purposes for our taxable year ended November 30, 2025. Our expectation is based on our operations and the composition of our earnings and assets for the 2025 taxable year, including the valuation of our assets (including goodwill) based on the expected price of our ADSs in the market. We currently hold, and expect to continue to hold, a substantial amount of cash and cash equivalents, and because the value of our other assets may be based in part on the market price of our ADSs, which has fluctuated and is likely to continue to fluctuate (and may fluctuate considerably given that market prices of internet and online game companies historically have been especially volatile), our PFIC status in the current and future taxable years may depend in large part on the market price of our ADSs. A drop in the market price of our ADSs and associated decrease in the value of our goodwill would cause a reduction in the value of our non-passive assets for purposes of the asset test described below. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend our cash. Furthermore, it is not entirely clear how the contractual arrangements between us and the VIEs that we consolidate under U.S. GAAP (ASC 810) will be treated for purposes of the PFIC rules. If these contractual arrangements were found by authorities in the Chinese mainland with appropriate jurisdiction to be unenforceable, such a finding alone could cause more than 75% of our gross income or more than 50% of our assets to be passive in the year that this finding was made or in subsequent years, which, in a given taxable year for which we might not otherwise expect to be classified as a PFIC, could cause us to be classified as a PFIC. See “Risk Factors - Risks Related to Our Corporate Structure - We depend upon contractual arrangements with the VIEs and/or their shareholders for the success of our business; these contractual arrangements, which provide the basis for us to consolidate such VIEs under U.S. GAAP (ASC 810), may not be as effective in providing us with a controlling financial interest (as defined under U.S. GAAP (ASC 810)) as would ownership of these businesses; and the contracts may be difficult to enforce.” Also, our actual PFIC status for any taxable year will depend upon the character of our income and assets and the value of our assets for such year, which will not be determinable until after the close of the taxable year. Accordingly, there is no guarantee regarding our PFIC status for any taxable year.

Table of Contents

A non-U.S. corporation is considered a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income (such as certain dividends, interest or royalties) (the “income test”), or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the “asset test”).

For the purposes of this determination, we will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the shares.

We must make a separate determination each year as to whether we are a PFIC. As a result, our PFIC status may change from one year to the next.

If we are a PFIC for any taxable year during which a U.S. holder holds our ADSs or ordinary shares, such U.S. holder will be subject to special tax rules with respect to any “excess distribution” that such U.S. holder receives and any gain that such U.S. holder realizes from a sale or other disposition (including a pledge) of the ADSs or ordinary shares, unless the holder makes a “mark-to-market” election as discussed below. For purposes of these special rules, if we are a PFIC for any year during which a U.S. holder holds ADSs or ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. holder for all succeeding years during which such U.S. holder holds our ADSs or ordinary shares, even if we are no longer classified as a PFIC in subsequent years unless a special purging election is made in accordance with the United States Internal Revenue Code of 1986, as amended, and applicable United States Treasury regulations. Under certain attribution rules, if we are a PFIC, a U.S. holder will be deemed to own such U.S. holder’s proportionate share of any subsidiaries or other entities that are PFICs in which we hold (directly or indirectly through other PFICs) an equity interest (“subsidiary PFICs”), and will generally be treated for purposes of the PFIC rules as if such U.S. holder directly held the shares of such subsidiary PFICs.

Under these rules, distributions that a U.S. holder receives in a taxable year that are greater than 125% of the average annual distributions that such U.S. holder received during the shorter of the three preceding taxable years or such U.S. holder’s holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. holder’s holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and
- the amount allocated to each other taxable year will be subject to the highest tax rate in effect for that taxable year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such taxable year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of our ADSs or ordinary shares cannot be treated as capital, even if the U.S. holder holds the ADSs or ordinary shares as capital assets. A U.S. holder will be subject to the same United States federal income tax rules as described above on indirect or constructive distributions that the U.S. holder is deemed to receive on shares of a subsidiary PFIC and on indirect or constructive dispositions of shares of subsidiary PFICs.

Alternatively, a U.S. holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock of a PFIC to elect out of the tax treatment discussed in the two preceding paragraphs. A mark-to-market election will not be available, however, with respect to any subsidiary PFICs. If a U.S. holder makes a mark-to-market election for our ADSs or ordinary shares, such U.S. holder will generally include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs or ordinary shares as of the close of such U.S. holder’s taxable year over such U.S. holder’s adjusted tax basis in such ADSs or ordinary shares. The U.S. holder will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or ordinary shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ADSs or ordinary shares included in the U.S. holder’s income for prior taxable years. Amounts included in a U.S. holder’s income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or ordinary shares, will generally be taxed at ordinary income rates. Ordinary loss treatment will also apply to the deductible portion of any mark-to-market loss on the ADSs or ordinary shares, as well as to any loss realized on the actual sale or disposition of the ADSs or ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or ordinary shares. A U.S. holder’s basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts. A mark-to-market election will not apply to ADSs or ordinary shares held by a U.S. holder for any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC.

[Table of Contents](#)

The mark-to-market election will only be available for “marketable stock” which is stock that is traded in more than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in applicable United States Treasury regulations. We expect that the ADSs will continue to be listed and regularly traded on the Nasdaq Global Select Market, which is a qualified exchange for these purposes, and, consequently, that the mark-to-market election would be available to U.S. holders of our ADSs if and when we are a PFIC. U.S. holders should consult their own tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to our ADSs and ordinary shares.

Another alternative taxation regime that may be available to some United States investors in PFICs, known as qualified electing fund, or QEF, treatment, will not be available to U.S. holders of our ADSs or ordinary shares. This is because QEF treatment requires the PFIC to supply annually certain information to its U.S. holders of ADSs or ordinary shares, and we do not intend to supply such information.

A U.S. holder of ADSs or ordinary shares in any year in which we are a PFIC will be required to file Internal Revenue Service Form 8621 regarding distributions received on the ADSs or ordinary shares and any gain realized on the disposition of the ADSs or ordinary shares. In addition, if we are a PFIC for a taxable year in which we pay a dividend, or for the prior taxable year, the lower rate on “qualified dividend income” discussed below with respect to dividends paid to certain non-corporate U.S. holders would not apply.

U.S. holders and prospective holders of our ADSs and ordinary shares are urged to consult their own tax advisors regarding the application of the PFIC rules to an investment in our ADSs or ordinary shares.

Taxation of Dividends and Other Distributions on ADSs or Ordinary Shares

Subject to the PFIC rules discussed above, the gross amount of our distributions to a U.S. holder with respect to ADSs or ordinary shares (including any amount withheld in respect of Chinese mainland taxes) generally will be included in a U.S. holder’s gross income as foreign source dividend income on the date of receipt by the depository, in the case of ADSs, or by the U.S. holder, in the case of ordinary shares, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under United States federal income tax principles). To the extent, if any, that the amount of any such distribution exceeds our current and accumulated earnings and profits, it will be treated first as a tax-free return of the U.S. holder’s tax basis in the ADSs or the ordinary shares (thereby increasing the amount of any gain or decreasing the amount of any loss realized on the subsequent sale or disposition of such ADSs or ordinary shares) and thereafter as capital gain. Further, any distributions treated as dividends generally will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other United States corporations.

Certain non-corporate U.S. holders, including individual U.S. holders, may be taxed on dividend payments at a special rate (the applicable capital gains rate) that is applicable to “qualified dividend income” provided that (1) our ADSs or ordinary shares are readily tradable on an established securities market in the United States, (2) we are not treated as a PFIC with respect to the U.S. holder (as discussed above) for our taxable year in which the dividend was paid and we were not a PFIC in the preceding taxable year, and (3) certain holding period requirements are met. Under Internal Revenue Service authority, our ordinary shares, or ADSs representing such shares, will be considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed (as our ADSs are currently) on the Nasdaq Global Select Market. U.S. holders should consult their own tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares. Dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by the reduced tax rate applicable to qualified dividend income and divided by the highest tax rate normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For foreign tax credit purposes, dividends paid on our ordinary shares will generally constitute “passive category income” but could, in the case of certain U.S. holders, constitute “general category income.”

[Table of Contents](#)

If Chinese mainland withholding taxes apply to dividends paid to a U.S. holder with respect to our ADSs or ordinary shares, subject to certain conditions, limitations and requirements, such Chinese mainland withholding taxes may be treated as foreign taxes eligible for credit against the U.S. holder's United States federal income tax liability. Applicable United States Treasury regulations may in some circumstances prohibit U.S. holders from claiming a foreign tax credit with respect to non-U.S. taxes that do not satisfy certain requirements; however, these prohibitions may not apply to the extent such non-U.S. taxes are treated as creditable under an applicable income tax treaty. The rules governing foreign tax credits are complex, and U.S. holders should consult their tax advisors regarding the availability of a foreign tax credit in such U.S. holders' particular circumstances.

Taxation of Disposition of Shares

Subject to the PFIC rules discussed above, a U.S. holder will recognize taxable gain or loss on any sale, exchange or other taxable disposition of our ADSs or ordinary shares equal to the difference between the amount realized by the U.S. holder for our ADSs or ordinary shares and the U.S. holder's adjusted tax basis in our ADSs or ordinary shares. Such gain or loss will be capital gain or loss. A non-corporate U.S. holder, including an individual U.S. holder, who has held our ADSs or ordinary shares for more than one year will be eligible for reduced capital gains tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that a U.S. holder recognizes will be treated as United States source income (or loss, in the case of losses, subject to certain limitations) for foreign tax credit limitation purposes.

As described above under "Taxation - Chinese Mainland Taxation," any gain from the disposition of our ADSs or ordinary shares may be subject to Chinese mainland tax. In such event, a U.S. holder that is eligible for the benefits of the income tax treaty between the United States and the Chinese mainland may elect to treat the gain as Chinese mainland-sourced income for foreign tax credit purposes.

U.S. holders should consult their tax advisors regarding their eligibility for benefits under the income tax treaty between the United States and the Chinese mainland and their ability to credit any Chinese mainland tax withheld in respect of a sale of our ADSs or ordinary shares against their United States federal income tax liability.

Information Reporting and Backup Withholding

Dividend payments with respect to our ADSs or ordinary shares and proceeds from the sale, exchange or redemption of our ADSs or ordinary shares may be subject to information reporting to the Internal Revenue Service and possible United States backup withholding currently at a rate of 24%. Backup withholding will not apply, however, to a U.S. holder who furnishes a correct taxpayer identification number and makes any other required certifications or who is otherwise exempt from backup withholding and demonstrates such exemption if required. *U.S. holders who are required to establish their exempt status must provide such certification on Internal Revenue Service Form W-9. U.S. holders should consult their tax advisors regarding the application of the United States information reporting and backup withholding rules.*

Individual U.S. holders, and certain entities that are U.S. holders, that own "specified foreign financial assets" with an aggregate value in excess of \$50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include our ADSs and ordinary shares) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. holders who fail to report the required information could be subject to substantial penalties. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in our ADSs and ordinary shares, including the application of the rules to their particular circumstances.

Prospective purchasers of our ADSs or ordinary shares should consult their own tax advisor regarding the application of the United States federal income tax laws to their particular situations as well as any tax consequences resulting from purchasing, holding or disposing of our ADSs and ordinary shares, including the applicability and effect of the tax laws of any state, local or foreign jurisdiction and including estate, gift and inheritance laws.

Available Additional Information

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors, and principal shareholders are exempt from the short-swing profit recovery provisions, and principal shareholders are also exempt from the reporting provisions, contained in Section 16 of the Exchange Act.

The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants, including us, that make electronic filings with the SEC using its EDGAR system.

As permitted under Nasdaq Listing Rule 5250(d)(1)(C), we will post our annual reports filed with the SEC on our Web site at <http://investors.sohu.com>. We will not furnish hard copies of such reports to holders of our ADSs unless we are requested to do so in writing by a holder. Upon receipt of such a request, we will provide a hard copy of such reports to such requesting holder free of charge.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN CURRENCY EXCHANGE RATE RISK

While our reporting currency is the U.S. dollar, to date the majority of our revenues and costs are denominated in RMB and a significant portion of our assets and liabilities are denominated in RMB. As a result, we are exposed to foreign exchange risk as our revenues and results of operations may be affected by fluctuations in the exchange rate between the U.S. dollar and the RMB. If the RMB depreciates against the U.S. dollar, the value of our RMB revenues and assets as expressed in our U.S. dollar financial statements will decline. For example, our revenues for 2025 were \$584.3 million and our total assets as of December 31, 2025 were \$1.64 billion, representing revenue of RMB4.11 billion and total assets of RMB11.5 billion at the central parity rate of RMB7.0288 to \$1.00 on December 31, 2025. If the value of the RMB were to depreciate by approximately 10% to RMB7.7317 to \$1.00, the value of the same amount of RMB-denominated revenue and total assets in U.S. dollars would be \$531.2 million and \$1.49 billion, respectively.

The RMB is currently freely convertible under the current account, which includes dividends, trade and service-related foreign exchange transactions, but not under the capital account, which includes foreign direct investment. In addition, commencing on July 21, 2005, the Chinese mainland reformed its exchange rate regime by changing to a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. Under the managed floating exchange rate regime, the RMB is no longer pegged to the U.S. dollar, and the PBOC will announce the closing prices of foreign currencies such as the U.S. dollar traded against the RMB in the inter-bank foreign exchange market after the closing of the market on each business day, and will make such prices the central parity for trading against the RMB on the following business day. On June 19, 2010, the PBOC announced that it had decided to proceed further with the reform of the RMB exchange rate regime to enhance the flexibility of the RMB exchange rate and that emphasis would be placed on reflecting market supply and demand with reference to a basket of currencies. While so indicating its intention to make the RMB's exchange rate more flexible, the PBOC ruled out any sharp fluctuations in the currency or a one-off adjustment. On March 17, 2014, the PBOC announced a policy to expand the maximum daily floating range of RMB trading prices against the U.S. dollar in the inter-bank spot foreign exchange market to 2%. In the long term, the RMB may appreciate or depreciate more significantly in value against the U.S. dollar or other foreign currencies, depending on the market supply and demand with reference to a basket of currencies.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the effectiveness of these hedges may be limited and we may not be able to successfully hedge our exposure. Accordingly, we may incur economic losses in the future due to foreign exchange rate fluctuations, which could have a negative impact on our financial condition and results of operations.

INFLATION RATE RISK

According to the National Bureau of Statistics of China, the consumer price index remained stable in 2025, compared to an increase of 0.2% in 2024. There may be a further increase in the rate of inflation in the future, which could have an adverse effect on our business.

INTEREST RATE RISK

The basic objectives of our investment program are to protect the invested funds from excessive risk and to provide for liquidity that is sufficient to meet operating and investment cash requirements. Under the investment policy, our excess cash is invested in high-quality securities which are limited as to length of time to maturity and the amount of credit exposure.

Our exposure to interest rate risk primarily relates to the interest income generated from excess cash invested in demand deposits. We have not used derivative financial instruments in our investment portfolio in order to reduce this risk. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

The following table summarizes the fees and charges that a holder of our ADSs may have to pay, directly or indirectly, pursuant to the Deposit Agreement and the types of services and the amount of the fees or charges paid therefore:

<i>Persons depositing or withdrawing shares or ADS holders must pay:</i>	<i>For:</i>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	<ul style="list-style-type: none">• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property• Cancellation of ADSs for the purpose of withdrawal, including if the Deposit Agreement terminates
\$0.05 (or less) per ADS	<ul style="list-style-type: none">• Any cash distribution to ADS holders• Distribution of securities distributed to holders of deposited securities which are distributed by the depository to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	
\$0.05 (or less) per ADSs per calendar year	<ul style="list-style-type: none">• Depository services
Registration or transfer fees	<ul style="list-style-type: none">• Transfer and registration of shares on our share register to or from the name of the depository or its agent when you deposit or withdraw shares
Expenses of the depository	<ul style="list-style-type: none">• Cable, telex and facsimile transmissions (when expressly provided in the Deposit Agreement)• converting foreign currency to U.S. dollars• As necessary
Taxes and other governmental charges the depository or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	
Any charges incurred by the depository or its agents for servicing the deposited securities	<ul style="list-style-type: none">• As necessary

Pursuant to the agreement between us and the Bank of New York Mellon, the depository for our ADSs, the depository reimburses us in cash for our expenses, including investor relations expenses, legal fees, accounting fees, Nasdaq listing application, and listing fees, and related expenses. For the year ended December 31, 2025, we received reimbursement from the depository in the aggregate amount of \$309,722, which is net of U.S. withholding tax, related to the servicing of the American depository receipt facility for our ADSs.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not Applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

On May 31, 2018, effective at 4:30 PM Eastern Time (such date and time, the “Effective Time”), pursuant to a proposal for the dissolution of our predecessor Sohu.com Inc., a Delaware corporation, and adoption of a plan of complete liquidation and dissolution of Sohu.com Inc. that was approved by the stockholders of Sohu.com Inc. at a special meeting of stockholders held on May 29, 2018, Sohu.com Inc. was dissolved; all outstanding shares of the common stock of Sohu.com Inc. were cancelled; ADSs representing all our outstanding ordinary shares were distributed by Sohu.com Inc. on a share-for-share basis to the stockholders of Sohu.com Inc. as of immediately prior to the Effective Time.

The rights of a former stockholder of Sohu.com Inc. were governed by the Delaware General Corporation Law and the certificate of incorporation and bylaws of Sohu.com Inc. After the Effective Time, those stockholders became the holders of ADSs representing our ordinary shares, and the rights of our shareholders became governed by the Cayman Islands Companies Act, our Memorandum and Articles of Association, and the Deposit Agreement. Many of the principal attributes of shares of Sohu.com Inc.’s common stock and our ordinary shares, including economic and voting rights, are similar. However, there are differences between rights under the Delaware General Corporation Law and under the Cayman Islands Companies Act. In addition, there are differences between the certificate of incorporation and bylaws of Sohu.com Inc. and our Memorandum and Articles of Association. For a summary of certain material differences in the rights of a holder of shares of Sohu.com Inc. common stock and a holder of our ordinary shares, you may refer to the sections entitled “Comparison of Rights of Sohu Delaware Stockholders and Sohu Cayman Shareholders” in our Registration Statement on Form F-4 (File No. 333-224069) filed with the SEC on April 19, 2018 and in Sohu.com Inc.’s and our joint proxy statement/prospectus filed with the SEC on April 23, 2018, which sections are incorporated herein by reference, and to the section entitled “Differences in Corporate Law” in Item 10 of this annual report).

USE OF PROCEEDS

On July 17, 2000, our predecessor Sohu.com Inc. completed an underwritten IPO of shares of its common stock pursuant to a Registration Statement on Form S-1 (SEC file No. 333-96137) that became effective on July 10, 2000. There has been no change in the information regarding use of proceeds from the IPO that was included in our annual report on Form 20-F for the year ended December 31, 2024 that we filed with the SEC on March 13, 2025.

ITEM 15. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of the end of the period covered by this annual report (the “Evaluation Date”), have concluded that as of the Evaluation Date our disclosure controls and procedures were effective and designed to ensure that all material information relating to Sohu.com Limited required to be included in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

MANAGEMENT’S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

[Table of Contents](#)

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers Zhong Tian LLP, an independent registered public accounting firm, as stated in their report which is included in this annual report on pages F-2.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have not been any changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act during the Company's fiscal year ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Dr. Dave Qi is an "audit committee financial expert" as defined under the applicable SEC rules and Rule 5605(c)(2) of the Nasdaq Listing Rules. Our Board of Directors has determined that all three members of our Audit Committee are "independent" under Rule 10A-3 under the Exchange Act and Rule 5605(a)(2) of the Nasdaq Listing Rules.

ITEM 16B. CODE OF ETHICS

Our Board of Directors adopted a code of ethics and conduct that is applicable to all of our directors, officers and employees. A copy of our code of ethics and conduct is filed as an exhibit to this annual report, and is also posted on our website at <http://investors.sohu.com>.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our principal external auditor, and its affiliates for the periods indicated below.

	For the year ended December 31,	
	2024	2025
	(in thousands)	
Audit fees ⁽¹⁾	\$ 1,054	\$ 1,050
Tax fees ⁽²⁾	196	196
All other fees	0	56
Total	\$ 1,250	\$ 1,302

- (1) "Audit fees" means the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements and our internal controls over financial reporting.
- (2) "Tax fees" means the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal auditors for tax compliance and tax advice.

Audit Committee Pre-Approval Policies and Procedures

Our Audit Committee has adopted procedures which set forth the manner in which the committee will review and approve all audit and non-audit services to be provided by PricewaterhouseCoopers Zhong Tian LLP before that firm is retained for such services. The pre-approval procedures are as follows:

- Any audit or non-audit service to be provided to us by the independent accountant must be submitted to the Audit Committee for review and approval, with a description of the services to be performed and the fees to be charged.
- The Audit Committee in its sole discretion then approves or disapproves the proposed services and documents such approval, if given, through written resolutions or in the minutes of meetings, as the case may be.

[Table of Contents](#)**ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not Applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On November 11, 2023, our Board of Directors authorized a program for the repurchase of up to \$80 million of outstanding Sohu ADSs over a twenty four-month period from November 11, 2023 to November 10, 2025, and authorized our management to purchase Sohu ADSs under the ADS repurchase program from time to time at their discretion at prevailing market prices in accordance with Rule 10b-18 and Rule 10b5-1 under the Exchange Act and to determine the timing and amount of any purchases of Sohu ADSs based on their evaluation of market conditions, the trading price of Sohu ADSs and other factors. On March 2, 2024, our Board of Directors authorized an increase in the size of the ADS repurchase program from up to \$80 million to up to \$150 million of outstanding Sohu ADSs. On November 9, 2024, our Board of Directors authorized extension of the ADS repurchase program from the previous end date of November 10, 2025 to November 10, 2026. As of February 20, 2026, we had repurchased 8,209,937 ADSs under the share repurchase program for an aggregate cost of approximately \$107 million.

The table below provides information on our repurchases of Sohu ADSs pursuant to the share repurchase program during the year ended December 31, 2025.

	Total Number of ADSs Purchased Under the Program	Average Price Paid Per ADS	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Program (in million)
2025 Month			
January (from January 1 to January 31)	257,454	12.77	99
February (from February 1 to February 28)	248,665	14.01	96
March (from March 1 to March 31)	351,428	13.88	91
April (from April 1 to April 30)	650,934	9.92	84
May (from May 1 to May 31)	255,431	11.11	82
June (from June 1 to June 30)	382,216	11.44	77
July (from July 1 to July 31)	666,825	14.73	67
August (from August 1 to August 31)	334,895	15.65	62
September (from September 1 to September 30)	237,714	15.86	58
October (from October 1 to October 31)	271,511	14.95	54
November (from November 1 to November 30)	182,695	15.17	52
December (from December 1 to December 31)	199,485	15.51	48

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not Applicable.

ITEM 16G. CORPORATE GOVERNANCE

Not Applicable.

ITEM 16H. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted a Policy on Insider Trading governing the purchase, sale and other disposition of our securities by directors, senior management, and employees. A copy of the policy is filed as an exhibit to this annual report.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

We recognize the importance of safeguarding the confidentiality, integrity, and availability of our data and information systems, and have designed and maintained a comprehensive program for identifying, assessing, and managing material risks from cybersecurity threats, as that term is defined in Item 16K of Form 20-F. Our cybersecurity risk management program is composed of the following key elements:

- *Governance Structure.*

Our Board of Directors, supported by our Audit Committee, oversees our company's overall risk management, including cybersecurity risks, and receives and reviews, on an as-needed basis, presentations and reports on material cybersecurity issues from our Chief Executive Officer and our Chief Financial Officer, who are designated as the individuals primarily responsible for overseeing the day-to-day operations of our cybersecurity risk management program.

For our Sohu segment, we have designated two internal organizations, the Technology Development Committee (the "TDC") and the Personal Information Protection and Compliance Working Group (the "PI Working Group"), to assist our Chief Executive Officer and our Chief Financial Officer in the discharge of their risk management responsibilities. The TDC is responsible for monitoring and managing risks related to our data and information systems relating to our Sohu segment, and reports to our Chief Executive Officer. The PI Protection Working Group, consisting of the heads of certain of our business divisions and of our in-house legal and Internal Audit teams, is responsible for monitoring and managing risks related to our collection, storage, and use of personal information that may arise in our Sohu segment, and reports to our Chief Financial Officer.

For our Changyou segment, we have established a cybersecurity working group (the "Changyou Cybersecurity Group") that is headed by Changyou's Chief Technology Officer. The Changyou Cybersecurity Group is responsible for monitoring and managing cybersecurity risks relating to the Changyou segment, and reports, in coordination with Changyou's Chief Executive Officer and our Internal Audit team, to our Chief Executive Officer and our Chief Financial Officer.

- *Internal Policies and Procedures.* As part of our cybersecurity risk management program, our management, in coordination with our Board of Directors and our cybersecurity staff, including the TDC, the PI Working Group, and the Changyou Cybersecurity Group, has developed and adopted a comprehensive set of internal policies, standards, and processes governing our cybersecurity functions, and regularly reviews and updates these policies, standards, and processes based on evolving regulatory requirements and industry standards and best practices.

- *Risk Identification, Assessment and Management.*

To identify potential cybersecurity threats and incidents, we use various tools and technologies, such as a traffic spectrometry detection system, web application firewalls, host intrusion prevention systems, honeypot systems, and terminal anti-virus software; perform penetration testing and vulnerability scanning of our information systems and applications on a regular basis; and take appropriate security measures, such as encryption, de-identification, and network segmentation, to ensure the safety of our sensitive business data and personal information.

As part of our dynamic response strategy, cybersecurity threats and incidents identified in our Sohu segment or our Changyou segment through our cybersecurity risk management program are first evaluated by the TDC and/or the PI Working Group, or by the Changyou Cybersecurity Group, as the case may be, and are then classified in categories by security severity based on their actual or potential business and operational impact, and prioritized for timely remediation based on their classifications. Identified cybersecurity threats and incidents that meet our pre-established reporting thresholds are required to be timely reported to the Chief Executive Officer and the Chief Financial Officer, who may in turn report to the Board of Directors, if they deem it to be necessary.

[Table of Contents](#)

- *Third-Party Risk Management.* When determining the selection and oversight of third-party service providers, we gather information from candidates that are expected to share or receive data, have access to or integrate with our systems, and/or process our employee, business, or customer data, in order to help us evaluate potential risks associated with their security controls. Our contracts with third-party service providers generally require such service providers to, among other things, maintain security controls to protect our confidential information and data, notify us of material data breaches that may impact our data, and take remedial measures in a timely manner. We also conduct ongoing monitoring throughout the duration of our contracts, and re-assess continuing qualifications of each of our existing service providers, including the effectiveness of their internal controls, annually (or sooner at the time of contract renewal) or in the event of any identified cybersecurity incident or any significant changes to such service provider's security controls.
- *Training.* We have various cybersecurity education and training programs designed to promote awareness of, and reinforce, our information technology and security policies, standards, and practices among our employees in general and employees of certain business divisions that are particularly susceptible to cybersecurity threats.
- *Continuous Review.* We engage third-party professionals, on an as-needed basis, to perform assessments, and independent reviews of our security control procedures and their effectiveness. The Chief Financial Officer provides reports on the results of such third-party assessments and reviews to our Audit Committee at its regularly scheduled or special meetings.

As of the date of the filing of this annual report, we have not had any cybersecurity incident (as such term is defined in Item 16K of Form 20-F), nor have we identified any risks from cybersecurity threats, including those resulting from any previous cybersecurity incidents, that have materially adversely affected, or are reasonably likely to materially adversely affect, our company or our business operations or financial condition. Although our cybersecurity risk management program, as described above, is designed to help prevent, detect, respond to, and mitigate the impact of cybersecurity incidents, we cannot assure you that a future cybersecurity incident would not materially adversely affect our business operations or our results of operations or financial condition. For information regarding cybersecurity risks that are facing us and their potential impact on our related business, see Item 3. Key Information - Risk Factors - Risks Related to Our Business “- Data security breaches relating to our platforms could damage our reputation and expose us to penalties and legal liability” and “- Our network operations may be vulnerable to hacking, viruses, and other disruptions, which may make our products and services less attractive and reliable, and third-party online payment platforms that we partner with and cloud-based servers that we lease from third-party operators may be susceptible to security breaches, which may damage our reputation and adversely affect our business” and “- Risks related to Changyou.com Limited - Risks related to Changyou's Business - Breaches in the security of Changyou's server network, or cloud-based servers that it leases from third-party operators, could cause disruptions in its service or operations, facilitate piracy of its intellectual property, or compromise confidential information of its game players and its business.”

Governance

Our full Board of Directors, supported by our Audit Committee, oversees our overall risk management, which includes risks arising from cybersecurity threats, and is responsible for ensuring that we have maintained adequate and effective policies and processes to identify and assess cybersecurity risks that we face and to provide resources necessary to manage and mitigate cybersecurity threats and incidents. Our Chief Executive Officer, supported by our Chief Financial Officer, meets with our Board of Directors at its regularly scheduled meetings to discuss our information security and cybersecurity programs and our key cybersecurity initiatives and related priorities and controls. In the event that a material cybersecurity threat or incident is identified, our Chief Executive Officer or our Chief Financial Officer will report the threat or incident to our Board of Directors and will continue to provide ongoing updates regarding the threat or incident until it has been resolved.

At its regularly-scheduled meetings our Audit Committee receives from our Chief Financial Officer and head of our Internal Audit assessment reports regarding our general enterprise risk and internal controls, which may include an evaluation of risks from a cybersecurity threat or incident if such a threat or incident is identified and meets our pre-established reporting threshold. Our Audit Committee will receive ongoing updates regarding any such threat or incident until it has been resolved, and the Chairman of our Audit Committee may choose to report any such cybersecurity threat or incident to our full Board of Directors and management's and any third-party assessments after they have been reviewed by our Audit Committee.

[Table of Contents](#)

Our Chief Executive Officer and our Chief Financial Officer are designated as the individuals primarily responsible for overseeing the day-to-day operations of our cybersecurity risk management program. As previously discussed, the TDC and the PI Working Group have the responsibility to address cybersecurity threats and to respond to cybersecurity incidents associated with our Sohu segment. The TDC, which reports directly to our Chief Executive Officer, is focused on the security of our data and information systems, while the PI Protection Working Group, which reports directly to our Chief Financial Officer, is focused on protection of personal information. The Changyou Cybersecurity Group was established to address cybersecurity threats and to respond to cybersecurity incidents associated with our Changyou segment, and reports to our Chief Executive Officer and our Chief Financial Officer in coordination with Changyou's Chief Executive Officer and our Internal Audit team. Through ongoing communications with these teams, our Chief Executive Officer and our Chief Financial Officers are informed about and monitor the prevention, detection, mitigation, and remediation of cybersecurity threats and incidents, and report risks from cybersecurity threats and cybersecurity incidents to our Audit Committee and/or our full Board of Directors when pre-established reporting thresholds are met.

Our Chief Executive Officer Charles Zhang, having served as such since 1996, and also having served as the Chairman of the Board of Changyou before the completion of the Changyou Merger, has extensive experience and expertise in Internet company management and operations and plays a key role in shaping our cybersecurity risk management policies, standards, and processes and in our cybersecurity risk management. Our Chief Financial Officer Joanna Lv has extensive experience and expertise in our enterprise risk management and internal controls in general, and in understanding and managing privacy and compliance issues related to personal information of our customers and employees in particular.

Qi Gao, who joined us in 2014, currently serves as the Chair of the TDC and concurrently as the Head of Cybersecurity and Head of Data Security, reporting directly to our Chief Executive Officer. Mr. Gao has extensive professional knowledge and experience in product research and development and management, including in managing network and security risks. Mr. Gao has a master's degree in control science and engineering from Beijing Institute of Technology.

Xiaojian Hong, head of the Changyou Cybersecurity Group, was one of the principal founders of our MMORPG business, played a key role in building our MMORPG software development division, and was responsible for strategic planning for technology framework design and module development for our MMORPG business. Mr. Hong serves as Changyou's Chief Technology Officer, and has extensive experience in the security, efficiency, and stability of online games software and operations. Mr. Hong has a bachelor's degree in engineering from University of Science and Technology Beijing.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Sohu and its subsidiaries and the VIEs that Sohu consolidates are included at the end of this annual report.

Table of Contents

ITEM 19. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
1.1(1)	<u>Amended and Restated Memorandum and Articles of Association of the Registrant.</u>
2.1(15)	<u>Registrant's Specimen American Depositary Receipt (included in Exhibit 2.2).</u>
2.2(15)	<u>Amended and Restated Deposit Agreement, dated January 14, 2019, among the Registrant, the depository and all registered holders and beneficial owners of the American Depositary Shares.</u>
2.3(15)	<u>Shareholders' Rights Agreement, dated as of January 14, 2019, between the Registrant and The Bank of New York Mellon.</u>
4.1(2)	<u>Loan and Share Pledge Agreement dated November 19, 2001 among Sohu.com Inc., Dr. Charles Zhang, and Li Wei.</u>
4.2(3)	<u>Real Property Purchase Agreement between Sohu Era and Vision Hua Qing.</u>
4.3(4)	<u>Master Transaction Agreement, dated January 1, 2009, by and between Sohu.com Inc. and Changyou.com Limited.</u>
4.4(4)	<u>Project Cooperation Agreement, dated November 20, 2009, by and between Beijing Raycom Real Estate Development Co., Ltd. and Beijing Sohu Media.</u>
4.5(5)	<u>Amended and Restated Marketing Services Agreement, dated January 1, 2010, by and between Sohu.com Inc. and Changyou.com Limited.</u>
4.6(6)	<u>Changyou Project Cooperation Agreement dated August 23, 2010.</u>
4.7(6)	<u>Amended and Restated 2010 Stock Incentive Plan.</u>
4.8(6)	<u>Cooperation Agreement, dated September 30, 2010. (Portions of this exhibit have been omitted pursuant to rules of the SEC permitting a registrant to omit confidential information that is not material, the release of which could cause competitive harm to the registrant).</u>
4.9(7)	<u>Master Transaction Agreement, dated as of November 29, 2011, between Sohu.com Inc., Sohu.com Limited, Sohu Internet, Sohu Era, and Sohu Media, on the one hand, and Changyou.com Limited, Changyou.com HK, Gamespace, and Guanyou Gamespace, on the other hand.</u>
4.10(7)	<u>Amended and Restated Non-Competition Agreement, dated as of November 29, 2011, between Changyou.com Limited and Sohu.com Inc.</u>
4.11(7)	<u>Services Agreement, dated as of November 29, 2011, between Changyou Gamespace and Sohu Media.</u>
4.12(8)	<u>English Translation of Services and Maintenance Agreement, dated November 30, 2007, between AmazGame and Gamease.</u>
4.13(8)	<u>English Translation of Technology Support and Utilization Agreement, dated August 20, 2008, between AmazGame and Gamease.</u>
4.14(9)	<u>2014 Share Incentive Plan of Changyou.com Limited.</u>
4.15(9)	<u>Loan and Share Pledge Agreement, effective as of April 28, 2014, by and among Sohu.com Limited, Charles Zhang, and Wei Li. (Portions of this exhibit have been omitted pursuant to rules of the SEC permitting a registrant to omit confidential information that is not material, the release of which could cause competitive harm to the registrant).</u>

Table of Contents

- 4.16(20) [English Translation of Loan Agreement, initially entered into as of April 15, 2015 and amended as of April 14, 2025, between AmazGame and High Century.](#)
- 4.17(10) [English Translation of Equity Interest Pledge Agreement, dated April 15, 2015 among AmazGame, Gamease and High Century.](#)
- 4.18(20) [English Translation of Equity Interest Purchase Right Agreement, initially entered into as of April 15, 2015 and amended as of April 14, 2025, between AmazGame, Gamease and High Century.](#)
- 4.19(10) [English Translation of Power of Attorney, dated April 15, 2015, by High Century in favor of AmazGame.](#)
- 4.20(20) [English Translation of Business Operation Agreement, initially entered into as of April 15, 2015 and amended as of April 14, 2025, among AmazGame, Gamease and High Century.](#)
- 4.21(11) [Loan and Share Pledge Agreement, dated July 1, 2015, among Sohu Media, Charles Zhang and Wei Li.](#)
- 4.22(11) [Loan and Share Pledge Agreement, dated July 1, 2015, among Focus HK, Charles Zhang and Wei Li.](#)
- 4.23(20) [English translation of Loan Agreement, initially entered into as of July 6, 2015 and amended as of July 5, 2025, between Gamespace and Changyou Star.](#)
- 4.24(20) [English translation of Equity Interest Purchase Right Agreement, initially entered into as of July 6, 2015 and amended as of July 5, 2025, among Gamespace, Guanyou Gamespace and Changyou Star.](#)
- 4.25(12) [English translation of Equity Pledge Agreements, dated July 6, 2015, among Gamespace, Guanyou Gamespace and Changyou Star.](#)
- 4.26(20) [English translation of Business Operation Agreement, initially entered into as of July 6, 2015 and amended as of July 5, 2025, among Gamespace, Guanyou Gamespace and Changyou Star.](#)
- 4.27(12) [English translation of Power of Attorney, dated July 6, 2015, executed by Changyou Star in favor of Gamespace.](#)
- 4.28(12) [English translation of Share Purchase Agreement, dated April 16, 2015, between MENG Shuqi, Shanghai Yong Chong Investment Center LP, Gamease and Shenzhen 7 Road Technology Co., Ltd.](#)
- 4.29(13) [English translation of Employment Agreement effective as of April 1, 2012, between Sohu Era and Joanna Lv.](#)
- 4.30(13) [English translation of Agreement of Changing One Party to Employment Agreement effective as of April 1, 2013, among Sohu Era, Joanna Lv and Sohu Media.](#)
- 4.31(14) [Sohu.com Limited 2018 Share Incentive Plan.](#)
- 4.32(16) [Changyou.com Limited 2019 Share Incentive Plan.](#)
- 4.33(17) [English Translation of Technology Support and Utilization Agreement, dated September 1, 2010, between Guanyou Gamespace and Gamespace.](#)
- 4.34(17) [English Translation of Technology Support and Utilization Agreement, dated November 1, 2011, between Guanyou Gamespace and Gamespace.](#)
- 4.35(17) [English Translation of Services and Maintenance Agreement, dated January 1, 2021, between Gamease and Changyou Chuangxiang.](#)

Table of Contents

4.36(17)	<u>English Translation of Technology Support and Utilization Agreement, dated January 1, 2021, between Gamease and Changyou Chuangxiang.</u>
4.37(18)	<u>Employment Agreement effective as of January 1, 2024 between Changyou.com Limited and Dewen Chen.</u>
4.38(18)	<u>Employment Agreement effective as of January 1, 2024 between Sohu.com Limited and Charles Zhang.</u>
4.39(19)	<u>Employment Agreement effective as of May 1, 2024 between Sohu.com Limited and Joanna Lv.</u>
4.40(19)	<u>English Translation of Exclusive Technology Consulting and Services Agreement, dated August 2, 2024, between Sohu Era and Sohu Internet.</u>
4.41(19)	<u>English Translation of Technology Service Agreement, dated January 1, 2025 between Donglin and Sohu Media.</u>
8.1(20)	<u>Principal Subsidiaries and VIEs of the Registrant.</u>
11.1(15)	<u>Code of Ethics and Conduct for Directors, Officers and Employees.</u>
11.2(18)	<u>Policy on Insider Trading</u>
12.1(20)	<u>Rule 13a-14(a)/15d-14(a) Certification of Dr. Charles Zhang.</u>
12.2(20)	<u>Rule 13a-14(a)/15d-14(a) Certification of Joanna Lv.</u>
13.1(20)	<u>Section 1350 Certification of Dr. Charles Zhang.</u>
13.2(20)	<u>Section 1350 Certification of Joanna Lv.</u>
15.1(20)	<u>Consent of Independent Registered Public Accounting Firm.</u>
15.2(20)	<u>Consent of Haiwen & Partners, Chinese mainland Counsel.</u>
97.1(18)	<u>Compensation Clawback Policy</u>
101.INS(20)	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH(20)	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104(20)	Cover page formatted as Inline XBRL and contained in Exhibit 101

[Table of Contents](#)

- (1) Incorporated herein by reference to Sohu.com Limited's Registration Statement on Form F-4 (File No. 333-224069) filed with the SEC on April 19, 2018.
- (2) Incorporated herein by reference to Sohu.com Inc.'s Annual Report on Form 10-K filed on March 15, 2002.
- (3) Incorporated herein by reference to Sohu.com Inc.'s Quarterly Report on Form 10-Q filed on May 8, 2007.
- (4) Incorporated herein by reference to Sohu.com Inc.'s Annual Report on Form 10-K filed on February 26, 2010.
- (5) Incorporated herein by reference to Sohu.com Inc.'s Quarterly Report on Form 10-Q filed on May 7, 2010.
- (6) Incorporated herein by reference to Sohu.com Inc.'s Quarterly Report on Form 10-Q filed on November 8, 2010.
- (7) Incorporated herein by reference to Sohu.com Inc.'s Current Report on Form 8-K filed on December 1, 2011.
- (8) Incorporated herein by reference to Sohu.com Inc.'s Annual Report on Form 10-K filed on February 28, 2013.
- (9) Incorporated herein by reference to Sohu.com Inc.'s Annual Report on Form 10-K filed on March 2, 2015.
- (10) Incorporated herein by reference to Sohu.com Inc.'s Quarterly Report on Form 10-Q filed on August 7, 2015.
- (11) Incorporated herein by reference to Sohu.com Inc.'s Quarterly Report on Form 10-Q filed on November 6, 2015.
- (12) Incorporated herein by reference to Sohu.com Inc.'s Annual Report on Form 10-K filed on February 26, 2016.
- (13) Incorporated herein by reference to Sohu.com Inc.'s Annual Report on Form 10-K filed on February 27, 2017.
- (14) Incorporated herein by reference to Sohu.com Limited's Registration Statement on Form S-8 POS filed on June 1, 2018.
- (15) Incorporated herein by reference to Sohu.com Limited's Annual Report on Form 20-F filed on March 28, 2019.
- (16) Incorporated herein by reference to Sohu.com Limited's Annual Report on Form 20-F filed on April 21, 2020.
- (17) Incorporated herein by reference to Sohu.com Limited's Annual Report on Form 20-F filed on March 31, 2022.
- (18) Incorporated herein by reference to Sohu.com Limited's Annual Report on Form 20-F filed on March 18, 2024.
- (19) Incorporated herein by reference to Sohu.com Limited's Annual Report on Form 20-F filed on March 13, 2025.
- (20) Filed herewith.

