Strawbear Entertainment Group
稻草熊娛乐集团

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2125)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

FINANCIAL HIGHLIGHTS

Revenue for the year ended December 31, 2021 amounted to approximately RMB1,703.1 million, representing an increase of 78.8% from approximately RMB952.4 million for the year ended December 31, 2020.

Gross profit for the year ended December 31, 2021 amounted to approximately RMB516.2 million, representing an increase of 98.7% from approximately RMB259.8 million for the year ended December 31, 2020.

Profit for the year ended December 31, 2021 amounted to approximately RMB169.4 million, representing an increase of 831.1% from approximately RMB18.2 million for the year ended December 31, 2020.

Adjusted net profit* for the year ended December 31, 2021 amounted to approximately RMB194.1 million, representing an increase of 48.3% from approximately RMB130.9 million for the year ended December 31, 2020.

Net assets as of December 31, 2021 amounted to approximately RMB1,773.2 million, representing an increase of 689.4% from approximately RMB224.6 million as of December 31, 2020.

The Board does not recommend the payment of any dividend for the year ended December 31, 2021.

* The Group defined adjusted net profit as net profit adding back changes in fair value of financial liabilities at fair value through profit or loss, equity-settled share award expenses and listing expenses.

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2021 together with the comparative figures for the same period in 2020:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended December 31, 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
REVENUE	*4*	**1,703,064**	952,362
Cost of sales		**(1,186,879)**	(692,541)
Gross profit		**516,185**	259,821
Other income and gains	*4*	**44,145**	24,882
Selling and distribution expenses		**(227,353)**	(80,972)
Administrative expenses		**(56,578)**	(61,043)
Impairment of trade receivables, net	*12*	**(6,460)**	(6,974)
Other expenses		**(1,235)**	–
Finance costs		**(22,008)**	(9,944)
Share of profits and losses of:			
Joint ventures		**1,904**	307
Associates		**(831)**	–
Changes in fair value of financial liabilities at fair value through profit or loss		**(1,610)**	(77,657)
PROFIT BEFORE TAX	*5*	**246,159**	48,420
Income tax expense	*6*	**(76,781)**	(30,228)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**169,378**	18,192
Attributable to:			
Owners of the parent		**169,249**	18,430
Non-controlling interests		**129**	(238)
		169,378	18,192
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	*8*	**25.1 cent**	4.6 cent
Diluted (RMB)	*8*	**24.2 cent**	4.6 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,898**	9,411
Right-of-use assets		**7,828**	7,916
Goodwill	*9*	**108,341**	112,983
Other intangible assets	*10*	**14,514**	26,192
Investment in joint ventures		**5,532**	14,818
Investment in associates		**6,037**	–
Deferred tax assets		**5,716**	24,774
Total non-current assets		**150,866**	196,094
CURRENT ASSETS			
Inventories	*11*	**1,100,009**	856,338
Trade and notes receivables	*12*	**802,959**	440,731
Prepayments, other receivables and other assets		**363,208**	238,840
Due from a joint venture		**29,590**	–
Restricted cash		**–**	2,319
Pledged deposits		**91,139**	30,000
Cash and cash equivalents		**302,796**	95,598
Total current assets		**2,689,701**	1,663,826
CURRENT LIABILITIES			
Trade payables	*13*	**256,828**	238,351
Other payables and accruals	*14*	**454,569**	587,759
Interest-bearing bank and other borrowings	*15*	**278,341**	159,000
Lease liabilities		**3,302**	2,250
Due to a joint venture		**–**	73,295
Tax payable		**15,893**	5,259
Dividend payable		**48,000**	80,000
Total current liabilities		**1,056,933**	1,145,914

	Note	2021 RMB'000	2020 RMB'000
NET CURRENT ASSETS		**1,632,768**	517,912
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,783,634**	714,006
NON-CURRENT LIABILITIES			
Financial liabilities at fair value through profit or loss	*16*	**–**	475,428
Lease liabilities		**3,889**	5,270
Deferred tax liabilities		**6,513**	8,671
Total non-current liabilities		**10,402**	489,369
Net assets		**1,773,232**	224,637
EQUITY			
Equity attributable to owners of the parent			
Share capital		**112**	–
Treasury shares		**(17,053)**	–
Reserves		**1,790,273**	223,707
		1,773,332	223,707
Non-controlling interests		**(100)**	930
Total equity		**1,773,232**	224,637

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

1. CORPORATE AND GROUP INFORMATION

Strawbear Entertainment Group (the "**Company**") is a limited liability company incorporated in the Cayman Islands on 3 January 2018. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries were principally involved in the production, distribution and licensing of broadcasting rights of TV/Web series ("**drama series**").

The shares of the company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 January 2021.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through comprehensive income, financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**1,702,176**	952,362
Others	**888**	–
	1,703,064	952,362

The revenue information above is based on the locations of the customers.

(b) Non-current assets

The Group's non-current assets are all located in Mainland China.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2021	2020
	RMB'000	*RMB'000*
Customer 1	**977,701**	553,164
Customer 2	**170,473**	N/A

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the year.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,703,064**	947,534
Revenue from other sources		
Net licensing fee received from investments in drama series as a non-executive producer with share of copyrights	**–**	4,828
	1,703,064	952,362

Revenue from contracts with customers

(i) Disaggregated revenue information

	2021	2020
	RMB'000	*RMB'000*
Type of goods or services		
Licensing of the broadcasting rights of drama series	**1,107,249**	625,084
Made-to-order drama series production	**540,188**	280,189
Others	**55,627**	42,261
Total revenue from contracts with customers	**1,703,064**	947,534

	2021	2020
	RMB'000	*RMB'000*
Geographical markets		
Mainland China	**1,702,176**	947,534
Others	**888**	–
Total revenue from contracts with customers	**1,703,064**	947,534

	2021	2020
	RMB'000	*RMB'000*
Timing of revenue recognition		
Goods transferred at a point in time	**1,112,447**	658,622
Services transferred over time	**590,617**	288,912
Total revenue from contracts with customers	**1,703,064**	947,534

The following table shows the amounts revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period.

	2021	2020
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	**300,163**	318,268

All revenue arising from made-to-order drama series production for the reporting period was recognised from performance obligations partially satisfied in previous periods due to constraints on variable consideration.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Licensing of the broadcasting rights of drama series

The performance obligation is satisfied as the broadcasting rights are authorised and the customer can begin exhibiting or selling the drama series and payment is generally due within three months to six months.

Made-to-order drama series production

The performance obligation is satisfied as the drama series are complete in accordance with the terms of the contract and the customer can begin exhibiting or selling the drama series.