SOHU.COM LIMITED
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Page

CONSOLIDATED FINANCIAL STATEMENTS:

Report of Independent Registered Public Accounting Firm (PCAOB ID: 1424)	F-2
Consolidated Balance Sheets as of December 31, 2024 and 2025	F-4
Consolidated Statements of Comprehensive Income/(Loss) for the Years Ended December 31, 2023, 2024 and 2025	F-5
Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2024 and 2025	F-6
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2023, 2024 and 2025	F-7
Notes to Consolidated Financial Statements	F-10

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Sohu.com Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Sohu.com Limited and its subsidiaries (the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income/(loss), of cash flows and of changes in equity for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment

As described in Notes 2 and 13 to the consolidated financial statements, the goodwill balance associated with the Changyou online game reporting unit was \$10.3 million at December 31, 2025. Management performed a quantitative assessment for the Changyou online game reporting unit on October 1, 2025 by comparing the estimated fair value of the reporting unit to its corresponding net book value, including goodwill and determined that no impairment existed. There were significant estimates and judgments by management in determining the fair value of the Changyou online game reporting unit.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment is a critical audit matter are (i) the significant judgment by management when developing the fair value measurement of the reporting unit, including assumptions related to revenue growth rates and profitability, selection of comparable companies and earnings multipliers; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant estimates and judgements; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the development of the significant assumptions related to the valuation of the Changyou online game reporting unit. These procedures also included, among others, (i) testing management's process for developing the fair value estimate of the reporting unit; (ii) evaluating the appropriateness of management's models; (iii) testing the completeness, accuracy and relevance of underlying data used in the models; (iv) evaluating the reasonableness of significant assumptions used by management related to revenue growth rates and profitability, selection of comparable companies and earnings multipliers; and (v) evaluating management's reconciliation of the aggregate fair value of all reporting units to the Company's consolidated, public market capitalization. Evaluating the reasonableness of management's significant assumptions related to revenue growth rates and profitability, selection of comparable companies and earnings multipliers involved consideration of (i) the current and past performance of the reporting unit; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of management's models and certain significant assumptions, including revenue growth rates and profitability, selection of comparable companies and earnings multipliers.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People's Republic of China
March 12, 2026

We have served as the Company's auditor since 1999.

SOHU.COM LIMITED
CONSOLIDATED BALANCE SHEETS
(In thousands)

	As of December 31,	
	2024	2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 159,927	\$ 128,308
Short-term investments	744,498	702,372
Accounts receivable, net (including \$494 and \$1,252, respectively, due from a related party as of December 31, 2024 and 2025)	53,762	43,335
Prepaid and other current assets (including \$33,170 and \$33,924, respectively, due from a related party as of December 31, 2024 and 2025)	83,575	93,903
Total current assets	<u>1,041,762</u>	<u>967,918</u>
Fixed assets, net	252,860	246,263
Goodwill	46,944	10,257
Long-term investments, net	43,120	43,939
Intangible assets, net	7,695	4,692
Long-term time deposits	331,290	350,659
Other assets	10,995	12,325
Total assets	<u>\$ 1,734,666</u>	<u>\$ 1,636,053</u>
LIABILITIES		
Current liabilities:		
Accounts payable (including accounts payable of consolidated variable interest entities (“VIEs”) without recourse to the Company of \$5,159 and \$5,275, respectively, as of December 31, 2024 and 2025)	\$ 36,043	\$ 36,215
Accrued liabilities (including accrued liabilities of consolidated VIEs without recourse to the Company of \$24,700 and \$21,631, respectively, as of December 31, 2024 and 2025)	97,138	95,430
Receipts in advance and deferred revenue (including receipts in advance and deferred revenue of consolidated VIEs without recourse to the Company of \$46,845 and \$52,335, respectively, as of December 31, 2024 and 2025)	51,007	54,878
Accrued salary and benefits (including accrued salary and benefits of consolidated VIEs without recourse to the Company of \$3,046 and \$2,309, respectively, as of December 31, 2024 and 2025)	47,232	55,018
Tax payables (including tax payables of consolidated VIEs without recourse to the Company of \$2,353 and \$1,970, respectively, as of December 31, 2024 and 2025)	14,225	15,571
Other short-term liabilities (including other short-term liabilities of consolidated VIEs without recourse to the Company of \$10,488 and \$8,613, respectively, as of December 31, 2024 and 2025, and due to a related party of \$34,123 as of December 31 of both 2024 and 2025.)	76,322	76,601
Total current liabilities	<u>321,967</u>	<u>333,713</u>
Long-term other payables	2,807	2,896
Long-term tax liabilities (including long-term tax liabilities of consolidated VIEs without recourse to the Company of \$12,830 and \$13,121, respectively, as of December 31, 2024 and 2025)	211,848	13,121
Deferred tax liabilities	273,697	7,930
Other long-term liabilities (including other long-term liabilities of consolidated VIEs without recourse to the Company of \$53 and nil, respectively, as of December 31, 2024 and 2025)	1,659	322
Total long-term liabilities	<u>490,011</u>	<u>24,269</u>
Total liabilities	<u>\$ 811,978</u>	<u>\$ 357,982</u>
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Sohu.com Limited shareholders' equity:		
Ordinary Shares: \$0.001 par value per share (75,400 shares authorized; 30,065 shares and 26,069 shares, respectively, issued and outstanding as of December 31, 2024 and 2025)	\$ 30	\$ 26
Additional paid-in capital	839,949	784,338
Treasury Stock: \$0.001 par value per share (345 shares and 199 shares, respectively, as of December 31, 2024 and 2025)	(4,637)	(3,093)
Accumulated other comprehensive loss	(58,149)	(42,781)
Accumulated earnings	145,142	539,237
Total Sohu.com Limited shareholders' equity	<u>922,335</u>	<u>1,277,727</u>
Noncontrolling interest	353	344
Total shareholders' equity	<u>922,688</u>	<u>1,278,071</u>
Total liabilities and shareholders' equity	<u>\$ 1,734,666</u>	<u>\$ 1,636,053</u>

The accompanying notes are an integral part of these consolidated financial statements.

SOHU.COM LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(In thousands, except per share data)

	Year Ended December 31,		
	2023	2024	2025
Revenues:			
Marketing services (formerly known as brand advertising, including revenues generated from a related party of \$208, \$76 and \$59, respectively, for 2023, 2024 and 2025)	\$ 88,689	\$ 73,465	\$ 59,972
Online games	479,697	502,389	505,738
Others (including revenues generated from a related party of \$3,737, \$2,599 and \$2,431 respectively, for 2023, 2024 and 2025)	32,286	22,545	18,623
Total revenues	<u>600,672</u>	<u>598,399</u>	<u>584,333</u>
Cost of revenues:			
Marketing services (formerly known as brand advertising, including costs generated from a related party of \$218, \$14 and \$26 respectively, for 2023, 2024 and 2025)	71,103	66,579	53,451
Online games	65,029	88,495	71,804
Others	9,625	10,759	6,234
Total cost of revenues	<u>145,757</u>	<u>165,833</u>	<u>131,489</u>
Gross profit	<u>454,915</u>	<u>432,566</u>	<u>452,844</u>
Operating expenses:			
Product development	279,842	255,233	247,507
Sales and marketing	213,449	235,824	188,989
General and administrative	48,934	50,910	73,198
Goodwill impairment	0	0	36,955
Total operating expenses	<u>542,225</u>	<u>541,967</u>	<u>546,649</u>
Operating loss	<u>(87,310)</u>	<u>(109,401)</u>	<u>(93,805)</u>
Other income, net	35,746	22,144	16,550
Interest income	45,222	38,625	29,137
Exchange difference	692	464	(1,405)
Loss before income tax expense/(benefit)	(5,650)	(48,168)	(49,523)
Income tax expense/(benefit)	60,420	52,070	(443,609)
Net income/(loss) from continuing operations	(66,070)	(100,238)	394,086
Net income from discontinued operations, net of tax	35,426	0	0
Net income/(loss)	(30,644)	(100,238)	394,086
Less: Net income/(loss) from continuing operations attributable to the noncontrolling interest shareholders	(265)	31	(9)
Net income/(loss) from continuing operations attributable to Sohu.com Limited	(65,805)	(100,269)	394,095
Net income from discontinued operations attributable to Sohu.com Limited	35,426	0	0
Net income/(loss) attributable to Sohu.com Limited	<u>\$ (30,379)</u>	<u>\$ (100,269)</u>	<u>\$ 394,095</u>
Net income/(loss)	\$ (30,644)	\$ (100,238)	\$ 394,086
Foreign currency translation adjustments	(13,643)	(11,669)	15,368
Other comprehensive income/(loss)	<u>(13,643)</u>	<u>(11,669)</u>	<u>15,368</u>
Comprehensive income/(loss)	(44,287)	(111,907)	409,454
Less: Comprehensive income/(loss) attributable to noncontrolling interest shareholders	(265)	31	(9)
Comprehensive income/(loss) attributable to Sohu.com Limited	<u>(44,022)</u>	<u>(111,938)</u>	<u>409,463</u>
Basic net income/(loss) per share attributable to Sohu.com Limited			
Continuing operations	\$ (1.93)	\$ (3.13)	\$ 13.96
Discontinued operations	1.04	0	0
Net income/(loss) per share	<u>(0.89)</u>	<u>(3.13)</u>	<u>13.96</u>
Shares used in computing basic net income/(loss) per share attributable to Sohu.com Limited	<u>34,109</u>	<u>32,009</u>	<u>28,234</u>
Diluted net income/(loss) per share attributable to Sohu.com Limited			
Continuing operations	\$ (1.93)	\$ (3.13)	\$ 13.96
Discontinued operations	1.04	0	0
Net income/(loss) per share	<u>(0.89)</u>	<u>(3.13)</u>	<u>13.96</u>
Shares used in computing diluted net income/(loss) per share attributable to Sohu.com Limited	<u>34,109</u>	<u>32,009</u>	<u>28,234</u>

The accompanying notes are an integral part of these consolidated financial statements.

SOHU.COM LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2023	2024	2025
Cash flows from operating activities:			
Net income/(loss)	\$ (30,644)	\$ (100,238)	\$ 394,086
Net income from discontinued operations, net of tax	35,426	0	0
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:			
Amortization of intangible assets and purchased video content in prepaid expense	13,624	11,198	12,365
Depreciation	16,621	13,475	12,635
Goodwill impairment	0	0	36,955
Share-based compensation expense	708	(30)	1,499
Impairment of long-term investments	283	0	0
Impairment of intangible assets and other assets	5,845	911	(49)
Investment (income)/loss from long-term investments	(1,135)	309	(535)
Allowance for credit losses	(310)	1,344	916
Change in fair value of financial instruments	(199)	(4,912)	3,931
Deferred income tax benefit	0	0	(271,756)
Others	(522)	(424)	(642)
Changes in assets and liabilities:			
Accounts receivable	(4,403)	15,719	10,473
Prepaid and other assets	951	4,503	(2,449)
Accounts payable	(5,489)	(7,495)	(1,067)
Receipts in advance and deferred revenue	3,439	904	2,636
Tax payables	6,582	11,779	(204,543)
Deferred tax liabilities	24,286	17,674	0
Accrued liabilities and other short-term liabilities	(19,778)	(12,735)	783
Net cash used in continuing operating activities	(25,567)	(48,018)	(4,762)
Net cash used in operating activities	(25,567)	(48,018)	(4,762)
Cash flows from investing activities:			
Purchase of fixed assets	(3,225)	(1,315)	(576)
Purchase of intangible and other assets	(15,187)	(18,610)	(9,081)
Purchase of long-term investments	(22,076)	0	0
Proceeds from time deposits	168,225	84,432	210,749
Purchase of time deposits	(295,488)	(28,144)	(224,739)
Proceeds from short-term investments	1,375,757	1,758,032	1,649,562
Purchase of short-term investments	(1,503,242)	(1,908,401)	(1,602,007)
Other cash proceeds related to investing activities	3,571	646	935
Net cash provided by/(used in) continuing investing activities	(291,665)	(113,360)	24,843
Net cash provided by/(used in) investing activities	(291,665)	(113,360)	24,843
Cash flows from financing activities:			
Repurchase of Sohu Ordinary Shares, represented by ADSs	(6,560)	(40,875)	(54,077)
Net cash used in continuing financing activities	(6,560)	(40,875)	(54,077)
Net cash used in financing activities	(6,560)	(40,875)	(54,077)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(11,982)	(3,508)	2,377
Net decrease in cash, cash equivalents and restricted cash	(335,774)	(205,761)	(31,619)
Cash, cash equivalents and restricted cash at beginning of year	701,462	365,688	159,927
Cash, cash equivalents and restricted cash at end of year	\$ 365,688	\$ 159,927	\$ 128,308
Cash, cash equivalents and restricted cash of continuing operations, end of year	365,688	159,927	128,308
Supplemental cash flow disclosures from continuing operations:			
Cash paid for income taxes, net	(28,053)	(16,786)	(29,652)
Barter transactions	3,601	3,156	2,005
Supplemental schedule of non-cash investing activity from continuing operations:			
Changes in payables and other liabilities related to fixed assets and intangible assets additions	(7,425)	(567)	488

The accompanying notes are an integral part of these consolidated financial statements.

SOHU.COM LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended December 31, 2023
(In thousands)

	Sohu.com Limited Shareholders' Equity							Noncontrolling Interest
	Total	Ordinary Shares	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Earnings/ (Deficit)		
Beginning balance as of January 1, 2023	\$ 1,110,710	34	866,455	0	(32,837)	275,790	1,268	
Share-based compensation expense	96	0	96	0	0	0	0	
Net loss attributable to Sohu.com Limited and noncontrolling interest shareholders	(30,644)	0	0	0	0	(30,379)	(265)	
Repurchase of Sohu Ordinary Shares, represented by ADSs	(6,560)	0	0	(6,560)	0	0	0	
Disposal of a partially-held subsidiary	(681)	0	0	0	0	0	(681)	
Other comprehensive loss	(13,643)	0	0	0	(13,643)	0	0	
Ending balance as of December 31, 2023	\$ 1,059,278	34	866,551	(6,560)	(46,480)	245,411	322	

The accompanying notes are an integral part of these consolidated financial statements.

SOHU.COM LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended December 31, 2024
(In thousands)

	Sohu.com Limited Shareholders' Equity							Noncontrolling Interest
	Total	Ordinary Shares	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Earnings/ (Deficit)		
Beginning balance as of January 1, 2024	\$ 1,059,278	34	866,551	(6,560)	(46,480)	245,411	322	
Share-based compensation expense	73	0	73	0	0	0	0	
Net loss attributable to Sohu.com Limited and noncontrolling interest shareholders	(100,238)	0	0	0	0	(100,269)	31	
Repurchase of Sohu Ordinary Shares, represented by ADSs	(40,875)	(4)	(42,794)	1,923	0	0	0	
Reversal of transaction costs related to business acquisitions	16,119	0	16,119	0	0	0	0	
Other comprehensive loss	(11,669)	0	0	0	(11,669)	0	0	
Ending balance as of December 31, 2024	<u>\$ 922,688</u>	<u>30</u>	<u>839,949</u>	<u>(4,637)</u>	<u>(58,149)</u>	<u>145,142</u>	<u>353</u>	

The accompanying notes are an integral part of these consolidated financial statements.

SOHU.COM LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended December 31, 2025
(In thousands)

	<u>Sohu.com Limited Shareholders' Equity</u>						
	<u>Total</u>	<u>Ordinary Shares</u>	<u>Additional Paid-in Capital</u>	<u>Treasury Stock</u>	<u>Accumulated Other Comprehensive Income/(Loss)</u>	<u>Accumulated Earnings</u>	<u>Noncontrolling Interest</u>
Beginning balance as of January 1, 2025	\$ 922,688	30	839,949	(4,637)	(58,149)	145,142	353
Share-based compensation expense	6	0	6	0	0	0	0
Net income attributable to Sohu.com Limited and noncontrolling interest shareholders	394,086	0	0	0	0	394,095	(9)
Repurchase of Sohu Ordinary Shares, represented by ADSs	(54,077)	(4)	(55,617)	1,544	0	0	0
Other comprehensive income	15,368	0	0	0	15,368	0	0
Ending balance as of December 31, 2025	<u>\$ 1,278,071</u>	<u>26</u>	<u>784,338</u>	<u>(3,093)</u>	<u>(42,781)</u>	<u>539,237</u>	<u>344</u>

The accompanying notes are an integral part of these consolidated financial statements.

SOHU.COM LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY AND NATURE OF OPERATIONS

Nature of Operations and Organization

Sohu.com Limited was incorporated in the Cayman Islands on May 30, 2003 as a direct wholly-owned subsidiary of Sohu.com Inc., which was incorporated in Delaware in August 1996 and was the ultimate parent company of the Sohu Group (as defined below) until its dissolution on May 31, 2018. On July 17, 2000, Sohu.com Inc. completed an initial public offering (“IPO”) of shares of its common stock on Nasdaq trading under the symbol “SOHU.” On May 31, 2018, pursuant to a proposal for the dissolution of Sohu.com Inc. and adoption of a plan of complete liquidation and dissolution of Sohu.com Inc. that was approved by the stockholders of Sohu.com Inc. at a special meeting of stockholders held on May 29, 2018, Sohu.com Inc. was dissolved, all outstanding shares of the common stock of Sohu.com Inc. were delisted and cancelled, and American Depositary Shares (“ADSs”) representing all outstanding ordinary shares of Sohu.com Limited were distributed on a share-for-share basis to the stockholders of Sohu.com Inc. On June 1, 2018 Sohu.com Limited’s ADSs began trading on the Nasdaq Global Select Market under the same “SOHU” symbol in place of the common stock of Sohu.com Inc. As a result, Sohu.com Limited replaced Sohu.com Inc. as the top-tier, publicly-traded holding company of the Sohu Group (as defined below). Sohu.com Limited (or its predecessor Sohu.com Inc., as applicable), together with its subsidiaries and consolidated VIEs, are collectively referred to herein as the “Sohu Group,” the “Group” or the “Company.” As described elsewhere in this report, the Company does not own its consolidated VIEs, and the results of such VIEs’ operations only accrue to the Company through contractual arrangements between certain of the VIEs and/or such VIEs’ nominee shareholders, on the one hand, and certain of the Company’s subsidiaries, on the other hand. Accordingly, in appropriate contexts activities of the VIEs that the Company consolidates will be described separately from those of the Company’s direct and indirect owned subsidiaries and the use of the terms “Sohu Group,” “Group,” and “Company” may not include in those contexts the VIEs that the Company consolidates.

The Sohu Group consists of Sohu, which when referred to in this report, unless the context requires otherwise, consists of the businesses of Sohu.com Limited and its corresponding subsidiaries and the VIEs that it consolidates, excluding the businesses and the corresponding subsidiaries of Changyou and the VIEs that Changyou consolidates, and Changyou. As used in this report, “Changyou” refers to Changyou.com Limited, a Cayman Islands exempted company, and, unless the context requires otherwise, includes its subsidiaries and the VIEs that it consolidates, but excludes Fox Information Technology (Tianjin) Limited (“Video Tianjin”) and its subsidiaries. Changyou is a wholly-owned subsidiary of the Company.

Changyou completed its IPO on Nasdaq in April 2009, trading under the symbol “CYOU.” On April 17, 2020, Sohu acquired all outstanding shares of Changyou that it did not already beneficially own pursuant to the merger (the “Changyou Merger”) of an indirect newly-formed wholly-owned subsidiary with and into Changyou, with Changyou being the company surviving the Changyou Merger and continuing as a privately-held company that is wholly-owned by Sohu.com Limited. As a result of the completion of the Changyou Merger, Sohu.com Limited beneficially holds and controls 100% of the combined total of Changyou’s outstanding ordinary shares and 100% of the total voting power in Changyou and consolidates Changyou in its consolidated financial statements with no noncontrolling interests being recognized except for noncontrolling interests reflecting economic interests in Changyou’s subsidiaries.

The Sohu Group is a leading Chinese online media platform and game business group providing comprehensive online products and services on PCs and mobile devices in the Chinese mainland. Through the operation of Sohu and Changyou, the Sohu Group generates marketing services revenues, online game revenues, and other revenues. Most of the Sohu Group’s operations are conducted through the Group’s Chinese mainland-based subsidiaries and consolidated VIEs.

Starting in 2025, the Sohu Group has changed the name of its “brand advertising business” to the “marketing services business.” This change is intended to more accurately reflect the nature of the business, which consists primarily of advertising and other marketing-related services. To provide a consistent basis for comparison, the Sohu Group has renamed all relevant financial measures and disclosures in this report to align with this updated terminology.

[Table of Contents](#)

The principal subsidiaries and VIEs through which the Group conducted its business operations as of December 31, 2025 are described below.

Name of Entity	Date of Incorporation	Place of Incorporation	Effective Interest Held through Equity Ownership/Contractual Arrangements.
Subsidiaries:			
Sohu.com (Hong Kong) Limited	Incorporated on April 19, 2000	Hong Kong	100%
Beijing Sohu New Era Information Technology Co., Ltd. (“Sohu Era”)	Incorporated on July 25, 2003	People’s Republic of China	100%
Sohu.com (Search) Limited	Incorporated on October 28, 2005	Cayman Islands	100%
Beijing Sohu New Media Information Technology Co., Ltd. (“Sohu Media”)	Incorporated on June 19, 2006	People’s Republic of China	100%
Changyou.com Limited	Incorporated on August 6, 2007	Cayman Islands	100%
Changyou.com (HK) Limited	Incorporated on August 13, 2007	Hong Kong	100%
Beijing AmazGame Age Internet Technology Group Co., Ltd. (“AmazGame”)	Incorporated on September 26, 2007	People’s Republic of China	100%
Sohu.com (Game) Limited	Incorporated on February 11, 2008	Cayman Islands	100%
Beijing Changyou Gamespace Software Technology Co., Ltd. (“Gamespace”)	Incorporated on October 29, 2009	People’s Republic of China	100%
Changyou.com Korea LLC	Incorporated on January 7, 2010	South Korea	100%
Beijing Sohu New Momentum Information Technology Co., Ltd. (“Sohu New Momentum”)	Incorporated on May 31, 2010	People’s Republic of China	100%
Fox Information Technology (Tianjin) Limited	Incorporated on November 17, 2011	People’s Republic of China	100%
Beijing Changyou Chuangxiang Software Technology Co., Ltd. (“Changyou Chuangxiang”)	Incorporated on November 8, 2016	People’s Republic of China	100%
VIEs:			
Beijing Century High-Tech Investment Co., Ltd. (“High Century”)	Incorporated on December 28, 2001	People’s Republic of China	100%
Beijing Sohu Internet Information Service Co., Ltd. (“Sohu Internet”)	Incorporated on July 31, 2003	People’s Republic of China	100%
Beijing Gamease Age Digital Technology Co., Ltd. (“Gamease”)	Incorporated on August 23, 2007	People’s Republic of China	100%
Beijing Sohu Donglin Advertising Co., Ltd. (“Donglin”)	Incorporated on May 17, 2010	People’s Republic of China	100%
Shanghai ICE Information Technology Co., Ltd. (“Shanghai ICE”)	Consolidated beginning on May 28, 2010	People’s Republic of China	100%
Beijing Guanyou Gamespace Digital Technology Co., Ltd. (“Guanyou Gamespace”)	Incorporated on August 5, 2010	People’s Republic of China	100%
Tianjin Jinhua Culture Development Co., Ltd (“Tianjin Jinhua”)	Incorporated on November 24, 2011	People’s Republic of China	100%
Guangzhou Qianjun Network Technology Co., Ltd. (“Guangzhou Qianjun”)	Consolidated beginning on November 25, 2014	People’s Republic of China	100%

[Table of Contents](#)

Sohu's Business

Marketing Services Business

Sohu's main business is the marketing services business, which consists primarily of advertising and other marketing-related services. Sohu is an online media content and services provider. Through its social features, Sohu also enables users to generate and distribute content, as well as interact with each other on its platform. The majority of Sohu's products and services are provided in the Chinese mainland across multiple Internet-enabled devices such as mobile phones, tablets and PCs, through the mobile phone applications Sohu News App and Sohu Video App, the mobile portal m.sohu.com, and the PC portal www.sohu.com.

Revenues generated by Sohu from the marketing services business are classified as marketing services revenues in the Sohu Group's consolidated statements of comprehensive income.

Other Sohu Business

Sohu's other business consists primarily of paid subscription services, revenue sharing from other platforms, and interactive broadcasting services. Revenues generated by Sohu from the other business are classified as other revenues in the Sohu Group's consolidated statements of comprehensive income.

Changyou's Business

Changyou's business consists of the online game business and the platform channel business. The platform channel business consists primarily of marketing services.

Online Game Business

Changyou's online game business offers PC games and mobile games to game players.

- **PC games.** PC games are interactive online games that are accessed and played simultaneously by hundreds of thousands of game players through personal computers and require that local client-end game access software be installed on the computers used.
- **Mobile games.** Mobile games are played on mobile devices and require an Internet connection.

All of Changyou's games are operated under the item-based revenue model, meaning that game players can play the games for free, but may choose to pay for virtual items, which are non-physical items that game players can purchase and use within a game, such as characters, weapons, gems, pets, skills, fashion items and other in-game consumables, features and functionalities. Revenues derived from the operation of online games are classified as online game revenues in the Sohu Group's consolidated statements of comprehensive income.

Changyou's dominant games are the PC game Tian Long Ba Bu ("TLBB PC") and the mobile game Legacy TLBB Mobile. For the year ended December 31, 2025, revenues from TLBB PC were \$306.9 million, accounting for approximately 61% of Changyou's online game revenues, approximately 60% of Changyou's total revenues, and approximately 53% of the Sohu Group's total revenues. For the year ended December 31, 2025, revenues from Legacy TLBB Mobile were \$41.4 million, accounting for approximately 8% of Changyou's online game revenues, approximately 8% of Changyou's total revenues, and approximately 7% of the Sohu Group's total revenues.

Platform Channel Business

Changyou's platform channel business consists primarily of the operation of the 17173.com Website, which provides news, electronic forums, online videos, and other online game information services to game players. Changyou generates marketing services revenues from providing marketing services to third-party advertisers on the 17173.com Website.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards

The consolidated financial statements have been prepared in accordance with United States of America generally accepted accounting principles ("U.S. GAAP") to reflect the financial position and results of operations of the Sohu Group.

[Table of Contents](#)

Use of Estimates

The preparation of these financial statements requires the Sohu Group to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. On an on-going basis, the Group evaluates its estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Identified below are the accounting policies that reflect the Group's most significant estimates and judgments, and those that the Group believes are the most critical to fully understanding and evaluating its consolidated financial statements.

Basis of Consolidation and Recognition of Noncontrolling Interest

The Sohu Group's consolidated financial statements include the accounts of the Company and its subsidiaries and consolidated VIEs. All intra-Group transactions are eliminated.

VIE Consolidation

Under ASC 810, if an entity has (i) the power to direct the activities of a VIE that most significantly affect the VIE's economic performance and (ii) the right to receive economic benefits from the VIE that could be significant to the VIE, then such entity will be considered as holding a controlling financial interest in the VIE, which will make such entity a primary beneficiary of, and will require such entity to consolidate, the VIE. The VIEs through which the Sohu Group conducts a substantial portion of its business operations are wholly owned, directly or indirectly, by certain employees of the Sohu Group as nominee shareholders. For those VIEs with which the Sohu Group has contractual arrangements and with their nominee shareholders, management made evaluations of the relationships between the Sohu Group and such VIEs and the economic benefit flow of such contractual arrangements with such VIEs. In connection with such evaluation, management also took into account the fact that, as a result of such contractual arrangements, the Sohu Group controls 100% of the nominee shareholders' voting interests in such VIEs and the fact that any such VIE, if it has one or more wholly-owned subsidiaries that are also VIEs that the Sohu Group consolidates, holds and controls 100% of the shareholder's voting interests in such subsidiary or subsidiaries even if any such subsidiary itself is not a party to any VIE contract with the Sohu Group. As a result of such evaluation, management concluded that the Sohu Group holds a controlling financial interest in all of the VIEs that it consolidates because the Sohu Group has the power to direct the activities of such VIEs that most significantly affect their economic performances and the right to receive economic benefits that could be significant to such VIEs and that, therefore, the Sohu Group is the primary beneficiary of, and is required under ASC 810 to consolidate, all of such VIEs.

Noncontrolling Interest Recognition

Noncontrolling interests are recognized to reflect the portion of the equity of subsidiaries and VIEs which is not attributable, directly or indirectly, to the controlling shareholders.

Discontinued operations

Discontinued operations are reported when a component, or a group of components, of an entity comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity is classified as held for disposal or has been disposed of, if the component either (1) represents a strategic shift or (2) has a major impact on an entity's financial results and operations. In the statement of financial position, the assets and liabilities of the discontinued operation are presented separately in the asset and liability sections, respectively, of the statement of financial position and prior periods are presented on a comparative basis. In the consolidated statements of comprehensive income, results from discontinued operations are reported separately from the income and expenses from continuing operations and prior periods are presented on a comparative basis. Cash flows for discontinued operations are presented separately in the consolidated statements of cash flows. In order to present the financial effects of the continuing operations and discontinued operations, revenues and expenses arising from intra-Group transactions are eliminated except for those revenues and expenses that are considered to continue after the disposal of the discontinued operations.

Segment Reporting

The Sohu Group's segments are business units that offer different services and are reviewed separately by the chief operating decision maker (the "CODM") in deciding how to allocate resources and in assessing performance. The Group's CODM is the Company's Chief Executive Officer.

[Table of Contents](#)**Revenue Recognition**

Under ASC 606, revenues are recognized when control of the promised goods or services is transferred to the Group's customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. The recognition of revenues involves certain management judgments, including the estimation of the fair value of an advertising-for-advertising barter transaction, volume-based sales rebates, estimated lives of virtual items purchased by game players, and allocation of upfront license fees for licensed-out games between license and post-sale services. The Group does not believe that significant management judgments are involved in revenue recognition, but the amount and timing of the Group's revenues could be different for any period if management made different judgments or utilized different estimates.

The following table presents the Group's revenues disaggregated by products and services:

	Year Ended December 31, 2023 (in thousands)		
	Sohu	Changyou	Total
Marketing Services	\$ 83,675	5,014	88,689
Online games:			
PC games	0	368,721	368,721
Mobile games	0	110,976	110,976
Others	32,286	0	32,286
Total	\$ 115,961	484,711	600,672

	Year Ended December 31, 2024 (in thousands)		
	Sohu	Changyou	Total
Marketing Services	\$ 69,683	3,782	73,465
Online games:			
PC games	0	359,293	359,293
Mobile games	0	143,096	143,096
Others	22,545	0	22,545
Total	\$ 92,228	506,171	598,399

	Year Ended December 31, 2025 (in thousands)		
	Sohu	Changyou	Total
Marketing Services	\$ 56,790	3,182	59,972
Online games:			
PC games	0	412,697	412,697
Mobile games	0	93,041	93,041
Others	18,623	0	18,623
Total	\$ 75,413	508,920	584,333

Marketing Services Revenues

Marketing services revenues are generated from advertising and other marketing-related services. Through mobile devices and PCs, the Group provides advertisement placements to advertisers on different Internet platforms and in different formats. Sales rebates paid to customers are accounted for as variable consideration. The Group recognizes revenue for the amount of fees it receives from its customers, after deducting sales rebates, net of value-added tax ("VAT").

Table of Contents

Revenue Recognition of Multiple Performance Obligations

The Group's contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenues to each performance obligation based on its relative standalone selling price. The Group generally determines the standalone selling price of each distinct performance obligation based on the prices charged to customers when sold on a standalone basis. Where a standalone selling price is not directly observable, the Group generally estimates the selling price based on the prices at which performance obligations of a similar nature and geography are charged to customers. Most of such contracts have all performance obligations completed within the same quarter.

Pricing Model

The Group has three main types of pricing models, consisting of the Fixed Price model, the Cost Per Impression ("CPM") model and the Cost Per Click ("CPC") model.

(i) Fixed Price Model

Under the Fixed Price model, a contract is signed to establish a fixed price for the marketing services to be provided. Given that advertisers benefit from displayed advertisements evenly over the period the advertisements are displayed, the Group recognizes revenue on a straight-line basis over the period of display, provided all revenue recognition criteria have been met.

(ii) CPM Model

Under the CPM model, the unit price for each qualifying display is fixed and stated in the contract with the advertiser. A qualifying display is defined as the appearance of an advertisement, where the advertisement meets criteria specified in the contract. Given that the fees are priced consistently throughout the contract and the unit prices are fixed in accordance with the Group's pricing practices for similar advertisers, the Group recognizes revenue based on the fixed unit prices and the number of qualifying displays upon their occurrence, provided all revenue recognition criteria have been met.

(iii) CPC Model

Under the CPC model, there is no fixed price for marketing services stated in the contract with the advertiser. The unit price for each click is auction-based, and the Group charges advertisers on a per-click basis when the users click on the advertisements. Given that the fees are priced consistently throughout the contract and the unit prices are fixed in accordance with the Group's pricing practices for similar advertisers, the Group recognizes revenue based on qualifying clicks and the unit price upon the occurrence of the clicks, provided all revenue recognition criteria have been met.

Online Game Revenues

Changyou's online game revenues are generated primarily from its self-operated and licensed-out PC games and mobile games. All of Changyou's games are operated under the item-based revenue model, where the basic game play functions are free of charge and players are charged for purchases of in-game virtual items, including those with a predetermined expiration time and perpetual virtual items.

Changyou is the principal of its self-operated games. Changyou hosts the games on its own servers and is responsible for the sale and marketing of the games as well as customer service. Accordingly, revenues are recorded gross of revenue sharing-payments to third-party developers and/or mobile App stores, but net of VAT and discounts to game card distributors where applicable. Changyou obtains revenues from the sale of in-game virtual items. Revenues are recognized over time for virtual items with estimated lives and upon use for items that are consumed immediately. If different assumptions were used in deriving the estimated lives of the virtual items, the timing of the recording of the revenues would be impacted.

PC Games

Proceeds from Changyou's self-operated PC games are collected from players and third-party game card distributors through sales of Changyou's game points on its online payment platform and prepaid game cards.

Changyou's self-operated PC games are either developed in house or licensed from third-party developers. For licensed PC games, Changyou remits a pre-agreed percentage of the proceeds to the third-party developers, and keeps the balance, pursuant to revenue-sharing agreements. Such revenue-sharing amounts paid to third-party developers are recorded in Changyou's cost of revenues.

Mobile Games

Self-operated Mobile Games

For self-operated mobile games, Changyou sells game points to its game players via third-party mobile App stores. The mobile App stores in turn pay Changyou proceeds after deducting their share of pre-agreed revenue-sharing amounts.

[Table of Contents](#)

Changyou's self-operated mobile games are either developed in house or licensed from or jointly developed with third-party developers. For licensed and jointly-developed mobile games, Changyou remits a pre-agreed percentage of the proceeds to the third-party developers, and keeps the balance, pursuant to revenue-sharing agreements. Such revenue-sharing amounts paid to mobile App stores and third-party developers are recorded in Changyou's cost of revenues.

Licensed-out Mobile Games

Changyou also authorizes third parties to operate its mobile games. Licensed-out games include mobile games developed in house, such as Changyou's mobile games Legacy TLBB Mobile and New TLBB Mobile, and mobile games jointly developed with third-party developers. Changyou receives monthly revenue-based royalty payments from the third-party licensee operators. Changyou receives additional up-front license fees from certain third-party licensee operators who are entitled to an exclusive right to operate Changyou's games in specified geographic areas. Since Changyou is obligated to provide post-sale services ("PCS"), the initial license fees are allocated between the license and PCS based on relative standalone selling prices. The amount allocated to the license is recognized as revenue upon the commencement of the license period, given that Changyou's intellectual property rights subject to the license are considered to be functional and the licensee has the right to use such intellectual property rights as they exist at the point when the license is granted, and the amount allocated to PCS is recognized as revenue ratably over the license period. Monthly revenue-based royalty payments are recognized when the relevant services are delivered, provided that collectability is reasonably assured. Changyou views the third-party licensee operators as Changyou's customers and recognizes revenues on a net basis, as Changyou does not have the primary responsibility for fulfillment and acceptability of the game services.

Other Revenues

Other revenues consist primarily of revenues from paid subscription services, revenue sharing from other platforms and interactive broadcasting services.

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represent amounts invoiced and revenue recognized prior to invoicing, when the Group has satisfied its performance obligations and has the unconditional right to payment. The allowance for credit losses is estimated based upon the Group's assessment of various factors, including past collection experience and consideration of current and future economic conditions and other factors that may affect the Group's customers' ability to pay. Contract assets as of December 31, 2025 were not material. The allowance for credit losses was \$10.9 million and \$12.4 million, respectively, as of December 31, 2025 and 2024.

Contract liabilities are presented as receipts in advance and deferred revenue on the consolidated balance sheets of the Group. Receipts in advance and deferred revenue relate to unsatisfied performance obligations at the end of the period and primarily consist of fees received from game players in the online game business and from advertisers in the marketing services business. Due to the generally short-term duration of the contracts, the majority of the performance obligations are satisfied in the following reporting period. The amount of revenue recognized that was included in the receipts in advance and deferred revenue balance at the beginning of the period was \$47.9 million and \$47.6 million, respectively, for the years ended December 31, 2025 and 2024.

There was no significant change in the contract assets and contract liability balances during 2025.

Revenue recognized in 2025 from performance obligations related to prior years was not material.

Practical Expedients

The Group has used the following practical expedients as allowed under ASC 606:

- (i) The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied has not been disclosed, as substantially all of the Group's contracts have a duration of one year or less.
- (ii) Payment terms and conditions vary by contract type, although terms generally include a requirement of prepayment or payment within one year or less. In instances where the timing of revenue recognition differs from the timing of invoicing, the Group has determined that its contracts generally do not include a significant financing component.
- (iii) The Group applied the portfolio approach in determining the commencement date of consumption and the estimated lives of virtual items for the recognition of games revenue, given that the effect of applying a portfolio approach to a group game players' behaviors would not differ materially from considering each one of them individually.

[Table of Contents](#)

(iv) The Group generally expenses sales commissions when incurred because the amortization period would be one year or less. These costs are recorded within sales and marketing expenses.

Cost of Revenues

Cost of Marketing Services Revenues

Cost of marketing services revenues mainly consists of content and license costs, salary and benefits expenses, and costs incurred for related content marketing campaigns. For self-developed video content, production costs incurred in excess of the amount of revenue contracted for are expensed as incurred.

Cost of Online Game Revenues

Cost of online game revenues mainly consists of revenue-sharing payments, bandwidth service costs, salary and benefits expenses, and content and license costs.

Cost of Other Revenues

Cost of other revenues mainly consists of revenue-sharing payments related to paid subscription services and interactive broadcasting services, and content and license costs related to paid subscription services.

Product Development Expenses

Product development expenses mainly consist of salary and benefits expenses, content and license costs, professional fees, depreciation and amortization expenses, and bandwidth service expenses. These expenses are incurred for the enhancement and maintenance of the Sohu Group's Internet platforms as well as for its products and services. The development costs of online games are expensed as incurred, including the development costs of online games prior to the establishment of technological feasibility and maintenance costs after the online games are available for marketing.

Sales and Marketing Expenses

Sales and marketing expenses mainly consist of advertising and promotional expenses, salary and benefits expenses, travel and entertainment expenses, and professional fees. Advertising and promotional expenses generally represent the expenses of promotions to create or stimulate a positive image of the Sohu Group or a desire to subscribe for the Group's products and services. Advertising and promotional expenses are expensed as incurred.

General and Administrative Expenses

General and administrative expenses mainly consist of salary and benefits expenses, legal proceedings and professional fees, facilities expenses, and travel and entertainment expenses.

Share-based Compensation Expense

Sohu and Changyou have incentive plans for the granting of share-based awards, including share options and restricted share units, to members of the boards of directors, management, and other key employees.

For share-based awards for which a grant date has occurred, share-based compensation expense is recognized as costs and expenses in the consolidated statements of comprehensive income based on the fair value of the related share-based awards on their grant dates. For share-based awards for which the service inception date precedes the grant date, share-based compensation expense is recognized as costs and expenses in the consolidated statements of comprehensive income beginning on the service inception date and is re-measured on each subsequent reporting date before the grant date, based on the estimated fair value of the related share-based awards. Share-based compensation expense is charged to shareholders' equity or noncontrolling interest in the consolidated balance sheets. The assumptions used in share-based compensation expense recognition represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. If factors change or different assumptions are used, the Group's share-based compensation expense could be materially different for any period. Moreover, the estimates of fair value are not intended to predict actual future events or the value that ultimately will be realized by employees who receive equity awards.

[Table of Contents](#)

After the completion of the Changyou Merger, the board of directors of the Company (the “Sohu Board”) approved a modification plan (the “Changyou Plans’ Modification”) for granted but unvested share options, and for options that may be granted from time to time, under the Changyou.com Limited 2014 Share Incentive Plan (the “Changyou 2014 Share Incentive Plan”) and the Changyou.com Limited 2019 Share Incentive Plan (the “Changyou 2019 Share Incentive Plan”). After the Changyou Plans’ Modification, liability is accrued over the service period based on a fixed price of \$5.39 per Changyou Class A ordinary share, which equals the Changyou Merger consideration of \$5.40 per Changyou Class A ordinary share minus the per-share exercise price of \$0.01 of such options. No subsequent fair value re-measurement will be made given the awards are obligations based on a fixed amount of \$5.39 per Changyou Class A ordinary share.

Sohu and Changyou Share-based Awards

Sohu Share-based Awards

In determining the fair value of share options granted by Sohu as share-based awards, the public market price of the underlying shares at each reporting date was used, and a binomial valuation model was applied. In determining the fair value of restricted share units granted, the public market price of the underlying shares on the grant dates was applied.

Upon the dissolution of Sohu.com Inc. on May 31, 2018, Sohu.com Limited assumed all then existing obligations of Sohu.com Inc. with respect to equity incentive awards that had been granted under Sohu.com Inc.’s Amended and Restated 2010 Stock Incentive Plan (the “Sohu 2010 Stock Incentive Plan”) and remained outstanding, and such awards were converted into the right to receive upon exercise or settlement Sohu.com Limited’s ordinary shares under the Sohu.com Limited 2018 Share Incentive Plan (the “Sohu 2018 Share Incentive Plan”) rather than shares of the common stock of Sohu.com Inc., subject to the other terms of such outstanding awards. Options for the purchase of Sohu.com Limited’s ordinary shares, including options converted from those contractually granted under the Sohu 2010 Stock Incentive Plan, are subject to vesting in four equal installments over a period of four years, with each installment vesting upon satisfaction of a service period requirement and certain subjective performance targets.

Under ASC 718-10-25, no grant date can be established until a mutual understanding is reached between Sohu and the recipients clarifying the subjective performance requirements. In accordance with ASC 718-10-55, as the service inception date preceded the grant date, compensation expense was accrued beginning on the service inception date and will be re-measured on each subsequent reporting date before the grant date is established, based on the then-current fair value of the awards. The estimate of the awards’ fair values will be fixed in the period in which the grant date occurs, and cumulative compensation expense will be adjusted based on the fair value at the grant date.

Changyou Share-based Awards

Options for the purchase of Changyou Class A ordinary shares contractually granted under the Changyou 2014 Share Incentive Plan, which expired in June 2024 and is no longer available for granting new share-based awards, and the Changyou 2019 Share Incentive Plan are subject to vesting in four equal installments over a period of four years, with each installment vesting upon satisfaction of a service period requirement and certain subjective performance targets. Under ASC 718-10-25, no grant date can be established until a mutual understanding is reached between Changyou and the recipients clarifying the subjective performance requirements. In accordance with ASC 718-10-55, as the service inception date preceded the grant date, compensation expense was accrued beginning on the service inception date and will be re-measured on each subsequent reporting date before the grant date is established, based on the then-current fair value of the awards. The estimates of the awards’ fair values will be fixed in the period in which the grant date occurs, and cumulative compensation expense will be adjusted based on the fair values at the grant date. In determining the fair values of Changyou share options granted, the public market price of the underlying shares at each reporting date was used, and a binomial valuation model was applied.

After the Changyou Plans’ Modification, share-based compensation expense is accrued over the service period based on the fixed price of \$5.39 per Changyou Class A ordinary share. No subsequent fair value re-measurement will be made, given that the award is an obligation based on a fixed amount of \$5.39 per Changyou Class A ordinary share.

Compensation Expense Recognition

For options and restricted share units granted with respect to Sohu shares and Changyou shares, compensation expense is recognized on a graded vesting method upon the requisite service period and certain subjective performance targets being met. The number of share-based awards for which the service is not expected to be rendered over the requisite period is estimated, and no compensation expense is recorded for the number of awards so estimated.

Taxation

Chinese Mainland Value Added Tax

The Sohu Group's revenues are subject to VAT in the Chinese mainland. To record VAT payable, the Group adopted the net presentation method, which presents the difference between the output VAT (at a rate of 6% or 13%) and the available input VAT amount (at the rate applicable to the supplier).

Chinese Mainland Income Tax

Income taxes are accounted for using an asset and liability approach which requires the recognition of income taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Group's financial statements or tax returns. Deferred income taxes are determined based on the differences between the accounting basis and the tax basis of assets and liabilities and are measured using the currently enacted tax rates and laws. Deferred tax assets are reduced by a valuation allowance, if based on available evidence, it is considered that it is more likely than not that some portion of or all of the deferred tax assets will not be realized. In making such determination, the Group considers factors including future reversals of existing taxable temporary differences and future profitability. If events were to occur in the future that would allow the Group to realize more of its deferred tax assets than the presently recorded net amount, an adjustment would be made to the deferred tax assets that would increase income for the period when those events occurred. If events were to occur in the future that would require the Group to realize less of its deferred tax assets than the presently recorded net amount, an adjustment would be made to the valuation allowance against deferred tax assets that would decrease income for the period when those events occurred. Significant management judgment is required in determining income tax expense and deferred tax assets and liabilities.

The Group's deferred tax assets are related to net operating losses and temporary book versus tax basis differences for its Chinese mainland-based subsidiaries and the VIEs that it consolidates, which are subject to income tax in the Chinese mainland.

Chinese Mainland Withholding Income Tax on Dividends

Dividends distributed by foreign-invested enterprises in the Chinese mainland to their immediate holding companies outside the Chinese mainland are subject to a 10% withholding tax. A lower withholding tax rate may be applied if there is a tax treaty between the Chinese mainland and the jurisdiction of the foreign holding company. A holding company in Hong Kong, for example, will be subject to a 5% withholding tax rate under an arrangement between the Chinese mainland and the Hong Kong Special Administrative Region on the "Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income," if such holding company is considered a non-Chinese mainland resident enterprise and holds at least 25% of the equity interests in the Chinese mainland foreign-invested enterprise distributing the dividends, subject to approval of the local tax authority in the Chinese mainland. However, if the Hong Kong holding company is not considered to be the beneficial owner of such dividends under applicable Chinese mainland tax regulations, such dividend will remain subject to a withholding tax rate of 10%.

Taxation on distributions from VIEs to Subsidiaries

Pursuant to the contractual agreements with the VIEs and their respective shareholders, the Sohu Group's Chinese mainland subsidiaries charge the VIEs service fees. For income tax purposes, the Sohu Group's Chinese mainland subsidiaries and the VIEs file income tax returns on a separate basis. The service fees paid by the VIEs are deductible by the VIEs for Chinese mainland income tax purposes and are recognized as income by the Sohu Group's Chinese mainland subsidiaries.

U.S. Corporate Income Tax

Sohu.com Inc., which was formerly the top-tier publicly-traded parent company of the Sohu Group, was dissolved and liquidated on May 31, 2018. Sohu.com Inc. was a Delaware corporation that was subject to U.S. federal corporate income tax on its taxable income at a rate of 21% for taxable years beginning after December 31, 2017 and up to 35% for prior tax years. U.S. federal tax legislation signed into law on December 22, 2017, commonly referred to as the Tax Cuts and Jobs Act (the "U.S. TCJA"), significantly modified the U.S. Internal Revenue Code by, among other things, reducing the maximum statutory U.S. federal corporate income tax rate from 35% to 21% for taxable years beginning after December 31, 2017; limiting and/or eliminating many business deductions; migrating the U.S. to a partial territorial tax system with a one-time transition tax (the "Toll Charge") on a mandatory deemed repatriation of previously deferred foreign earnings of certain foreign subsidiaries; subject to certain limitations, generally eliminating U.S. corporate income tax on dividends from foreign subsidiaries; and providing for new taxes on certain foreign earnings.

Treatment of Toll Charge Related to the U.S. TCJA

Beginning in the fourth quarter of 2017, the Sohu Group had recognized a provisional amount of income tax expense for the Toll Charge of \$219 million, which represented management's estimate of the amount of the Toll Charge that would have been payable by Sohu.com Inc. based on the deemed repatriation to the United States of its share of previously deferred earnings of certain of its non-U.S. subsidiaries, offset by a reduction of \$4 million in liability for deferred U.S. income tax, as a result of the U.S. TCJA. The Sohu Group included the provisional amount of the Toll Charge of \$219 million on its interim financial statements through the quarter ended September 30, 2018, in reliance on Staff Accounting Bulletin No. 118 ("SAB 118").

For the fourth quarter of 2018, the Sohu Group's management re-evaluated the impact on the Sohu Group of the Toll Charge under the U.S. TCJA. Management determined that it was more likely than not that, based on the technical merits, the tax position that the Sohu Group had no Toll Charge liability would be sustained. The Group recognized a tax benefit in the amount of \$77 million, which was the largest amount that management determined to be greater than 50% likely to be realized upon settlement with the U.S. Internal Revenue Service (the "IRS"). As a result, as of December 31, 2018, the Sohu Group had an unrecognized tax benefit in the amount of \$142 million, which represented the difference between the tax benefit recognized in the fourth quarter of 2018 and management's previous estimate of the Toll Charge, and began to accrue related interest. In the first quarter of 2025, due to the expiration of the statutory period for the IRS to conduct an examination of the Sohu Group's tax return in connection with the Toll Charge, the Sohu Group fully reversed the tax expense with respect to the Toll Charge that resulted in recognition of the previously unrecognized tax benefit of \$199 million, consisting of principal of \$142 million and related accumulated accrued interest of \$57 million.

Uncertain Tax Positions

The Sohu Group is subject to various taxes in different jurisdictions, but primarily the Chinese mainland. Management reviews regularly the adequacy of the provisions for taxes as they relate to the Group's income and transactions. In order to assess uncertain tax positions, the Group applies a more likely than not threshold and a two-step approach for tax position measurement and financial statement recognition. For the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement.

Net Income/(Loss) per Share

Basic net income/(loss) per share is computed using the weighted average number of ordinary shares outstanding during the period. Diluted net income/(loss) per share is computed using the weighted average number of ordinary shares and, if dilutive, potential ordinary shares outstanding during the period. Potential ordinary shares comprise shares issuable upon the exercise or settlement of share-based awards using the treasury stock method. The dilutive effect of share-based awards with performance requirements is not considered before the performance targets are actually met. The computation of diluted net income/(loss) per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. an increase in earnings per share amounts or a decrease in loss per share amounts) on net income/(loss) per share.

Additionally, for purposes of calculating the numerator of diluted net income/(loss) per share, the net income/(loss) attributable to the Sohu Group is calculated as discussed below. The adjustment will not be made if there is an anti-dilutive effect.

Changyou's net income/(loss) attributable to Sohu

Sohu holds 100% of the combined total of Changyou's outstanding ordinary shares; accordingly, Changyou's net income/(loss) is wholly attributable to Sohu.

After the Changyou Plans' Modification, all of Changyou's share-based awards became obligation-based awards. Accordingly, all of those Changyou awards are excluded from the calculation of Sohu's diluted net income/(loss) per share. Changyou's net income/(loss) attributable to Sohu on a diluted basis equals the number used for the calculation of Sohu's basic net income/(loss) per share. There have been no dilutive effects resulting from Changyou's existing unvested share options.

Fair Value of Financial Instruments

U.S. GAAP establishes a three-tier hierarchy to prioritize the inputs used in the valuation methodologies in measuring the fair value of financial instruments. This hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three-tier fair value hierarchy is:

Level 1 - observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - include other inputs that are directly or indirectly observable in the marketplace.

[Table of Contents](#)

Level 3 - unobservable inputs which are supported by little or no market activity.

The Sohu Group's financial instruments consist primarily of cash equivalents, short-term investments, accounts receivable, other current assets, long-term investments, long-term time deposits, accounts payable, accrued liabilities, other short-term liabilities, and long-term other payables.

Cash Equivalents

The Sohu Group's cash equivalents mainly consist of time deposits with original maturities of three months or less and notice deposits.

Short-term Investments

The Sohu Group's short-term investments mainly consist of investments in financial instruments with a variable interest rate and time deposits with maturities of three months to one year. For investments in financial instruments with a variable interest rate indexed to the performance of underlying assets and time deposits, the Sohu Group elected the fair value method at the date of initial recognition and carried these investments subsequently at fair value. Changes in fair values are reflected in the consolidated statements of comprehensive income.

Accounts Receivable, Net

The carrying value of accounts receivable is reduced by an allowance for credit losses that reflects the Sohu Group's best estimate of the amounts that will not be collected. The Group makes estimations of the collectability of accounts receivable. Many factors are considered in estimating the general allowance, including reviewing delinquent accounts receivable, performing a customer credit analysis, and analyzing historical bad debt records and current and future economic trends.

Accounts receivable represent historical balances recorded less related cash applications, less allowance for credit losses and any write-offs of any receivables not previously provided for.

Allowance for credit losses

Under ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), the Sohu Group adopted the expected loss approach using macroeconomic forecasts, referred to as a current expected credit losses methodology. The allowance for credit losses reflects the Sohu Group's estimated expected losses. The Sohu Group estimates the allowance for credit losses, mainly based on past collection experience as well as consideration of current and future economic conditions and changes in the Sohu Group's collection trends. The Sohu Group estimates the expected credit losses for accounts receivable with similar risk characteristics on a pool basis. For each pool, the Sohu Group first estimates its recovery period based on relevant historical accounts receivable collection information. Then the Sohu Group estimates the credit allowances based on the recovery period, the historical distribution of each aging bucket, and the impact of macroeconomic factors.

Accounts receivable are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against the same line item.

Accounts receivable, net, as of December 31, 2024 and 2025 consisted of the following (in thousands):

	As of December 31,	
	2024	2025
Accounts receivable, net		
Accounts receivable	\$ 66,161	\$ 54,221
Less: Allowance for credit losses	(12,399)	(10,886)
	\$ 53,762	\$ 43,335

[Table of Contents](#)

The following table presents the aging analysis of accounts receivable as of December 31, 2024 and 2025 (in thousands):

	As of December 31,	
	2024	2025
Less than 179 days	\$ 49,636	\$ 40,764
180-359 days	3,677	2,117
360 days and greater	12,848	11,340
Total	\$ 66,161	\$ 54,221

The movement of allowance for credit losses for the years ended December 31, 2023, 2024 and 2025 is as follows (in thousands):

	Year Ended December 31,		
	2023	2024	2025
Balance at the beginning of year	\$ 13,912	\$ 12,144	\$ 12,399
Additional allowance for credit losses, net of recoveries	(551)	1,344	915
Write-offs	(976)	(896)	(2,674)
Exchange difference	(241)	(193)	246
Balance at the end of year	\$ 12,144	\$ 12,399	\$ 10,886

Long-term investments

Long-term investments include debt investments and equity investments.

Debt investments

Debt investments include investments in preferred shares and convertible bonds issued by privately-held companies. The Group elected the fair value option to account for these investments at their initial recognition. The fair value option permits the irrevocable election on an instrument-by-instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The investments accounted for under the fair value option are carried at fair value with realized or unrealized gains and losses recorded in the consolidated statements of comprehensive income/(loss).

Equity Investments

Equity investments include investments in common stock or in-substance common stock of entities. For those equity investments over which the Group can exercise significant influence but does not own a majority equity interest or control, the equity method is applied, and the Group adjusts the carrying amount of an investment and recognizes investment income or loss for the Group's share of the earnings or loss of the investee after the date of investment. For those equity investments accounted for other than under the equity method, the fair value method is applied. However, for equity investments that do not have readily determinable fair values, the Group chooses to account for them at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. If this measurement alternative is elected, changes in the carrying value of the equity investments will be required to be made whenever there are observable price changes in transactions for identical or similar investments of the same issuer. The implementation guidance notes that an entity should make a "reasonable effort" to identify price changes that are known or that can reasonably be known.

The Group assesses investments for impairment by considering factors including, but not limited to, current economic and market conditions, operating performance of the companies, including current earnings trends and undiscounted cash flows, and other company-specific information, such as recent financing rounds. The fair value determination, particularly for investments in privately-held companies whose revenue model is still unclear, requires significant judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments. If the assessment indicates that an impairment exists, the Group estimates the fair value of the investment and writes down the asset to its fair value, taking the corresponding charge to the consolidated statements of comprehensive income/(loss).

[Table of Contents](#)

Long-term Time Deposits

The Sohu Group elected the fair value method at the date of initial recognition of time deposits with maturities over one year and carried these investments subsequently at fair value. Changes in fair values are reflected in the consolidated statements of comprehensive income.

Long-Lived Assets

Long-lived assets consist primarily of fixed assets and intangible assets.

Fixed Assets

Fixed assets mainly comprise office buildings, computer equipment and hardware, leasehold and building improvements, office furniture, and vehicles. Fixed assets are recorded at cost less accumulated depreciation with no residual value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Fixed Assets	Estimated Useful Lives (years)
Office buildings	36-47
Computer equipment and hardware	4-5
Leasehold and building improvements	Lesser of term of the lease or the estimated useful lives of the assets
Office furniture	5
Vehicles	4

Expenditure for maintenance and repairs is expensed as incurred.

The gain or loss on the disposal of fixed assets is the difference between the net sale proceeds and the carrying value of the relevant assets and is recognized in operating expenses in the consolidated statements of comprehensive income.

Intangible Assets

Intangible assets mainly comprise operating rights for licensed games, purchased video content, domain names and trademarks, computer software, and developed technologies. Intangible assets are recorded at cost less accumulated amortization with no residual value. Amortization of intangible assets other than purchased video content is computed using the straight-line method over their estimated useful lives. Amortization of purchased video content is computed based on the trend in viewership accumulation over the shorter of the applicable license period or two years.

The estimated useful lives of the Group's intangible assets are listed below:

Intangible Assets	Estimated Useful Lives (years)
Operating rights for licensed games	over the contract terms
Purchased video content	up to 2 years
Domain names and trademarks	4-30
Computer software	1-3
Developed technologies	3-10

Impairment of Long-lived Assets Other Than Purchased Video Content

In accordance with ASC 360-10-35, the Sohu Group reviews the carrying values of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows independent of other assets. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If such review indicates that the carrying amount of the long-lived assets is not recoverable, the carrying amount of such assets is reduced to fair value. The estimation of future cash flows requires significant management judgment based on the Group's historical results and anticipated results and is subject to many factors. The discount rate that is commensurate with the risk inherent in the Group's business model is determined by its management.

Impairment of Purchased Video Content

Purchased video content is stated at the lower of cost less accumulated amortization, or fair value.

[Table of Contents](#)

In accordance with ASC 920-350-35, if management's expectations of the programming usefulness of a program, series, package, or program segment are revised downward, it may be necessary to write off to the income statement the amount by which the unamortized capitalized costs exceed fair value. A write-off from unamortized cost to fair value establishes a new cost basis. The Group measures the video content's impairment loss by comparing the content's carrying value to its fair value. An impairment loss will be recorded if the carrying value of video content is higher than its fair value.

Lease

Under ASU No. 2016-02, Leases (Topic 842), the Sohu Group determines if an arrangement is or contains a lease at inception. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of remaining lease payments over the lease terms. Certain lease agreements may contain an option to renew a lease for a term agreed to by the Sohu Group and the lessor, or an option to terminate a lease earlier than the expiration date. The Sohu Group considers these options in determining the lease term on a lease-by-lease basis. The Sohu Group only considers payments that are fixed and determinable at the time of lease commencement. In accordance with ASC 842-20-25, the Sohu Group also elected to keep leases with an initial term of 12 months or less off the balance sheet.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired in a business combination. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial statements provisional amounts for the items for which the accounting is incomplete. If a measurement period adjustment is identified, the Group recognizes the adjustment as part of the acquisition accounting. The Sohu Group increases or decreases the provisional amounts of identifiable assets or liabilities by means of increases or decreases in goodwill for measurement period adjustments. The measurement period will not exceed one year from the acquisition date.

In accordance with ASC 350, the Group does not amortize goodwill, but tests it for impairment. The Group tests goodwill for impairment at the reporting unit level on an annual basis as of October 1, and between annual tests when an event occurs or circumstances change that could indicate that the asset might be impaired. The Group adopted ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, and in accordance with the FASB, pursuant to which the Group has the option to choose whether it will apply a qualitative assessment first and then a quantitative assessment, if necessary, or to apply a quantitative assessment directly. For reporting units applying a qualitative assessment first, the Group starts the goodwill impairment test by assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of the reporting unit with its carrying value, including goodwill. If the carrying value of each reporting unit, including goodwill, exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, but limited to the total amount of goodwill allocated to that reporting unit.

Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit.

Treasury Stock

Treasury stock consists of the Company's ordinary shares, including ordinary shares represented by ADSs, repurchased by the Company or that it is obligated to repurchase as of the reporting date. Ordinary shares included in treasury stock are no longer deemed to be outstanding. Treasury stock is accounted for under the cost method.

Comprehensive Income

Comprehensive income is defined as the change in equity of a company during a period from transactions and other events and circumstances excluding transactions resulting from investments from owners and distributions to owners. Accumulated other comprehensive income, as presented on the Sohu Group's consolidated balance sheets, consists of the Sohu Group's cumulative foreign currency translation adjustment.

Functional Currency and Foreign Currency Translation

An entity's functional currency is the currency of the primary economic environment in which it operates, normally that is the currency of the environment in which the entity primarily generates and expends cash. Management's judgment is essential to determine the functional currency by assessing various indicators, such as cash flows, sales price and market, expenses, financing and intra-Group transactions and arrangements. The functional currency of Sohu.com Limited and the Sohu Group's subsidiaries in the Cayman Islands, the British Virgin Islands, and Hong Kong is the U.S. dollar. The functional currency of the subsidiaries and the VIEs that the Sohu Group consolidates in the Chinese mainland is the Renminbi ("RMB"). The functional currencies of the Sohu Group's subsidiaries in other countries and regions are the currencies of those countries and regions.

Foreign currency transactions denominated in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-measured at the applicable rates of exchange in effect at that date. Nonmonetary assets and liabilities denominated in foreign currencies are measured using historical exchange rates. Gains and losses resulting from foreign currency re-measurement are included in the consolidated statements of comprehensive income.

For foreign currency translations, financial statements of entities with a functional currency other than the U.S. dollar are translated into U.S. dollars, which is the reporting currency. Assets and liabilities are translated at the current exchange rate in effect at the balance sheet date, and revenues and expenses are translated at the average of the exchange rates in effect during the reporting period. Shareholders' equity accounts are translated using the historical exchange rates at the date the entry to shareholders' equity was recorded, except for the change in retained earnings during the year, which is translated using the historical exchange rates used to translate each period's income statement. Differences resulting from translating a foreign currency to the reporting currency are recorded in accumulated other comprehensive income in the consolidated balance sheets.

Impact of Recently Issued Accounting Pronouncements

Income Taxes (Topic 740). In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740)- Improvements to Income Tax Disclosures*. ASU No. 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Sohu Group's adoption of this standard did not have a material impact on its consolidated financial statements.

Other accounting standards that the Sohu Group adopted beginning January 1, 2025 did not have a significant impact on the Sohu Group's consolidated financial statements.

Impact of Recently Issued Accounting Pronouncements Not Yet Effective

Income Statement (Topic 220). In November 2024, the FASB issued ASU No. 2024-03, *Income Statement (Topic 220)- Reporting Comprehensive Income- Expense Disaggregation Disclosures (Subtopic 220-40)*, which was subsequently amended with ASU No. 2025-01 to clarify the effective date. ASU No. 2024-03, requires publicly-traded business entities to disclose specified information about the components of certain costs and expenses that are currently disclosed in the financial statements. The guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Sohu Group does not expect to adopt ASU No. 2024-03 early and is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Financial Instruments - Credit Losses (Topic 326). In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments - Credit Losses (Topic 326)*. ASU No. 2025-05 provides all entities with a practical expedient and entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The guidance is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Sohu Group does not expect to adopt ASU No. 2025-05 early and is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Intangibles (Topic 350). In July 2025, the FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other - Internal-Use Software (Subtopic 350-40)*. ASU No. 2025-06 modernizes the accounting for internal-use software to reflect current development practices, clarifies when to begin capitalizing costs, and enhances disclosure requirements. The guidance is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Sohu Group does not expect to adopt ASU No. 2025-06 early and is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Government Grants (Topic 832). In December 2025, the FASB issued ASU No. 2025-10, *Government Grants (Topic 832)*. ASU No. 2025-10 establishes guidance on the recognition, measurement, and presentation of government grants received by business entities. The guidance is effective for annual reporting periods beginning after December 15, 2029, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Sohu Group does not expect to adopt ASU No. 2025-10 early and is currently evaluating the impact of adopting this standard on its consolidated financial statements.

3. DISCONTINUED OPERATIONS

Discontinued Operation of Shanghai Jingmao

In May 2010, Changyou acquired 50% of the equity interests in Shanghai Jingmao Culture Communication Co., Ltd. (“Shanghai Jingmao”) and an affiliate of Shanghai Jingmao, which were primarily engaged in the cinema advertising business. In January 2011, Changyou acquired the remaining 50% of the equity interests in Shanghai Jingmao and its affiliate.

Changyou ceased operating the cinema advertising business and wound down the business in August 2019 as a result of a Chinese court in Shanghai having granted a petition by Shanghai Jingmao for bankruptcy relief on August 12, 2019. Accordingly, the results of operations for Changyou’s cinema advertising business have been excluded from Changyou’s results from continuing operations in the consolidated statements of comprehensive income and are presented in separate line items as discontinued operations. Changyou recognized nil disposal gain/loss from 2019 to 2022 given uncertainty over the distribution of insolvent assets as the legal proceedings involving the bankruptcy were still in progress. On August 10, 2023, the bankruptcy proceeding was concluded by the court and, as a result, Changyou recognized an aggregate of \$35.4 million in disposal gain, reflected as discontinued operations in the Sohu Group’s consolidated statements of comprehensive income.

4. SEGMENT INFORMATION

The Sohu Group’s segments are business units that offer different services and are reviewed separately by the CODM in deciding how to allocate resources and in assessing performance. The Group’s CODM is the Company’s Chief Executive Officer. There are two segments in the Sohu Group, consisting of Sohu and Changyou. As most of the Sohu Group’s long-lived assets are located in, and substantially all of the revenues of the Sohu Group’s reportable segments are derived from, the Chinese mainland, where the Sohu Group’s services and products are provided to customers, no geographical information is presented.

The following tables present summary information by segment (in thousands):

	Year Ended December 31, 2023			
	Sohu	Changyou	Eliminations	Consolidated
Revenues	\$ 116,228	\$ 484,709	\$ (265)	\$ 600,672
Segment cost of revenues (1)	(78,858)	(66,882)	0	(145,740)
Segment gross profit	37,370	417,827	(265)	454,932
SBC in cost of revenues (2)	(7)	(10)	0	(17)
Gross profit	37,363	417,817	(265)	454,915
Operating expenses:				
Product development (1)	(127,038)	(152,911)	263	(279,686)
Sales and marketing (1)	(174,526)	(38,899)	2	(213,423)
General and administrative (1)	(25,045)	(23,380)	0	(48,425)
SBC in operating expenses (2)	(89)	(602)	0	(691)
Total operating expenses	(326,698)	(215,792)	265	(542,225)
Operating profit/(loss)	(289,335)	202,025	0	(87,310)
Other income, net				35,746
Interest income				45,222
Exchange difference				692
Loss before income tax expense				(5,650)
Income tax expense				(60,420)
Net loss from continuing operations				(66,070)
Net income from discontinued operations				35,426
Net loss				\$ (30,644)

Note (1): Total depreciation and amortization expenses of Sohu and Changyou were \$18.8 million and \$11.4 million, respectively, for the year ended December 31, 2023.

Note (2): “SBC” stands for share-based compensation expense.

[Table of Contents](#)

	Year Ended December 31, 2024			
	Sohu	Changyou	Eliminations	Consolidated
Revenues	\$ 92,229	\$ 506,170	\$ 0	\$ 598,399
Segment cost of revenues (1)	(75,019)	(90,813)	0	(165,832)
Segment gross profit	17,210	415,357	0	432,567
SBC in cost of revenues (2)	(1)	0	0	(1)
Gross profit	17,209	415,357	0	432,566
Operating expenses:				
Product development (1)	(128,985)	(126,229)	0	(255,214)
Sales and marketing (1)	(166,140)	(69,662)	0	(235,802)
General and administrative (1)	(27,894)	(23,088)	0	(50,982)
SBC in operating expenses (2)	(72)	103	0	31
Total operating expenses	(323,091)	(218,876)	0	(541,967)
Operating profit/(loss)	(305,882)	196,481	0	(109,401)
Other income, net				22,144
Interest income				38,625
Exchange difference				464
Loss before income tax expense				(48,168)
Income tax expense				(52,070)
Net loss				\$ (100,238)

Note (1): Total depreciation and amortization expenses of Sohu and Changyou were \$17.9 million and \$9.6 million, respectively, for the year ended December 31, 2024.

Note (2): “SBC” stands for share-based compensation expense.

	Year Ended December 31, 2025			
	Sohu	Changyou	Eliminations	Consolidated
Revenues	\$ 75,413	\$ 508,920	\$ 0	\$ 584,333
Segment cost of revenues (1)	(58,189)	(73,300)	0	(131,489)
Segment gross profit	17,224	435,620	0	452,844
Gross profit	17,224	435,620	0	452,844
Operating expenses:				
Product development (1)	(135,978)	(111,529)	0	(247,507)
Sales and marketing (1)	(149,859)	(39,124)	0	(188,983)
General and administrative (1)	(24,999)	(46,706)	0	(71,705)
Goodwill impairment	(36,955)	0	0	(36,955)
SBC in operating expenses (2)	(6)	(1,493)	0	(1,499)
Total operating expenses	(347,797)	(198,852)	0	(546,649)
Operating profit/(loss)	(330,573)	236,768	0	(93,805)
Other income, net				16,550
Interest income				29,137
Exchange difference				(1,405)
Loss before income tax benefit				(49,523)
Income tax benefit				443,609
Net income				\$ 394,086

Note (1): Total depreciation and amortization expenses of Sohu and Changyou were \$15.8 million and \$9.2 million, respectively, for the year ended December 31, 2025.

Note (2): “SBC” stands for share-based compensation expense.

[Table of Contents](#)

	As of December 31, 2024			
	Sohu	Changyou	Eliminations	Consolidated
Cash and cash equivalents	\$ 113,556	\$ 46,371	\$ 0	\$ 159,927
Accounts receivable, net	26,423	27,339	0	53,762
Fixed assets, net (1)	128,699	124,161	0	252,860
Total assets (2)	\$ 2,985,380	\$ 3,082,800	\$ (4,333,514)	\$ 1,734,666

Note (1): Total additions to fixed assets of Sohu and Changyou were \$0.6 million and \$0.7 million, respectively, for the year ended December 31, 2024.

Note (2): The elimination for segment assets mainly consists of elimination of long-term investments in subsidiaries and consolidated VIEs, and elimination of intra-Group loans between Sohu and Changyou.

	As of December 31, 2025			
	Sohu	Changyou	Eliminations	Consolidated
Cash and cash equivalents	\$ 92,107	\$ 36,201	\$ 0	\$ 128,308
Accounts receivable, net	20,095	23,240	0	43,335
Fixed assets, net (1)	124,678	121,585	0	246,263
Total assets (2)	\$ 2,885,282	\$ 3,379,631	\$ (4,628,860)	\$ 1,636,053

Note (1): Total additions to fixed assets of both Sohu and Changyou were \$0.3 million for the year ended December 31, 2025.

Note (2): The elimination for segment assets mainly consists of elimination of long-term investments in subsidiaries and consolidated VIEs, and elimination of intra-Group loans between Sohu and Changyou.

5. SHARE-BASED COMPENSATION EXPENSE

Sohu and Changyou have incentive plans for the granting of share-based awards, including share options and restricted share units, to members of the boards of directors, management and other key employees.

Share-based compensation expense was recognized in costs and expenses for the years ended December 31, 2023, 2024 and 2025 as follows (in thousands):

Share-based compensation expense	Year Ended December 31,		
	2023	2024	2025
Cost of revenues	\$ 17	\$ 1	\$ 0
Product development expenses	156	19	0
Sales and marketing expenses	26	22	6
General and administrative expenses	509	(72)	1,493
	<u>\$ 708</u>	<u>\$ (30)</u>	<u>\$ 1,499</u>

[Table of Contents](#)

Share-based compensation expense was recognized for share awards of Sohu and Changyou for the years ended December 31, 2023, 2024 and 2025 as follows (in thousands):

Share-based compensation expense	Year Ended December 31,		
	2023	2024	2025
For Sohu share-based awards	\$ 96	\$ 73	\$ 6
For Changyou share-based awards	612	(103)	1,493
	<u>\$ 708</u>	<u>\$ (30)</u>	<u>\$ 1,499</u>

There was no capitalized share-based compensation expense for the years ended December 31, 2025, 2024 and 2023.

6. ADVERTISING AND PROMOTIONAL EXPENSES

For the years ended December 31, 2025, 2024 and 2023, advertising and promotional expenses recognized in the consolidated statements of comprehensive income were \$125.9 million, \$166.3 million, and \$138.3 million, respectively.