Others

The revenue received from the licensing of drama series' side products including games, advertisements, sale of script copyrights, act as a distribution agent and others, and payment is generally due within three months to six months.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021	2020
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**156,000**	132,075

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2021 *RMB'000*	2020 *RMB'000*
Government grants – related to income *(note)*	**26,955**	12,551
Bank interest income	**4,922**	560
Investment income from financial assets at fair value through profit or loss	**19**	–
Investment income from the co-investment arrangements in drama series	**1**	1,033
Interest income from loans receivable	**3,222**	10,010
Interest income from amount due from a joint venture	**840**	–
Gain on disposal of items of property, plant and equipment	**542**	152
Gain on disposal of an associate	**–**	56
Gain on disposal of subsidiaries	**721**	–
Net foreign exchange differences	**6,860**	–
Gain on lease termination	**60**	–
Others	**3**	520
	44,145	24,882

Note:

The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these government grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2021 RMB'000	2020 RMB'000
Cost of inventories sold		**1,200,699**	692,541
Depreciation of property, plant and equipment		**3,307**	2,511
Depreciation of right-of-use assets		**2,603**	1,883
Amortisation of other intangible assets*	*10*	**1,574**	29,410
Government grants	*4*	**(26,955)**	(12,551)
Bank interest income	*4*	**(4,922)**	(560)
Investment income from financial assets at fair value through profit or loss	*4*	**(19)**	–
Interest income from loans receivable	*4*	**(3,222)**	(10,010)
Interest income from amount due from a joint venture	*4*	**(840)**	–
Changes in fair value of financial liabilities at fair value through profit or loss		**1,610**	77,657
Lease payments not included in the measurement of lease liabilities		**918**	1,385
Listing expenses		**1,725**	24,304
Auditor's remuneration		**2,800**	2,279
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**5,697**	4,297
Equity-settled share award expenses		**4,258**	–
Pension scheme contributions**		**739**	104
Staff welfare expenses		**90**	131
		10,784	4,532
Gain on disposal of items of property, plant and equipment	*4*	**(542)**	(152)
Gain on lease termination	*4*	**(60)**	–
Share of profits of joint ventures		**(1,904)**	–
Share of losses of associates		**831**	–
Gain on disposal of subsidiaries	*4*	**(721)**	–
Loss on disposal of a joint venture		**1,133**	–
Reversal of write down of inventories to the net realisable value***		**(13,820)**	–
Impairment of trade receivables, net		**6,460**	6,974

* The amortisation of other intangible assets is included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** The reversal of write down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiary are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The statutory tax rate for the subsidiary in Hong Kong is 16.5%. No Hong Kong profits tax on this subsidiary has been provided as there was no assessable profit arising in Hong Kong during the year.

As stipulated in Cai Shui [2011] No. 112, enterprises newly established in Xin Jiang Kashgar/Horgos special economic areas during the period from 2010 to 2020 could enjoy Enterprise Income Tax ("**EIT**") exemption for five years starting from the year in which the first revenue was generated. Horgos Strawbear enjoyed the benefit under the Notice of the Ministry of Finance and the State Administration of Taxation on Income Tax Incentives for Newly-established Enterprises in Poverty Areas of Xinjiang《新疆困難地區重點鼓勵發展產業企業所得税優惠目錄》, and was entitled to such EIT exemption since 2019. According to the Filing Record of Preferential EIT《企業所得税優惠事項備案表》, Horgos Strawbear obtained the approval from the PRC tax bureau for entitlement of EIT exemption from 1 January 2019 to 31 December 2023.

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law. Nova Film Technology (Jiangsu) Co., Ltd. ("**Nova Film**") is recognised as High and New Technology Enterprises, and was entitled to a preferential tax rate of 15% (2019: 15%) during the year. Hainan Xuxuxing Culture Media Technology Co., Ltd., Hainan Jiujun Audio-Visual Communication Co., Ltd. and Hainan Yiming Culture Media Technology Co., Ltd. are recognised as Small and Low-profit Enterprises, and the first RMB1,000,000 of assessable profits of these subsidiaries is taxed at 2.5% and the remaining assessable profits is taxed at 10% during the year.

(a) The major components of the income tax expense of the Group during the year are analysed as follows:

	2021	2020
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**58,577**	34,054
Deferred tax	**18,204**	(3,826)
Total tax charge for the year	**76,781**	30,228

(b) A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	2021	2020
	RMB'000	*RMB'000*
Profit before tax	**246,159**	48,420
Tax at the statutory tax rate of 25% in Mainland China	**61,540**	12,105
Effect of tax rate differences in other jurisdictions	**(16)**	19,414
Tax effect of tax exemption granted to subsidiaries	**433**	(4,245)
Expenses not deductible for tax	**12,350**	2,728
Tax losses utilised from previous periods	**(809)**	–
Tax losses not recognised	**3,283**	226
Tax charge at the Group's effective tax rate	**76,781**	30,228

7. DIVIDENDS

The Board has resolved not to recommend payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 December 2021, as adjusted to reflect the shares repurchased under the restricted shares unit scheme during the year. The weighted average number of ordinary shares for the year ended 31 December 2020 has been retrospectively adjusted for the effect of the share subdivision on 11 May 2020 on the assumption that the share subdivision had been in effect on 1 January 2019.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect changes in fair value of financial liabilities at fair value through profit or loss, and the weighted average number of ordinary shares assumed to have been issued on conversion of all preferred shares into ordinaries shares and on the deemed exercise of all dilutive potential ordinary shares arising from the restricted share units and the share options.

The calculations of basic and diluted earnings per share are based on:

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**169,249**	18,430
Less:		
Changes in fair value of financial liabilities at fair value through profit or loss	**(1,610)**	–
Profit attributable to ordinary equity holders of the parent, before changes in fair value of financial liabilities at fair value through profit or loss	**170,859**	18,430

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**673,808,984**	400,000,000
Effect of dilution – weighted average number of ordinary shares:		
Preferred shares	**3,732,822**	–
Restricted share units	**583,514**	–
Share options	**28,815,336**	–
	706,940,656	400,000,000

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2020 in respect of a dilution as the impact of preferred shares and share options granted by the Company had an anti-dilute effect on the basic earnings per share amounts presented.

9. GOODWILL

	2021	2020
	RMB'000	*RMB'000*
Cost and net carrying amount at beginning of year	**112,983**	108,341
Acquisition of a subsidiary	**–**	4,642
Disposal of a subsidiary	**(4,642)**	–
Cost and net carrying amount at end of year	**108,341**	112,983

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

Hangzhou Yide cash-generating unit which is engaged in the production of drama series.

The recoverable amounts of the Hangzhou Yide cash-generating unit and Nova Film cash-generating unit have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The pre-tax discount rate applied to the cash flow projections and the growth rate, gross profit margin and annual revenue growth rate used to extrapolate the cash flows of the Hangzhou Yide cash-generating unit and Nova Film cash-generating unit beyond the five-year period are as follows:

Hangzhou Yide cash-generating unit

	As at 31 December 2021 %	As at 31 December 2020 %
Gross profit margin	**14**	14
Terminal growth rate	**3**	3
Pre-tax discount rate	**20.2**	19.4

Nova Film cash-generating unit

	As at 31 December 2020 %
Annual revenue growth rate	7.5
Terminal growth rate	3
Pre-tax discount rate	19.6

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2021 ***RMB'000***	2020 *RMB'000*
Hangzhou Yide cash-generating unit	**108,341**	108,341
Nova Film cash-generating unit	**–**	4,642
Total	**108,341**	112,983

Key assumptions used in the value in use calculation

The calculation of value in use is based on the following assumptions:

Cash-generating units	**Key assumptions**
Hangzhou Yide	• Gross profit margin and operating expenses • Pre-tax discount rate • Terminal growth rate

Gross profit margin and operating expenses – Gross profit margin is based on the average gross profit margin achieved in the year immediately before the budget year and are increased over the budget period for anticipated efficiency improvements. Estimates on operating expenses reflect management's commitment to maintain them at an acceptable level.