7. OTHER INCOME, NET

The following table summarizes the Sohu Group's other income/(expense) (in thousands):

	Year Ended December 31,		
	2023	2024	2025
Rental income	\$ 7,530	\$ 9,723	\$ 9,638
Investment income from short-term investments	4,709	6,027	5,645
Investment income/(loss) from long-term investments	1,707	(310)	535
Tax refund	2,486	1,574	496
Government grant	17,486	6,184	146
Impairment loss on equity investments	(283)	0	0
Donations	0	(854)	(192)
Others	2,111	(200)	282
	<u>\$ 35,746</u>	<u>\$ 22,144</u>	<u>\$ 16,550</u>

[Table of Contents](#)**8. BALANCE SHEET COMPONENTS (IN THOUSANDS)**

	As of December 31,	
	2024	2025
Accounts receivable, net		
Accounts receivable	\$ 66,161	\$ 54,221
Allowance for credit losses	(12,399)	(10,886)
	<u>\$ 53,762</u>	<u>\$ 43,335</u>
	As of December 31,	
	2024	2025
Prepaid and other current assets		
Matching loans due from a related party (See Note 9)	\$ 33,170	\$ 33,924
Prepaid taxes	25,698	33,052
Prepaid revenue-sharing costs	7,865	9,512
Prepaid content and license costs	6,531	5,321
Prepaid professional fees	2,112	3,629
Prepaid rental deposits	1,121	982
Interest receivable from bank deposits with original maturities of three months or less	297	697
Employee advances	507	557
Prepaid advertising and promotion expenses	331	344
Prepaid office rent and facilities expenses	133	165
Others	5,810	5,720
	<u>\$ 83,575</u>	<u>\$ 93,903</u>
Other short-term liabilities		
Matching loans due to a related party (See Note 9)	34,123	34,124
Share-based awards in Changyou (See Note 18)	26,772	28,063
Deposits from customers	5,917	4,350
Lease liabilities	1,723	1,822
Contract deposits from advertisers	1,564	1,453
Consideration payable for equity investments	685	700
Others	5,538	6,089
	<u>\$ 76,322</u>	<u>\$ 76,601</u>

	As of December 31,	
	2024	2025
Receipts in advance and deferred revenue		
Receipts in advance relating to:		
Marketing services business	\$ 1,995	\$ 2,393
Online game business	3,074	4,159
Other business	2,290	1,764
Total receipts in advance	7,359	8,316
Deferred revenue	43,648	46,562
	<u>\$ 51,007</u>	<u>\$ 54,878</u>

9. RELATED PARTY TRANSACTIONS

Under an agreement between Sohu and Fox Financial Technology Group Limited (“Fox Financial,” formerly known as “SoEasy Internet Finance Group Limited”) entered into in August 2014, Sohu invested \$4.8 million and \$16.1 million, respectively, in Fox Financial in August 2014 and April 2015. In February 2016, Sohu invested an additional \$10.5 million in Fox Financial.

Changyou’s Loan Arrangements with Fox Financial

Commencing in April 2015, certain subsidiaries of Changyou and certain subsidiaries of Fox Financial entered into a series of loan agreements pursuant to which the subsidiaries of Changyou were entitled to draw down HK dollar-denominated or U.S. dollar-denominated loans from the Fox Financial subsidiaries and the Fox Financial subsidiaries were entitled to draw down equivalent RMB-denominated loans from the Changyou subsidiaries, to facilitate each other’s business operations. All of the loans carry a fixed rate of interest which approximated the market interest rate at the inception of the loans.

In December 2018 and 2019, Changyou entered into several supplemental agreements with Fox Financial pursuant to which (i) all accrued and unpaid interest on the loans was added to the principal of the corresponding loans; (ii) Fox Financial provided security for its repayment obligations to Changyou; and (iii) Changyou similarly provided security for its repayment obligations to Fox Financial. If Fox Financial fails to repay the RMB-denominated loan principal and corresponding interest owed to Changyou, Changyou will have the right to apply the amount of a security deposit, consisting of the outstanding U.S. dollar-denominated loan principal and corresponding interest owed by Changyou to Fox Financial, to repay the RMB-denominated loan principal and interest owed by Fox Financial to Changyou, and vice versa. The security deposit will be required to be replenished by Fox Financial or Changyou, as the case may be, if the amount of the security deposit is insufficient to repay the applicable loan principal and interest, and any remaining security deposit will be returned to Fox Financial or Changyou, as the case may be, if there is a surplus after the repayment of the loan principal and interest.

The loan arrangements expired on December 31, 2020 and no new supplemental agreements were signed. In May 2021 and in March 2024, Changyou notified Fox Financial of Changyou’s intention to exercise its rights under the supplemental agreement by applying the security deposit to repay the RMB-denominated loan principal and corresponding interest owed by Fox Financial to Changyou. As of the date of the filing of this report, Changyou has not received any response from Fox Financial and has not so applied any of the security deposit. In connection with such loan arrangements, the Sohu Group recorded in the Sohu Group’s consolidated balance sheets as of December 31, 2025 loans receivable from Fox Financial in a total amount of \$33.9 million as prepaid and other current assets, and loans payable to Fox Financial in a total amount of \$34.1 million as other short-term liabilities.

10. FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

U.S. GAAP establishes a three-tier hierarchy to prioritize the inputs used in the valuation methodologies in measuring the fair value of financial instruments. This hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three-tier fair value hierarchy is:

Level 1 - observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - unobservable inputs which are supported by little or no market activity.

The Sohu Group's financial instruments consist primarily of cash equivalents, short-term investments, accounts receivable, other current assets, long-term investments, long-term time deposits, accounts payable, accrued liabilities, other short-term liabilities, and long-term other payables.

Financial Instruments Measured at Fair Value

The following table sets forth the financial instruments, measured at fair value by level within the fair value hierarchy, as of December 31, 2024 (in thousands):

Items	As of December 31, 2024	Fair value measurements at reporting date using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$ 94,156	\$ 0	\$ 94,156	\$ 0
Short-term investments	744,498	0	744,498	0
Debt investments	21,095	0	0	21,095
Long-term time deposits	331,290	0	331,290	0

The following table sets forth the financial instruments, measured at fair value by level within the fair value hierarchy, as of December 31, 2025 (in thousands):

Items	As of December 31, 2025	Fair value measurements at reporting date using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$ 72,414	\$ 0	\$ 72,414	\$ 0
Short-term investments	702,372	0	702,372	0
Debt investments	21,095	0	0	21,095
Long-term time deposits	350,659	0	350,659	0

Cash Equivalents

The Sohu Group's cash equivalents mainly consist of time deposits with original maturities of three months or less and notice deposits. The fair values of cash equivalents are determined based on the pervasive interest rates in the market. The Group classifies the valuation techniques that use the pervasive interest rates input as Level 2 of fair value measurements. Generally, there are no quoted prices in active markets for identical cash equivalents at the reporting date. In order to determine the fair value, the Group uses the discounted cash flow method and observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Short-term Investments

The Sohu Group's short-term investments mainly consist of investments in financial instruments with a variable interest rate and time deposits with maturities of three months to one year. In accordance with ASC 825, for investments in financial instruments with a variable interest rate indexed to performance of underlying assets and time deposits, the Sohu Group elected the fair value method at the date of initial recognition and carried these investments at fair value. Changes in the fair value are reflected in the consolidated statements of comprehensive income as other income/(expense) and interest income. To estimate fair value, the Group refers to the quoted rate of return provided by banks at the end of each period using the discounted cash flow method. The Group classifies the valuation techniques that use these inputs as Level 2 of fair value measurements.

As of December 31, 2025 and 2024, the Sohu Group's investment in these financial instruments was \$702.4 million and \$744.5 million, respectively. The investment instruments with variable interest rates were issued by commercial banks in the Chinese mainland, and are indexed to performance of underlying assets. Since these investments' maturity dates are within one year, they are classified as short-term investments. For the years ended December 31, 2025 and 2024, the Sohu Group recorded gains from changes in the fair value of short-term investments in the amounts of \$5.6 million and \$6.0 million, respectively, in the consolidated statements of comprehensive income.

Long-term Investments

Long-term investments consist of debt investments and equity investments in publicly traded companies, privately-held companies, and limited partnerships.

Debt Investments

ASC 825-10-25 permits all entities to choose, at specified election dates, to measure eligible items at fair value (the fair value option).

The Group measures debt investments under the fair value option on a recurring basis. For investments in preferred shares, the fair value was estimated by using the back-solve method, which requires considering the rights and preferences of each class of equity and solving for the total equity value that is consistent with a recent transaction in the subject company's securities. This method requires making assumptions on future outcomes available to the subject company, the probability of each scenario, expected time to liquidity events, volatility, and risk-free rate (Level 3). As of December 31, 2025 and 2024, the aggregate carrying value of debt investments was \$21.1 million for both years. The Group recognized a fair value loss of nil and \$1.8 million, respectively, in 2025 and 2024.

Equity Investments

Under ASU No. 2016-01, equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are measured at fair value through earnings, unless they qualify for a measurement alternative.

The Group measures equity investments under the equity method and equity investments without readily determinable fair values at fair value on a non-recurring basis when an impairment charge is to be recognized. As of December 31, 2025 and 2024, certain investments were measured using significant unobservable inputs (Level 3) and written down from their respective carrying values to their fair values, considering the stage of development, the business plan, the financial condition, the sufficiency of funding and the operating performance of the investee companies, with impairment charges incurred and recorded in other income for the years then ended. The Group recognized an impairment loss of nil for investments without readily determinable fair values in both 2025 and 2024.

Equity Investments Accounted for Using the Equity Method

For investments in common stock or in-substance common stock of entities over which the Group can exercise significant influence but does not own a majority equity interest or control, the equity method is applied, and the Group adjusts the carrying amount of an investment and recognizes investment income or loss for the Group's share of the earnings or loss of the investee after the date of investment. The Group measures equity investments under the equity method at fair value on a non-recurring basis only if an impairment charge is to be recognized. The Group classifies these non-recurring fair value measurements as Level 3 of fair value measurement.

[Table of Contents](#)

Equity Investments with Readily Determinable Fair Values

For equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings.

Equity investments with readily determinable fair values are valued using the market approach based on the quoted prices in active markets at the reporting date. The Group classifies the valuation techniques that use these inputs as Level 1 of fair value measurements.

Equity Investments without Readily Determinable Fair Values

Based on ASU No. 2016-01, an entity will be able to elect to record equity investments without readily determinable fair values and not accounted for by the equity method at cost, less impairment, adjusted for subsequent observable price changes in orderly transactions for the identical or similar investments of the same issuer. Entities that elect this measurement alternative will report changes in the carrying value of the equity investments in current earnings.

If this measurement alternative is elected, changes in the carrying value of the equity investment will be required to be made whenever there are observable price changes in transactions for identical or similar investments of the same issuer. The implementation guidance notes that an entity should make a “reasonable effort” to identify price changes that are known or that can reasonably be known. When observable price changes were identified, the Group used the back-solve method to re-measure the fair value of the investments and to determine the amount that should be recorded as upward or downward adjustments. The back-solve method requires considering the rights and preferences of each class of equity and solving for the total equity value that is consistent with a recent transaction of the subject company’s securities. This method requires making assumptions on future outcomes available to the subject company, the probability of each scenario, expected time to liquidity events, volatility and risk-free rate. The Group classifies this non-recurring fair value measurement as Level 3 of fair value measurement.

Long-term Time Deposits

The Sohu Group elected the fair value method at the date of initial recognition of time deposits with maturities over one year and carried these investments subsequently at fair value. Changes in fair values are reflected in the consolidated statements of comprehensive income. The Sohu Group classifies the valuation techniques that use the pervasive interest rates input as Level 2 of fair value measurements.

Assets Measured at Fair Value on a Nonrecurring Basis

The following table sets forth assets measured at fair value on a nonrecurring basis by level within the fair value hierarchy as of December 31, 2024 and 2025 (in thousands).

Items	As of December 31, 2024	Fair value measurements at reporting date using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Purchased video content recorded in prepaid and other assets	\$ 257	\$ 0	\$ 0	\$ 257
Intangible assets, net	7,695	0	0	7,695
Goodwill	46,944	0	0	46,944

Items	As of December 31, 2025	Fair value measurements at reporting date using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Purchased video content recorded in prepaid and other assets	\$ 214	\$ 0	\$ 0	\$ 214
Intangible assets, net	4,692	0	0	4,692
Goodwill	10,257	0	0	10,257

[Table of Contents](#)

Intangible Assets

Intangible assets mainly comprise operating rights for licensed games, purchased video content, domain names and trademarks, computer software, and developed technologies. See Note 14 - Intangible Assets, Net.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired in a business combination. See Note 13 - Goodwill.

Short-term Receivables and Payables

Accounts receivable and other current assets are financial assets with carrying values that approximate fair value due to their short-term nature. Short-term accounts payable, accrued liabilities, and other short-term liabilities are financial liabilities with carrying values that approximate fair value due to their short-term nature.

Long-term Payables

Long-term payables mainly consist of long-term other payables.

Long-term other payables are financial liabilities with carrying values that approximate fair value. After the Changyou Plans' Modification, long-term other payables also include liabilities accrued over the option holders' service periods with a fixed price of \$5.39 per Changyou Class A ordinary share. See Note 18 - Sohu.com Limited Shareholders' Equity.

11. LEASES

The Group has entered into operating lease agreements, primarily for offices in the Chinese mainland with lease periods expiring between 2025 and 2028. The determination of whether an arrangement is or contains a lease is made at the inception of the lease by evaluating whether the arrangement conveys the right to use an identified asset and whether the Group obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. Operating lease assets and liabilities are included on the Group's consolidated balance sheets. The right-of-use assets are included in other assets, while the current portion of the operating lease liabilities is included in other short-term liabilities and the long-term portion is included in other long-term liabilities. The Group has elected not to recognize lease assets and lease liabilities for leases with a term of 12 months or less on the consolidated balance sheets.

Operating lease assets and liabilities are recognized at the present value of the future lease payments at the lease commencement date. The Group uses its incremental borrowing rate in determining the present value of the future lease payments, because the interest rate implicit in most of the leases is not readily determinable. The Group estimates its incremental borrowing rate for each leased asset based on the interest rate the Group would incur to borrow an amount equal to the lease payments on a collateralized basis over a similar term in a similar economic environment.

Certain lease agreements contain an option for the Group to renew a lease for a term agreed to by the Group and the lessor or an option to terminate a lease earlier than the maturity date. The Group considers these options, which may be elected at the Group's sole discretion, in determining the lease term on a lease-by-lease basis. The Group's lease agreements generally do not contain any residual value guarantees or material restrictive covenants. Certain of the Group's leases contain free or escalating rent payment terms. Operating lease expense is recognized on a straight-line basis over the lease term.

The Group's lease agreements generally contain lease and non-lease components. Non-lease components consist primarily of payments for maintenance and utilities. The Group has identified separate lease and non-lease components, allocated the contractual considerations between components based on the terms specified in the lease agreements, and accounted for the lease components separately from the non-lease components. Payments under the lease arrangements are primarily fixed with no variable payments.

Components of operating lease expense are as follows (in thousands):

	Year ended December 31,	
	2024	2025
Operating lease expense	\$ 2,032	\$ 1,837
Short-term lease expense	238	92
Total operating lease expense	\$ 2,270	\$ 1,929

[Table of Contents](#)

Supplemental cash flow information related to leases are as follows (in thousands):

	Year ended December 31,	
	2024	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,810	\$ 1,992

	Year ended December 31,	
	2024	2025
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$ 1,712	\$ 557

The following table presents supplemental balance sheet information related to the operating leases (in thousands):

	Year ended December 31,	
	2024	2025
Assets:		
Operating lease right-of-use assets	\$ 3,238	\$ 2,154
Liabilities:		
Current lease liabilities	1,723	1,822
Non-current lease liabilities	1,659	322
Total operating lease liabilities	\$ 3,382	\$ 2,144

Maturities of lease liabilities under operating leases as of December 31, 2025 are as follows (in thousands):

2026	\$ 1,884
2027	301
2028	34
2029	0
2030	0
Thereafter	0
Total future lease payments	2,219
Less: imputed interest	75
Total present value of lease liabilities	\$ 2,144

As of December 31, 2025, operating leases recognized in lease liabilities had a weighted average remaining lease term of 1.4 years and a weighted average discount rate of 4.4%. As of December 31, 2025, there were no liabilities for leases that had been entered into, but the terms of which had not yet commenced.

12. FIXED ASSETS

The following table summarizes the Sohu Group's fixed assets (in thousands):

	As of December 31,	
	2024	2025
Office buildings	\$ 355,862	\$ 363,942
Computer equipment and hardware	81,335	77,330
Leasehold and building improvements	31,943	32,664
Office furniture	5,204	5,252
Vehicles	2,972	2,823
Fixed assets, gross	477,316	482,011
Accumulated depreciation	(224,456)	(235,748)
Fixed assets, net	\$ 252,860	\$ 246,263

[Table of Contents](#)

For the years ended December 31, 2025, 2024 and 2023, depreciation expenses for fixed assets were \$12.6 million, \$13.5 million, and \$16.6 million, respectively.

13. GOODWILL

Changes in the carrying value of goodwill by segment are as follows (in thousands):

	Sohu	Changyou	Total
Balance as of December 31, 2023			
Goodwill	69,152	180,543	249,695
Accumulated impairment losses	(32,246)	(170,286)	(202,532)
	<u>\$ 36,906</u>	<u>\$ 10,257</u>	<u>\$ 47,163</u>
Transactions in 2024			
Foreign currency translation adjustment	(219)	0	(219)
Balance as of December 31, 2024	<u>\$ 36,687</u>	<u>\$ 10,257</u>	<u>\$ 46,944</u>
Balance as of December 31, 2024			
Goodwill	36,687	10,257	46,944
Accumulated impairment losses	0	0	0
	<u>\$ 36,687</u>	<u>\$ 10,257</u>	<u>\$ 46,944</u>
Transactions in 2025			
Foreign currency translation adjustment	268	0	268
Impairment losses	(36,955)	0	(36,955)
Balance as of December 31, 2025	<u>\$ 0</u>	<u>\$ 10,257</u>	<u>\$ 10,257</u>
Balance as of December 31, 2025			
Goodwill	0	10,257	10,257
Accumulated impairment losses	0	0	0
	<u>\$ 0</u>	<u>\$ 10,257</u>	<u>\$ 10,257</u>

There was one reporting unit under the Sohu segment, which is the Sohu reporting unit. The reporting units under the Changyou segment consisted of the Changyou online game business and the 17173.com Website. The Changyou online game business was the only reporting unit with goodwill under the Changyou segment.

As of October 1, 2025, the Sohu Group tested goodwill for impairment at the reporting unit level.

For the Sohu reporting unit, management determined that a quantitative assessment was appropriate, comparing the estimated fair value of the reporting unit to its corresponding net book value. Management estimated the fair value of the Sohu reporting unit using the income approach and the market approach. The income approach considers a number of factors that include expected future cash flows, revenue growth rates, the discount rate and profitability. The market approach considers earnings multipliers based on market data of comparable companies engaged in a similar business. The fair value determined using the income approach is compared with comparable market data and reconciled, as necessary. The fair value of the Sohu reporting unit also includes cash not required for working capital and the fair value of real estate held by the Sohu reporting unit for the production of rental income. The fair value of real estate owned and leased to others was determined using the income approach, with key assumptions including rental income from existing and expected lease contracts and market yields of comparable real estate. If rental income decreases and/or market yields increase, the fair value of this real estate, as well as the fair value of the Sohu reporting unit, will decrease. The goodwill impairment assessment is sensitive to the estimates related to these factors, and particularly the fair value of the real estate held by Sohu.

[Table of Contents](#)

In the fourth quarter of 2025, management concluded that the fair value of the Sohu reporting unit was less than its carrying value, indicating that the goodwill of the Sohu reporting unit was impaired. This was mainly driven by a decline in the fair value of real estate held by the Sohu reporting unit for the production of rental income, due to the weakness of the real estate market in the Chinese mainland. A goodwill impairment loss of \$37.0 million was recognized for the Sohu reporting unit for the year ended December 31, 2025. No impairment of goodwill was recognized during the year ended December 31, 2024.

For the Changyou online game reporting unit, management determined that a quantitative assessment was appropriate, comparing the estimated fair value of the reporting unit to its corresponding net book value. Management estimated the fair value of the Changyou online game reporting unit using the income approach and the market approach. The income approach considers a number of factors that include expected future cash flows, revenue growth rates, the discount rate and profitability. The market approach considers earnings multipliers based on market data of comparable companies engaged in a similar business. The fair value of the Changyou online game reporting unit also includes the net non-operating assets held by Changyou. The fair value determined using the income approach is compared with comparable market data and reconciled, as necessary.

As of December 31, 2025 and 2024, management concluded that the fair value of the Changyou online game reporting unit exceeded its carrying value, indicating that the goodwill of the Changyou online game reporting unit was not impaired.

14. INTANGIBLE ASSETS, NET

Items	As of December 31, 2024			
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Amount
Operating rights for licensed games	\$ 64,937	\$ (45,996)	\$ (12,334)	\$ 6,607
Purchased video content	41,789	(30,059)	(11,362)	368
Domain names and trademarks	16,083	(6,350)	(9,733)	0
Computer software	11,861	(11,141)	0	720
Developed technologies	990	(147)	(843)	0
Total	<u>\$ 135,660</u>	<u>\$ (93,693)</u>	<u>\$ (34,272)</u>	<u>\$ 7,695</u>

Items	As of December 31, 2025			
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Amount
Operating rights for licensed games	\$ 67,071	\$ (50,724)	\$ (12,612)	\$ 3,735
Purchased video content	38,991	(28,806)	(9,956)	229
Domain names and trademarks	16,412	(6,458)	(9,954)	0
Computer software	10,835	(10,107)	0	728
Developed technologies	990	(147)	(843)	0
Total	<u>\$ 134,299</u>	<u>\$ (96,242)</u>	<u>\$ (33,365)</u>	<u>\$ 4,692</u>

Amortization

For the years ended December 31, 2025, 2024 and 2023, amortization of intangible assets was \$12.4 million, \$11.2 million, and \$13.6 million, respectively.

[Table of Contents](#)

As of December 31, 2025, amortization expenses for future periods are estimated to be as follows:

Year Ended December 31,	(in thousands)
2026	\$ 3,367
2027	1,233
2028	92
2029	0
2030	0
Thereafter	0
Total expected amortization expense	\$ 4,692

15. TAXATION

Value-Added Tax

The Sohu Group's revenues are subject to VAT in the Chinese mainland. To record VAT payable, the Group adopted the net presentation method, which presents the difference between the output VAT (at a rate of 6% or 13%) and the available input VAT amount (at the rate applicable to the supplier).

Income Tax

Cayman Island Tax

Under the current tax laws of the Cayman Islands, Sohu.com Limited is not subject to tax on its income or capital gains, and no Cayman Islands withholding tax will be imposed upon any payment of dividends by Sohu.com Limited to its shareholders.

Hong Kong Tax

The Group's subsidiaries incorporated in Hong Kong are subject to profits tax in Hong Kong at the rate of 16.5% for each of the years ended December 31, 2025, 2024 and 2023.

Chinese Mainland Income Tax

The majority of the subsidiaries and VIEs of the Sohu Group are based in the Chinese mainland and are subject to income taxes in the Chinese mainland. These Chinese mainland-based subsidiaries and VIEs conduct substantially all of the Sohu Group's operations, and generate most of the Sohu Group's income or losses. The Chinese mainland generally imposes an income tax rate of 25% on all enterprises, but grants preferential tax treatment to "high and new technology enterprises" ("HNTEs").

Under preferential tax treatment, HNTEs can enjoy an income tax rate of 15%, but need to re-apply every three years. During this three-year period, an HNTE must conduct a qualification self-review each year to ensure it meets the HNTE criteria and is eligible for the 15% preferential tax rate for that year. If an HNTE fails to meet the criteria for qualification as an HNTE in any year, the enterprise cannot enjoy the 15% preferential tax rate in that year, and must instead use the regular 25% income tax rate.

Principal Entities Qualified as HNTEs

As of December 31, 2025, the following principal entities of the Sohu Group were qualified as HNTEs and were entitled to an income tax rate of 15%.

- Gamespace, Changyou Chuangxiang and Sohu New Momentum re-applied for HNTE qualification and received approval in 2025. They are entitled to continue to enjoy the beneficial tax rate as HNTEs for the years 2025 through 2027, and will need to re-apply for HNTE qualification in 2028.

[Table of Contents](#)

- Video Tianjin and Sohu Internet qualified as HNTEs for the years 2024 through 2026, and will need to re-apply for HNTE qualification in 2027.
- Gamease, AmazGame, Sohu Media and Guangzhou Qianjun qualified as HNTEs for the years 2023 through 2025, and will need to re-apply for HNTE qualification in 2026.

U.S. Corporate Income Tax

Sohu.com Inc., which was formerly the top-tier publicly-traded parent company of the Sohu Group, was dissolved and liquidated on May 31, 2018. Sohu.com Inc. was a Delaware corporation that was subject to U.S. federal corporate income tax on its taxable income at a rate of 21% for taxable years beginning after December 31, 2017 and up to 35% for prior tax years. The U.S. TCJA significantly modified the U.S. Internal Revenue Code by, among other things, reducing the maximum statutory U.S. federal corporate income tax rate from 35% to 21% for taxable years beginning after December 31, 2017; limiting and/or eliminating many business deductions; migrating the U.S. to a partial territorial tax system with a one-time Toll Charge on a mandatory deemed repatriation of previously deferred foreign earnings of certain foreign subsidiaries; subject to certain limitations, generally eliminating U.S. corporate income tax on dividends from foreign subsidiaries; and providing for new taxes on certain foreign earnings.

Treatment of Toll Charge Related to the U.S. TCJA

Beginning in the fourth quarter of 2017, the Sohu Group had recognized a provisional amount of income tax expense for the Toll Charge of \$219 million, which represented management's estimate of the amount of the Toll Charge that would have been payable by Sohu.com Inc. based on the deemed repatriation to the United States of its share of previously deferred earnings of certain of its non-U.S. subsidiaries, offset by a reduction of \$4 million in liability for deferred U.S. income tax, as a result of the U.S. TCJA. The Sohu Group included the provisional amount of the Toll Charge of \$219 million in its interim financial statements through the quarter ended September 30, 2018, in reliance on SAB 118.

For the fourth quarter of 2018, the Sohu Group's management re-evaluated the impact on the Sohu Group of the Toll Charge under the U.S. TCJA. Management determined that it was more likely than not, based on the technical merits, that the tax position that the Sohu Group had no Toll Charge liability would be sustained. The Group recognized a tax benefit in the amount of \$77 million, which was the largest amount that management determined to be greater than 50% likely to be realized upon settlement with the U.S. IRS. As a result, as of December 31, 2018, the Sohu Group had an unrecognized tax benefit in the amount of \$142 million, which represented the difference between the tax benefit recognized in the fourth quarter of 2018 and management's previous estimate of the Toll Charge, and began to accrue related interest. In the first quarter of 2025, due to the expiration of the statutory period for the IRS to conduct an examination of the Sohu Group's tax return in connection with the Toll Charge, the Sohu Group fully reversed the tax expense with respect to the Toll Charge that resulted in recognition of the previously unrecognized tax benefit of \$199 million, consisting of principal of \$142 million and related accumulated accrued interest of \$57 million.

Composition of Income Tax Expense

Sohu.com Limited is not subject to income or capital gains tax under the current laws of the Cayman Islands. There are no other taxes likely to be material to Sohu.com Limited levied by the government of the Cayman Islands.

The components of income before income taxes are as follows (in thousands):

	Year ended December 31,		
	2023	2024	2025
Income/(loss) before income tax expense			
Loss from Chinese mainland operations	\$ (22,560)	\$ (68,338)	\$ (30,143)
Income/(loss) from non-Chinese mainland operations	16,910	20,170	(19,380)
Total loss before income tax expense from continuing operations	<u>\$ (5,650)</u>	<u>\$ (48,168)</u>	<u>\$ (49,523)</u>
Income tax expense/(benefit) applicable to Chinese mainland operations			
Current tax	\$ 22,701	\$ 18,700	\$ 23,058
Deferred tax	24,728	17,785	(269,367)
Subtotal income tax expense/(benefit) applicable to Chinese mainland operations	47,429	36,485	(246,309)
Non-Chinese mainland income tax expense/(benefit)	12,850	15,300	(198,387)
Non-Chinese mainland withholding tax expense	141	285	1,087
Total income tax expense/(benefit) from continuing operations	<u>\$ 60,420</u>	<u>\$ 52,070</u>	<u>\$ (443,609)</u>

[Table of Contents](#)

In 2025, of the total of \$443.6 million in income tax benefit, \$246.3 million was from Chinese mainland tax, resulting primarily from reversal of withholding income tax expense related to Changyou of \$285.5 million; and \$198 million was for U.S. corporate income tax, resulting primarily from recognition of a tax benefit related to the Toll Charge.

In 2024, of the total of \$52.1 million in income tax expense, \$36.5 million was from Chinese mainland tax, resulting primarily from accrued regular income tax expense of \$32.5 million; and \$15 million was for U.S. corporate income tax, resulting primarily from accrued interest on an unrecognized tax benefit related to the Toll Charge.

In 2023, of the total of \$60.4 million in income tax expense, \$47.4 million was from Chinese mainland tax, resulting primarily from accrued regular income tax expense of \$36.8 million, and \$13 million was for U.S. corporate income tax, resulting primarily from accrued interest on an unrecognized tax benefit related to the Toll Charge.

The combined effects of the income tax exemption and reduction available to the Group are as follows (in thousands, except per share data):

	Year Ended December 31,		
	2023	2024	2025
Tax holiday effect	\$ (18,961)	\$ (22,072)	\$ 13,911
Basic net loss per share effect	(0.56)	(0.69)	0.49

Effective Tax Rate

The Chinese mainland generally imposes an income tax rate of 25% on all enterprises, but grants preferential tax treatment to HNTes.

The following is reconciliation between the statutory rate and the Group's effective tax rate. For 2023, 2024 and 2025, the statutory rate represented the Chinese mainland statutory rate of 25%. The table for 2023 and 2024 below does not reflect any accruals related to the Toll Charge. See "U.S. Corporate Income Tax" and "Treatment of Toll Charge Related to the U.S. TCJA."

	Year Ended December 31,	
	2023	2024
Statutory Rate:	25%	25%
Effect of tax holidays applicable to subsidiaries and consolidated VIEs	(335%)	(46%)
Tax differential from statutory rate applicable to subsidiaries and consolidated VIEs	44%	11%
Effect of withholding taxes	(331%)	(34%)
Changes in valuation allowance for deferred tax assets	(1,077%)	(99%)
Research and development super-deduction	737%	82%
Others	95%	(15%)
	<u>(842%)</u>	<u>(76%)</u>

Table of Contents

In accordance with the updated requirements of ASU No. 2023-09 for the year ended December 31, 2025, a reconciliation between the statutory rate and the Group's effective tax rate is as follows (in thousands, except percentages):

	Year Ended December 31, 2025	
	Amount	Percent
Statutory Rate:	\$ (12,381)	25.0%
Foreign Tax Effects		
Cayman		
Statutory tax rate difference between Cayman and Chinese mainland	5,051	(10.2%)
Other	631	(1.3%)
Hong Kong		
Statutory tax rate difference between Hong Kong and Chinese mainland	(103)	0.2%
Changes in valuation allowances	(736)	1.5%
British Virgin Islands ("BVI")		
Statutory tax rate difference between BVI and Chinese mainland	702	(1.4%)
Other foreign jurisdictions	944	(1.9%)
Effect of Cross-Border Tax Laws	74	(0.1%)
Changes in Valuation Allowance	48,075	(97.1%)
Nontaxable or Nondeductible Items		
Research and development credits	(34,374)	69.4%
Tax holidays applicable to subsidiaries and consolidated VIEs	13,911	(28.1%)
Goodwill impairment	3,687	(7.4%)
Other	602	(1.2%)
Changes in Unrecognized Tax Benefits	(199,018)	401.9%
Other Adjustments		
Withholding taxes	(270,917)	547.1%
Other	243	(0.5%)
Effective Tax Rate	<u>\$ (443,609)</u>	<u>895.9%</u>

Note: In 2025, the Sohu Group paid \$28.6 million in income taxes (net of refunds received) in the Chinese mainland and \$1.1 million in income taxes in jurisdictions outside of the Chinese mainland.

Chinese Mainland Withholding Income Tax on Dividends

Dividends distributed by foreign invested enterprises in the Chinese mainland to their immediate holding companies outside the Chinese mainland are subject to a 10% withholding tax. A lower withholding tax rate may be applied if there is a tax treaty between the Chinese mainland and the jurisdiction of the foreign holding company. A holding company in Hong Kong, for example, will be subject to a 5% withholding tax rate under an arrangement between the Chinese mainland and the Hong Kong Special Administrative Region on the "Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income," if such holding company is considered a non-Chinese mainland resident enterprise and holds at least 25% of the equity interests in the Chinese mainland foreign invested enterprise distributing the dividends, subject to approval of the local tax authority in the Chinese mainland. However, if the Hong Kong holding company is not considered to be the beneficial owner of such dividends under applicable Chinese mainland tax regulations, such dividend will remain subject to a withholding tax rate of 10%.

Prior to 2025, the Sohu Group's dividend policy for Changyou allowed Changyou's Chinese mainland subsidiaries (for avoidance of doubt, excluding the Changyou VIEs and their subsidiaries) to distribute their cumulative available and undistributed earnings to their direct, non-Chinese mainland parent holding companies. As of December 31, 2024, the Group had an accrued deferred tax liability related to the dividend policy for Changyou in the amount of \$265.9 million for Chinese mainland withholding tax. Under a revision of the dividend policy for Changyou adopted in the fourth quarter of 2025, the Group does not intend for Changyou's Chinese mainland subsidiaries to distribute any undistributed earnings to their direct, non-Chinese mainland parent holding companies for the foreseeable future, but for such earnings to instead be reinvested in the Group's Chinese mainland operations. As a result, the Group no longer accrues any corresponding Chinese mainland withholding tax and, in the fourth quarter of 2025, fully reversed the previously accrued deferred tax liability of \$283.6 million.

The Sohu Group currently does not intend to have any of its Chinese mainland subsidiaries or the VIEs distribute any undistributed profits of such subsidiaries or VIEs to their direct overseas parent companies, but rather intends that such profits will be reinvested by such subsidiaries and VIEs for the Group's Chinese mainland operations. As of December 31, 2025, the total amount of undistributed profits from the Chinese mainland subsidiaries and VIEs for which no withholding tax had been accrued was \$557.2 million, and the unrecognized tax liabilities were \$55.7 million.

[Table of Contents](#)

Deferred Tax Assets and Liabilities

Significant components of the Group's deferred tax assets and liabilities consist of the following (in thousands):

	As of December 31,	
	2024	2025
Deferred tax assets:		
Net operating loss from operations	\$ 395,642	\$ 428,770
Accrued bonus and commissions	2,973	4,160
Intangible assets impairment	158	78
Others	8,190	6,334
Total deferred tax assets	406,963	439,342
Less: Valuation allowance	(400,000)	(430,628)
Net deferred tax assets	<u>\$ 6,963</u>	<u>\$ 8,714</u>
Deferred tax liabilities:		
Withholding tax for dividend	\$ (265,863)	\$ 0
Others	(7,834)	(7,930)
Total deferred tax liabilities	<u>\$ (273,697)</u>	<u>\$ (7,930)</u>

Net deferred tax assets are recorded under other assets in the consolidated balance sheets. As of December 31, 2025, the Group had net operating losses from Chinese mainland entities of approximately \$2.70 billion available to offset against future net profit for income tax purposes. The Group anticipates that it is more likely than not that these net operating losses may not be utilized based on its estimate of the operation performance of these Chinese mainland entities; therefore, \$421.0 million in deferred tax assets generated from net operating losses were offset by a valuation allowance.

The following table sets forth the movement of the valuation allowances for deferred tax assets for the years presented (in thousands):

	Year Ended December 31,		
	2023	2024	2025
Beginning balance	\$ 320,589	\$ 371,532	\$ 400,000
Provision for the year	60,554	42,986	37,872
Reversal for the year	(4,134)	(9,076)	(16,138)
Foreign currency translation adjustment	(5,477)	(5,442)	8,894
Ending balance	<u>\$ 371,532</u>	<u>\$ 400,000</u>	<u>\$ 430,628</u>

In 2025, \$155.8 million of Chinese mainland net operating losses generated from previous years expired. Pursuant to a public announcement issued by the China State Administration of Taxation in August 2018, net operating losses of entities not qualified as HNTEs will expire between 2026 and 2030 if not utilized and those of entities qualified as HNTEs will expire in 2035. The reversal of valuation allowance was also due to the impact of changes in income tax rates upon preferential tax rates being obtained.

Uncertain Tax Positions

The following table summarizes the Group's unrecognized tax benefit from January 1, 2023 to December 31, 2025 (in thousands):

	As of December 31,		
	2023	2024	2025
Beginning balance	\$ 200,228	\$ 212,859	\$ 211,848
Increases/(decrease) related to prior year tax positions	12,850	(820)	(199,018)
Foreign currency translation adjustment	(219)	(191)	291
Ending balance	<u>\$ 212,859</u>	<u>\$ 211,848</u>	<u>\$ 13,121</u>

[Table of Contents](#)

The decrease in 2025 was mainly due to a reversal of an uncertain tax position related to the Toll Charge. The decrease in 2024 was mainly due to a reversal of uncertain tax positions related to business acquisitions. The increase in 2023 was mainly due to interest recognized in connection with an unrecognized tax benefit.

As of the date of the filing of this report, the only material jurisdiction in which the Group is subject to potential examination is the Chinese mainland. In general, the tax authorities in the Chinese mainland have up to five years, and in certain cases up to 10 years, to conduct examinations of the tax filings of the Group.

16. COMMITMENTS AND CONTINGENCIES

Commitments

The following table sets forth the Group's commitments as of December 31, 2025 (in thousands):

	2026	2027	2028	2029	2030	Thereafter	Total Payments Required
Purchase of content and services	\$ 8,558	690	5	0	0	0	9,253
Purchase of bandwidth	4,756	0	0	0	0	0	4,756
Royalties and expenditures for licensed content of games	1,423	712	1,067	0	0	0	3,202
Operating lease obligations	2,497	110	31	0	0	0	2,638
Others	188	60	0	0	0	0	248
Total Payments Required	<u>\$ 17,422</u>	<u>1,572</u>	<u>1,103</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,097</u>

Litigation

The Sohu Group is a party to various litigation matters which it considers routine and incidental to its business. The Sohu Group records a liability when the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. The Sohu Group evaluates, on a regular basis, developments in litigation matters that could affect the amount of liability that has been previously accrued and makes adjustments as appropriate.

Management believes that the total liabilities to the Sohu Group that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the Group's business, results of operations, financial condition and cash flows. As of December 31, 2025, Sohu and Changyou had no significant litigation contingencies.

Chinese Mainland Laws and Regulations

The Chinese mainland market in which the Sohu Group operates poses certain macro-economic and regulatory risks and uncertainties. These uncertainties extend to the ability to operate an Internet business and to conduct marketing services, online game, and other services in the Chinese mainland. The telecommunication, information, and media industries remain highly regulated. Restrictions are currently in place and are unclear with respect to which segments of these industries foreign-owned entities, like the Sohu Group, may operate. Regulatory authorities in the Chinese mainland may issue new laws or new interpretations of existing laws to regulate areas such as telecommunication, information, and media. The Sohu Group's legal structure and scope of operations in the Chinese mainland could be subject to restrictions, which could result in limits on its ability to conduct business in the Chinese mainland. Certain risks related to Chinese mainland law that could affect the Sohu Group's VIE structure are discussed in Note 17 - VIEs.

Regulatory risks also encompass interpretation by tax authorities in the Chinese mainland of current tax law, including the applicability of certain preferential tax treatments.

The Sohu Group's sales, purchase and expense transactions are generally denominated in RMB and a significant portion of its assets and liabilities are denominated in RMB. The RMB is not freely convertible into foreign currencies. In the Chinese mainland, foreign exchange transactions are required by law to be transacted only by authorized financial institutions. Remittances in currencies other than RMB by its subsidiaries in the Chinese mainland may require certain supporting documentation in order to effect the remittance.

17. VIEs

Background

Chinese mainland laws and regulations prohibit or restrict foreign ownership of companies that operate value-added telecommunication services, Internet publishing, online news information services, online audiovisual transmission, online games, and certain other business activities in the Chinese mainland in which the Sohu Group is engaged or could be deemed to be engaged. Consequently, the Sohu Group conducts certain of its operations and businesses in the Chinese mainland through VIEs. The Sohu Group consolidates in its consolidated financial statements all of the VIEs of which the Group is the primary beneficiary for accounting purposes.

VIEs Consolidated within the Sohu Group

The Sohu Group adopted the guidance of ASC 810 for VIEs, which requires VIEs to be consolidated by the primary beneficiary of the entity in which it has a controlling financial interest. Management made evaluations of the relationships between the Sohu Group and the VIEs through which it conducts a significant portion of its operations and the economic benefit flow of contractual arrangements with the VIEs. In connection with such evaluations, management also took into account the fact that, as a result of contractual arrangements with the VIEs that the Sohu Group consolidates, it controls the shareholders' voting interests in those VIEs and the fact that any such VIE, if it has one or more wholly-owned subsidiaries that are also VIEs that the Sohu Group consolidates, holds and controls 100% of the shareholder's voting interests in such subsidiary or subsidiaries even if any such subsidiary itself is not a party to any VIE contract with the Sohu Group. As a result of such evaluations, the management concluded that the Sohu Group holds a controlling financial interest in all of the VIEs that the Sohu Group consolidates because the Sohu Group has the power to direct the activities of such VIEs that most significantly affect their economic performances and the right to receive economic benefits that could be significant to such VIEs and that, therefore, the Sohu Group is the primary beneficiary of, and is required under ASC 810 to consolidate, all of such VIEs.

All of the consolidated VIEs are incorporated and operated in the Chinese mainland, and the principal VIEs are directly or indirectly owned by Dr. Charles Zhang, the Sohu Group's Chairman and Chief Executive Officer, or other executive officers and employees of the Sohu Group identified below. Capital for the consolidated VIEs was funded by the Sohu Group through loans provided to Dr. Charles Zhang and other executive officers and employees, and was initially recorded as loans to related parties. These loans are eliminated for accounting purposes against the capital of the VIEs upon consolidation.

Under contractual agreements with the Sohu Group, Dr. Charles Zhang and those other executive officers and employees of the Sohu Group and certain entities who are shareholders of the consolidated VIEs are required to transfer their ownership in these entities to the Group, if permitted by Chinese mainland laws and regulations, or, if not so permitted, to designees of the Group at any time as requested by the Group to repay the loans outstanding. All voting rights of the consolidated VIEs are assigned to the Sohu Group, and the Group has the right to designate all directors and senior management personnel of the consolidated VIEs, and also has the obligation to absorb losses of the consolidated VIEs. Dr. Charles Zhang and those other executive officers and employees of the Sohu Group and certain entities who are shareholders of the consolidated VIEs have pledged their shares in the consolidated VIEs as collateral for the loans. As of December 31, 2025, the aggregate amount of these loans was \$11.2 million.

Under its contractual arrangements with the consolidated VIEs, the Sohu Group has the power to direct activities of the VIEs, and can have assets transferred freely out of the VIEs without any restrictions. Therefore, the Group considers that there is no asset of a consolidated VIE that can be used only to settle obligations of the VIEs, except for registered capital and statutory reserves of the VIEs. As of December 31, 2025, the registered capital and statutory reserves of the consolidated VIEs totaled \$40.5 million. As all of the consolidated VIEs are incorporated as limited liability companies under the Company Law of the People's Republic of China (the "Company Law"), creditors of the consolidated VIEs do not have recourse to the general credit of the Sohu Group for any of the liabilities of the consolidated VIEs. Currently there is no contractual arrangement that could require the Sohu Group to provide additional financial support to the consolidated VIEs. As the Sohu Group is conducting certain business in the Chinese mainland mainly through the consolidated VIEs, the Group may provide such support on a discretionary basis in the future, which could expose the Group to a loss.

The following is a summary of the principal VIEs within the Sohu Group:

Basic Information for Principal VIEs and Subsidiaries of Principal VIEs

- High Century

High Century was incorporated in 2001. As of December 31, 2025, Dr. Charles Zhang, the Group's Chairman of the Board and Chief Executive Officer, and Wei Li, one of the Group's employees, held 80% and 20% interests, respectively, in this entity.

Table of Contents

- Sohu Internet
Sohu Internet was incorporated in 2003. As of December 31, 2025, High Century held a 100% interest in this entity.
- Gamease
Gamease was incorporated in 2007. As of December 31, 2025, High Century held a 100% interest in this entity.
- Donglin
Donglin was incorporated in 2010. As of December 31, 2025, High Century held a 100% interest in this entity.
- Guanyou Gamespace
Guanyou Gamespace was incorporated in 2010. As of December 31, 2025, Beijing Changyou Star Digital Technology Co., Ltd (“Changyou Star”) held a 100% interest in this entity. Dewen Chen, Changyou’s Chief Executive Officer, and Yaobin Wang, one of the Group’s employees, held 50% and 50% interests, respectively, in Changyou Star.
- Shanghai ICE
The Sohu Group began consolidating Shanghai ICE in 2010. As of December 31, 2025, Gamease held a 100% interest in this entity.
- Tianjin Jinhu
Tianjin Jinhu was incorporated in 2011. As of December 31, 2025, High Century held a 100% interest in this entity.
- Guangzhou Qianjun
The Sohu Group began consolidating Guangzhou Qianjun in 2014. As of December 31, 2025, Tianjin Jinhu held a 100% interest in this entity.

Financial Information

The following financial information of the Sohu Group’s consolidated VIEs (including subsidiaries of these VIEs) is included in the accompanying consolidated financial statements (in thousands):

	As of December 31,	
	2024	2025
ASSETS:		
Cash and cash equivalents	\$ 12,990	\$ 14,390
Short-term investments	18,589	10,786
Accounts receivable, net	27,315	20,059
Prepaid and other current assets	4,967	4,465
Intra-Group receivables due from subsidiaries	118,761	135,745
Total current assets	<u>182,622</u>	<u>185,445</u>
Fixed assets, net	74	36
Investment in subsidiaries	347,783	572,549
Other non-current assets	50,352	34,213
Total assets	<u>\$ 580,831</u>	<u>\$ 792,243</u>
LIABILITIES:		
Accounts payable	\$ 5,159	\$ 5,275
Accrued liabilities	24,700	21,631
Receipts in advance and deferred revenue	46,845	52,335
Other current liabilities	15,887	12,892
Intra-Group payables due to subsidiaries	234,405	221,044
Total current liabilities	<u>326,996</u>	<u>313,177</u>
Long-term tax liabilities	12,830	13,121
Other non-current liabilities	1,444	1,423
Total liabilities	<u>\$ 341,270</u>	<u>\$ 327,721</u>

[Table of Contents](#)

	Year Ended December 31,		
	2023	2024	2025
Revenues:			
Third-party revenues	\$ 477,202	\$ 484,911	\$ 490,675
Intra-Group revenues	13,283	13,468	13,794
Total revenues	490,485	498,379	504,469
Cost of revenues:			
Third-party cost of revenues	55,227	60,678	43,985
Intra-Group cost of revenues	86,435	72,697	93,417
Total cost of revenues	141,662	133,375	137,402
Operating expenses:			
Third-party operating expenses	44,059	63,633	46,952
Intra-Group operating expenses	282,812	274,491	292,541
Total operating expenses	326,871	338,124	339,493
Net income from continuing operations	23,879	21,744	2,595

	Year ended December 31,		
	2023	2024	2025
Cash flows from operating activities:			
Net cash provided by transactions with third parties	\$ 409,762	\$ 384,664	\$ 442,252
Net cash used in transactions with intra-Group entities	(382,593)	(358,561)	(396,893)
Net cash provided by continuing operating activities	27,169	26,103	45,359
Net cash provided by operating activities	27,169	26,103	45,359
Cash flows from investing activities:			
Net cash provided by/(used in) transactions with third parties	(14,922)	(8,315)	7,498
Net cash provided by/(used in) transactions with intra-Group entities	73,894	35,788	(38,070)
Net cash provided by/(used in) continuing investing activities	58,972	27,473	(30,572)
Net cash provided by/(used in) investing activities	58,972	27,473	(30,572)
Cash flows from financing activities:			
Net cash used in transactions with intra-Group entities	(101,611)	(48,657)	(13,393)
Net cash used in continuing financing activities	(101,611)	(48,657)	(13,393)
Net cash used in financing activities	(101,611)	(48,657)	(13,393)

Summary of Significant Agreements Currently in Effect

The following is a summary of the agreements between the Sohu Group's principal Chinese mainland subsidiaries and principal consolidated VIEs and their nominee shareholders as of December 31, 2025 and as of the date of the filing of this report:

Table of Contents

Agreements between Subsidiaries, Consolidated VIEs and Nominee Shareholders

Loan and share pledge agreement between Sohu Media and the shareholders of High Century. The agreement provides for loans to the shareholders of High Century for them to make contributions to the registered capital of High Century in exchange for the equity interests in High Century, and the shareholders pledge those equity interests to Sohu Media as security for the loans. The agreement includes powers of attorney that give Sohu Media the power to appoint nominees to act on behalf of the shareholders of High Century in connection with all actions to be taken by High Century. Pursuant to the agreement, the shareholders executed in blank transfers of their equity interests in High Century, which are held by the Sohu Group's legal department and may be completed and effected at Sohu Media's election.

Loan and share pledge agreement between the Company's indirect wholly-owned subsidiary Sohu Focus (HK) Limited ("Focus HK") and the shareholders of Beijing Heng Da Yi Tong Information Technology Co., Ltd., a VIE that the Company consolidates ("Heng Da Yi Tong"). The agreement provides for loans to the shareholders of Heng Da Yi Tong for them to make contributions to the registered capital of Heng Da Yi Tong in exchange for the equity interests in Heng Da Yi Tong, and the shareholders pledge those equity interests to Focus HK as security for the loans. The agreement includes powers of attorney that give Focus HK the power to appoint nominees to act on behalf of the shareholders of Heng Da Yi Tong in connection with all actions to be taken by Heng Da Yi Tong. Pursuant to the agreement, the shareholders executed in blank transfers of their equity interests in Heng Da Yi Tong, which are held by the Sohu Group's legal department and may be completed and effected at Focus HK's election.

Loan agreements and equity pledge agreements between AmazGame and the sole shareholder of Gamease and between Gamespace and the sole shareholder of Guanyou Gamespace. The loan agreements provide for loans to the respective shareholders of Gamease and Guanyou Gamespace for the shareholders to make contributions to the registered capital of Gamease and Guanyou Gamespace in exchange for 100% of the equity interests in Gamease and Guanyou Gamespace. The loans are interest free and are repayable on demand, but the shareholders can only repay the loans by transferring to AmazGame and Gamespace, as the case may be, their equity interests in Gamease and Guanyou Gamespace. Under the equity pledge agreements, the respective shareholders of Gamease and Guanyou Gamespace pledge to AmazGame and Gamespace, their equity interests in Gamease and Guanyou Gamespace to secure the performance of their obligations under the loan agreements and Gamease's and Guanyou Gamespace's obligations to AmazGame and Gamespace under the various VIE-related agreements. If the shareholders breach their obligations under any VIE-related agreements (Gamease's or Guanyou Gamespace's breach of any of its obligations under the various applicable VIE-related agreements will be treated as its shareholder's breach of its obligations), including the equity pledge agreements, AmazGame and Gamespace are entitled to exercise their rights as the beneficiaries under the applicable equity pledge agreements, including all rights the respective shareholders have as shareholders of Gamease or Guanyou Gamespace.

Equity interest purchase right agreements among AmazGame, Gamease and the sole shareholder of Gamease and among Gamespace, Guanyou Gamespace and the sole shareholder of Guanyou Gamespace. Pursuant to these agreements, AmazGame and Gamespace have the right, exercisable at any time if and when it is legal to do so under Chinese mainland law, to purchase from the respective shareholders of Gamease and Guanyou Gamespace all or any part of their equity interests in Gamease and Guanyou Gamespace at a purchase price equal to their initial contributions to the registered capital of Gamease and Guanyou Gamespace.

Powers of attorney executed by the sole shareholder of Gamease in favor of AmazGame and by the sole shareholder of Guanyou Gamespace in favor of Gamespace, with the same term as that of the corresponding business operation agreements among AmazGame, Gamease and the sole shareholder of Gamease and among Gamespace, Guanyou Gamespace and the sole shareholder of Guanyou Gamespace (as discussed below). These powers of attorney give the respective boards of directors of AmazGame and Gamespace the right to appoint nominees to act on behalf of their respective shareholders in connection with all actions to be taken by Gamease and Guanyou Gamespace.

Business operation agreements among AmazGame, Gamease and the sole shareholder of Gamease and among Gamespace, Guanyou Gamespace and the sole shareholder of Guanyou Gamespace. These agreements set forth the right of AmazGame and Gamespace to control the actions of Gamease and Guanyou Gamespace, as the case may be, and the respective shareholders of Gamease and Guanyou Gamespace. Each agreement has an initial term of 10 years, extendable for additional 10-year terms at the sole discretion of AmazGame or Gamespace, as the case may be.

Business Arrangements between Subsidiaries and Consolidated VIEs

A significant portion of the Sohu Group's operations are conducted through the VIEs that the Sohu Group consolidates, which generate a significant amount of the Sohu Group's revenues. In order for the Sohu Group to be able to receive such revenues, and, if applicable, other assets, from the VIEs, it relies on payments made by the VIEs to the Sohu Group's Chinese mainland subsidiaries pursuant to a series of service contracts between them in order for the VIEs to transfer such revenues or other assets to the Sohu Group. The following is a summary of the material service contracts currently in effect between the Sohu Group's Chinese mainland subsidiaries and certain of the VIEs that the Sohu Group consolidates:

Table of Contents

Exclusive technology consulting and service agreement between Sohu Era and Sohu Internet. Pursuant to this agreement Sohu Era has the right to provide technical consultation and other related services to Sohu Internet in exchange for a percentage of the gross revenue of Sohu Internet. The agreement has an initial term of two years, and is renewable at the request of Sohu Era.

Technology service agreement between Donglin and Sohu Media. Pursuant to this agreement Sohu Media has the right to provide technology services and other related services to Donglin in exchange for a percentage of the gross revenue of Donglin. The agreement has a term of three years and is renewable at the request of Sohu Media.

Technology support and utilization agreements between AmazGame and Gamease, between Gamespace and Guanyou Gamespace, and between Changyou Chuangxiang and Gamease. Pursuant to these agreements, AmazGame, Gamespace and Changyou Chuangxiang have the right to provide certain product development and application services and technology support to Gamease and Guanyou Gamespace, respectively, for a fee equal to a predetermined percentage, subject to adjustment by AmazGame, Gamespace or Changyou Chuangxiang at any time, of Gamease's and Guanyou Gamespace's respective revenues. Each agreement terminates only when AmazGame, Gamespace or Changyou Chuangxiang is dissolved.

Services and maintenance agreements between AmazGame and Gamease, between Gamespace and Guanyou Gamespace, and between Changyou Chuangxiang and Gamease. Pursuant to these agreements, AmazGame, Gamespace and Changyou Chuangxiang, respectively, provide marketing, staffing, business operation and maintenance services to Gamease and Guanyou Gamespace, respectively, in exchange for a fee equal to the cost of providing such services plus a predetermined margin. Each agreement terminates only when AmazGame, Gamespace or Changyou Chuangxiang, as the case may be, is dissolved.

Certain of the contractual arrangements described above between the VIEs and the related wholly-owned subsidiaries of the Sohu Group are silent regarding renewals. However, because the VIEs are controlled by the Sohu Group through powers of attorney granted to the Sohu Group by the shareholders of the VIEs, the contractual arrangements can be, and are expected to be, renewed at the subsidiaries' election.

VIE-Related Risks

It is possible that the Sohu Group's operation of certain of its operations and businesses through VIEs could be found by authorities in the Chinese mainland to be in violation of laws and regulations of the Chinese mainland prohibiting or restricting foreign ownership of companies that engage in such operations and businesses. If a finding were made by authorities in the Chinese mainland that the Sohu Group's operation of certain of its operations and businesses through VIEs is prohibited, regulatory authorities with jurisdiction over the licensing and operation of such operations and businesses would have broad discretion in dealing with such a violation, including but not limited to levying fines, confiscating the Sohu Group's income, revoking the business or operating licenses of the affected businesses, requiring the Sohu Group to restructure its ownership structure or operations, or requiring the Sohu Group to discontinue all or any portion of its operations. Any of these actions could cause significant disruption to the Sohu Group's business operations, and have a severe adverse impact on the Sohu Group's cash flows, financial position, and operating performance.

[Table of Contents](#)

In addition, it is possible that the contracts among the Company's subsidiaries, the VIEs that the Sohu Group consolidates and the shareholders of such VIEs would not be enforceable in the Chinese mainland if regulatory authorities or courts in the Chinese mainland were to find that such contracts contravene law and regulations of the Chinese mainland or are otherwise not enforceable for public policy reasons. As of the date of this report, the validity and enforceability of the contracts among the Company's subsidiaries, the VIEs that the Sohu Group consolidates and the shareholders of such VIEs and, to the knowledge of the Company, of any similar contracts entered into by other Chinese mainland-based companies, have never been considered or determined by a Chinese mainland court. In the event that the Sohu Group was unable to enforce these contractual arrangements, the Sohu Group would not be able to exert effective control over the affected VIEs and the financial results of the VIEs would not accrue to the Sohu Group's benefit. Consequently, such VIEs' results of operations, assets and liabilities would not be included in the Sohu Group's consolidated financial statements. If such were the case, the Sohu Group's cash flows, financial position and operating performance would be severely adversely affected.

The Sohu Group's operations and businesses rely on the operations and businesses of the VIEs that it consolidates, which hold certain recognized and unrecognized revenue-producing assets. The recognized revenue-producing assets include goodwill and intangible assets acquired through business acquisitions. Goodwill primarily represents the expected synergies from combining an acquired business with the Sohu Group. Intangible assets acquired through business acquisitions mainly consist of customer relationships, non-compete agreements, user bases, copyrights, trademarks and developed technologies. Unrecognized revenue-producing assets mainly consist of licenses and intellectual property. Licenses include operations licenses, such as Internet information service licenses and licenses for providing content. Intellectual property developed by the Sohu Group mainly consists of patents, copyrights, trademarks, and domain names. The Sohu Group's operations and businesses will be adversely impacted if the Sohu Group loses the ability to use and benefit from assets held by these VIEs.

18. SOHU.COM LIMITED SHAREHOLDERS' EQUITY

Summary of the Company's outstanding shares (in thousands):

	Number of Outstanding Shares		
	As of December 31,		
	2023	2024	2025
Balance, beginning of year	33,737	33,048	30,065
Issuances:	7	137	43
Repurchases:	(696)	(3,120)	(4,039)
Balance, end of year	<u>33,048</u>	<u>30,065</u>	<u>26,069</u>

Treasury Stock

Treasury stock consists of the Company's ordinary shares, including ordinary shares represented by ADSs, repurchased by the Company or that it is obligated to repurchase as of the reporting date. Ordinary shares included in treasury stock are no longer deemed to be outstanding. Treasury stock is accounted for under the cost method.

On November 11, 2023, the Sohu Board authorized a share repurchase program of up to \$80 million of outstanding ADSs over a 24-month period from November 11, 2023 to November 10, 2025. On March 2, 2024, the Sohu Board authorized an increase in the size of the share repurchase program from up to \$80 million to up to \$150 million of outstanding ADSs. On November 9, 2024, the Sohu Board authorized extension of the end of the share repurchase program period from November 10, 2025 to November 10, 2026.

As of December 31, 2025, Sohu had repurchased 7,854,614 ADSs under the share repurchase program at an aggregate cost of approximately \$101.5 million. The 4,184,768 repurchased shares were recorded at their historical cost of \$55.6 million and were cancelled in December 2025 and the 3,470,361 repurchased shares were recorded at their historical cost of \$42.8 million and were cancelled in November 2024. As of December 31, 2025 and 2024, the cancellations were accounted for by recognizing a decrease of \$4,185 and \$3,470, respectively, in paid-in capital, and a decrease of \$55.6 million and \$42.8 million, respectively, in additional paid-in capital, in the Sohu Group's consolidated balance sheets.

Share Incentive Plans

Sohu and Changyou have incentive plans, for the granting of share-based awards, including options and restricted share units, to their directors, management and other key employees.

1) Sohu.com Limited Share-based Awards

Sohu's 2018 Share Incentive Plan

On July 2, 2010, Sohu.com Inc.'s shareholders adopted the 2010 Stock Incentive Plan, which provided for the issuance of up to 1,500,000 shares of Sohu.com Inc.'s common stock, including stock issued pursuant to the vesting and settlement of restricted stock units and pursuant to the exercise of stock options. The maximum term of any share-based award granted under the Sohu 2010 Stock Incentive Plan was 10 years from the grant date.

On April 2, 2018, Sohu.com Limited adopted the Sohu 2018 Share Incentive Plan, which provides for the issuance of up to 1,148,565 ordinary shares of Sohu.com Limited. The Sohu 2018 Share Incentive Plan will expire in April 2028.

Upon the dissolution of Sohu.com Inc. on May 31, 2018, Sohu.com Limited assumed all then existing obligations of Sohu.com Inc. with respect to equity incentive awards that had been granted under the Sohu 2010 Stock Incentive Plan and then remained outstanding, and such awards were converted into the right to receive upon exercise or settlement Sohu.com Limited's ordinary shares under the Sohu 2018 Share Incentive Plan rather than shares of the common stock of Sohu.com Inc., subject to the other terms of such outstanding awards.

As of December 31, 2025, 217,979 shares were available for grant under the Sohu 2018 Share Incentive Plan.

Summary of Share Option Activity

In February 2015, May 2016, September 2017 and November 2017, the Sohu Board approved contractual grants to members of the Company's management and key employees of options for the purchase of an aggregate of 1,068,000, 13,000, 32,000 and 6,000 shares of common stock of Sohu.com Inc., respectively, under the Sohu 2010 Stock Incentive Plan, with nominal exercise prices of \$0.001, all of which were converted, on May 31, 2018, into the right to receive upon exercise Sohu.com Limited's ordinary shares under the Sohu 2018 Share Incentive Plan. In February 2019, July 2019, September 2020, and September 2021, the Sohu Board approved contractual grants to members of the Company's management and key employees of options for the purchase of an aggregate of 20,000, 477,500, 34,000, and 5,000 ordinary shares of Sohu.com Limited, respectively, under the Sohu 2018 Share Incentive Plan, with nominal exercise prices of \$0.001. These share options vest and become exercisable in four equal installments over a period of four years, with each installment vesting upon the satisfaction of a service period requirement and certain subjective performance targets. These share options are substantially similar to restricted share units except for the nominal exercise price, which would be zero for restricted share units.

Under ASC 718-10-25 and ASC 718-10-55, no grant date can be established for these options until a mutual understanding is reached between the Company and the recipients clarifying the subjective performance requirements. If the service inception date preceded the grant date, compensation expense should be accrued beginning on the service inception date, and re-measured on each subsequent reporting date before the grant date is established, based on the then-current fair value of the awards. To determine the fair value of these options, the public market price of the underlying shares at each reporting date is used and a binomial valuation model is applied.

As of December 31, 2025, 1,154,051 of these options had been granted and had become vested on their respective vesting dates, as a mutual understanding of the subjective performance targets was reached between the Company and the recipients, the targets had been satisfied, and the service period requirements had been fulfilled. The cumulative share-based compensation expense for these granted options has been adjusted and fixed based on their aggregate fair values, at their respective grant dates, of \$31.7 million.

[Table of Contents](#)

A summary of option activity under the Sohu 2018 Share Incentive Plan as of and for the year ended December 31, 2025 is presented below:

Options	Number Of Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (1) (in thousands)
Outstanding as of January 1, 2025	327	\$ 0.001		\$
Granted	1	0.001		
Exercised	(42)	0.001		
Forfeited or expired	0			
Outstanding as of December 31, 2025	286	0.001	3.67	4,471
Vested as of December 31, 2025	286	0.001	3.67	4,471
Exercisable as of December 31, 2025	286	0.001	3.67	4,471

Note (1): The aggregated intrinsic value in the preceding table represents the difference between Sohu's closing ADS price of \$15.64 on December 31, 2025 and the nominal exercise price of the options.

For the years ended December 31, 2025, 2024 and 2023, total share-based compensation expense recognized for these options was \$6,000, \$73,000, and \$0.1 million, respectively. For the years ended December 31, 2025, 2024 and 2023, the total fair value of these Sohu options vested on their respective vesting dates was \$20,000, \$0.2 million and \$1.2 million, respectively. For the years ended December 31, 2025, 2024 and 2023, the total intrinsic value of options exercised was \$0.6 million, \$1.8 million, and \$0.1 million, respectively.

2) Changyou.com Limited Share-based Awards

Changyou 2014 Share Incentive Plan

On June 27, 2014, Changyou reserved 2,000,000 of its Class A ordinary shares under the Changyou 2014 Share Incentive Plan for the purpose of making share incentive awards to certain members of its management and key employees. On November 2, 2014, Changyou's board of directors (the "Changyou Board") approved an increase in the number of Class A ordinary shares reserved under the Changyou 2014 Share Incentive Plan from 2,000,000 to 6,000,000. The maximum term of any share right granted under the Changyou 2014 Share Incentive Plan is 10 years from the grant date. The Changyou 2014 Share Incentive Plan expired in June 2024 and is no longer available for granting new share-based awards.

As a result of the Changyou Plans' Modification, share-based compensation expense is accrued over the service period based on the fixed price of \$5.39 per Changyou Class A ordinary share. No subsequent fair value re-measurement will be made, given that the award is an obligation based on a fixed amount of \$5.39 per Changyou Class A ordinary share. The accounting treatment related to the Changyou Plans' Modification is discussed in Note 2 – Summary of Significant Accounting Policies.

As of December 31, 2025, 3,023,000 of the share options granted under the Changyou 2014 Share Incentive Plan had vested and were outstanding. None of these vested share options will be exercisable, but can only be repurchased by Changyou at a fixed price of \$5.39 per Changyou Class A ordinary share underlying such vested share options upon termination of the option holders' employment or upon approval of the Chairman of the Sohu Board.

For the years ended December 31, 2025, 2024 and 2023, total share-based compensation expense recognized for share options under the Changyou 2014 Share Incentive Plan was nil, nil, and \$0.1 million, respectively. For the years ended December 31, 2025, 2024 and 2023, the total fair values of these Changyou share options vested on their respective vesting dates were nil, nil, and \$3.5 million, respectively.

Changyou 2019 Share Incentive Plan

On August 3, 2019, Changyou adopted and reserved for issuance 3,000,000 Class A ordinary shares of Changyou under the Changyou 2019 Share Incentive Plan. On August 26, 2019, the Changyou Board approved the grant, effective as of October 1, 2019, to certain members of Changyou's management and certain other employees of options for the purchase of an aggregate of 1,909,000 Class A ordinary shares at an exercise price of \$0.01. On February 2, 2021, the Sohu Board approved the grant, effective for vesting commencement purposes as of February 2, 2021, to certain members of Changyou's management and certain other employees of options for the purchase of an aggregate of 600,000 Class A ordinary shares at an exercise price of \$0.01.

[Table of Contents](#)

On November 9, 2024, the Sohu Board approved the grant, effective for vesting commencement purposes as of November 9, 2024, to certain employees of Changyou of options for the purchase of an aggregate of 690,600 Class A ordinary shares at an exercise price of \$0.01. On May 18, 2025, the Sohu Board approved the grant, effective for vesting commencement purposes as of May 18, 2025, to certain employees of Changyou of options for the purchase of an aggregate of 85,200 Class A ordinary shares at an exercise price of \$0.01. These Changyou share options vest in four equal installments over a period of four years, with each installment vesting upon satisfaction of a service period requirement and the achievement of certain subjective performance targets. After the completion of the Changyou Merger, the Sohu Board approved the Changyou Plans' Modification, pursuant to which, among other things, none of the share options granted under the Changyou 2019 Share Incentive Plan will be exercisable, but can only be repurchased by Changyou following vesting at a fixed price of \$5.39 per Changyou Class A ordinary share underlying such vested share options upon termination of the option holders' employment or upon approval of the Chairman of the Sohu Board. As a result of the Changyou Plans' Modification, share-based compensation expense will be accrued over the service period based on a fixed price of \$5.39 per Changyou Class A ordinary share. No subsequent fair value re-measurement will be made, given that the awards are obligations based on a fixed amount of \$5.39 per Changyou Class A ordinary share.

Under *ASC 718-10-25* and *ASC 718-10-55*, no grant date can be established until a mutual understanding is reached between the Company and the recipients clarifying the subjective performance requirements. If the service inception date preceded the grant date, compensation expense should be accrued beginning on the service inception date, and re-measured on each subsequent reporting date before the grant date is established, based on the then-current fair value of the awards.

As of December 31, 2025, 2,333,022 of the share options granted under the Changyou 2019 Share Incentive Plan had vested and were outstanding. The cumulative share-based compensation expense of \$1.0 million for the granted share options was adjusted and fixed based on a price of \$5.39 per Changyou Class A ordinary share after the Changyou Plans' Modification. For the years ended December 31, 2025, 2024 and 2023, total share-based compensation expense recognized for share options under the Changyou 2019 Share Incentive Plan was \$1.5 million, negative \$0.1 million, and \$0.5 million, respectively. For the years ended December 31, 2025, 2024 and 2023, the total fair value of these Changyou share options vested on their respective vesting dates was \$1.0 million, \$0.1 million, and \$3.0 million, respectively.

19. NONCONTROLLING INTEREST

Currently, the noncontrolling interests in the Sohu Group's consolidated financial statements primarily consist of noncontrolling interests reflecting economic interests in Changyou's subsidiaries held by shareholders other than Changyou.

Noncontrolling Interest in the Consolidated Balance Sheets

Sohu holds 100% of the combined total of Changyou's outstanding ordinary shares, and the noncontrolling interests recognized in the Sohu Group's consolidated balance sheets reflect economic interests in Changyou's subsidiaries held by shareholders other than Changyou. Noncontrolling interest of Changyou of \$0.3 million and \$0.4 million was recognized in the Sohu Group's consolidated balance sheets as of December 31, 2025 and 2024, respectively.

Noncontrolling Interest in the Consolidated Statements of Comprehensive Income/(Loss)

For the years ended December 31, 2025, 2024 and 2023, respectively, net loss of \$9,000, net income of \$31,000 and net loss of \$0.3 million attributable to the noncontrolling interest of Changyou was recognized in the Sohu Group's consolidated statements of comprehensive income/(loss).

20. NET INCOME/(LOSS) PER SHARE

Basic net income/(loss) per share is computed using the weighted average number of ordinary shares outstanding during the period. Diluted net income/(loss) per share is computed using the weighted average number of ordinary shares and, if dilutive, potential ordinary shares outstanding during the period. Potential ordinary shares comprise shares issuable upon the exercise or settlement of share-based awards using the treasury stock method. The dilutive effect of share-based awards with performance requirements is not considered before the performance targets are actually met. The computation of diluted net income/(loss) per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. an increase in earnings per share amounts or a decrease in loss per share amounts) on net income/(loss) per share.

Additionally, for purposes of calculating the numerator of diluted net income/(loss) per share, the net income/(loss) attributable to Sohu is calculated as discussed below. The adjustment will not be made if there is an anti-dilutive effect.

Changyou's Net Income/(Loss) Attributable to Sohu

Sohu holds 100% of the combined total of Changyou's outstanding ordinary shares; accordingly, Changyou's net income/(loss) is wholly attributable to Sohu.

After the Changyou Plans' Modification, all of Changyou's share-based awards became obligation-based awards. Accordingly, all of those Changyou awards are excluded from the calculation of Sohu's diluted net income/(loss) per share. Changyou's net income/(loss) attributable to Sohu on a diluted basis equals the number used for the calculation of Sohu's basic net income/(loss) per share. There have been no dilutive effects resulting from Changyou's existing unvested share options.

Table of Contents

The following table presents the calculation of the Sohu Group's basic and diluted net income/(loss) per share (in thousands, except per share data).

	Year Ended December 31,		
	2023	2024	2025
Numerator:			
Net income/(loss) from continuing operations attributable to Sohu.com Limited, basic	\$ (65,805)	\$ (100,269)	\$ 394,095
Net income from discontinued operations attributable to Sohu.com Limited, basic	35,426	0	0
Net income/(loss) attributable to Sohu.com Limited, basic	(30,379)	(100,269)	394,095
Effect of dilutive securities:			
Net income/(loss) from continuing operations attributable to Sohu.com Limited, diluted	(65,805)	(100,269)	394,095
Net income from discontinued operations attributable to Sohu.com Limited, diluted	35,426	0	0
Net income/(loss) attributable to Sohu.com Limited, diluted	\$ (30,379)	\$ (100,269)	\$ 394,095
Denominator:			
Weighted average basic ordinary shares outstanding	34,109	32,009	28,234
Weighted average diluted ordinary shares outstanding	\$ 34,109	\$ 32,009	\$ 28,234
Basic net income/(loss) per share attributable to Sohu.com Limited			
Continuing operations	\$ (1.93)	\$ (3.13)	\$ 13.96
Discontinued operations	1.04	0	0
Net income/(loss) per share	(0.89)	(3.13)	13.96
Diluted income/(loss) per share attributable to Sohu.com Limited			
Continuing operations	\$ (1.93)	\$ (3.13)	\$ 13.96
Discontinued operations	1.04	0	0
Net income/(loss) per share	(0.89)	(3.13)	13.96

21. CHINESE MAINLAND CONTRIBUTION PLAN

The Sohu Group's subsidiaries and consolidated VIEs in the Chinese mainland participate in a government-mandated multi-employer defined contribution plan pursuant to which certain retirement, medical and other welfare benefits are provided to employees. Chinese mainland labor regulations require the Group's subsidiaries and consolidated VIEs to pay to the local labor bureau a monthly contribution at a stated contribution rate based on the monthly compensation of qualified employees. The relevant local labor bureau is responsible for meeting all retirement benefit obligations; the Group's Chinese mainland-based subsidiaries and consolidated VIEs have no further commitments beyond their monthly contributions. For the years ended December 31, 2025, 2024 and 2023, the Group's Chinese mainland-based subsidiaries and consolidated VIEs contributed a total of \$65.3 million, \$68.7 million and \$68.9 million, respectively, to these funds.

22. PROFIT APPROPRIATION

The Sohu Group's Chinese mainland-based subsidiaries and the VIEs are required to make appropriations to certain non-distributable reserve funds.

On March 15, 2019, the Standing Committee of the National People's Congress of China issued the *Law of the People's Republic of China on Foreign Investment* (the "Foreign Investment Law"), which took effect on January 1, 2020 and replaced the *Law of the People's Republic of China on Foreign Investment Enterprises*, promulgated on April 12, 1986 and most recently amended on September 3, 2016 (the "Replaced Foreign Investment Enterprises Law"), and certain other laws and regulations relating to foreign investment. On December 12, 2019, the State Council of China also issued the *Implementing Regulations of the Foreign Investment Law*, which became effective on January 1, 2020.

[Table of Contents](#)

Under the China Foreign Investment Enterprises Laws and its supplemental regulations those of the Group's Chinese mainland-based subsidiaries that are considered under Chinese mainland law to be WFOEs are required to make appropriations from their after-tax profit as determined under generally accepted accounting principles in the Chinese mainland (the "after-tax-profit under Chinese mainland GAAP") to non-distributable reserve funds, including (i) a general reserve fund and (ii) a staff bonus and welfare fund. Each year, at least 10% of the after-tax-profit under Chinese mainland GAAP is required to be set aside as general reserve fund until such appropriations for the fund equal 50% of the registered capital of the applicable entity. The appropriation for the other reserve fund is at the Group's discretion as determined by each entity. Alternatively, after January 1, 2020, those Chinese mainland-based subsidiaries of the Group that are wholly foreign-owned enterprises may choose to make appropriations from their after-tax-profit under Chinese mainland GAAP to non-distributable reserve funds, including a statutory surplus fund and a discretionary surplus fund, in compliance with the requirements of the Company Law that apply to Chinese mainland domestically-funded enterprises.

Pursuant to the Company Law, those of the Group's Chinese mainland-based subsidiaries that are considered under Chinese mainland law to be domestically funded enterprises, as well as the VIEs, are required to make appropriations from their after-tax-profit under Chinese mainland GAAP to non-distributable reserve funds, including a statutory surplus fund and a discretionary surplus fund. Each year, at least 10% of the after-tax-profit under Chinese mainland GAAP is required to be set aside as statutory surplus fund until such appropriations for the fund equal 50% of the registered capital of the applicable entity. The appropriation for the discretionary surplus fund is at the Company's discretion as determined by each entity.

Upon certain regulatory approvals and subject to certain limitations, the general reserve fund and the statutory surplus fund can be used to offset prior year losses, if any, and can be converted into paid-in capital of the applicable entity.

For the years ended December 31, 2025, 2024 and 2023, the total amount of profits contributed to these funds by the Group was \$7,879, \$1,461 and \$0.3 million, respectively. As of December 31, 2025 and 2024, the cumulative amount of profits contributed to these funds by the Group was \$57.6 million for both years.