Pre-tax discount rate – the rate reflects management's estimate of the risks specific to the unit.

Terminal growth rate – the rate is based on published industry research.

The values assigned to the key assumptions on gross profit margin and operating expenses, annual revenue growth rate, discount rate and terminal growth rate are consistent with management's past experience and external information sources.

10. OTHER INTANGIBLE ASSETS

	Software *RMB'000*	Trademarks *RMB'000*	Backlog *RMB'000*	Patents *RMB'000*	Total *RMB'000*
31 December 2021					
At 1 January 2021:					
Cost	587	30	42,900	12,300	55,817
Accumulated amortisation	(315)	(13)	(28,400)	(897)	(29,625)
Net carrying amount	272	17	14,500	11,403	26,192
Cost at 1 January 2021, net of accumulated amortisation	272	17	14,500	11,403	26,192
Disposal of a subsidiary	(110)	–	–	(9,994)	(10,104)
Amortisation provided during the year	(162)	(3)	–	(1,409)	(1,574)
At 31 December 2021	–	14	14,500	–	14,514
At 31 December 2021:					
Cost	3	30	42,900	–	42,933
Accumulated amortisation	(3)	(16)	(28,400)	–	(28,419)
Net carrying amount	–	14	14,500	–	14,514
31 December 2020					
At 1 January 2020:					
Cost	3	30	42,900	–	42,933
Accumulated amortisation	(3)	(10)	–	–	(13)
Net carrying amount	–	20	42,900	–	42,920
Cost at 1 January 2020, net of accumulated amortisation	–	20	42,900	–	42,920
Acquisition of a subsidiary	382	–	–	12,300	12,682
Amortisation provided during the year	(110)	(3)	(28,400)	(897)	(29,410)
At 31 December 2020	272	17	14,500	11,403	26,192
At 31 December 2020:					
Cost	587	30	42,900	12,300	55,817
Accumulated amortisation	(315)	(13)	(28,400)	(897)	(29,625)
Net carrying amount	272	17	14,500	11,403	26,192

11. INVENTORIES

	2021 *RMB'000*	2020 *RMB'000*
Raw materials	**144,203**	78,631
Work in progress	**776,873**	331,339
Finished goods	**178,933**	446,368
	1,100,009	856,338

12. TRADE AND NOTES RECEIVABLES

	2021 *RMB'000*	2020 *RMB'000*
Trade receivables	**712,174**	443,022
Notes receivable	**108,070**	10,000
	820,244	453,022
Impairment	**(17,285)**	(12,291)
	802,959	440,731

The Group's trading terms with its customers are mainly on credit. The credit period is generally 15 to 365 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction dates and net of loss allowance, is as follows:

	2021 *RMB'000*	2020 *RMB'000*
Within 3 months	**232,121**	115,162
3 to 6 months	**217,522**	218,206
6 to 12 months	**193,852**	2,268
1 to 2 years	**51,251**	86,291
2 to 3 years	**143**	4,169
Over 3 years	**–**	4,635
	694,889	430,731

Included in the Group's trade receivables were amounts due from the Group's related parties of RMB240,816,000 (2020: RMB107,203,000), which were repayable on credit terms similar to those offered to the major customers of the Group.

The Group's notes receivable were all aged within one year and were neither past due nor impaired.

The Group's trade receivables with an aggregate net carrying value of approximately RMB649,438,000 (2020: RMB379,791,000), were pledged to secure the bank loans granted to the Group (note 15).

At 31 December 2021, notes receivable of RMB20,000,000 (2020: Nil), whose fair values approximate to their carrying values were classified as financial assets through other comprehensive income under HKFRS 9, and the remaining notes receivable of RMB88,070,000 (2020: RMB10,000,000) were measured at amortised cost. The fair value changes of these notes receivable at fair value through other comprehensive income were insignificant during the reporting periods.

At 31 December 2021, the Group endorsed certain notes receivable accepted by banks in Mainland China (the "**Endorsed Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**") with a carrying amount in aggregate of RMB41,370,000 (2020: RMB10,000,000). In addition, at 31 December 2021, the Group discounted certain notes receivable accepted by certain banks in Mainland China (the "**Discounted Notes**") with a carrying amount in aggregate of RMB79,200,000 (2020: Nil). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes and the Discounted Notes have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**").

In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain Endorsed Notes accepted by large and reputable banks with an amount of RMB40,500,000 (2020: Nil) as at 31 December 2021 (the "**Derecognised Notes**"). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables settled by the Endorsed Notes.

The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

At 31 December 2021, the Group continued to recognise the full carrying amount of the remaining Endorsed Notes and the associated trade payables settled with an amount of RMB870,000 (2020: RMB10,000,000), and to recognise the proceeds received from the discount of the remaining Discounted Notes with an amount of RMB79,200,000 (2020: Nil) as short-term loan because the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed and Discounted Notes. During the year, the Group recognised the interest expense on the discounted notes receivable amounting to RMB3,938,000 (2020: Nil).

13. TRADE PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**256,828**	238,351

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**92,640**	89,143
3 to 6 months	**16,230**	64,966
6 to 12 months	**103,550**	29,447
1 to 2 years	**33,608**	50,837
2 to 3 years	**7,555**	3,958
Over 3 years	**3,245**	–
	256,828	238,351

Included in the trade payables were trade payables of RMB61,944,000 (2020: RMB16,083,000), due to the Group's related parties which were repayable within 120 days, which represented credit terms similar to those offered by the related parties to their major customers.

The trade payables are non-interest-bearing and are normally settled on 90 to 365 days' terms.

14. OTHER PAYABLES AND ACCRUALS

	2021	2020
	RMB'000	*RMB'000*
Contract liabilities *(note a)*	**392,603**	411,006
Other payables *(note b)*	**42,649**	66,085
Other tax payables	**13,943**	26,990
Accrued liabilities	**4,547**	71,223
Interest payable	**484**	308
Payroll and welfare payable	**343**	630
Amount received under the co-investment arrangements – without share of copyrights	**–**	11,517
	454,569	587,759

Notes:

(a) Details of contract liabilities are as follows:

	2021	2020
	RMB'000	*RMB'000*
Short-term advances received from customers		
Licensing of the broadcasting rights of drama series	**156,000**	77
Made-to-order drama series production	**236,603**	406,793
Others	**–**	4,136
Total contract liabilities	**392,603**	411,006

Contract liabilities include short-term advances received from the licensing of broadcasting rights of drama series, made-to-order drama series production and others.