As a result of these and other restrictions under laws and regulations of the Chinese mainland, the Group's Chinese mainland-based subsidiaries and consolidated VIEs are restricted in their ability to transfer a portion of their net assets in the form of non-distributable reserve funds to the Company, or to the nominal shareholders, in the form of dividends, loans or advances. Even though the Company currently does not require any such dividends, loans or advances from its Chinese mainland-based subsidiaries and VIEs for working capital and other funding purposes, the Company may in the future require additional cash resources from its Chinese mainland-based subsidiaries and VIEs due to changes in business conditions, to fund future acquisitions and development, or to declare and pay dividends to or make distributions to its shareholders.

23. CONCENTRATION RISKS

The Sohu Group's operations are substantially conducted in the Chinese mainland and therefore are subject to Chinese mainland-related political, economic and legal risks. In addition to these risks, the Sohu Group may also have the following concentration risks.

Operation Risk

For the years ended December 31, 2025, 2024 and 2023, there were no revenues from customers that individually represent greater than 10% of the total marketing services revenues.

For the year ended December 31, 2025, revenues from TLBB PC were \$306.9 million, accounting for approximately 61% of Changyou's online game revenues, approximately 60% of Changyou's total revenues and approximately 53% of the Sohu Group's total revenues. For the year ended December 31, 2025, revenues from Legacy TLBB Mobile were \$41.4 million, accounting for approximately 8% of Changyou's online game revenues, approximately 8% of Changyou's total revenues, and approximately 7% of the Sohu Group's total revenues.

Financial instruments that potentially subject the Sohu Group to concentration risks consist primarily of cash and cash equivalents, short-term investments and long-term time deposits. Cash and cash equivalents and short-term investments in Sohu Group are mainly denominated in RMB and in U.S. dollars. Long-term time deposits are denominated in RMB. The Group may experience economic losses and negative impacts on earnings and equity as a result of fluctuations in the exchange rate between the U.S. dollar and the RMB. Moreover, the Chinese mainland imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the Chinese mainland. The Group may experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currency.

Credit Risk

As of December 31, 2025 and 2024, approximately 59% and 58%, respectively, of the Sohu Group's cash and cash equivalents, short-term investments, and long-term time deposits were held in 15 financial institutions in the Chinese mainland. The remaining cash and cash equivalents, short-term investments and long-term time deposits were held primarily in financial institutions in Hong Kong and Macao.

The Sohu Group holds its cash and bank deposits at financial institutions that are among the largest and most respected in the Chinese mainland and at international financial institutions, with high ratings from internationally-recognized rating agencies. The management chooses these institutions based on their reputations and track records for stability and reported large cash reserves.

As a further means of managing its credit risk, the Sohu Group holds its cash and bank deposits in a number of different financial institutions. As of both December 31, 2025 and December 31, 2024, the Sohu Group held its cash and bank deposits in a number of different financial institutions and held no more than approximately 34% of its total cash at any single institution.

Under Chinese mainland law, it is generally required that a commercial bank in the Chinese mainland that holds third party cash deposits protect the depositors' rights over and interests in their deposited money; banks in the Chinese mainland are subject to a series of risk control regulatory standards; and bank regulatory authorities in the Chinese mainland are empowered to take over the operation and management of any Chinese mainland bank that faces a material credit crisis.

For the credit risk related to accounts receivable, the Sohu Group performs ongoing credit evaluations of its customers and, if necessary, maintains reserves for potential credit losses.

24. RESTRICTED NET ASSETS

Relevant laws and regulations of the Chinese mainland permit payment of dividends by Chinese mainland-based operating entities only out of their retained earnings, if any, as determined in accordance with Chinese mainland accounting standards and regulations. In addition, a Chinese mainland-based operating entity is required to annually appropriate 10% of net after-tax income to the statutory surplus reserve fund (see Note 23) prior to payment of any dividends, unless such reserve funds have reached 50% of the entity's registered capital. As a result of these and other restrictions under the laws and regulations of the Chinese mainland, Chinese mainland-based operating entities are restricted in their ability to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances. The Company may in the future require additional cash resources from Chinese mainland-based operating entities due to changes in business conditions, to fund future acquisitions and development, or to declare and pay dividends to or distribution to its shareholders. As of December 31, 2025, the Group had restricted net assets in the amount of \$245.9 million.

LOAN AGREEMENT

This Loan Agreement (the "Agreement") is entered into as of April 15, 2015 between and by the following Parties in Beijing, People's Republic of China ("China" or "PRC"):

Party A: **Beijing AmazGame Age Internet Technology Co., Ltd.**, with the registered address of No. 1210, Building 3, No. 3 Xijing Road, Badachu High-Tech Zone, Shijingshan District, Beijing; and

Party B: **Beijing Century High-Tech Investment Co., Ltd.**, with the registered address of No.1 Zhong Guan Cun Dong Lu, Sohu Internet Plaza 10-08, Haidian District, Beijing.

(In this Agreement, Party A and Party B are called collectively as the "Parties" and respectively as "Party" or "Other Party")

WHEREAS,

1. Party A, a wholly foreign-owned enterprise duly incorporated and validly existing under the PRC laws;
2. Party B, a limited liability company duly incorporated and validly existing under the PRC laws and the shareholder of Beijing Gamease Age Digital Technology Co., Ltd. ("Gamease") holding 100% equity interests of Gamease; and
3. Party A, Party B have respectively entered into a Loan Assignment and Equity Interest Transfer Agreement with former shareholders of Gamease Mr. Tao Wang and Mr. Dewen Chen as of April 15, 2015 and March 31, 2015, according to which Party B agreed to inherit the interest-free loan borrowed by Mr. Tao Wang and Mr. Dewen Chen from Party A with the joint amount of RMB 10,000,000;

NOW, THEREFORE, in order to clarify the Parties' rights and obligations, through friendly negotiations, the Parties hereby agree as follows:

1. Loan

- 1.1 Under the provisions and conditions of this Agreement, Party A agrees that Party B shall inherit the interest-free loan with the amount of RMB 6,000,000.00 lent by Party A to Mr. Tao Wang according to the Revised Loan Agreement entered into by Party A and Mr. Tao Wang as of August 20, 2008 and the interest-free loan with the amount of RMB 4,000,000.00 lent by Party A to Mr. Dewen Chen according to the Loan Agreement entered into by Party A and Mr. Dewen Chen as of June 23, 2010, and Party B agrees to inherit the aforesaid loan.

- 1.2 Party B confirms that it has acquired 60% equity interests in Gamease from Mr. Tao Wang and 40% equity interests in Gamease from Mr. Dewen Chen as the consideration of inheriting the aforesaid loan.

2. Term of Loan

- 2.1. The term of such loan starts from April 15, 2015 until ten (10) years after signing this Agreement and could be extended upon the unilateral confirmation by Party A and the extended period shall be determined by Party A based on its independent judgment.
- 2.2. During the term or extended term of such a loan, Party A may accelerate the loan repayment in written notice, if any of the following events occurs:
 - (1) Party B quits or is dismissed by Party A or its affiliates;
 - (2) Party B enters in bankruptcy, recombination, liquidation, mandatory shut-down or similar legal procedures;
 - (3) Party B commits a crime or is involved in a crime;
 - (4) Any other third party claims more than RMB100,000 against Party B;
 - (5) Any statement or warranties made by Party B under this Agreement is untrue or inaccurate in any material aspects; or Party B breaches the obligations under this Agreement; or
 - (6) According to the PRC laws, Party A or its designated person may be qualified to invest in the business of value-added telecommunication, such as internet information service and other services, which Gamease runs, and also Party A has a written notice to Gamease and exercised its right of purchase in accordance with the terms of Equity Interest Purchase Agreement ("Purchase Agreement").

3. Repayment of Loan

- 3.1. Party A can send the notice of repayment (“Notice of Payment”) to Party B fifteen days before anytime at Party A’s absolute discretion, requiring Party B to repay the total or part of the loan. The parties herein agree and confirm that Party B have to repay the loan only by the following methods: Party B or their heir or their successors or assignees, upon written notice request of Party A, have to transfer all equity interest in Gamease to Party A and/or the person designated by Party A in compliance with PRC laws and use the proceeds of the transfer to repay the loan, and the percentage of the transferred equity interest in Party B’s total equity interest in Gamease on the date of signing shall be equal to the percentage of the required amount of repayment of the loan in the total loan on the date of signing.
- 3.2. Without the written consent made by Party A, Party B shall not repay such loan partially or in full.
- 3.3. Based on the Clause 3.1, all parties herein agree and confirm that, according to the PRC laws, Party A or its designated person (including natural person, legal entity or any other entity) has the right, but not the obligation, to purchase all or part of the equity interest held by Party B in Gamease (the “Option”) at anytime, however, Party A shall notify Party B of such purchase of equity interests with a written notice. Once the written notice for exercising the Option is issued by Party A, Party B shall sell his all or part of equity interests of Gamease upon Party A’s request and instructions (including the equity interest obtained by any methods after such notice date) with the original invest price (the “Original Investment Price”, means RMB 100,000 for each 1% of equity interests) or price otherwise stipulated by laws according to the consent of Party A to Party A or its designated person. All parties agree and confirm that when Party A exercises the Option, the price that allowed by the applicable law at the time is higher than the Original Investment Price, Party A shall purchase the equity interests at the lowest price in accordance with the applicable law; if the lowest price is higher than the Original Investment Price, Party B shall reimburse the exceeding amount to Party A pursuant to Article 4 of this Agreement. All parties agree to execute the Purchase Agreement in connection with above matters.
- 3.4. The Parties agree to complete the registration for changing the shareholder at relevant administration for industry and commerce authorities; and the equity transfer abovementioned shall be considered as complete after Party A or its designated person is registered as legal owner of target equity interests.

- 3.5. When Party B repays the loan in accordance with the provision of article three, the parties shall finish the transferring of the equity interest under article three, guarantee the repayment of the loan and Party A or the designated person of Party A shall legally and totally accept the transferred equity interest in Gamease. There shall be no pledges or other types of encumbrances on the equity interest, except the equity interest pledge agreement and the equity interest purchase agreement.

4. Interests of Loan

All parties agree and confirm that this loan is an interest-free loan unless otherwise provided in this Agreement. But if the loan is due and Party B has to transfer his equity interests in Gamease to Party A pursuant to this Agreement or its designated person and the proceeds exceed the loan principal due to the legal requirement or other reasons, the extra amount over the principal of proceeds will be considered as the interests or capital use cost, which shall be repaid to Party A.

5. Party B's Representative, Warranties and Promises

- 5.1 Party B shall deliver the copy of Capital Contribution Certificate which evidences he owns 100% equity interests of Gamease to Party A.
- 5.2 As the guarantee of the loan, Party B agrees to pledge all equity interests held in Gamease to Party A and grant Party B an option right to purchase such equity interests; and Party B agrees to execute the Equity Pledge Agreement and Purchase Agreement upon the request of Party A.
- 5.3 Without prior written consent by Party A, not to sell, transfer, mortgage or dispose, in any other form, any equity interests or any other rights, or to approve any other security interest set on it except the set is for the Party A's benefit.
- 5.4 Without the prior written consent by Party A, not to decide or support or sign any shareholders resolution on Gamease's shareholders' meeting that approves any sale, transfer, mortgage or dispose of any legitimate or beneficial interest of equity interest of Gamease, or allows any other security interest set on it, other than made to Party A or its designated persons.
- 5.5 Without prior written notice by Party A, Party B shall not agree or support or execute any shareholders resolution on the Gamease's shareholders' meeting that approves Gamease to merger or associate with any person (under this Agreement, the "person" means individual, company, partnership or other entities), acquire any person or invest in any person.

- 5.6 Without prior written consent by Party A, not to take any action or any nonfeasance that may affect materially Gamease's assets, business and liabilities; Without prior written consent by Party A, not, upon the execution of this Agreement, to sale, transfer, mortgage or dispose, in any other form, any asset, legitimate or beneficial interest of business or income of Gamease, or to approve any other security interest set on it.
- 5.7 Upon the request of Party A, to appoint any person designated by Party A to be the directors and senior management personnel of Gamease.
- 5.8 Upon the exercise of the option and to the extent permitted by PRC laws, to transfer all or part of equity interests of Gamease held by Party B to the person designated by Party A in any time unconditionally, and to waive the first right of refusal for the equity interests to be transferred held by the other shareholder of Gamease.
- 5.9 Not to request Gamease to distribute the dividend; and not to approve any shareholders' resolution which may cause Gamease to distribute dividend to its shareholders.
- 5.10 Without prior written consent by Party A, not, in any form, to supplement, change or modify the Articles of Association of Gamease, to increase or decrease registered capital of the corporation, or to change the structure of the registered capital in any other forms.
- 5.11 According to fair finance and business standard and tradition, to maintain the existence of the corporation, prudently and effectively operate business and deal with works; to provide materials relating to Gamease's operation and financial conditions upon Party A's request; and to normally operate all business to maintain the asset value of Gamease.
- 5.12 Without prior written notice by Party A, not cause, inherit, guarantee or allow the existence of any debt, other than (i) the debt arising from normal or daily business but not from borrowing; and (ii) the debt disclosed to Party A and obtained the written consent from Party A.
- 5.13 Without prior written consent by Party A, not to enter into any material agreement, other than the agreement in the process of normal business (as in this paragraph, the amount in the agreement that exceeds a hundred thousand Yuan (RMB 100,000) shall be deemed as a material agreement).
- 5.14 In order to keep its ownership of the equity interest, to execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defend against fall claims of compensation; to notify Party A the occurrence or the potential occurrence of any litigation, arbitration or administrative procedure related to Gamease.

- 5.15 To exercise the rights as Gamease's shareholder upon the request by Party A and only upon Party A's written authorization.
- 5.16 To prudently comply with the provisions of this Agreement and perform all obligations under these Agreements, without taking any action or any nonfeasance that sufficiently affects the validity and enforceability of this Agreement.
- 5.17 The Parties agree and confirm the meaning of "Party A's written consent" pursuant to this Agreement means the consent shall be approved by the board of Party A, no other types of consents shall constitute "Party A's written consent" under this agreement.

6. Taxes and Expenses

Unless otherwise provided in this Agreement, the Parties shall, according to the PRC laws, bear any and all taxes and expenses pursuant to this Agreement. Other taxes and reasonable expense regarding the loan shall be borne by Party A.

7. Effectiveness and Termination

- 7.1 This Agreement is concluded upon its execution and takes effect on the date hereof.
- 7.2 The Parties agree and confirm the this Agreement shall be terminated when the Parties has completed to perform their obligation under this Agreement; the Parties further agree and confirm that Party B shall be deemed the completion of performing their obligations under this agreement only if the following requirements are met:
 - (1) Party B has transferred all equity interests of Gamease to Party A and/or its designated person; and,
 - (2) Party B has repaid the total amount caused from the equity interest transferring according to this Agreement or the proceeds stipulated by Purchase Agreement to Party A.
- 7.3 Party B cannot terminate or revoke unilaterally this Agreement unless (1) Party A commits the gross negligence, fraud or other material illegal action; or (2) Party A terminates as a result of bankruptcy, dissolution, or being ordered to be closed down according to laws.

8. Breach of Contract

- 8.1 If any party (“Defaulting Party”) breaches any provision of this Agreement, which may cause the damages of the other party (“Non-defaulting Party”), the Non-defaulting Party could notify the Defaulting Party in written and request it to rectify and correct such breach of contract; if the Defaulting Party cannot take any action satisfied by Non-defaulting Party and rectify and correct such breach within fifteen (15) days upon the issuance of the written notice, the Non-defaulting Party could take the actions pursuant to this Agreement or other measures in accordance with laws.
- 8.2 If Party B can not repay the loan pursuant to this Agreement, Party B shall pay the penalty at a rate of 0.2% per day for any outstanding loan to Party A (from the request date for repayment by Party A), and shall also indemnify Party A on a full indemnity basis against all direct economic damages due to breach of contract by Party A (including but not limited to market value of pending equity interests held by Party B or outstanding loan, which is the higher).

9. Confidentiality

- 9.1 The Parties acknowledge and confirm any oral or written materials exchanged by the Parties in connection with this Agreement are confidential. The Parties shall maintain the secrecy and confidentiality of all such materials. Without the written approval by the other Parties, any Party shall not disclose to any third party any relevant materials, otherwise shall bear the liability of breach of the contract and compensate for the damages, except the following circumstances shall be excluded:
- (1) The materials that is known or may be known by the Public (but not include the materials disclosed by each party receiving the materials);
 - (2) The materials required to be disclosed subject to the applicable laws or the rules or provisions of stock exchange; or
 - (3) if any documents required to be disclosed by any party to its legal counsel or financial consultant for the purpose of the transaction of this Agreement by any party, such legal counsel or financial consultant shall also comply with the confidentiality as stated hereof. Any disclosure by employees or agencies employed by any party shall be deemed the disclosure of such party and such party shall assume the liabilities for its breach of contract pursuant to this Agreement. This Article shall survive whatever this Agreement is void, amended, cancelled, terminated or unable to perform.

- 9.2 After the termination of the Agreement, Party B shall return, destroy or dispose of all the documents, materials and software which contain confidential information at the requirement of Part A, and cease making use of such confidential information.
- 9.3 Notwithstanding any other provisions of the agreement, the validity of article 9 will survive any suspension or termination of the Agreement.

10. Notices

Notices or other communications required to be given by any party pursuant to this Agreement shall be in written and delivered personally or sent by registered mail or postage prepaid mail or by a recognized courier service or by facsimile transmission to the address of relevant each party or both parties set forth below or other address of the party or of the other addressees specified by such party from time to time. The date when the notice is deemed to be duly served shall be determined as the follows: (a) a notice delivered personally is deemed duly served upon the delivery; (b) a notice sent by mail is deemed duly served the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after the delivery date to the internationally recognized courier service agency; and (c) a notice sent by facsimile transmission is deemed duly served upon the receipt time as is shown on the transmission confirmation of relevant documents.

Party A: **Beijing AmazGame Age Internet Technology Co., Ltd.**
Legal Address: No. 1210, Building 3, No. 3 Xijing Road, Badachu High-Tech Zone,
Shijingshan District, Beijing

Party B: **Beijing Century High-Tech Investment Co., Ltd**
Address: No.1 Zhong Guan Cun Dong Lu, Sohu Internet Plaza 10-08, Haidian
District, Beijing

11. Applicable Law and Dispute Resolution

- 11.1 The execution, validity, performance, modification, interpretation, termination of this Agreement and the disputes resolution under this Agreement shall be governed by PRC laws.

- 11.2 The parties shall strive to settle any dispute arising from this Agreement through friendly consultation.
- 11.3 In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each party can submit such matter to Beijing Arbitration Commission in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final conclusive and binding upon both parties. If there is any dispute is in process of arbitration, other than the matters in dispute, the Parties shall perform the other rights and obligation pursuant to this Agreement.

12. Miscellaneous

- 12.1 The headings contained in this Agreement are for the convenience of reference only and shall not affect the interpretation, explanation or in any other way the meaning of the provisions of this Agreement.
- 12.2 The Parties confirm that this Agreement shall constitute the entire agreement of the Parties upon its effectiveness with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous verbal or/and written agreements and understandings.
- 12.3 This Agreement shall be binding and benefit the successor of each Party and the transferee allowed by each Party. Without the prior written notice by Party A, Party B shall not transfer, pledge or dispose in other manners its rights, interest and obligation pursuant to this Agreement.
- 12.4 Party B hereby agrees that, (i) if Party B enters in bankruptcy, recombination, liquidation, mandatory shut-down or similar legal procedures, Party B agree to transfer the rights and obligation pursuant to this Agreement to the person designated by Party A; (ii) Party A could transfer its rights and obligation pursuant to this Agreement to other third parties. Party A only needs to issue a written notice to Party B for such transfer and no need to obtain the consent by Party B.
- 12.5 Any rights, power and remedies of either party under this Agreement will not exclude any other types of rights, power and remedies of either party in accordance with the laws and other provisions under this agreement. Moreover, the performance of any rights, powers and remedies by any party will not exclude the performance of other rights, powers and remedies of such party.

- 12.6 Any nonperforming or delay in performing the rights, powers or remedies under the Agreement or laws by either Party shall not be deemed as waiver of such rights, powers or remedies and would not affect the future performance of such rights, powers or remedies in other ways or the performance of any other rights.
- 12.7 If any provision of this Agreement is judged as void, invalid or non-enforceable according to relevant laws, the provision shall be deemed invalid only within the applicable area of the PRC Laws, and the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall cease performing such void, invalid or non-enforceable provisions and replace those void, invalid or non-enforceable provisions with valid provisions to the extent which such provisions could be valid, effective and enforceable.
- 12.8 Any matters excluded in this Agreement shall be negotiated by the Parties. Any amendment and supplement of this Agreement shall be made by the Parties in writing. The amendment and supplement duly executed by each Party shall be deemed as a part of this Agreement and shall have the same legal effect as this Agreement.
- 12.9 This Agreement is executed with four (4) original copies; each Party holds two (2) original copies and each original copy has the same legal effect.

IN WITNESS THEREFORE, the parties hereof have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

[No Text Below]

Party A: Beijing AmazGame Age Internet Technology Co., Ltd(Seal)

Signature:_____

Party B: Beijing Century High-Tech Investment Co., Ltd(Seal)

Signature:_____

Supplementary Agreement to the Loan Agreement

This Supplementary Agreement (the “Agreement”) is entered into on April 14, 2025 between and by the following Parties in Shijingshan District, Beijing, People’s Republic of China:

Party A: Beijing AmazGame Age Internet Technology Group Co., Ltd.

Party B: Beijing Century High-Tech Investment Co., Ltd.

In this Supplementary Agreement, “Party A” and “Party B” are collectively referred to as the “Parties”.

WHEREAS:

1. On April 15, 2015, Party A and Party B entered into the Loan Agreement (the “Original Agreement”), pursuant to which Party B borrowed an interest-free loan from Party A in the total amount of RMB 10,000,000.00 (Ten Million RMB Only), with the loan term expiring on April 14, 2025.
2. The Parties agree that Party A shall continue to provide the aforementioned interest-free loan to Party B, and Party B shall accept such loan provided by Party A.

NOW, THEREFORE,

Through full and friendly consultations, the Parties have reached an agreement on the modification of the Loan Term under the Original Agreement and hereby execute this Supplementary Agreement to set forth the relevant terms.

1. Modification of the Loan Term

Clause 2.1 of the Loan Agreement is amended to read as follows:

“2.1 The term of the loan under this Agreement shall be twenty (20) years, commencing on April 15, 2015 and expiring on April 14, 2035 (the “Loan Term”). If upon the expiration of the Loan Term, Party B is still unable to repay the loan in accordance with the provisions of Clause 3 of this Agreement due to restrictions under applicable laws, the Loan Term shall be automatically extended until such time as applicable laws permit and Party A agrees to accept the full repayment of the loan by Party B in accordance with the repayment method stipulated in Clause 3 of this Agreement.”

2. Miscellaneous

1. This Supplementary Agreement constitutes a valid supplement to the Original Agreement and shall have the same legal effect as the Original Agreement. This Supplementary Agreement shall take effect on the date specified at the beginning hereof upon being sealed by the Parties with their official seals or special contract seals.
2. This Supplementary Agreement forms an integral part of the Original Agreement. In case of any inconsistency or conflict between this Supplementary Agreement and the Original Agreement, the provisions of this Supplementary Agreement shall prevail; matters not covered by this Supplementary Agreement shall be governed by the provisions of the Original Agreement.
3. This Supplementary Agreement is made in four (4) counterparts, with each Party holding two (2) counterparts. Each original counterpart shall have the same legal effect.

[No Text Below]

[Signature Page]

Party A: Beijing AmazGame Age Internet Technology Group Co., Ltd. (Seal)

Party B: Beijing Century High-Tech Investment Co., Ltd. (Seal)

EQUITY INTEREST PURCHASE RIGHT AGREEMENT

This Equity Interest Purchase Right Agreement (this "Agreement") is entered into as of April 15, 2015 between and by the following Parties in Beijing, People's Republic of China ("China" or "PRC"):

Party A: **Beijing AmazGame Age Internet Technology Co., Ltd.**, with the registered address of No. 1210, Building 3, No. 3 Xijing Road, Badachu High-Tech Zone, Shijingshan District, Beijing;

Party B: **Beijing Century High-Tech Investment Co., Ltd.**, No.1 Zhong Guan Cun Dong Lu, Sohu Internet Plaza 10-08, Haidian District, Beijing

Party C: **Beijing Gamease Age Digital Technology Co., Ltd.**, with the registered address of No. 1197, Building 3, No. 3 Xijing Road, Badachu High-Tech Zone, Shijingshan District, Beijing;

WHEREAS:

1. Party A, a wholly foreign-owned enterprise incorporated under the PRC laws;
2. Party C, a limited liability company incorporated under the PRC laws;
3. Party B, a limited liability company incorporated under the PRC laws and the shareholder of Party C holding 40% equity interests of Party C ("Equity Interests");
4. The Loan Agreement ("Loan Agreement") was entered into between and by Party A and Party B on April 15, 2015, pursuant to which Party A has extended the interest free loan to Party B with the amount of RMB 10,000,000 and Party B has received the loan;
5. The Equity Interest Pledge Agreement ("Equity Pledge Agreement") was entered between and by Party A and Party B on April 15, 2015; and
6. The Business Operation Agreement was entered among and by Party A, Party B, and Party C on April 15, 2015;

NOW, THEREFORE, to clarify the rights and obligations of each Party, through friendly negotiations, the Parties hereby agree to the following:

1. Purchase and Sale of Equity Interest

1.1 Grant Rights

Party B hereby exclusively and irrevocably grants to Party A an option to purchase Equity Interest unconditionally. According to the option, as permitted by the laws of China, Party A or one or more persons designated by Party A (“Designated Person”) have the right to, purchase a portion or all of the equity interests held by Party B in Party C (the “Option”) at any time according to steps-determined by Party A, and at the price specified in Section 1.3 of this Agreement. No Option shall be granted to any third party other than Party A and/or the Designated Persons. The “person” set forth in this Agreement means any individual person, corporation, joint venture, partnership, enterprise, trust or non-corporation organization. The person indicated hereunder means individual, company, association, partner, enterprise, trust and other organization.

1.2 Exercise Steps

Party A and/or the Designated Persons may exercise Option by issuing a written notice (the “Notice”) in the form of the sample attached in the appendix I to Party B specifying the equity interest to be purchased from Party B (the “Purchased Equity Interest”) and the manner of purchase.

Within 7 business days upon the receipt of Notice, Party B shall enter into an equity transfer agreement with Party A and/or its designated party and ensure transfer of Purchased Equity Interest to Party A and/or its designated person.

1.3 Purchase Price

1.3.1 When Party A exercises the Option, the purchase price of the Purchased Equity Interest (“Purchase Price”) shall be equal to the original investment price of the Purchased Equity Interest (“Original Investment Price”, of RMB 100,000 for 1% of equity interests) by Party B, unless applicable PRC laws and regulations require appraisal of the equity interests or stipulate other restrictions on the purchase price of equity interests.

1.3.2 If the applicable PRC laws require appraisal of the equity interests or stipulates other restrictions on the purchase price when Party A exercises the Option, the Parties agree that the Purchase Price shall be set at the lowest price permissible under the applicable laws. If the lowest price is higher than the original investment, the amount exceeded shall be repaid to Party A according to the Loan Agreement.

1.4 Transfer of the Purchased Equity Interest

After Party A provides written notice to purchase equity interest pursuant to this Agreement, each time the option is exercised:

- 1.4.1 Party B shall reach a timely resolution for Party B to transfer Equity Interest to Party A and/or the Designated Persons, and Party B shall sign a confirmation letter waiving the right of first refusal for other equity interests in Party C;
- 1.4.2 Party B shall, pursuant to the terms and conditions of this Agreement and the Purchased Equity Interest Notices, enter into an equity interest transfer agreement with Party A and/or the Designated Persons (as applicable) for each transfer;
- 1.4.3 The related parties shall execute all other requisite contracts, agreements or documents, obtain all requisite governmental approvals and consents, and conduct all necessary actions, without any security interest, transfer the valid ownership of the Purchased Equity Interest to Party A and/or the Designated Persons, and have Party A and/or the Designated Persons be the registered owner of the Purchased Equity Interest at administration for industry and commerce. In this clause and this Agreement, "Security Interest" includes guarantees, mortgages, pledges, the rights or interests of third parties, any equity interest purchase right, right of acquisition, right of first refusal, right of set-off, ownership detainment or other security arrangements. It does not include any security interest subject to the Equity Pledge Agreement.
- 1.4.4 Party B and Party C shall unconditionally assist Party A and/or the Designated Persons in obtaining the governmental approvals, permits, registrations, filings and complete all necessary formalities for obtaining the Purchase Equity Interest.

1.5 Payment

Payment method of the Purchase Price shall be determined through consultation by Party A and/or the Designated Persons with Party B according to applicable laws when the option is exercised. Party A and Party B hereby agree that Party B shall repay any amount that is paid by Party A and/or the Designated Persons to Party B in connection with the Purchased Equity Interest to Party A in accordance with the law as reimbursement for the loan principal of the loan and interest or cost under the Loan Agreement as allowed by the law.

2. Party B and Party C's Promises

- 2.1 Without prior written consent by Party A, not to, in any form supplement, change or amend the Articles of Association of Party C, increase or decrease registered capital of the corporation, or change the structure of the registered capital in any other form.
- 2.2 Without prior written consent by Party A, not to, upon the execution of this Agreement, sell, transfer, mortgage or dispose in any other form, any legitimate or beneficial equity interests, or approve any other security interest set on it except the pledges pursuant to the Equity Pledge Agreement.
- 2.3 Without prior written consent by Party A, Party B shall not decide, support or execute any shareholders resolution that approves any sale, transfer, mortgage or disposal of any legitimate or beneficial equity interest, or allow any other security interest set on it, except pledges on the equity interests made to Party A or its Designated Persons.
- 2.4 At any time, upon Party A's request, to transfer Equity Interests to Party A and/or the Designated Person unconditionally at any time, and to waive the first right of refusal for the equity interests to be transferred held by the other shareholder of Party C.
- 2.5 Without prior written consent by Party A, Party B shall not agree, support or sign any shareholders resolution that allows Party C to merge, associate with, acquire, or invest in any person.
- 2.6 According to fair finance and business standards and customs, to maintain the existence of Party C, prudently and effectively operate the business and handle affairs to maintain the asset value of Party C, and to refrain from any action/inaction which affects its operations and asset value.
- 2.7 Without prior written consent by Party A, not to take any action and/or inaction, which may materially effect Party C's assets, business and liabilities; and not to, upon the execution of this Agreement, sell, transfer, mortgage or dispose in any other form, any asset, legitimate or beneficial business interest or income of Party C, or approve any other security interest set on it.
- 2.8 Without prior written consent by Party A, not to cause, inherit, guarantee or allow the existence of any debt, other than (i) debt arising from normal or daily business but not from borrowing; and (ii) debt already disclosed to and consented in writing by Party A.

- 2.9 Without prior written consent by Party A, not to enter into any material contract, other than those needed in the process of normal business operations (As in this paragraph, any agreement that exceeding one hundred thousand Yuan (RMB 100,000) shall be deemed as a material agreement).
- 2.10 Without prior written consent by Party A, not to provide any loans or credit loans to anyone.
- 2.11 Upon the request of Party A, to provide all operations and financial information of Party C timely.
- 2.12 To purchase and hold insurance from insurance companies accepted by Party A, the insurance amount and category shall be the same as those held by companies in the same area, operating a similar business and owning similar properties and assets as Party C.
- 2.13 To notify Party A on the occurrence or the potential occurrence of any litigation, arbitration or administrative procedures related to equity interests owned by Party B, or Party C's assets, business and revenue.
- 2.14 In order to keep ownership of Party B's equity interest, to execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, and take all requisite or appropriate defenses against false claims of compensation.
- 2.15 In order to keep ownership of Party C's assets, to execute all requisite or appropriate documents, conduct all requisite or appropriate actions, make all requisite or appropriate claims, and take all requisite or appropriate defenses against false claims of compensation.
- 2.16 Party C shall not distribute dividend to its shareholders in any manners (Without prior written consent by Party A), but should Party A request it, Party C should promptly distribute all part of its dividends to shareholders.
- 2.17 Promptly notify Party A on the occurrence or possible occurrence of litigation, arbitration or administrative proceeding regarding the equity interests held by Party B.
- 2.18 Party B shall facilitate Shareholder resolution approval of the transfer of Purchased Equity Interests subject to this Agreement.

- 2.19 Upon the request of Party A, to appoint any persons designated by Party A as director or senior management personnel of Party C.
- 2.20 To exercise rights as Party C's shareholder upon the request, and only upon the written authorization of Party A.
- 2.21 The Parties agree and confirm the meaning of "Party A's written consent" as stated in this Agreement means consent approved by the board of Party A.
- 2.22 To adhere strictly to the provisions of this Agreement and other Agreements entered into collectively or respectively by Party A, Party B and Party C, and to perform all obligations under these Agreements, without taking any action or inaction which affects the validity and enforceability of these Agreements.

3. Representations and Warranties

As of the execution date of this Agreement and every transfer date, Party B and Party C hereby represents and warrants to Party A as follows:

- 3.1 It has the power and ability to enter into and deliver on this Agreement and any equity interest transfer Agreements ("Transfer Agreement", respectively) which is a party of, for every transfer of Purchased Equity Interest pursuant to this Agreement, and to perform its obligations under this Agreement and any Transferring Agreement. Upon execution, this Agreement and the Transfer Agreements to which it is a party constitute a legal, valid and binding obligation enforceable against it in accordance with its terms;
- 3.2 The execution, delivery, and performance obligations of this Agreement and any Transfer Agreements do not: (i) cause violation of any relevant PRC laws and regulations; (ii) constitute a conflict with its Articles of Association or other organizational documents; (iii) cause a breach to any Agreement or instrument which it is a party of or is bound by, or constitute a breach under any Agreement or instruments to which it is a party of or is bound by; (iv) cause violations of any relevant permits or approvals and/or any relevant persistent valid conditions; or (v) cause any permits or approvals to be suspended, or removed, or induce additional conditions;
- 3.3 Party C holds valid ownership and sales rights to all its assets. Party C has not set any security interest on these assets;
- 3.4 Party C does not have any unpaid debt, except (i) debt arising in the normal course business; and (ii) debt already disclosed to Party A to which Party A has approved in writing;

- 3.5 Party C complies with all PRC laws and regulations applicable to the acquisition of assets;
- 3.6 No litigation, arbitration or administrative procedure relevant to the equity interest and assets of Party C or the corporation is in process, pending settlement or likely to occur;
- 3.7 Party B holds valid ownership sales rights to its equity interest and has not any security interests on these interests, other than the security interests pursuant to the Equity Pledge Agreement.

4. Breach of Contract

- 4.1 If any party (“Defaulting Party”) breaches any provision of this Agreement, which may cause damages to other parties (“Non-defaulting Party”), the Non-defaulting Party can notify the Defaulting Party in writing, requesting it rectify and correct such a breach of contract; if the Defaulting Party does not take actions which rectify and correct such breach to the satisfaction of the Non-defaulting Party within fifteen (15) days upon the issuance of the written notice, the Non-defaulting Party can take actions pursuant to this Agreement or other measures in accordance with laws in response.
- 4.2 The occurrence of the following events constitute a breach of contract by Party B:
 - (1) any violation by Party B of the provisions of this Agreement, or these exists in the representation and warranties hereunder material mistakes, inaccuracies or are otherwise incorrect;
 - (2) transference in any manner, or the pledging of any rights pursuant to this Agreement without the prior written consent of Party A; or
 - (3) this Agreement, Loan Agreement and/or Equity Pledge Agreement becomes invalid or unenforceable.
- 4.3 Should a breach of contract or violation of provisions under Loan Agreement, Equity Pledge Agreement and Business Operation Agreement occur, Party A can take the following actions:
 - (1) request Party B transferring all or part of Purchased Equity Interests at Purchase Price to Party A or the Designated Persons; and
 - (2) take back loans made under the Loan Agreement.

- 4.4 Once Party A realizes the pledge pursuant to Article 11 of the Equity Pledge Agreement and, Party A obtains the relevant payments, Party B will be deemed to have fulfilled its obligations under this Agreement and Party A should not request any other payments from Party B.
- 4.5 Notwithstanding other provisions under the Agreement, the validity of Article 4 will not be affected by the termination of the Agreement.

5. Assignment

- 5.1 Without prior written consent of the Party A, Party B shall not transfer its rights and obligations under this Agreement to any third party; if Party B dies, Party B agrees to transfer the rights and obligation under this Agreement to the person designated by Party A.
- 5.2 This Agreement shall be binding on the successor to Party B and is effective on any successor or transferee as allowed by Party A.
- 5.3 Party B hereby agrees that Party A shall be able to transfer all of its rights and obligation under this Agreement to any third party at its own discretion. Upon such transfer, Party A is only required to provide written notice to Party B, and no further consent from Party B will be required.

6. Effectiveness and Term

- 6.1 This Agreement shall be concluded and take effect on the date hereof.
- 6.2 The term of this Agreement is ten (10) years unless early termination in accordance with this Agreement is initiated or terms of other relevant agreements entered into by the Parties. This Agreement may be extended through the written notice by Party A before the expiration of this Agreement. The term of extension will be decided by Party A.
- 6.3 If Party A or Party C's operation term expires (including any extensions and grace periods) or is otherwise terminated prior to the expiration of this Agreement as set forth in Section 6.2, this Agreement shall be terminated simultaneously, except where Party A has transferred its rights and obligations in accordance with Section 5.2 of this Agreement.

7. Termination

- 7.1 At any time during the term of this Agreement, including any extension period, if Party A can not exercise the Option indicated in Article 1, Party A can, at its own discretion, terminate this Agreement by issuing written notice to Party B and does not need to assume any liability.

- 7.2 If Party C, during the term of this Agreement and its extension period, is bankrupt, dissolved or shut down by authorities, the obligations of Party B hereunder are terminated; Party B shall continue to perform its obligations under other agreements entered with Party A.
- 7.3 Except under circumstances indicated in clause 7.2, Party B and Party C does not have the right to dissolve this Agreement during the term and extension periods of this Agreement in any case.

8. Taxes and Expenses

Each Party shall, bear any and all registering taxes, costs and expenses as required by PRC laws for equity transfers arising from the preparation, execution and completion of this Agreement and all Transfer Agreements.

9. Confidentiality

- 9.1. The Parties acknowledge and confirm all oral or written materials exchanged by the Parties in connection with this Agreement are confidential. The Parties shall maintain the secrecy and confidentiality of these materials. Without the written consent of the other Parties, no Party shall disclose to any third party such materials, except under the following circumstances:
- (1) The materials are, or soon to be, public information (but disclosure cannot be by the Party receiving the information);
 - (2) The materials are required to be disclosed under applicable laws or the rules or provisions of a stock exchange; or
 - (3) Where documents are disclosed by any party to its legal or financial counsel for the purpose of transactions under this Agreement, said counsel shall also maintain confidentiality. Any disclosure by employees or agencies employed by any party shall be deemed as disclosure by such party and shall assume the liabilities for breach of contract pursuant to this Agreement. This Article remains in effect even if the Agreement should become void, cancelled, terminated or unenforceable.
- 9.2. After the termination of the Agreement, either Party shall return, destroy or dispose of all the documents, materials and software which contain confidential information at the requirement of the other Party, and cease making use of such confidential information.