Included in contract liabilities are advances received from the Group's related parties of RMB286,603,000 (2020: RMB406,793,000).

(b) Other payables are non-interest-bearing and repayable on demand.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate *(%)*	**Maturity**	**2021** ***RMB'000***
Current			
Bank loan – secured *(note a)*	**5.22**	**2022**	**130,213**
Bank loan – secured *(note b)*	**5.22**	**2022**	**30,048**
Discounted notes receivable – secured *(note c)*	**5.00**	**2022**	**79,200**
Bank loan – unsecured	**4.85**	**2022**	**10,015**
Other borrowing – unsecured	**8.00**	**2022**	**28,865**
			278,341

	Effective interest rate *(%)*	Maturity	2020 *RMB'000*
Current			
Bank loan – secured *(note a)*	5.66	2021	130,000
Bank loan – secured *(note d)*	4.35	2021	10,000
Bank loan – secured *(note d)*	4.35	2021	4,000
Bank loan – secured *(note d)*	4.35	2021	5,000
Bank loan – unsecured	5.01	2021	10,000
			159,000

	2021 ***RMB'000***	2020 *RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year	**249,476**	159,000
Other borrowing repayable:		
Within one year	**28,865**	–
	278,341	159,000

Notes:

(a) The Group's bank loans are secured by the pledge of certain of the Group's trade receivables amounting to RMB544,438,000 (2020: RMB379,791,000) and short term deposits amounting to RMB30,529,000 (2020: RMB30,000,000) and are guaranteed by the Company (2020: guaranteed by subsidiaries).

(b) The Group's bank loan is secured by the pledge of certain of the Group's trade receivables amounting to RMB105,000,000 (2020: Nil) and is guaranteed by subsidiaries.

(c) The Group's discounted notes receivable are secured by the pledge of short term deposits amounting to RMB60,610,000 (2020: Nil).

(d) The Group's bank loans are guaranteed by a subsidiary.

16. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

On 29 November 2018, the Company issued Series Seed redeemable preferred shares ("**Series A**") to a third party investor, Taurus Holding Ltd., ("**Taurus Holding**"), at a consideration of US$40,000,000 (equivalent to US$40,000,000). On 21 May 2020, the Company issued and allotted 26,720,000 Series A of a par value of US$0.000025 each to Taurus Holding at a consideration of US$15,139,000 (equivalent to US$15,139,000). On 15 January 2021, all Series A were fully converted to ordinary shares.

	Total
	RMB'000
As at 1 January 2020	289,521
Issue of preferred shares	108,250
Changes in fair value	77,657
As at 31 December 2020 and 1 January 2021	475,428
Changes in fair value	1,610
Conversion of preferred shares to ordinary shares	(477,038)
As at 31 December 2021	–

The Company has used the Market Approach or Backsolve Method when applicable to determine the underlying share value of the Company and adopted the equity allocation model to determine the fair value of the preferred shares as of the dates of issuance and at the end of the reporting period.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2020.

Significant unobservable inputs

	2020
Time to IPO	2021/1/15
Time to liquidation/redemption	2023/11/29
Risk-free rate	1.20%
Equity volatility – IPO	40%
Equity volatility – liquidation/redemption	45%
DLOM – Series A	2%

Quantitative sensitivity analysis

	2020
	RMB'000
1 year increase in time to exit event	183
1% increase in risk-free rate	(163)
1% decrease in risk-free rate	201
10% increase in equity volatility	70
10% decrease in equity volatility	(211)
5% increase in DLOM	N/A
5% decrease in DLOM	N/A
1% increase in DLOM	(4,865)
1% decrease in DLOM	4,865

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

The Group is a major content producer and distributor in the PRC, principally engaged in the investment, development, production and distribution of TV series, web series and films. In 2021, the Group was successfully listed on the main board of the Stock Exchange. Benefited from the resource integration capability and brand influence enhanced by the listing and making the best of the Group's platform business model, the Group has entered a new stage of rapid development this year.

In 2021, as the market environment kept evolving, the Group established a close connection among platforms, content, business partners and artists through its platform business model, made decisions in a forward-looking manner, and timely adjustment in its development strategies, so as to adapt to the rapidly changing and increasing demand on quality content, and position itself to harness continued growth. Therefore, the Group took advantage of its strength on resources and quality control empowered by the "comprehensive middle platform" under its platform business model to rapidly connect the high-quality resources in various parts of the industrial chain. Leveraging on its professional service capability in content commercialisation and its ever-enhancing resources and content ecosystem in the industry, the Group has realized simultaneous growth in content production and content broadcasting.

In 2021, the Group, as the main/sole investor and executive producer, invested in and produced 8 drama series, including The Bachelors (追愛家族) (a modern metropolitan drama series starring Guo Jingfei (郭京飛), Jia Nailiang (賈乃亮), Tan Zhuo (譚卓) and Xiong Ziqi (熊梓淇)); My Girlfriend is The Antidote (我的女友是解藥) (a modern metropolitan drama series starring Jia Yi (嘉羿) and Jin Zixuan (金子璇)); Our Destiny In Self-Redemption (浮圖緣) (a period fantasy drama series starring, among others, Wang Hedi (王鶴棣), Chen Yuqi (陳鈺琪)); Cat & Thief (鬥賊) (a crime comedy starring, among others, Huang Jingyu (黃景瑜) and Xiu Rui (修睿)); Legend of Bikini (乘風踏浪) (a modern metropolitan drama series starring Qiao Shan (喬杉) and Yang Zishan (楊子姍)); Never Too Late (我的助理六十歲) (a modern metropolitan drama series starring Wang Ziwen (王子文), Deng Jie (鄧婕) and Bai Jingting (白敬亭)); Welcome (請君) (a fantasy mystery drama series starring Ren Jialun (任嘉倫) and Li Qin (李沁)); and Never Give Up (今日宜加油) (a metropolitan comedy starring Zheng Kai (鄭愷), Wang Hedi (王鶴棣) and Chen Yuqi (陳鈺琪)). This represents a 100% increase compared with 4 drama series produced in 2020, which was mainly attributable to the scale effect from the deepening of the Group's platform business model.

The Group's content production capacity has also been widely recognised by the market. Since 2017, the Group has been listed as the holder of the Television Drama Production Permit (Class A) (《電視劇製作許可證(甲種)》) for five consecutive years, and became one of the 41 holders of the permit in 2021-2023 as well as the only non-state-owned company holding the permit in Jiangsu province. The Group was also awarded the "Golden Phoenix Tree Award – Top 10 Digital Cultural Enterprises" (金梧桐獎 – 數字文化企業十強) for 2021 by the Nanjing Cultural Industry Association in recognition of the Group's business upgrade and rapid growth.

As of December 31, 2021, in addition to the drama series broadcast and to be broadcast, the Group had engaged screenwriters to create 13 original IPs based on initial ideas and 40 adapted IPs based on licensed IPs, including teen drama, office drama, family drama, comedy, history, period romance and other themes. The Group has also strengthened its control over the quality and conversion rate of IP development content while its IP reserve keeps increasing.