- 9.3. Notwithstanding any other provisions of the Agreement, the validity of Article Nine will not be affected by the suspension or termination of the Agreement

10. Notices

Notices or other communications by any party relating to this Agreement shall be made in writing and delivered personally, sent by mail or a recognized courier service, or by facsimile transmission to the address set forth below, or such other addressees specified by the relevant party from time to time. The effective date of the notice is determined as follows: (a) a notice delivered personally is deemed duly served upon delivery; (b) a notice sent by mail is deemed duly served on the seventh (7th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after it is delivered to an internationally recognized courier service; and (c) a notice sent by facsimile transmission is deemed duly served as of the receipt time shown on the transmission confirmation.

Party A: Beijing AmazGame Age Internet Technology Co., Ltd.

Legal Address: No. 1210, Building 3, No. 3 Xijing Road, Badachu High-Tech Zone, Shijingshan District, Beijing

Party B: Beijing Century High-Tech Investment Co., Ltd.

Address: No.1 Zhong Guan Cun Dong Lu, Sohu Internet Plaza 10-08, Haidian District, Beijing

Party C: Beijing Gamease Age Digital Technology Co., Ltd.

Legal Address: No. 1197, Building 3, No. 3 Xijing Road, Badachu High-Tech Zone, Shijingshan District, Beijing

11. Applicable Law and Dispute Resolution

- 11.1 The execution, validity, performance, modification, interpretation, termination and method of disputes resolution under this Agreement shall be governed by PRC law.
- 11.2 The parties shall strive to settle any dispute arising from this Agreement through friendly negotiations.

11.3 If no settlement can be reached through negotiations within thirty (30) days after a dispute is raised, either party can submit the matter to Beijing Arbitration Commission in accordance with its effective rules. The arbitration shall take place in Beijing. The arbitration decision shall be final and is binding upon the Parties. If there is a dispute, whether newly arising or in the process of arbitration, other than the matters in dispute, the Parties shall enjoy all other rights and perform all other obligations pursuant to this Agreement.

12. Miscellaneous

12.1 The headings contained in this Agreement are for convenient referencing only and do not affect the interpretation, explanation or meaning of the provisions of this Agreement.

12.2 The Parties confirm that upon this Agreement effectiveness, both Parties are in complete agreement respect to the subject matters and interpretations of this Agreement and replaces all prior verbal or/and written agreements and understandings.

12.3 This Agreement shall bind and benefit the Parties, the “successor” and the transferees allowed by each Party.

12.4 Any rights, power and remedies under any provisions of the Agreement will not exclude any other types of rights, power and remedies in accordance with the laws and other provisions under the Agreement. Moreover, the performance of any rights, powers and remedies will not exclude the performance of other rights, powers and remedies.

12.5 Any nonperformance or delay in performing the rights, powers or remedies under the Agreement or laws by either Party shall not be deemed as waiver of such rights, powers or remedies (the “Party’s Rights”) and would not affect the future performance of such rights, powers or remedies in other ways or the performance of any other rights.

12.6 If any provision of this Agreement is judged as void, invalid or unenforceable under relevant laws, the provision shall be deemed invalid only within the applicable area of the law. The validity, legality and enforceability of the other provisions hereof are not affected or impaired in any way. The Parties shall cease performing such void, invalid or unenforceable provisions and replace these with provisions which are valid, effective and enforceable.

12.7 Any matters excluded in this Agreement shall be negotiated by the Parties. Any amendment or supplement to this Agreement shall be made in writing. Amendments and supplements duly executed by each Party shall be deemed as a part of this Agreement and enjoys the same legal effect as this Agreement.

12.8 This Agreement is drawn up with three (3) original copies; each Party holds one (1) copy and each copy has the same legal effect.

IN WITNESS THEREFORE, the parties hereof have personally or through their duly authorized representatives signed this Agreement as of the date written above.

[No Text Below]

Party A: Beijing AmazGame Age Internet Technology Co., Ltd.

(seal)

Signature: _____

Party B: Beijing Century High-Tech Investment Co., Ltd

(seal)

Signature: _____

Party C: Beijing Gamease Age Digital Technology Co., Ltd.

(seal)

Signature: _____

Appendix:

Equity Purchase Notice

(Sample)

To: Beijing Century High-Tech Investment Co., Ltd

According to the Equity Interest Purchase Agreement entered between and by you and us dated _____, we hereby notify and request you to transfer 100% equity interests in Beijing Gamease Age Digital Technology Co., Ltd. to _____ with a purchase price of RMB _____ in accordance with the provisions of said agreement. Please transfer the aforesaid equity interest to _____ according to the Equity Interest Purchase Agreement immediately upon receiving this notice.

Regards

Beijing AmazGame Age Internet Technology Co., Ltd.

(Seal)

Date:

Supplementary Agreement to the Equity Interest Purchase Right Agreement

This Supplementary Agreement (the “Agreement”) is entered into as of April 14, 2025 between and by the following Parties in Shijingshan District, Beijing, People’s Republic of China:

Party A: Beijing AmazGame Age Internet Technology Group Co., Ltd.

Party B: Beijing Century High-Tech Investment Co., Ltd.

Party C: Beijing Gamease Age Digital Technology Co., Ltd.

In this Supplementary Agreement, “Party A”, “Party B” and “Party C” are collectively referred to as the “Parties”.

WHEREAS:

On April 15, 2015, Party A, Party B and Party C entered into the Equity Interest Purchase Right Agreement (the “Original Agreement”), agreeing that Party A shall have the right to purchase the equity interests of Party C from Party B, with a term of ten (10) years.

NOW, THEREFORE,

Through full and friendly consultations, the Parties have reached an agreement on the modification of the term of the Equity Interest Purchase Right Agreement and hereby execute this Supplementary Agreement to set forth the relevant terms.

1. Modification of the Term

Clause 6.2 of the Equity Interest Purchase Right Agreement is amended to read as follows:

“6.2 Unless earlier terminated in accordance with the relevant provisions of this Agreement or any other written agreement separately entered into by the Parties, the term of this Agreement shall be twenty (20) years, commencing on April 15, 2015 and expiring on April 15, 2035. If Party A fails to send a written termination notice to Party B and Party C at least fifteen (15) days prior to the expiration of the term, this Agreement shall be automatically renewed for another ten (10) years, and such renewal may be made indefinitely.”

2. Miscellaneous

1. This Supplementary Agreement constitutes a valid supplement to the Original Agreement and shall have the same legal effect as the Original Agreement. This Supplementary Agreement shall take effect on the date specified at the beginning hereof upon being sealed by the Parties with their official seals or special contract seals.
2. This Supplementary Agreement forms an integral part of the Original Agreement. In case of any inconsistency or conflict between this Supplementary Agreement and the Original Agreement, the provisions of this Supplementary Agreement shall prevail; matters not covered by this Supplementary Agreement shall be governed by the provisions of the Original Agreement.
3. This Supplementary Agreement is made in three (3) counterparts, with each Party holding one (1) counterpart. Each original counterpart shall have the same legal effect.

[No Text Below]

Party A: Beijing AmazGame Age Internet Technology Group Co., Ltd. (Seal)

Party B: Beijing Century High-Tech Investment Co., Ltd. (Seal)

Party C: Beijing Gamease Age Digital Technology Co., Ltd. (Seal)

BUSINESS OPERATION AGREEMENT

This Business Operation Agreement (hereinafter referred to as “this Agreement”) is entered into among the following parties in Beijing, People’s Republic of China (“China” or “PRC”) as of April 15, 2015:

Party A: **Beijing AmazGame Age Internet Technology Co., Ltd.**, with the registered address of No. 1210, Building 3, No. 3 Xijing Road, Badachu High-Tech Zone, Shijingshan District, Beijing;

Party B: **Beijing Gamease Age Digital Technology Co., Ltd.**, with the registered address of Floor 2, east wing of Jing Yan Restaurant, No.29 Shijingshan Road, Shijingshan District

Party C: **Beijing Century High-Tech Investment Co., Ltd.**, with the address of Sohu Internet Plaza 10-08, No.1 Zhong Guan Cun Dong Lu, Haidian District, Beijing

WHEREAS:

1. Party A is a wholly foreign-owned enterprise duly incorporated and validly existing under the PRC law, which has the technology expertise and the practical experience on the development and design of computer software, and rich experience and professional technicians on information technology and services;
2. Party B is a limited liability company duly incorporated and validly existing under the PRC law, which is approved by Beijing Communication Administration to carry on the value-added communication business including Internet information services;
3. Party C is a company duly incorporated and validly existing under the PRC law, who is the shareholder of Party B and owns 100% equity interests of Party B;
4. Party A has established a business relationship with Party B by entering into an Operating Maintenance Service Agreement, Technology Development and Technology Application Service Agreement (collectively, “Services Agreement”) and etc.; Party B, pursuant to such agreements, is liable to pay a certain amount of money to Party B. Therefore, both parties are aware that the daily operation of Party B will have a material effect on its capacity to pay such payable account to Party A;
5. The parties hereby agree to further clarify, through this Agreement, the matters in connection with Party B’s operation pursuant to provisions herein.

NOW, THEREFORE, through friendly negotiations and abiding by the principle of equality and mutual benefit, the Parties hereby agree as follows:

1. To assure the performance of the various operation agreements between Party A and Party B and the payment of the payables accounts by Party B to Party A, Party B together with its shareholders Party C hereby jointly agree that Party B shall not conduct any transaction which may materially affects its assets, obligations, rights or the company's operation (excluding the business contracts, agreements, sell or purchase assets during Party B's regular operation and the lien obtained by relevant counter parties due to such transactions) unless the obtainment of a prior written consent from Party A, including but not limited to the following contents:
 - 1.1 to borrow money from any third party or assume any debt;
 - 1.2 to sell to or acquire from any third party any asset or right, including but not limited to any intellectual property right;
 - 1.3 to provide real guarantee for any third party with its assets or intellectual property rights;
 - 1.4 to assign to any third party its business agreements.
2. Party C, as Party B's shareholder, further covenants that
 - 2.1 not sell, transfer, pledge, dispose in any other manners of their equity interests of Party B or other interests, or not allow to create other security interests on it without Party A's prior written consent, except for Party A and/or its designated person;
 - 2.2 not to approve the shareholders' resolution which may result in the Party B's, merger or combination with, buy or investment in, or being purchased by any other person without Party A's prior written consent, expect for purchased by Party A or its designated person;
 - 2.3 not do anything that may materially affect the assets, business and liabilities of Party B without Party A's prior written consent; not, upon the execution of this Agreement, to sale, transfer, mortgage or dispose, in any other form, any asset, legitimate or beneficial interest of business or income of Party B, or to approve any other security interest set on it without prior written consent by Party A;
 - 2.4 not to request Party B or approve the shareholders' resolution to agree to distribute dividends or profits to shareholders without Party A's prior written consent;
 - 2.5 not to supplement, amend or modify its articles of association, or to increase or decrease its registered capital, or to change the capital structure of Party B in any way without Party A's prior written consent; and

- 2.6 agree to execute the Power of Attorney attached hereto as requested by Party A upon the execution of this Agreement and within the term of this Agreement.
3. In order to ensure the performance of the various operation agreements between Party A and Party B and the payment of the various payables by Party B to Party A, Party B together with its shareholder Party C hereby jointly agree to accept, from time to time, the corporate policy advise and guidance provided by Party A in connection with the employment and dismissal of the company's employees, company's daily operating, financial management and so on.
4. Party B together with its shareholder Party C hereby jointly agree that Party C shall appoint the person recommended by Party A as the directors of Party B, and Party B shall appoint Party A's senior managers as Party B's General Manager, Chief Financial Officer, and other senior officers. If any of the above senior officers leaves or is dismissed by Party A, he or she will lose the qualification to take any position in Party B and Party B shall appoint other senior officers of Party A recommended by Party A to assume such position. In this circumstance, the person recommended by Party A should comply with the stipulation on the statutory qualifications of directors, General Manager, chief financial controller, and other senior officers pursuant to applicable law.
5. Party B together with its shareholder Party C hereby jointly agree and confirm that Party B shall seek the guarantee from Party A first if it needs any guarantee for its performance of any contract or loan of flow capital in the course of operation. In such case, Party A shall have the right but not the obligation to provide the appropriate guarantee to Party B on its own discretion. If Party A decides not to provide such guarantee, Party A shall issue a written notice to Party B in a timely manner and Party B shall seek a guarantee from other third party.
6. In the event that any of the agreements between Party A and Party B terminates or expires, Party A shall have the right but not the obligation to terminate all agreements between Party A and Party B including but not limited to the Services Agreement.
7. Any amendment and supplement of this Agreement shall be made in writing. The amendment and supplement duly executed by all parties shall be deemed as a part of this Agreement and shall have the same legal effect as this Agreement.
8. If any clause hereof is judged as invalid or non-enforceable according to relevant laws, such clause shall be deemed invalid only within the applicable area of the laws without affecting other clauses hereof in any way.
9. Party B shall not assign its rights and obligations under this Agreement to any third party without the prior written consent of Party A; Party B hereby agrees that Party A may assign its rights and obligations under this Agreement as it needs and such transfer shall only be subject to a written notice sent to Party B by Party A, and no any further consent from Party B will be required.

10. All parties acknowledge and confirm that any oral or written materials communicated pursuant to this Agreement are confidential documents. All parties shall keep secret of all such documents and not disclose any such documents to any third party without prior written consent from other parties unless under the following conditions: (a) such documents are known or shall be known by the public (excluding the receiving party discloses such documents to the public without authorization); (b) any documents required to be disclosed in accordance with applicable laws or rules or regulations of stock exchange; or (c) if any documents required to be disclosed by any party to its legal counsel or financial consultant for the purpose of the transaction of this Agreement by any party, such legal counsel or financial consultant shall also comply with the confidentiality as stated hereof. Any disclosure by employees or agencies employed by any party shall be deemed the disclosure of such party and such party shall assume the liabilities for its breach of contract pursuant to this Agreement. This Article shall survive whatever this Agreement is void, amended, cancelled, terminated or unable to perform.
11. This conclusion, validity, performance, modification, interpretation, termination and disputes resolution of Agreement shall be governed by the PRC law.
12. The parties hereto shall strive to settle any dispute arising from the interpretation or performance of this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each party can submit such matter to Beijing Arbitration Commission in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final conclusive and binding upon both parties. If there is any dispute is in process of arbitration, other than the matters in dispute, the Parties shall perform the other rights and obligation pursuant to this Agreement.
13. This Agreement shall be executed by a duly authorized representative of each party as of the date first written above and become effective simultaneously.
14. Notwithstanding Article 13 hereof, the parties confirm that this Agreement shall constitute the entire agreement of the parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous verbal and written agreements and understandings.
15. The term of this agreement is ten (10) years unless early termination occurs in accordance with relevant provisions herein or in any other relevant agreements reached by all parties. This Agreement may be extended only upon Party A's written confirmation prior to the expiration of this Agreement and the extended term shall be determined by Party A based on its independent judgement. During the aforesaid term, if Party A or Party B is terminated at expiration of the operation term (including any extension of such term) or by any other reason, this Agreement shall be terminated upon such termination of such party, unless such party has already assigned its rights and obligations in accordance with Article 9 hereof.

16. The Parties agree and confirm the meaning of “Party A’s (written) notice” pursuant to this Agreement means the consent shall be approved by the board of Party A, but if such consent only approved by Party C, such consent shall not be deemed as satisfied with the obtaining of written notice from Party A.
17. This Agreement shall be terminated on the expiring date unless it is renewed in accordance with the relevant provision herein. During the valid term of this Agreement, Party B shall not terminate this Agreement. Notwithstanding the above stipulation, Party A shall have the right to terminate this Agreement at any time by issuing a thirty (30) days prior written notice to Party B.
18. The original of this Agreement is in four (4) copies, each party holds one and all original are equally valid.

IN WITNESS THEREOF each party hereto have caused this Agreement duly executed by itself or a duly authorized representative on its behalf as of the date first written above.

[No text below]

Party A: Beijing AmazGame Age Internet Technology Co., Ltd.

(seal)

Signature: _____

Party B: Beijing Gamease Age Digital Technology Co., Ltd.

(seal)

Signature: _____

Party C: Beijing Century High-Tech Investment Co., Ltd

Signature: _____

Power of Attorney

The company, Beijing Century High-Tech Investment Co., Ltd, registered in the People's Republic of China ("China"), with enterprise registration number 110000003484202, is the shareholder of Beijing Gamease Age Digital Technology Co., Ltd. ("Gamease"), holding 100% equity interests of Gamease. The company hereby agrees and irrevocably grants the person ("fiduciary") who is appointed by the board of Beijing AmazGame Age Internet Technology Co., Ltd. ("AmazGame") upon written resolutions from time to time with the following rights during the term of this Power of Attorney:

Authorize the fiduciary as the unique and exclusive attorney of the company and solely represent the company to exercise the shareholder's all the due rights according to the Chinese laws and Gamease's Articles of Association (including current and future amendments from time to time), including but not limited to the right to call the shareholder's meeting (if applicable), accept the notice regarding the shareholder's meeting (if applicable) and discussion procedure, participate in the shareholder's meeting and exercise the voting right (if applicable), including but not limited to nominate, elect or appoint the director, general manager, financial controller or other senior management personnel, and the matters of dividend distribution etc.), make any shareholder decision, sell or transfer any or all of the equity interests of Gamease owned by himself/herself.

Such authorization and appointment are based upon the precondition that the fiduciary is acting as an employee of AmazGame or its affiliates. Once the fiduciary loses his/her title or position in AmazGame or its affiliates, or the board of AmazGame terminates such authorization and appointment in written notice, the authorization and appointment that granted by the company shall be immediately void. The company will designate/authorize the other individual nominated by the board of AmazGame in written resolutions to exercise all the above shareholder's due rights.

The term of this Power of Attorney has the same term as the Business Operation Agreement that entered by Gamease, AmazGame and other party in April 15, 2015. If the foregoing Business Operation Agreement is terminated early or extended in accordance with the terms of this agreement, this Power of Attorney shall terminate at the same time as the Business Operation Agreement, or extend at the same time with the same extension of maturity as the Business Operation Agreement. Within the term of this Power of Attorney, this Power of Attorney shall not be revised or terminated without the written consent of AmazGame.

Beijing Century High-Tech Investment Co., Ltd (Signature/Seal)

April 15, 2015

Supplementary Agreement to the Business Operation Agreement

This Supplementary Agreement (the “Agreement”) is entered into as of April 14, 2025 between and by the following Parties in Shijingshan District, Beijing, People’s Republic of China :

Party A: Beijing AmazGame Age Internet Technology Group Co., Ltd.

Party B: Beijing Gamease Age Digital Technology Co., Ltd.

Party C: Beijing Century High-Tech Investment Co., Ltd.

In this Supplementary Agreement, “Party A”, “Party B” and “Party C” are collectively referred to as the “Parties”.

WHEREAS:

On April 15, 2015, Party A, Party B and Party C entered into the Business Operation Agreement (the “Original Agreement”), agreeing on matters related to Party B’s business operations, with a term of ten (10) years.

NOW, THEREFORE,

Through full and friendly consultations, the Parties have reached an agreement on the modification of the term of the Business Operation Agreement and hereby execute this Supplementary Agreement to set forth the relevant terms.

1. Modification of the Term

Article 15 of the Business Operation Agreement is amended to read as follows:

“15. Unless earlier terminated in accordance with the relevant provisions of this Agreement or any other written agreement separately entered into by the Parties, the term of this Agreement shall be twenty (20) years, commencing on April 15, 2015 and expiring on April 14, 2035. If Party A fails to send a written termination notice to Party B and Party C at least fifteen (15) days prior to the expiration of the term, this Agreement shall be automatically extended for another ten (10) years, and such extensions may be made indefinitely. If during the aforementioned term, Party A or Party B terminates its operations due to the expiration of its business term (including any extended term) or for any other reason, this Agreement shall terminate on the date of such Party’s termination, unless such Party has completed the transfer of its rights and obligations in accordance with Article 9 of this Agreement.”

2. Miscellaneous

1. This Supplementary Agreement constitutes a valid supplement to the Original Agreement and shall have the same legal effect as the Original Agreement. This Supplementary Agreement shall take effect on the date specified at the beginning hereof upon being sealed by each Party with its official seal or special contract seal.
2. This Supplementary Agreement forms an integral part of the Original Agreement. In case of any inconsistency or conflict between this Supplementary Agreement and the Original Agreement, the provisions of this Supplementary Agreement shall prevail; matters not covered by this Supplementary Agreement shall be governed by the provisions of the Original Agreement.
3. This Supplementary Agreement is made in three (3) counterparts, with each Party holding one (1) counterpart. Each original counterpart shall have the same legal effect.

[No Text Below]

Party A: Beijing AmazGame Age Internet Technology Group Co., Ltd.(Seal)

Party B: Beijing Gamease Age Digital Technology Co., Ltd.(Seal)

Party C: Beijing Century High-Tech Investment Co., Ltd.(Seal)

LOAN AGREEMENT

The Loan Agreement (hereinafter referred to as the "Agreement") was entered into on July 6, 2015 in Beijing, the People's Republic of China ("China"):

By and between

Party A: **Beijing Changyou Gamespace Software Technology Co., Ltd.**, having its registered address at Room 158, No.1 Building, No.3 Xijing Road, High-tech Park, Badachu, Shijingshan District, Beijing; and

Party B: **Beijing Changyou Star Digital Technology Co., Ltd.**, having its registered address at Room A-1049, 2/F, No.3 Building, No.30 Yard, Shixing Street, Shijingshan District, Beijing.

(For the purpose hereof, Party A and Party B are collectively referred to the "parties" and, each a "party").

Whereas:

1. Party A is a wholly foreign-owned enterprise legally established and validly existing under the Chinese laws;
2. Party B, a limited liability company legally established and validly existing under the Chinese laws, holds Beijing Guanyou Gamespace Digital Technology Co., Ltd. (the "Guanyou Gamespace")'s 100% equity as a shareholder of Guanyou Gamespace; and
3. Party A, Party B and Guanyou Gamespace's original shareholder, Gamease, concluded a Loan Succession and Share Transfer Agreement on July 6, 2015, under which, both parties and Gamease agree that Party B inherits RMB 10 million (RMB 10,000,000.00) interest-free loan borrowed by Gamease from Party A.

NOW THEFEFORE, the parties hereby agree as follows to make clear their rights and obligations through friendly negotiations:

1. Loan

- 1.1 According to the terms and conditions of the Agreement and the Loan Succession and Share Transfer Agreement, Party A agrees that Party B inherits RMB 10 million (RMB 10,000,000.00) interest-free loan borrowed by Gamease from Party A and Party B agrees to accept the above loan.
- 1.2 Party B confirms that, as consideration, Party B has taken from Gamease Guanyou Gamespace's 100% equity.

2. Loan Term

- 2.1 The loan under the Agreement will be valid for ten (10) years after the Agreement is signed, commencing on July 6, 2015 (the "Loan Term"); the Agreement can only be extended with Party A's confirmation and the extension time will be determined by Party A at its own discretion.

- 2.2 Within the Loan Term, or within any extended one, if Party B falls under any of the following circumstances, Party A has the right to determine the immediate expiry of the loan hereunder by a written notice, and require Party B to repay the loan in accordance with the Agreement:
- (1) The party is no longer Party A or its affiliates;
 - (2) The party is bankruptcy, reorganized, liquidated, was ordered to shut down or enters into any similar proceedings;
 - (3) The party commits criminal acts or is involved in criminal activities;
 - (4) Any other third party claims against the party for any amount exceeding RMB Hundred Thousand (100,000);
 - (5) Any representations or warranties made by Party B under the Agreement are proven untrue or inaccurate in any material respect when they are made; or Party B breaches its obligations under the Agreement; or
 - (6) When permitted by Chinese laws, if Party A or its designated persons can invest in the internet information services and other value-added telecom business as well as other business conducted by Guanyou Gamespace; and Party A has sent a written notice in connection with its purchase of Guanyou Gamespace's equity to Party B according to the Share Purchase Agreement signed with Party B, to exercise those options.

3. Repayment

- 3.1 Party A may at any time and at its absolute discretion, send to Party B repayment notice fifteen (15) days in advance, requiring Party B to repay any part or all of the price. Both parties agree and confirm that Party B must and can only repay the loan in the following ways: Party B (or its heirs, successors or assignees), as required by Party A's written notice, transfers all of its equity held in Guanyou Gamespace to Party A and / or the persons designated by Party A to the extent of permitted by Chinese laws, and shall repay the loan hereunder by the proceeds sourcing from its equity transfer; moreover, the ratio of the equity transferred in the equity held in Guanyou Gamespace on the date hereof shall be the same as that of the price required to be repaid in the loan on the date of the Agreement.
- 3.2 Without Party A's prior written consent, Party B may not repay the loan in whole or in part.
- 3.3 Based on Article 3.1 of the Agreement, the parties agree and confirm that, to the extent and within the scope permitted by Chinese laws, Party A has the right but not the obligation to buy or appoint any other persons at any time (including natural persons, legal persons or other entities) to purchase all or part of Party B's equity in Guanyou Gamespace (the "Option") but Party A shall issue a written notice on equity purchase to Party B. Once the said written notice is said by Party A, Party B shall immediately follow Party A's wishes and instructions, and transfer its equity held in Guanyou Gamespace in whole or in part (including the equity obtained by Party A after that date) to Party A or its designated person in accordance with its original investment price (the "original investment price", RMB 100,000 for every 1% equity) or at other price as agreed by Party A if otherwise provided by law. Both parties agree and confirm that when Party A exercises the Option, if in accordance with current applicable laws and regulations, the permitted minimum price is higher than the original investment price, the subscription price offered by Party A or a person designated by Party A shall be the minimum price permitted by law; for the part of the minimum price in excess of that of the underlying equity corresponding to the original investment price, Party B shall repay to Party A according to Article 4 of the Agreement. Both parties agreed to sign the Share Purchase Agreement on the above matters.

- 3.4 Both parties agree that when the shareholders change procedures are handled with the relevant industrial and commercial administrative department and Party A or its nominee has become the lawful holder of the Underlying Shares, it shall be deemed as the completion of the equity transfer under the Agreement.
- 3.5 When Party B repays the loan according to Article 3, the parties shall at the same time complete the equity transfer as stated in Article 3; subject to the satisfaction of the price, Party A or the person designated by Party A has legally and fully taken corresponding equity of Guanyou Gamespace under Article 3, and except Share Pledge Agreement and Share Purchase Agreement signed with Party A, there are no pledges or any other form of encumbrance on the equity.

4. Loan Interest

Both parties agree and confirm that unless otherwise agreed in the Agreement, the loan hereunder is interest-free loan. However, when the loan expires and Party B transfers the equity in accordance with the Agreement to Party A or its designated person, the actual equity transfer price is higher than Party B's loan principal as required by law or for other causes, the part of the proceeds from Party B's equity transfer in excess of the loan principal, to the extent permitted by law, shall be considered as interest or cost of funds possession, which shall be repaid to Party A together with the loan principal.

5. Party B's Representations, Warranties and Undertakings

- 5.1 Party B shall submit copy of the investment certificate recording its holding of Guanyou Gamespace's 100% equity to Party A.
- 5.2 As a security for the loan, Party B agrees to pledge all equity held in Guanyou Gamespace to Party A and grant to Party A an option for the above equity; and Party B agrees to, as required by Party A, sign the Equity Pledge Agreement and Share Purchase Agreement.
- 5.3 Except the equity pledge and other rights created for Party A's interests, without Party A's prior written consent, it does not sell, transfer, mortgage or otherwise dispose of its equity or other benefits in Guanyou Gamespace, or allow to create any other security interests thereon;
- 5.4 without Party A's prior written consent, it will not agree at Guanyou Gamespace's board of shareholders (if applicable), or support or sign any shareholder's resolution to approve to sell, transfer, mortgage or otherwise dispose of its legal or beneficial benefits in Guanyou Gamespace's equity, or allow to create any other security interests thereon, except made to Party A and/or its designated persons;

- 5.5 without Party A's prior written consent, it will not agree at Guanyou Gamespace's board of shareholders (if applicable), support or sign any shareholders' resolution approving Guanyou Gamespace's merger or consolidation with any person (for the purposes of the Agreement, "person" refers to any natural person, corporation, partnership or other entity), or Guanyou Gamespace's acquisition of any person or its assets or investment in any person.
- 5.6 without Party A's prior written consent, it will not incur any acts or omissions constituting any significant impacts on Guanyou Gamespace's assets, business, and liabilities; without Party A's prior written consent, it will not sell, transfer, mortgage or otherwise dispose of any legal or beneficial benefits in its assets, business or income, or allow to create any other security interests thereon at any time as of the date hereof.
- 5.7 At the request of Party A, appoint the person nominated by Party A as Guanyou Gamespace's director and senior officer.
- 5.8 When Party A exercises the above option hereunder and to the extent permitted by Chinese laws, immediately and unconditionally transfer all or part of the equity it owns in Guanyou Gamespace to Party A and / or its designated person and waive its pre-emptive rights on the equity transferred by Guanyou Gamespace's other shareholders.
- 5.9 it will not require Guanyou Gamespace to distribute dividends or make profit distribution or will not, acting as Guanyou Gamespace's shareholder, make any shareholders' decision consenting to distribute dividends or make profit distribution to shareholders.
- 5.10 without Party A's prior written consent, it will not replenish, change or modify its articles of association, increase or decrease its registered capital in any form, or in any way change its equity structure.
- 5.11 In accordance with sound financial and business standards and practices, maintain its existence, prudently and effectively operate its business and process services; at request of Party A, provide Party A with all information on Guanyou Gamespace's operations and financial condition; keep all business it has been operating in the normal course of business, in order to maintain the value of its assets.
- 5.12 without Party A's prior written consent, it will not occur, inherit, guarantee or tolerate any debts of Guanyou Gamespace, except the debts (i) other than borrowing during normal or daily business course; (ii) disclosed to Party A and obtained Party A's prior written consent.
- 5.13 without Party A's prior written consent, will not enter into any major contracts (the purpose of this clause, if the value of a contract exceeds RMB One Hundred Thousand (RMB 100,000.00), it shall be deemed a major contract), except those signed in the normal course of business.
- 5.14 In order to maintain its ownership of Guanyou Gamespace's equity, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or claims to make all necessary and appropriate defenses; forthwith notify Party A of any litigations, arbitrations or administrative proceedings with respect to Guanyou Gamespace, whether happened or may happen.

- 5.15 Only with Party A's written authority, exercise all rights as Guanyou Gamespace's shareholder as required by Party A.
- 5.16 strictly abide by the provisions of the Agreement, earnestly fulfill its obligations under the Agreement, and will not conduct any actions / omissions sufficient to affect the validity and enforceability hereof.
- 5.17 Both parties agree and confirm that, for the purpose hereof, Party A's (written) consent refers to that the matters are subject to the approval of Party A's board of directors; and other approvals do not constitute Party A's (written) consent hereunder.

6. Taxes

Except as otherwise provided in the Agreement, the parties to the Agreement shall pay their own taxes and fees payable based on the Agreement in accordance with the laws and regulations. All taxes and other reasonable costs associated with the loan are undertaken by Party A.

7. Effectiveness and Termination

- 7.1 The Agreement will take effect when signed by the parties.
- 7.2 Both parties agree and acknowledge that the Agreement will terminate on the date when the parties fully fulfill all its obligations under the Agreement. Both parties agree and confirm that the satisfaction of all the following conditions is deemed as Party B's performance of its obligations under the Agreement:
- (1) Party B has transferred its equity held in Guanyou Gamespace to Party A and / or the persons designated by Party A; and
 - (2) Party B has given all the transfer price under the Agreement or the price obtained under the Share Purchase Agreement to Party A as repayment of price.
- 7.3 Unless (1) Party A commits serious negligence, fraud or other serious offenses; or (2) Party B is terminated due to bankruptcy, dissolution or ordered to close in accordance with the law, Party B may not unilaterally revoke or terminate the Agreement under any circumstances.

8. Liability for Breach

- 8.1 If either party (the "defaulting party") is in violation of any provision of the Agreement, causing damages to the other party (the "non-defaulting party"), the non-defaulting party may send written notice to the defaulting party, requiring the defaulting party to immediately remedy and correct its breach; if the defaulting party fails to take measures to the satisfaction of the non-defaulting party within fifteen (15) days as of the non-defaulting party sends the above notice in writing to remedy and correct its breach, the non-defaulting party may take other remedies by the prescribed methods under the Agreement or by legal means.

8.2 If Party B fails to repay the loan to Party A in accordance with the Agreement, Party B shall pay to Party A liquidated damages for the part not repaid at a rate of 0.02% per day (from the date when required by Party A) and shall indemnify Party A for direct economic losses arising from Party B's breach (including but not limited to the market value of the equity held by Party B in Guanyou Gamespace that is not transferred or the unpaid loan, whichever is higher).

9. Confidentiality

9.1 The parties acknowledge and confirm that the oral or written information exchanged with respect to the Agreement are confidential. The parties shall keep all such information confidential, and without the prior written consent of other party, they will not disclose any information to any third party; otherwise, it shall be liable for breach and make compensation, except the following information:

- (a) known by or will be known by the public (except disclosed to the public by one of the receiving party without authorization);
- (b) as required to be disclosed by applicable laws or rules or regulations of the securities exchange; or
- (c) If any one party is required to disclose any information to its legal or financial advisor for the transactions contemplated hereunder, the said legal or financial advisers shall also be subject to the confidentiality similar to this clause. Breach of confidentiality by either party's staff or the agency hired by that party will be deemed as that by that party, which shall therefore be liable for breach. The present term will survive the invalidity, revocation, termination or inoperability of the Agreement for any reason.

9.2 Party B shall return, destroy or otherwise dispose of all files, materials or software containing the Confidential Information at the request of Party A and stop using such confidential information after the termination hereof.

9.3 Notwithstanding the other provisions of the Agreement, Article 9 shall survive the suspension and termination of the Agreement.

10. Notices

Any notices or other communication sent by either party under the Agreement shall be made in writing, and sent to the following address or other address specified by the other party from time to time by personal delivery, letter or by facsimile. The notices shall be deemed served: (a) on the delivery date under personal delivery; (b) for a notice sent by letter, on the seventh (7) day after registered airmail (postage prepaid) is sent (marked on the postmark); or the fourth (4) day after being sent to the internationally recognized delivery service; and (c) if sent by fax, on the receipt time shown on the transmission confirmation printed by the sender.

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd.

Address: Room 158, No.1 Building, No.3 Xijing Road, High-tech Park, Badachu, Shijingshan District, Beijing

Party B: Beijing Changyou Star Digital Technology Co., Ltd.

Address: B Changyou Building, No.65 East Bajiao Street, Shijingshan District, Beijing

11. Applicable Laws and Disputes Resolution

- 11.1 Conclusion, validity, execution, changes, interpretation, termination and disputes resolution of the Agreement shall be governed by the laws of China.
- 11.2 All the disputes arising from or in relation to the Agreement, if any, shall be amicably settled by the parties through amicable negotiations.
- 11.3 Where an agreement fails to be concluded within thirty (30) days after one party requests to settle the disputes through negotiation, either party agrees to submit the said disputes to Beijing Arbitration Commission for arbitration under its arbitration rules then in force in Beijing. The arbitral award is final and binding on all parties. All parties agree to be submitted and subject to the arbitral award. When any dispute occurs and any dispute is under arbitration, except the matter in question, the parties may still exercise other rights under the Agreement and perform other obligations hereunder.

12. Miscellaneous

- 12.1 Titles of the Agreement are solely inserted for convenience and may not be used to for explanation or interpretation or in other ways affect the meanings of the provisions of the Agreement.
- 12.2 The parties hereto acknowledge that, once valid, the Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes all previous oral or/and written ones reached by and between the parties before the Agreement.
- 12.3 The Agreement is binding upon the parties hereto and their respective heirs, successors and permitted transferees, and inures to their benefits. Without Party A's prior written consent, Party B may not transfer, pledge or otherwise assign its rights, benefits or obligations hereunder.
- 12.4 Party B hereby agrees that, (i) if Party B is bankrupt, liquidated or closed or enters into similar legal procedures, Party B agrees to immediately transfer its rights and obligations under the Agreement to a person designated by Party A; (ii) Party A can transfer to other third party its rights and obligations under the Agreement when necessary. In such case, Party A is only required to send written notice to Party B when such transfer occurs and no longer secure Party B's consent to that transfer.
- 12.5 Any rights, powers and remedies empowered by any provision of the Agreement to the parties do not exclude any other rights, powers or remedies available to that party under the law and other provisions hereof and a party's exercise of its rights, powers and remedies does not exclude its exercise of other rights, powers and remedies available to it.
- 12.6 Any one party's failure to exercise or timely exercise the rights, power and remedy under the Agreement or available by law may not be considered as a waiver of those rights and will not affect that party's exercise of those rights in other means in the future nor exercise of other rights of that party.
- 12.7 If any provision of the Agreement is held void, invalid, or unenforceable by any court of competent jurisdiction or arbitration agency, such provision may not affect or impair the validity or enforceability of the remaining provisions. However, the parties hereto shall cease performance of the void, invalid and unenforceable provisions, and only make them valid and enforceable within the scope the closest to their original intention.

12.8 For matters uncovered herein, the parties shall otherwise decide the same through friendly negotiations. The parties shall set down any changes and amendments to the Agreement in a written agreement. The duly signed modification agreements and supplementary agreements with respect to the Agreement constitute an integral part hereof and bear the same legal effect as the Agreement.

12.9 The Agreement is made in four (4) copies of the same legal effect and each party holds two (2).

THEREFORE, the parties sign or cause their legal representatives or authorized representatives to sign the Agreement as of the date first written above.

(The remainder of this page is intentionally left blank.)

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd. (Seal)

Signature: _____

Party B: Beijing Changyou Star Digital Technology Co., Ltd. (Seal)

Signature: _____

Supplementary Agreement to the Loan Agreement

This Supplementary Agreement (the “Agreement”) is entered into as of July 5, 2025 between and by the following Parties in Shijingshan District, Beijing, People’s Republic of China:

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd.

Party B: Beijing Changyou Star Digital Technology Co.,Ltd.

In this Supplementary Agreement, “Party A” and “Party B” are collectively referred to as the “Parties”.

WHEREAS:

1. On July 6, 2015, Party A and Party B entered into the Loan Agreement (the “Original Agreement”), pursuant to which Party B borrowed an interest-free loan from Party A in the total amount of RMB 10,000,000.00 (Ten Million RMB Only), with the loan term expiring on July 5, 2025.
2. The Parties agree that Party A shall continue to provide the aforementioned interest-free loan to Party B, and Party B shall accept such loan provided by Party A.