The Group will continue to aim to provide the public with diversified, eye-catching and exciting content and, by developing both internal and external execution capability, devote itself to promote correct values and create high-quality content.

Business Analysis by Business Line

(i) Licensing of broadcasting rights of the drama series to TV channels, online video platforms and third-party distributors

In 2021, the Group achieved simultaneous growth in terms of drama series having been broadcast and to be broadcast for its business of licensing of the broadcasting rights of drama series.

The Group broadcast 15 drama series in 2021, including The Forerunner (前行者), My Bargain Queen (我的砍價女王), representing an increase of 66.7% as compared to 9 drama series having broadcast in 2020. The revenue generated form the Group's licensing of the broadcasting rights of drama series increased significantly from RMB625.1 million for the year ended December 31, 2020 to RMB1,107.2 million for the year ended December 31, 2021, representing an increase of 77.1%.

With the continuous deepening of the platform business model and empowered by its high-quality industry resources, the Group has rapidly increased its efficiency in production and distribution. For example, the production of The Forerunner (前行者)[1], a drama series produced and distributed by the Group, was started filming in October 2020, and the whole process from filming to post-production and distribution was completed in less than 12 months. This drama series was broadcast in October 2021, which features a breathtaking story of the battle of wits between the firm and advancing revolutionaries and secret agents in the early 1930s, and also received a good broadcasting effect. The Group will also continue to explore the way to create a virtuous cycle between its production capacity and the product quality in order to improve the quality of its drama series.

In addition, the Group has a strong pipeline of high quality and variety of drama series to be broadcast in the near future, including The Bachelors (追愛家族), a modern metropolitan romance drama series about a family's courageous pursuit of love, which closely reflects the contemporary metropolitan life; Cat & Thief (鬥賊), a crime comedy about the battle of wits between a detective and the "king of thieves"; and Never Too Late (我的助理六十歲), a modern metropolitan drama series about two generations of people encouraging each other, actively pursuing self-realisation, and bravely changing their lives.

1 The name of the drama series Party Group (黨小組) has been changed to The Forerunner (前行者) from October, 2021.

(ii) Production of made-to-order drama series per online video platforms' orders

In 2021, the Group recorded a stable delivery for its made-to-order drama series production business, with three made-to-order drama series delivered in the year, the same as in 2020. However, the investment scale for the delivered made-to-order drama series was substantially larger. Compared with the drama series delivered in 2020, the investment scale for the dramas delivered this year, such as Spirit Realm (靈域) and Breath Of Destiny (一起深呼吸), was relatively larger, leading to a significant increase of the revenue generated from the production of made-to-order drama series of the Group by 92.8% from RMB280.2 million for the year ended December 31, 2020 to RMB540.2 million for the year ended December 31, 2021.

The Group has been actively attempting to weave various elements into its drama series. For instance, a large number of special effects was added to Spirit Realm (靈域), a fantasy drama series delivered this year, in the filming and post-production stage to create a spirit realm world; while Breath Of Destiny (一起深呼吸), which was delivered this year, is a foreign aid medical group drama series, which told the story about how Chinese doctors dispatched for foreign medical aid keep their professionalism and show the nation's image under harsh circumstances and environment. The Group's gross profit margin for production of made-to-order drama series decreased from 21.0% for the year ended December 31, 2020 to 5.3% for the year ended December 31, 2021, primarily caused by the higher cost of special effects added to Spirit Realm (靈域).

The Group will continue to seize the opportunities brought from the innovation in the business cooperation mode of the online platform, steadily develop its production of made-to-order drama series business, and continue to explore the way to upgrade the quality and innovation of the content while maintaining its existing level of production. As of December 31, 2021, the Group had a number of drama series that were in post-production or production stage, including Welcome (請君), a Republican era fantasy romance drama series, and Flying To The Moon (月歌行), a period fantasy romance drama series.

(iii) Others

The Group's other business primarily includes (i) special effects editing and other post-production work for films and drama series undertaken by Nova Film, a subsidiary of the Group before its disposal on November 26, 2021 (for details, please refer to the announcement of the Company dated November 26, 2021); (ii) assignment of copyright of IP license(s) held by the Group to the independent third party/parties; (iii) providing product placement opportunities for advertisers; (iv) investing in drama series as a non-executive producer; and (v) awards for drama series.

OUTLOOK

Looking forward, the Group believes that its platform is highly adaptable to the changing content ecosystem and well positioned for continued growth. With the technological innovation and the increasing demand for high-quality content forms, the Group will put more focus on content creation and production with its own IP, and continue to enhance and build the brand effect and commercial success of a single product. With its accurate judgment on the market environment, its forward-looking positioning on the content segments and the strict evaluation system for content quality, the Group is able to continue to improve the quality and reputation of its content output, and actively expand the forms of cooperation and attract new business partners. The Group will make effort to identify high-calibre talents and artists in the industry and maintain stable cooperation with them, continue to take advantage of its extensive platform integration capabilities and its intensive professional service capabilities to reinforce its cooperation with existing talents and artists in the industry, while attracting more outstanding and development-oriented partners. The Group will also strive for developing original and serialised IP works, and actively explore to broaden its presence in the whole industry chain on the basis of its IP operation; actively expand into new segments in cultural and entertainment industry, explore to realise diversified monetization opportunities and revenue model. The Group will also expand its presence in cultural and entertainment industry with enhanced quality of the content through its platform, ecosystem and diversification in order to achieve its development goal of long-term growth and innovation.

As of the date of this announcement, as the spread of COVID-19 has still occurred in China, the Group will continue to put corporate social responsibility as top priority and actively take measures to fight against the pandemic, observe pandemic prevention requirements and practice social responsibility.

The Group is determined to make great strides forward hand in hand with industry participants.

IMPACT OF COVID-19

There has been an outbreak of an infectious disease caused by COVID-19. The disease quickly spread within the PRC and globally and materially and adversely affected the global economy. The outbreak has endangered the health of many people residing in China and significantly disrupted travel and the local economy across the country. However, the Chinese government adopted several effective measures to curb spread of the outbreak. At the same time, the Group also adopted a strict disease prevention scheme to reduce the risk of its employees from infection of COVID-19.

For the whole year of 2021, the spread of COVID-19 in China still occurred but the recurrence did not materially and adversely affect the cost of the drama series being filmed by the Group and did not have material adverse impact on the operation, financial condition, and cash flows of the Group.

If COVID-19 continues to spread in 2022 or the PRC government authorities prohibit the Group from filming its drama series to avoid a new wave of infections, such events may cause the filming drama series suspended and the process of drama series at preproduction stage delayed, and in turn affect the business operations and financial position of the Group.

The Group does not expect the outbreak of COVID-19 would have a significant impact on its business operations and financial condition primarily because its business activities mainly involve drama series and films production and the licensing of the copyrights of drama series and films. Except for on-site filming, the Group's early-stage preparations, screenwriters, post-production partners and employees can work remotely and communicate with each other through mobile phones, computers, the internet and other media tools to facilitate the progress of each project in a timely manner. Except for the costs in association with drama series and films, the Group's monthly fixed costs, such as employee expenses and rental expenses are relatively lower.

The Group will adhere to take a priority on corporate social responsibility, actively take anti-epidemic actions, fulfill social responsibility, and work hand in hand with industry partners to help each other to move forward.

Revenue by Business Line

The Group's revenue increased from RMB952.4 million for the year ended December 31, 2020 to RMB1,703.1 million for the year ended December 31, 2021, primarily attributable to the significant increase in revenue generated from licensing of the broadcasting rights of drama series and production of made-to-order drama series in line with its business development in such business lines to produce and distribute high-quality drama series.

Licensing of the broadcasting rights of drama series

The Group's revenue generated from licensing of broadcasting rights of drama series increased from RMB625.1 million for the year ended December 31, 2020 to RMB1,107.2 million for the year ended December 31, 2021, primarily due to the increase in the number of drama series broadcast in 2021. The Group broadcast 15 drama series in 2021, including The Forerunner (前行者), My Bargain Queen (我的砍價女王), representing an increase of 66.7% as compared to 9 drama series broadcast in 2020.

Made-to-order drama series production

The Group's revenue generated from production of made-to-order drama series increased from RMB280.2 million for the year ended December 31, 2020 to RMB540.2 million for the year ended December 31, 2021. The Group delivered three made-to-order drama series in 2021, which was same as in 2020. However the investment scale for the delivered made-to-order drama series, such as Spirit Realm (靈域) and Breath Of Destiny (一起深呼吸), was substantially larger than in 2020.

Others

Others primarily comprise revenues from (i) special effects editing and other post-production work for films and drama series generated by Nova Film, a company the Group acquired as subsidiary in June 2020 and disposed in November 2021; (ii) the assignment fee received from the copyright of an IP license; (iii) product placements for advertisers; (iv) the net licensing fees received from investments in drama series as a non-executive producer; and (v) awards for drama series.

Gross Profit and Gross Profit Margin

The Group's gross profit increased significantly by 98.7% from RMB259.8 million for the year ended December 31, 2020 to RMB516.2 million for the year ended December 31, 2021. The Group's gross profit margin increase to 30.3% for the year ended December 31, 2021 from 27.3% for the year ended December 31, 2020, primarily due to the combined effect of (i) a decrease in the production cost of drama series through taking advantage of the Group's extensive platform integration capabilities; (ii) an increase of gross profit margin of licensing of broadcasting right of drama series due to market opportunities; and offset by (iii) a relatively lower gross profit margin of Spirit Realm (靈域), mainly attributable to a higher post-production cost of such fantasy genre.

Other Income and Gains

Other income and gains increased by 77.4% or approximately RMB19.3 million from RMB24.9 million for the year ended December 31, 2020 to RMB44.1 million for the year ended December 31, 2021. This was primarily attributable to the increase in government grants of RMB14.4 million and the increase in bank interest income of RMB4.4 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses significantly increased by 180.8% to RMB227.4 million for the year ended December 31, 2021 from RMB81.0 million for the year ended December 31, 2020, primarily because (i) the increase in number of drama series distributed to TV channels as the Group undertook the responsibility of promoting such drama series; and (ii) the increased advertising input for high-quality drama series in order to further improve the market recognition of the brand.

Administrative Expenses

The Group's administrative expenses decreased by 7.3% to RMB56.6 million for the year ended December 31, 2021 from RMB61.0 million for the year ended December 31, 2020, primarily due to the decrease in listing expenses of RMB22.6 million, and partly offset by (i) the increase in the equity-settled share award expenses of RMB10.7 million; and (ii) the increase in professional services expenses of RMB3.5 million.

Income Tax Expense

The Group's income tax expense increased by 154.0% to RMB76.8 million for the year ended December 31, 2021 from RMB30.2 million for the year ended December 31, 2020, primarily due to (i) the increase in taxable profit made in 2021; and (ii) the increase of deferred tax expense which were primarily impacted by the decrease of accrued expenses.

Non-HKFRS Measure

To supplement its historical financial information which are presented in accordance with HKFRS, the Group also uses adjusted net profit as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with, HKFRS. The Group believes that this non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of its operating performance. The Group believes that this measure provides useful information to investors and others in understanding and evaluating its results of operations in the same manner as it helps the Group's management. However, the Group's presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS.

The Group defines adjusted net profit as profit for the year adjusted by adding back changes in fair value of financial liabilities at fair value through profit or loss, equity-settled share award expenses and/or listing expenses incurred during the respective period. The Group eliminates the potential impacts of these items that the management does not consider to be indicative of the Group's operating performance, as they are either non-operating or one-off expenses. Changes in fair value of financial liabilities at fair value through profit or loss and equity-settled share award expenses are also non-cash items and unrelated to the Group's principal business, and therefore are not indicative of its profit from operations post-completion of the Listing. In particular, changes in fair value of financial liabilities at fair value through profit or loss refer to redeemable preferred shares, which were converted into ordinary shares immediately prior to the Listing and are not expected to recur after such conversion. Listing expenses are one-off expenses relating to the Listing.

The table below reconciles the Group's adjusted net profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is the net profit for the year:

	Year ended December 31,	
	2021	2020
	(RMB in thousands)	
Reconciliation of net profit to adjusted net profit		
Net profit for the year	**169,378**	18,192
Add:		
Changes in fair value of financial liabilities at fair value through profit or loss	**1,610**	77,657
Equity-settled share award expenses	**21,424**	10,729
Listing expenses	**1,725**	24,304
Adjusted net profit	**194,137**	130,882

Trade and Notes Receivables

The Group's trade receivables increased by 60.8% to RMB712.2 million as of December 31, 2021 from RMB443.0 million as of December 31, 2020, primarily due to the increase in trade receivables of RMB653.7 million for drama series broadcast in 2021 such as My Bargain Queen (我的砍價女王) and Forerunner (前行者), and partially offset by the decrease in trade receivables of RMB384.5 million for drama series broadcast in previous years, such as Inside Man (局中人) and Unbending Will (石頭開花).

As of December 31, 2020 and 2021, the Group made provisions for impairment of trade receivables of approximately RMB12.3 million and RMB17.3 million, respectively, which the Group believes were sufficient as of the end of each year.

The Group's notes receivables increased from RMB10.0 million as of December 31, 2020 to RMB108.1 million as of December 31, 2021, primarily due to (i) the increase in notes receivables from a top satellite TV channel for the licensing fees of Inside Man (局中人) broadcast in 2020; and (ii) the increase in notes receivables received as prepaid production fee.

Goodwill

The Group's goodwill decreased to RMB108.3 million as of December 31, 2021 from RMB113.0 million as of December 31, 2020, primarily due to the disposal of Nova Film in November 2021.