NOW, THEREFORE,

Through full and friendly consultations, the Parties have reached an agreement on the modification of the Loan Term under the Original Agreement and hereby execute this Supplementary Agreement to set forth the relevant terms.

1. Modification of the Loan Term

Clause 2.1 of the Loan Agreement is amended to read as follows:

“2.1 The term of the loan under this Agreement shall be twenty (20) years, commencing on July 6, 2015 and expiring on July 5, 2035 (the “Loan Term”). If upon the expiration of the Loan Term, Party B is still unable to repay the loan in accordance with the provisions of Clause 3 of this Agreement due to restrictions under applicable laws, the Loan Term shall be automatically extended until such time as applicable laws permit and Party A agrees to accept the full repayment of the loan by Party B in accordance with the repayment method stipulated in Clause 3 of this Agreement.”

2. Miscellaneous

1. This Supplementary Agreement constitutes a valid supplement to the Original Agreement and shall have the same legal effect as the Original Agreement. This Supplementary Agreement shall take effect on the date specified at the beginning hereof upon being sealed by the Parties with their official seals or special contract seals.
2. This Supplementary Agreement forms an integral part of the Original Agreement. In case of any inconsistency or conflict between this Supplementary Agreement and the Original Agreement, the provisions of this Supplementary Agreement shall prevail; matters not covered by this Supplementary Agreement shall be governed by the provisions of the Original Agreement.
3. This Supplementary Agreement is made in four (4) counterparts, with each Party holding two (2) counterparts. Each original counterpart shall have the same legal effect.

[No Text Below]

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd. (Seal)

Party B: Beijing Changyou Star Digital Technology Co.,Ltd (Seal)

EQUITY INTEREST PURCHASE RIGHT AGREEMENT

The Equity Interest Purchase Right Agreement (hereinafter referred to as the “Agreement”) was entered into on July 6, 2015 in Beijing, the People’s Republic of China (“China”):

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd., having its registered address at Room 158, No.1 Building, No.3 Xijing Road, High-tech Park, Badachu, Shijingshan District, Beijing;

Party B: Beijing Changyou Star Digital Technology Co., Ltd., having its registered address at Room A-1049, 2/F, No.3 Building, No.30 Yard, Shixing Street, Shijingshan District, Beijing;

Party C: Beijing Guanyou Gamespace Digital Technology Co., Ltd., having its registered address at Room 810, 7/F, No.1 Building, No.18 Yard B, Shijingshan Road, Shijingshan District, Beijing;

Whereas:

1. Party A is a wholly foreign-owned enterprise legally established and validly existing under the Chinese laws;
2. Party C is a limited liability company legally established and validly existing under the Chinese laws;
3. Party B, a limited liability company legally established and validly existing under the Chinese laws, holds Party C’s 100% equity as its shareholder included in its register of members;
4. Party A and Party B concluded a Loan Agreement on July 6, 2015, under which, Party A has provided Party B with and Party B has received RMB 10 million (RMB 10,000,000.00) interest-free loan;
5. Party A and Party B signed a Share Pledge Agreement on July 6, 2015; and
6. Party A, Party B and Party C signed the Business Agreement on July 6, 2015;

NOW THEFEFORE, the parties hereby agree as follows to make clear their rights and obligations through friendly negotiations:

1. Option

1.1 Grant of rights

Party B hereby exclusively, irrevocably and without any additional conditions grants an option to Party A, based on which, Party A is entitled to, within the scope permitted by Chinese laws and based on the steps decided by Party A at its own discretion, and at the price stated in Article 1.3, at any time, purchase or cause a person or more than one person (the “Nominee”) to purchase from Party B, all or any part of Party C’s equity held by Party B (the “Option”). Except Party A and / or the Nominee, no other person shall be entitled to buy shares. For the purpose of the Agreement, “persons” include an individual, corporation, joint venture, partnership, corporate, trust or unincorporated organization.

1.2 Exercise steps

Party A and / or the Nominee may exercise its grants by issuing a written notice in a format stated in Attachment 1 hereto to Party B, stating the units of the share to be purchased from Party B and the exercise manner.

Within seven (7) working days after Party B's receipt of the exercise notice, Party B shall enter into a Share Transfer Agreement with Party A and / or the Nominee, so as to as soon as possible transfer the equity to be purchased to Party A and / or the Nominee.

1.3 Exercise price

- 1.3.1 When Party A exercises the Option, unless then applicable Chinese laws and regulations require evaluation on the share to be purchased or otherwise give restrictions on the share price, otherwise, the purchase price of the shares to be purchased (the "Exercise Price") shall be equal to the original investment price paid by Party B for the shares to be purchased (the "Original Investment Price", i.e. RMB 100,000 for every 1% equity).
- 1.3.2 When Party A exercises the Option, then applicable Chinese laws and regulations require evaluation on the share to be purchased or otherwise give restrictions on the share price, Party A and Party B agree that the exercise price shall be the minimum price permitted by applicable laws. Where the minimum price permitted by the laws is higher than the original investment price corresponding to the shares to be purchased, Party B shall repay the excess to Party A according to the Loan Agreement.

1.4 Transfer of the shares to be purchased

After Party A issues the option notice under the Agreement, at each exercise of the option:

- 1.4.1 Party B shall promptly make a resolution or a decision to approve the equity transfer to Party A, and Party B has signed a confirmation letter, agreeing to waive the rights of first refusal for Party C's other equity;
- 1.4.2 Party B shall sign equity transfer contract for each transfer according to the Agreement and the related equity purchase notice with Party A;
- 1.4.3 The parties concerned shall sign all other necessary contracts, agreements or documents, obtain all the necessary government approvals and consents, and take all necessary actions, without any attached security interest, transfer the effective ownership of the shares to be purchased to Party A and/or the Nominee and make Party A and/or the Nominee the owner of the shares to be purchased registered with the administrative department for industry and commerce. For this section and the Agreement, "security interests" include guarantee, mortgage, pledge, third party rights or interests, any option, right to acquire, rights of first refusal, right of set-off, ownership retention or other security arrangements, excluding any security interest under the Share Pledge Agreement.
- 1.4.4 Party B and Party C shall unconditionally assist Party A in obtaining all the government approvals, licenses, registration and filings required for the transfer of the shares to be purchased and completing all the necessary procedures.

1.5 Payment

The purchase price shall be paid in a manner determined by Party A and Party B according to the applicable laws upon exercise upon negotiations. Party A and Party B hereby agree that, for any price paid by Party A and/or the Nominee to Party B with respect to the shares to be purchased, Party B shall return it to Party A subject to laws, in order to repay the loan principal and interest or capital occupation cost permitted by laws under the Loan Agreement.

2. Party B's and Party C's Undertakings

- 2.1 they will not replenish, change or modify Party C's articles of association, increase or decrease their registered capital in any form, or in any way change their structure thereof.

- 2.2 without Party A's prior written consent, they will not sell, transfer, mortgage or otherwise dispose of any legal or beneficial benefits in equity, or allow to create any other security interests thereon at any time as of the date hereof, except the pledge right created on Party C's equity under the Equity Pledge Agreement.
- 2.3 without Party A's prior written consent, Party B will not agree at its board of shareholders, or support or sign any shareholder's resolution to approve to sell, transfer, mortgage or otherwise dispose of its legal or beneficial benefits in its equity, or allow to create any other security interests thereon, except made to Party A or its designated persons.
- 2.4 on Party A's demand at any time, unconditionally and immediately at any time transfer their equity to Party A, and give up the right of first refusal available to them with respect to the equity subject to above share transfer of Party C's another existing shareholder.
- 2.5 without Party A's prior written consent, Party B will not make any shareholders' decision approving, supporting or signing any shareholders' resolution on approving Party C's merger or alliance with any person, or purchase of, or investment in any person.
- 2.6 In accordance with sound financial and business standards and practices, maintain Party C's existence, prudently and effectively operate its business and process services; keep all business it has been operating in the normal course of business, in order to maintain Party C's assets value, and will not conduct any actions / omissions sufficient to affect its operations and assets value.
- 2.7 without Party A's prior written consent, it will not incur any acts or omissions constituting any significant impacts on Party C's assets, business, and liabilities; without Party A's prior written consent, will not sell, transfer, mortgage or otherwise dispose of any legal or beneficial benefits in Party C's assets, business or income, or allow to create any other security interests thereon at any time as of the date hereof;
- 2.8 without Party A's prior written consent, incur, inherit, provide guarantee for or allow any debts, except the debts (i) other than borrowing during normal or daily business course; (ii) disclosed to Party A and obtained Party A's written consent.
- 2.9 without Party A's prior written consent, will not enter into any major contracts (the purpose of this clause, if the value of a contract exceeds RMB One Hundred Thousand (RMB 100,000.00), it shall be deemed a major contract), except those signed in the normal course of business.
- 2.10 without Party A's prior written consent, not to provide any loan or credit.
- 2.11 timely provide Party A on its demand at any time with the information on Party C's operating and financial situation.
- 2.12 purchase and maintain insurance from the insurance company acceptable to Party A, to the extent that the insured amount and insurance type shall be the same as those usually covered by the company owning similar business and assets or property in the same area as Party C.
- 2.13 forthwith notify Party A of the any litigations, arbitrations or administrative proceedings or of any potential ones with respect to Party B's equity ownership, Party C's assets, business and income.
- 2.14 in order to maintain Party B's ownership of the equity, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate claims to make all necessary and appropriate defenses.
- 2.15 in order to maintain Party C's ownership of all its assets, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate claims to make all necessary and appropriate defenses.

- 2.16 without Party A's prior written consent, Party C shall not in any form distribute dividends to its shareholders; but once requested by Party A in written form, it shall immediately distribute all or any part of the profit available for distribution to its shareholders.
- 2.17 forthwith notify Party A of any litigations, arbitrations or administrative proceedings or of any potential ones with respect to the equity held by Party B.
- 2.18 Party B shall make the shareholder's decision or resolve at its shareholders' meeting to approve the transfer of the shares to be purchased under the Agreement.
- 2.19 at the request of Party A, appoint the person nominated by Party A as Party C's director and senior officer.
- 2.20 only with Party A's written authority, exercise all rights as Party C's shareholder as required by Party A.
- 2.21 the parties agree and confirm that, for the purpose hereof, Party A's (written) consent refers to that the matters are subject to the approval of Party A's board of directors.
- 2.22 strictly abide by the Agreement and other contracts signed by Party B, Party C and Party A, earnestly fulfill their obligations thereunder, and will not conduct any actions / omissions sufficient to affect the validity and enforceability thereof.

3. Representations and Warranties

Party B and Party C hereby represent and warrant as follows to Party A on the date of the Agreement and on each transfer date:

- 3.1 they have the right to sign and deliver the Agreement and any share transfer contract they have signed for the transfer of the shares to be purchased under the Agreement (the "transfer contract"), and to perform the obligations under the Agreement and any transfer contract. Once signed, the Agreement and the transfer contracts to which they are a party constitute legal, valid and binding obligations upon them and can be enforced according to their terms;
- 3.2 the signing and delivery of the Agreement or any of the transfer contract and the performance of their obligations under the agreement or any of the transfer contracts will not: (i) result in violation of any relevant Chinese laws and regulations; (ii) conflict with their articles of association or other charter documents; (iii) lead to any violation of any contract or deed, or constitute a breach of any contract or deed to which they are a party or that are binding upon them; (iv) result in violation of any conditions for granting of any permit or approval or for the renewal thereof; or (v) make any license or approval issued to them suspended or withdrew or have any additional conditions;
- 3.3 Party C has good and marketable ownership of all its assets and Party C does not create any security interests on these assets;
- 3.4 Party C has no outstanding debts, (i) other than borrowing during normal business course; (ii) disclosed to Party A and obtained Party A's prior written consent;
- 3.5 Party C will abide by all Chinese laws and regulations applicable to the assets acquisition;
- 3.6 currently, there are no ongoing or pending or potential litigations, arbitrations or administrative proceedings with respect to the equity held by Party B, Party C's assets or the company; and
- 3.7 Party B has a good and marketable title to all of its shares, and does not create any security interest in the equity, excluding the security interest as agreed in the Share Pledge Agreement.

4. Breach

- 4.1 If either party (the “defaulting party”) is in violation of any provision of the Agreement, causing damages to the other party (the “non-defaulting party”), the non-defaulting party may send written notice to the defaulting party, requiring the defaulting party to immediately remedy and correct its breach; if the defaulting party fails to take measures to the satisfaction of the non-defaulting party within fifteen (15) days as of the non-defaulting party sends the above notice in writing to remedy and correct its breach, the non-defaulting party may take other remedies by the prescribed methods under the Agreement or by legal means.
- 4.2 The following matters are considered as Party B’s breach:
 - 4.2.1 Party B violates any provision of the Agreement, or any representations and warranties made by Party B in the Agreement have any significant errors, or are inaccurate and incorrect;
 - 4.2.2 without Party A’s prior written consent, transfer, or otherwise transfer or pledge any of its rights under the Agreement;
 - 4.2.3 the Agreement, the Loan Agreement and / or the Share Pledge Agreement becomes invalid or unenforceable.
- 4.3 If Party B is in default or violates the Loan Agreement, the Share Pledge Agreement or the Business Agreement, Party A can take the following measures:
 - 4.3.1 require Party B to immediately transfer all or any part of the shares to be purchased to Party A and/or the Nominee at the purchase price; and
 - 4.3.2 recover loans under the Loan Agreement;
- 4.4 Once Party A exercises the pledge right according to Article 11 of the Share Pledge Agreement and Party A obtains the income and payment related to the realization of the pledge right, Party B shall be deemed to have fully fulfilled the obligations under the Agreement, and Party A will not present any other payment requests to Party B in this regard.
- 4.5 Notwithstanding the other provisions of the Agreement, Article 4 shall survive the termination of the Agreement.

5. Transfer

- 5.1 Party B will not transfer its rights or obligations under the Agreement to any third party, unless with Party A’s prior written consent; If Party B dies, Party B agrees to immediately transfer its rights and obligations under the Agreement to a person designated by it.
- 5.2 The Agreement is binding upon Party B and its successor or inheritor, and valid for Party A and its successors, heirs or permitted assignees.
- 5.3 Party B hereby agrees that Party A has the right to transfer to other third party its rights and obligations under the Agreement when necessary. In such case, Party A is only required to send written notice to Party B when such transfer occurs and no longer secure Party B’s consent to that transfer.

6. Effectiveness and Term

- 6.1 The Agreement will take effect when signed by the parties.
- 6.2 The Agreement is valid for ten (10) years unless early terminated in accordance with its related terms hereof or the related agreements separately concluded by the parties. Before the expiry of the Agreement, the Agreement can only be extended with Party A’s written confirmation and the extension time will be determined by Party A.
- 6.3 If during the term as stated in Article 6.2, Party A’s or Party C’s operation term (including any extension period) expires or terminates for other reasons, the Agreement will terminate upon that termination, unless Party A transfers its rights and obligations according to Article 5.2 hereof.

7. Termination

- 7.1 At any time during the term and the extended term of the Agreement, if Party A fails to exercise the Option in accordance with Article 1 of the Agreement due to then applicable laws, Party A can at its own discretion, send written notice to Party B to unconditionally revoke the Agreement without any liability.
- 7.2 In the event that Party C is terminated due to bankruptcy, dissolution or ordered to close in accordance with the law within the term and the extended term hereof, in the case of termination, Party B's obligations under the Agreement shall be discharged; however, Party B shall perform its corresponding obligations under other agreements signed with Party A.
- 7.3 Except as stated in Article 7.2 of the Agreement, within the term and the extended term hereof, Party B and Party C may not require to terminate the Agreement in any cases.

8. Taxes and Fees

Each party shall assume each and all transfer and registration taxes, expenses and costs it incurred or imposed on it arising from the preparation and execution of the Agreement and the transactions contemplated thereunder.

9. Confidentiality

- 9.1 The parties acknowledge and confirm that the oral or written information exchanged with respect to the Agreement are confidential. The parties shall keep all such information confidential, and without the prior written consent of other party, they will not disclose any information to any third party, however, except the following information:
- (a) known by or will be known by the public (but not disclosed to the public by the receiving party without authorization)
 - (b) as required to be disclosed by applicable laws or rules or regulations of the securities exchange; or
 - (c) if any one party is required to disclose any information to its legal or financial advisor for the transactions contemplated hereunder, the said legal or financial advisers shall also be subject to the confidentiality similar to this clause. Breach of confidentiality by either party's staff or the agency hired by that party will be deemed as that by that party, which shall therefore be liable for breach. The present term will survive the invalidity, revocation, termination or inoperability of the Agreement for any reason.
- 9.2 A party shall return, destroy or otherwise dispose of all files, materials or software containing the Confidential Information at the request of the other party and stop using such confidential information after the termination hereof.
- 9.3 Notwithstanding the other provisions of the Agreement, Article 9 shall survive the termination and suspension of the Agreement.

10. Notices

Any notices or other communication sent by either party under the Agreement shall be made in writing, and sent to the following address or other address specified by other parties from time to time by personal delivery, letter or by facsimile. The notices shall be deemed served: (a) on the delivery date under personal delivery; (b) for a notice sent by letter, on the seventh (7) day after registered airmail (postage prepaid) is sent (marked on the postmark); or the fourth (4) day after being sent to the internationally recognized delivery service; and (c) if sent by fax, on the receipt time shown on the transmission confirmation printed by the sender.

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd

Address: B Changyou Building, No.65 East Bajiao Street, Shijingshan District, Beijing

Party B: Beijing Changyou Star Digital Technology Co., Ltd.

Address: B Changyou Building, No.65 East Bajiao Street, Shijingshan District, Beijing

Party C: Beijing Guanyou Gamespace Digital Technology Co., Ltd.

Address: Room 810, 7/F, No.1 Building, No.18 Yard B, Shijingshan Road, Shijingshan District, Beijing

11. Applicable Laws and Disputes Resolution

- 11.1 Conclusion, validity, execution, changes, interpretation, termination and disputes resolution of the Agreement shall be governed by the laws of China.
- 11.2 All the disputes arising from or in relation to the Agreement, if any, shall be amicably settled by the parties through amicable negotiations.
- 11.3 Where an agreement fails to be concluded within thirty (30) days after one party requests to settle the disputes through negotiation, either party agrees to submit the said disputes to Beijing Arbitration Commission for arbitration under its arbitration rules then in force in Beijing. The arbitral award is final and binding on all parties. All parties agree to be submitted and subject to the arbitral award. When any dispute occurs and any dispute is under arbitration, except the matter in question, the parties may still exercise other rights under the Agreement and perform other obligations hereunder.

12. Miscellaneous

- 12.1 Titles of the Agreement are solely inserted for convenience and may not be used to for explanation or interpretation or in other ways affect the meanings of the provisions of the Agreement.
- 12.2 The parties hereto acknowledge that, once valid, the Agreement constitutes the entire agreement and understanding among the parties with respect to the subject matter hereof, and supersedes all previous oral or/and written ones reached by and among the parties before the Agreement.
- 12.3 The Agreement is binding upon the parties hereto and their respective heirs, successors and permitted transferees, and inures to their benefits.
- 12.4 Any rights, powers and remedies empowered by any provision of the Agreement to the parties do not exclude any other rights, powers or remedies available to that party under the law and other provisions hereof and a party's exercise of its rights, powers and remedies does not exclude its exercise of other rights, powers and remedies available to it.
- 12.5 Any one party's failure to exercise or timely exercise the rights, power and remedy under the Agreement or available by law may not be considered as a waiver of those rights and will not affect that party's exercise of those rights in other means in the future nor exercise of other rights of that party.
- 12.6 If any provision of the Agreement is held void, invalid, or unenforceable by any court of competent jurisdiction or arbitration agency, such provision may not affect or impair the validity or enforceability of the remaining provisions. However, the parties hereto shall cease performance of the void, invalid and unenforceable provisions, and only make them valid and enforceable within the scope the closest to their original intention.

12.7 For matters uncovered herein, the parties shall otherwise decide the same through friendly negotiations. The parties shall set down any changes and amendments to the Agreement in a written agreement. The duly signed modification agreements and supplementary agreements with respect to the Agreement constitute an integral part hereof and bear the same legal effect as the Agreement.

12.8 The Agreement is made in three (3) copies of the same legal effect. Each party holds one (1).

THEREFORE, the parties sign or cause their legal representatives or authorized representatives to sign the Agreement as of the date first written above.

(The remainder of this page is intentionally left blank.)

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd.

(seal)

Signature: _____

Party B: Beijing Changyou Star Digital Technology Co., Ltd.

(seal)

Signature: _____

Party C: Beijing Guanyou Gamespace Digital Technology Co., Ltd.

(seal)

Signature: _____

Option Notice (Format)

To: Beijing Changyou Star Digital Technology Co., Ltd.

According to the Share Purchase Agreement signed by us with you _____ on _____, we hereby send this notice and request you to, under the Share Purchase Agreement, transfer 100% equity of Beijing Guanyou Gamespace Digital Technology Co., Ltd. (the “Guanyou Gamespace”) hold by you to _____ at a price of _____. Please effect the said transfer to _____ according to the Share Purchase Agreement after the receipt hereof.

Regards

Beijing Changyou Gamespace Software Technology Co.,Ltd.
(Seal)

Date:

Supplementary Agreement to the Equity Interest Purchase Right Agreement

This Supplementary Agreement (the “Agreement”) is entered into as of July 5, 2025 between and by the following Parties in Shijingshan District, Beijing, People’s Republic of China:

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd.

Party B: Beijing Changyou Star Digital Technology Co.,Ltd.

Party C: Beijing Guanyou Gamespace Digital Technology Co., Ltd.

In this Supplementary Agreement, “Party A”, “Party B” and “Party C” are collectively referred to as the “Parties”.

WHEREAS:

On July 6, 2015, Party A, Party B and Party C entered into Equity Interest Purchase Right Agreement (the “Original Agreement”), agreeing that Party A shall have the right to purchase the equity interests of Party C from Party B, with a term of ten (10) years.

NOW, THEREFORE,

Through full and friendly consultations, the Parties have reached an agreement on the modification of the term of the Equity Interest Purchase Right Agreement and hereby execute this Supplementary Agreement to set forth the relevant terms.

1. Modification of the Term

Clause 6.2 of the Equity Interest Purchase Right Agreement is amended to read as follows:

“6.2 Unless earlier terminated in accordance with the relevant provisions of this Agreement or any other written agreement separately entered into by the Parties, the term of this Agreement shall be twenty (20) years, commencing on July 6, 2015 and expiring on July 5, 2035. If Party A fails to send a written termination notice to Party B and Party C at least fifteen (15) days prior to the expiration of the term, this Agreement shall be automatically renewed for another ten (10) years, and such renewal may be made indefinitely.”

2. Miscellaneous

1. This Supplementary Agreement constitutes a valid supplement to the Original Agreement and shall have the same legal effect as the Original Agreement. This Supplementary Agreement shall take effect on the date specified at the beginning hereof upon being sealed by the Parties with their official seals or special contract seals.

2. This Supplementary Agreement forms an integral part of the Original Agreement. In case of any inconsistency or conflict between this Supplementary Agreement and the Original Agreement, the provisions of this Supplementary Agreement shall prevail; matters not covered by this Supplementary Agreement shall be governed by the provisions of the Original Agreement.
3. This Supplementary Agreement is made in three (3) counterparts, with each Party holding one (1) counterpart. Each original counterpart shall have the same legal effect.

[No Text Below]

[Signature Page]

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd.(Seal)

Party B: Beijing Changyou Star Digital Technology Co.,Ltd(Seal)

Party C: Beijing Guanyou Gamespace Digital Technology Co., Ltd.(Seal)

BUSINESS OPERATION AGREEMENT

The Business Agreement (hereinafter referred to as the "Agreement") was entered into on July 6, 2015 in Beijing, the People's Republic of China ("China"):

Party A: **Beijing Changyou Gamespace Software Technology Co.,Ltd.**, having its registered address at Room 158, No.1 Building, No.3 Xijing Road, High-tech Park, Badachu, Shijingshan District, Beijing;

Party B: **Beijing Guanyou Gamespace Digital Technology Co., Ltd.**, having its registered address at Room 810, 7/F, No.1 Building, No.18 Yard B, Shijingshan Road, Shijingshan District, Beijing;

Party C: **Beijing Changyou Star Digital Technology Co., Ltd.**, having its registered address at Room A-1049, 2/F, No.3 Building, No.30 Yard, Shixing Street, Shijingshan District, Beijing.

Whereas:

1. Party A is a wholly foreign-owned enterprise legally established and validly existing under the Chinese laws and is equipped with technical expertise and practical experience in computer software development and design, and also has rich experience and professionals in information technology and services;
2. Party B, a limited liability company legally established and validly existing under the Chinese laws, can be engaged in internet information services and other value-added telecom business as approved by Beijing Communications Administration;
3. Party C, a company legally established and validly existing under the Chinese laws, is a shareholder of Party B and holds Party B's 100% equity;
4. Party A and Party B have concluded business relationships through the Operation and Maintenance Services Agreement and the Technology Development and Application Services Agreement (the "Services Agreements") and other agreements, under which, Party B shall pay all kinds of prices to Party A. Therefore, both parties acknowledge that, Party B's daily operational activities will have substantial impacts on its ability to make corresponding payments to Party A;
5. Now, the parties are willing to further make clear matters regarding Party B's business through the Agreement.

NOW THEREFORE, the parties hereby agree as follows to make clear their rights and obligations through friendly negotiations:

1. In order to guarantee the implementation of the various business agreements between Party A and Party B and Party B's payment of various payables to Party A, Party B and its shareholder Party C hereby agree that, without Party A's prior written consent, Party B will not undertake any transactions possibly having substantial influence on its assets, obligations, rights or the company's operations and Party B shall sign business contracts or agreements, sell or buy assets (except the statutory lien obtained by the related party) in the process of its normal business operations, including but not limited to the following contents:

- 1.1 lend money to any third party or undertake any debts;
- 1.2 sell or acquire any assets or rights to any third party, including but not limited to any intellectual property rights;
- 1.3 provide security interests for its assets or intellectual property to any third party;
- 1.4 transfer its agreements in terms of business to any third party.
2. Party C makes further commitments to Party A as Party B's shareholder:
 - 2.1 without Party A's written consent, it will not sell, transfer, mortgage or otherwise dispose of its legal or beneficial benefits in Party B's equity, or allow to create any other security interests thereon, except for the benefits of Party A and/or its designated persons;
 - 2.2 without Party A's written consent, it will not make any shareholders decision leading to Party B's merger or alliance with any person, or purchase of, or investment in any person or acquisition by any person, except acquisition by Party A or its designated person;
 - 2.3 without Party A's written consent, it will not incur any acts or omissions constituting any significant impacts on Party B's assets, business, and liabilities; without Party A's prior written consent, it will not sell, transfer, mortgage or otherwise dispose of any legal or beneficial benefits in Party B's assets, business or income, or allow to create any other security interests thereon at any time as of the date hereof;
 - 2.4 without Party A's written consent, it will not require Party B to consent to or by making any shareholders' decision consenting to distribute dividends or make profit distribution to shareholders;
 - 2.5 without Party A's written consent, it will not replenish, change or modify Party B's articles of association, increase or decrease Party B's registered capital in any form, or in any way change Party B's equity structure;
 - 2.6 agrees to sign the Power of Attorney attached as required by Party A on the date hereof, and within the term of the Agreement.
3. In order to guarantee the implementation of the various business agreements between Party A and Party B and Party B's payment of various payables to Party A, Party B and its shareholder Party C hereby agree to accept advice and guidance on the company's policies in terms of Party B's staff employment and dismissal, daily management and financial management system and so on provided by Party A from time to time.
4. Party B and its shareholder Party C hereby agree that, Party C will appoint the candidate recommended by Party A as Party B's director and Party B will appoint the senior officers who are employed by Party A and recommended by Party A as its general manager, chief financial officer and other senior officers. If the above senior officers of Party A leave, whether voluntarily or dismissed by Party A, they will at the same time disqualified for any of Party B's post. In such a case, Party B will appoint other senior officers who are employed by Party A and recommended by Party A to take such post. The candidates recommended by Party A according to this article to Party B must conform to the legal qualifications of the applicable laws for directors, general manager, chief financial officer or other senior officers.

5. Party B and its shareholder Party C hereby agree and confirm that, in the event that Party B requires any performance guarantee or liquidity loan guarantee during Party B's business, Party B will firstly seek guarantee from Party A. In this case, Party A shall have the right but not obligation to provide appropriate guarantees at its own discretion. If Party A decides not to provide such guarantee, it shall timely send written notice to Party B, then Party B can seek guarantees from other third party.
6. If any agreement between Party A and Party B terminates or expires, Party A shall have the right but no obligation to terminate all agreements between them, including but not limited to the Services Agreements.
7. Any amendments and modifications to the Agreement shall be made in writing. The duly signed modification agreements and supplementary agreements with respect to the Agreement constitute an integral part hereof and bear the same legal effect as the Agreement.
8. Where any provisions of the Agreement are ineffective or unenforceable due to their inconformity with the applicable laws, they will be deemed invalid within the jurisdiction of the related laws and does not affect the validity of other provisions hereof.
9. Party B will not transfer its rights or obligations under the Agreement to any third party, unless with Party A's prior written consent; Party B hereby agrees that Party A can transfer to other third party its rights and obligations under the Agreement when necessary. In such case, Party A is only required to send written notice to Party B when such transfer occurs and no longer secure Party B's consent to that transfer.
10. The parties acknowledge and confirm that the oral or written information exchanged with respect to the Agreement are confidential. The parties shall keep all such information confidential, and without the prior written consent of other party, they will not disclose any information to any third party, however, except the following information: (a) known by or will be known by the public (but not disclosed to the public by the receiving party without authorization); (b) as required to be disclosed by applicable laws or rules or regulations of the securities exchange; or (c) if any one party is required to disclose any information to its legal or financial advisor for the transactions contemplated hereunder, the said legal or financial advisers shall also be subject to the confidentiality similar to this clause. Breach of confidentiality by either party's staff or the agency hired by that party will be deemed as that by that party, which shall therefore be liable for breach. The present term will survive the invalidity, changes, revocation, termination or inoperability of the Agreement for any reason.
11. Conclusion, validity, execution, changes, interpretation, termination and disputes resolution of the Agreement shall be governed by the laws of China.

12. If and in the event that the parties hereto have disputes on the interpretation and performance of the terms hereunder, the parties shall solve the same upon negotiations in good faith. Where an agreement fails to be concluded within thirty (30) days after the disputes happen, either party can submit the said disputes to Beijing Arbitration Commission for arbitration under its arbitration rules then in force. Arbitration is to take place in Beijing. The arbitral award is final and binding on all parties. When any dispute occurs and any dispute is under arbitration, except the matter in question, the parties may still exercise other rights under the Agreement and perform other obligations hereunder.
13. The Agreement was signed by the parties' authorized representatives as of the date first written above with immediate effect.
14. Notwithstanding Article 13 of the Agreement, once valid, the Agreement constitutes the entire agreement and understanding among the parties with respect to the subject matter hereof, and supersedes all previous oral and written ones with respect to the contents hereof reached by and among the parties before the Agreement.
15. The Agreement is valid for ten (10) years unless early terminated in accordance with its related terms hereof or the related agreements separately concluded by the parties; Before the expiry of the Agreement, the Agreement can only be extended with Party A's written confirmation and the extension time will be determined by Party A at its own discretion. If during the foregoing term, Party A's or Party B's operation term (including any extension period) expires or terminates for other reasons, the Agreement will terminate upon that termination, unless the party transfers its rights and obligations according to Article 9 hereof.
16. Both parties agree and confirm that, for the purpose hereof, Party A's (written) consent refers to that the matters are subject to the approval of Party A's board of directors; if only Party C's approval is required, the approval does not constitute Party A's (written) consent hereunder.
17. Unless renewed according to the relevant provisions of the Agreement, the Agreement will terminate upon maturity. During the term hereof, Party B shall not terminate the Agreement in advance. Notwithstanding the foregoing, Party A is entitled to terminate the Agreement at any time by sending prior written notice thirty (30) days in advance to Party B.
18. The Agreement is made in four (4) copies of the same legal effect. Each party holds one (1).

THEREFORE, the parties sign or cause their authorized representatives to sign the Agreement as of the date first written above.

(The remainder of this page is intentionally left blank.)

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd.,

(seal)

Signature: _____

Party B: Beijing Guanyou Gamespace Digital Technology Co., Ltd.

(seal)

Signature: _____

Party C: Beijing Changyou Star Digital Technology Co., Ltd.

(seal)

Signature: _____

Supplementary Agreement to the Business Operation Agreement

This Supplementary Agreement (the “Agreement”) is entered into as of July 5, 2025 between and by the following Parties in Shijingshan District, Beijing, People’s Republic of China:

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd.

Party B: Beijing Guanyou Gamespace Digital Technology Co., Ltd.

Party C: Beijing Changyou Star Digital Technology Co.,Ltd.

In this Supplementary Agreement, “Party A”, “Party B” and “Party C” are collectively referred to as the “Parties”.

WHEREAS:

On July 6, 2015, Party A, Party B and Party C entered into the Business Operation Agreement (the “Original Agreement”), agreeing on matters related to Party B’s business operations, with a term of ten (10) years.

NOW, THEREFORE,

Through full and friendly consultations, the Parties have reached an agreement on the modification of the term of the Business Operation Agreement and hereby execute this Supplementary Agreement to set forth the relevant terms.

1. Modification of the Term

Article 15 of the Business Operation Agreement is amended to read as follows:

“15. Unless earlier terminated in accordance with the relevant provisions of this Agreement or any other written agreement separately entered into by the Parties, the term of this Agreement shall be twenty (20) years, commencing on July 6, 2015 and expiring on July 5, 2035. If Party A fails to send a written termination notice to Party B and Party C at least fifteen (15) days prior to the expiration of the term, this Agreement shall be automatically extended for another ten (10) years, and such extensions may be made indefinitely. If during the aforementioned term, Party A or Party B terminates its operations due to the expiration of its business term (including any extended term) or for any other reason, this Agreement shall terminate on the date of such Party’s termination, unless such Party has completed the transfer of its rights and obligations in accordance with Article 9 of this Agreement.”

2. Miscellaneous

1. This Supplementary Agreement constitutes a valid supplement to the Original Agreement and shall have the same legal effect as the Original Agreement. This Supplementary Agreement shall take effect on the date specified at the beginning hereof upon being sealed by each Party with its official seal or special contract seal.
2. This Supplementary Agreement forms an integral part of the Original Agreement. In case of any inconsistency or conflict between this Supplementary Agreement and the Original Agreement, the provisions of this Supplementary Agreement shall prevail; matters not covered by this Supplementary Agreement shall be governed by the provisions of the Original Agreement.
3. This Supplementary Agreement is made in three (3) counterparts, with each Party holding one (1) counterpart. Each original counterpart shall have the same legal effect.

[No Text Below]

Party A: Beijing Changyou Gamespace Software Technology Co.,Ltd. (Seal)

Party B: Beijing Guanyou Gamespace Digital Technology Co., Ltd. (Seal)

Party C: Beijing Changyou Star Digital Technology Co.,Ltd (Seal)

Principal Subsidiaries and VIEs of the Registrant

Name of Entity	Jurisdiction of Incorporation	Effective Interest Held through Equity Ownership/Contractual Arrangements
Subsidiaries:		
Sohu.com (Hong Kong) Limited	Hong Kong	100%
Beijing Sohu New Era Information Technology Co., Ltd.	People's Republic of China	100%
Sohu.com (Search) Limited	Cayman Islands	100%
Beijing Sohu New Media Information Technology Co., Ltd.	People's Republic of China	100%
Changyou.com Limited	Cayman Islands	100%
Changyou.com (HK) Limited	Hong Kong	100%
Beijing AmazGame Age Internet Technology Group Co., Ltd.	People's Republic of China	100%
Sohu.com (Game) Limited	Cayman Islands	100%
Beijing Changyou Gamespace Software Technology Co., Ltd.	People's Republic of China	100%
Changyou.com Korea LLC	South Korea	100%
Beijing Sohu New Momentum Information Technology Co., Ltd.	People's Republic of China	100%
Fox Information Technology (Tianjin) Limited	People's Republic of China	100%
Beijing Changyou Chuangxiang Software Technology Co., Ltd.	People's Republic of China	100%
VIEs:		
Beijing Century High-Tech Investment Co., Ltd.	People's Republic of China	100%
Beijing Sohu Internet Information Service Co., Ltd.	People's Republic of China	100%
Beijing Gamease Age Digital Technology Co., Ltd.	People's Republic of China	100%
Beijing Sohu Donglin Advertising Co., Ltd.	People's Republic of China	100%
Beijing Guanyou Gamespace Digital Technology Co., Ltd.	People's Republic of China	100%
Shanghai ICE Information Technology Co., Ltd.	People's Republic of China	100%
Tianjin Jinhu Culture Development Co., Ltd	People's Republic of China	100%
Guangzhou Qianjun Network Technology Co., Ltd.	People's Republic of China	100%

I, Charles Zhang, certify that:

1. I have reviewed this annual report on Form 20-F of Sohu.com Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2026

/s/ Charles Zhang

Charles Zhang, Chief Executive Officer and Chairman of the Board of Directors

I, Joanna Lv, certify that:

1. I have reviewed this annual report on Form 20-F of Sohu.com Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2026

/s/ Joanna Lv

Joanna Lv, Chief Financial Officer

Certification Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934

In connection with the Annual Report of Sohu.com Limited (the "Company") on Form 20-F for the fiscal year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles Zhang, Chief Executive Officer and Chairman of the Board of Directors of the Company, certify, pursuant to U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of December 31, 2025 and results of operations of the Company for the fiscal year ended December 31, 2025.

/s/ Charles Zhang

Charles Zhang, Chief Executive Officer and Chairman of the Board of Directors

March 12, 2026

Certification Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934

In connection with the Annual Report of Sohu.com Limited (the "Company") on Form 20-F for the fiscal year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joanna Lv, Chief Financial Officer of the Company, certify, pursuant to U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of December 31, 2025 and results of operations of the Company for the fiscal year ended December 31, 2025.

/s/ Joanna Lv

Joanna Lv, Chief Financial Officer

March 12, 2026

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-174955) of Sohu.com Limited of our report dated March 12, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People's Republic of China
March 12, 2026

Consent of Haiwen & Partners

March 12, 2026

Sohu.com Limited
18/F, SOHU.com Media Plaza
Block 3, No. 2 Kexueyuan South Road
Haidian District
Beijing 100190
People's Republic of China

Subject: Consent of Haiwen & Partners

We hereby consent to the filing of this consent letter as an exhibit to the annual report on Form 20-F of Sohu.com Limited (the "Company") for the Company's fiscal year ended December 31, 2025 being filed with the U.S. Securities and Exchange Commission on or about March 12, 2026 (the "Form 20-F").

We also hereby consent to the use of our firm name and summaries of our firm's opinions under the headings "Information on the Company - Governmental Regulation and Legal Uncertainties" in the Form 20-F.

Yours faithfully,

/s/ Haiwen & Partners

Haiwen & Partners