Other Intangible Assets

The Group's other intangible assets decreased from RMB26.2 million as of December 31, 2020 to RMB14.5 million as of December 31, 2021, primarily due to the amortisation of intangible assets and the disposal of Nova Film in November 2021.

Trade Payables

The Group's trade payables increased by 7.8% from RMB238.4 million as of December 31, 2020 to RMB256.8 million as of December 31, 2021, primarily due to the increase in the number of drama series that were in post-production or production stage as of December 31, 2021 in comparison with 2020.

Other Payables and Accruals

The Group's other payables and accruals decreased by 22.7% to RMB454.6 million as of December 31, 2021 from RMB587.8 million as of December 31, 2020, primarily due to (i) the decrease in accrued liabilities of RMB66.7 million from RMB71.2 million due to the decrease in drama series scheduled to broadcast via TV channels as of December 31, 2021 in compared with 2020; and (ii) the decrease in contract liabilities of RMB18.4 million from RMB411.0 million since certain amount of contract liabilities as of December 31, 2020 had been recognised as revenue during the year ended December 31, 2021 for Spirit Realm (靈域) and Breath Of Destiny (一起深呼吸) which broadcast in 2021.

Financial Liabilities at Fair Value through Profit or Loss

The Group's financial liabilities at fair value through profit or loss decreased by 100.0% from RMB475.4 million as of December 31, 2020 to nil as of December 31, 2021, primarily because the financial liabilities at fair value through profit or loss refer to redeemable preferred shares, which have been converted into ordinary shares immediately prior to the Listing.

CAPITAL STRUCTURE, LIQUIDITY AND CAPITAL RESOURCES

The Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on January 15, 2021.

On February 7, 2021, the over-allotment option described in the Prospectus was fully exercised in respect of an aggregate of 24,867,000 Shares, representing 15% of the total number of the offer shares initially available under the global offering (before any exercise of the over-allotment option). The over-allotment shares were allotted and issued by the Company at HK$5.88 per Share on February 10, 2021. Immediately after the completion of the issue and allotment of the over-allotment shares, the Company had 687,967,000 ordinary shares of US$0.000025 each. For details, please refer to the announcement of the Company dated February 7, 2021.

On November 9, 2021, 6,780,000 new Shares, representing approximately 0.98% of the total number of Shares in issue of the Company as of the date of this announcement, were allotted and issued by the Company to the trustee under the RSU Scheme to hold on trust for the grantees of the RSUs. For details, please refer to the announcement of the Company dated November 4, 2021. There has been no movement in the issued Shares of the Company since then.

The Company maintained a healthy financial position in 2021. The Group's total assets increased from RMB1,859.9 million as of December 31, 2020 to RMB2,840.6 million as of December 31, 2021, whilst the Group's total liabilities decreased from RMB1,635.3 million as of December 31, 2020 to RMB1,067.3 million as of December 31, 2021. The Group's liabilities-to-assets ratio decreased from 87.9% as of December 31, 2020 to 37.6% as of December 31, 2021.

Historically, the Group financed its capital expenditure and working capital requirements mainly through cash generated from operations, bank and other borrowings, net proceeds received from the global offering and capital contributions from Shareholders. As of December 31, 2021, the Group maintained a sufficient working capital (current assets less current liabilities) and cash and cash equivalents amounted to RMB1,632.8 million and RMB302.8 million, respectively, as compared to RMB517.9 million and RMB95.6 million, respectively, as of December 31, 2020.

As of December 31, 2021, all of the cash and cash equivalents of the Group were denominated in RMB, HK$ and US$.

The Group believes that its liquidity requirements will continue to be satisfied by using a combination of cash generated from operating activities, interest-bearing bank and other borrowings and the net proceeds received from the global offering of the Company.

As of December 31, 2021, the Group's total interest-bearing bank and other borrowings were approximately RMB278.3 million, all of which were at fixed interest rate and denominated in RMB.

The Group currently does not have any foreign currency hedging policies. The management will continue to pay attention on the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

As of December 31, 2021, the Group did not have any significant contingent liabilities.

Capital Expenditure

The Group's capital expenditures primarily included purchase of property, plant and equipment. The Group's capital expenditures decreased to RMB1.8 million in 2021 from RMB2.6 million in 2020. The Group plans to fund its planned capital expenditures using cash generated from operations as well as the net proceeds from the global offering.

Financial Ratios

Return on Equity

The Group's return on equity increased from 8.7% for the year ended December 31, 2020 to 17.0% for the year ended December 31, 2021, primarily because its profit for the year increased significantly outpaced the increase in the arithmetic mean of the opening and closing balances of its total equity from 2020 to 2021.

Return on Assets

The Group's return on assets increased from 0.9% for the year ended December 31, 2020 to 7.2% for the year ended December 31, 2021, primarily because its profit for the year increased significantly outpaced the increase in the arithmetic mean of the opening and closing balances of its total assets from 2020 to 2021.

Current Ratio

The Group's current ratio increased from 1.45 for the year ended December 31, 2020 to 2.54 for the year ended December 31, 2021, primarily attributable to the increase in its current assets, which is line with the expansion and growth of its business.

Debt to Equity Ratio[1]

The Group's debt to equity ratio was 64.2% as of December 31, 2020 and not applicable as of December 31, 2021 as the ratio became negative, primarily due to the decrease in its net debt which was primarily attributable to the decrease in amounts due to a joint venture and the significant increase in cash and cash equivalents.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

On November 26, 2021, Jiangsu Strawbear, a consolidated affiliated entity of the Company, entered into a share repurchase agreement, pursuant to which Jiangsu Strawbear agreed to dispose of 90.1% equity interest in Nova Film at a consideration of RMB14,195,205.48. The disposal of Nova Film was completed on November 26, 2021. Upon completion, Nova Film ceased to be a consolidated affiliated entity of the Company. For details of the disposal of Nova Film, please refer to the announcement of the Company dated November 26, 2021.

Saved as the disposal of Nova Film mentioned above, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2021. As of December 31, 2021, the Group did not hold any significant investments.

PLEDGE OF ASSETS

As of 31 December 2021, the Group's trade receivables, which had an aggregate net carrying value of approximately RMB649,438,000 (2020: RMB379,791,000), and the pledged deposit amounting to RMB91,139,000 (2020: RMB30,000,000) were pledged to secure the interest-bearing bank and other borrowings granted to the Group.

FINANCIAL RISKS

Credit Risk

The Group's credit risk is primarily attributable to trade and notes receivables, financial assets included in prepayments, other receivables and other assets and cash deposits at banks. The maximum exposure to credit risk is represented by the carrying amounts of these financial assets in its consolidated statements of financial position.

1 Debt to equity ratio is calculated based on net debt (of which net debt is defined as interest-bearing bank and other borrowings, lease liabilities and due to a joint venture deduct cash and cash equivalents) divided by total equity as of the relevant dates multiplied by 100%.

To manage its credit risk arising from financial asset at fair value through profit or loss and cash deposits, the Group mainly trades with recognised and creditworthy third parties. Receivable balances are monitored on an on-going basis.

The Group measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. The Group does not provide any guarantees which would expose the Group to credit risk. As the Group's historical credit loss experiences do not indicate significantly different loss patterns for different businesses, the loss allowance based on past due status is not further distinguished between its different customer bases.

Liquidity Risk

The Group manages liquidity risk by closely and continuously monitoring its financial position. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by its management to finance its operations and mitigate the fluctuations in cash flows.

FINAL DIVIDENDS

The Board has resolved not to recommend payment of a final dividend for the year ended December 31, 2021.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2021, the Group had 55 employees, including 24 based in Jiangsu Province, 22 based in Beijing, 3 based in Xinjiang Uyghur Autonomous Region, 2 based in Zhejiang Province and 4 based in Hainan Province. The following table shows a breakdown of the employees by function as of December 31, 2021:

Functions	Number of Employees	% of Total Employees
Management	4	7.3%
Production	16	29.1%
Investment	3	5.5%
Distribution	4	7.3%
Casting	1	1.8%
Marketing and promotion	5	9.1%
Government affairs	1	1.8%
Finance and legal	13	23.6%
Administrative	7	12.7%
Overseas development	1	1.8%
Total	**55**	**100.0%**

For the year ended December 31, 2021, total staff remuneration expenses including Directors' remuneration amounted to RMB30.6 million. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other employee benefits primarily include social insurance and housing provident contributions made by the Group, performance-based compensation and discretionary bonus.

The Group believes it has maintained good relationships with its employees. The employees are not represented by a labor union. As of the date of this announcement, the Group did not experience any strikes or any labor disputes with its employees which have had or are likely to have a material effect on its business.

The employees of the Group typically enter into standard employment contracts with a confidentiality clause and non-compete agreements with the Group. The Group places high value on recruiting, training and retaining its employees. The Group maintains high recruitment standards and provides competitive compensation packages. Remuneration packages for its employees mainly comprise base salary and bonus. The Group also provides both in-house and external trainings for its employees to improve their skills and knowledge. The Group also adopted Pre-IPO Share Option Scheme and RSU Scheme to reward the selected employees for their contribution to the growth and development of the Group.

The Group contributes to housing provident funds and various employee social security insurance that are organised by applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury and unemployment insurance, under which the Group makes contributions at specified percentages of the salaries of employees in accordance with applicable PRC laws, rules and regulations.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company issued 165,780,000 ordinary Shares at HK$5.88 which were listed on the Main Board of the Stock Exchange on January 15, 2021 and issued 24,867,000 ordinary shares at HK$5.88 upon the full exercise of the over-allotment option, which were listed on the Main Board of the Stock Exchange on February 10, 2021. The nominal value of the ordinary Shares is US$0.000025 per Share.

The net proceeds from the global offering received by the Company, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the global offering, amounted to approximately HK$1,071.1 million (the "**Net Proceeds**").

On September 15, 2021, the Board has resolved to re-allocate part of the unutilised Net Proceeds of approximately HK$635.7 million (approximately 59.4% of the Net Proceeds), of which (i) HK$528.6 million originally intended to be used for funding the production of Hello Baby (你好寶貝), My Mr. Cat (我的貓先生), Steal His Heart (偷走他的心), The Wind Catcher (捕風者) and Two Capitals (兩京十五日) was re-allocated to funding the production of Cat & Thief(2) (鬥賊), Legend Of Bikini (乘風踏浪), Never Too Late (我的助理六十歲) and Welcome (請君)(3); and (ii) HK$107.1 million originally intended to be used for acquiring one premium copyright company which focuses on investment, development, production and distribution of web series was re-allocated to acquiring more premium IPs. For details, please refer to the announcement of the Company dated September 15, 2021 (the "**Announcement**").

The following table sets out (i) the original allocation of Net Proceeds as set out in the Prospectus; (ii) the revised allocation of the unutilized Net Proceeds as set out in the Announcement; (iii) the utilised and unutilised amount of Net Proceeds as of December 31, 2021; and (iv) the latest expected timeline for utilisation:

	Net proceeds from the global offering and utilisation				
	Original allocation of Net Proceeds *HK$ in million*	**Revised allocation of Net Proceeds** *HK$ in million*	**Utilised amount of Net Proceeds as of December 31, 2021** *HK$ in million*	**Unutilised amount of Net Proceeds as of December 31, 2021** *HK$ in million*	**Expected timeline for utilisation** [(1)]
Funding the drama series production of the Group					
Our Destiny In Self-Redemption (浮圖緣)	76.5	76.5	76.5	–	–
Flying To The Moon (月歌行)	100.8	100.8	100.8	–	–
Handsome Young Master (公子傾城)	38.6	38.6	38.6	–	–
Hello Baby (你好寶貝)	57.0	–	–	–	–
My Mr. Cat (我的貓先生)	68.6	4.1	4.1	–	–
Steal His Heart (偷走他的心)	68.6	0.1	0.1	–	–
The Wind Catcher (捕風者)	87.1	1.1	1.1	–	–
Two Capitals (兩京十五日)	252.6	–	–	–	–
Cat & Thief[(2)] (鬥賊)	–	110.0	110.0	–	–
Legend Of Bikini (乘風踏浪)	–	110.0	110.0	–	–
Never Too Late (我的助理六十歲)	–	145.0	133.8	11.2	By March 31, 2022
Welcome (請君)[(3)]	–	163.6	163.6	–	–
Sub-total	749.8	749.8	738.6	11.2	

	Net proceeds from the global offering and utilisation				
	Original allocation of Net Proceeds *HK$ in million*	Revised allocation of Net Proceeds *HK$ in million*	Utilised amount of Net Proceeds as of December 31, 2021 *HK$ in million*	Unutilised amount of Net Proceeds as of December 31, 2021 *HK$ in million*	Expected timeline for utilisation (1)
Funding potential investment in, or merger and acquisition of, companies that may enhance the Group's market position and ramp up the Group's drama series development, production and distribution	107.1	107.1	–	107.1	By the end of 2023
Securing more IPs to guarantee the stable growth of the Group's drama series production and distribution by acquiring one premium copyright company which focuses on investment, development, production and distribution of web series	107.1	–	–	–	–
Acquiring more premium IPs to guarantee the stable growth of the Group's drama series production and distribution	–	107.1	14.1	93.0	By the end of 2023
Working capital and general corporate purposes	107.1	107.1	107.1	–	–
Total	**1,071.1**	**1,071.1**	**859.8**	**211.3**	

Note:

(1) The expected timeline for the usage of the remaining Net Proceeds is made based on the best estimate of the Group's future market conditions, which is subject to the current and future development of the market conditions.

(2) The translation name of the drama series Trap Thieves (鬥賊) has been changed to Cat & Thief (鬥賊).

(3) The name of the drama series Please Bestow The Sedan Chair (請君賜轎) has been changed to Welcome (請君) from December 2021.

During the Relevant Period, the Group has utilised Net Proceeds of RMB859.8 million in accordance with intended purposes set out in the Prospectus and the Announcement. The remaining Net Proceeds were deposited in banks as of the date of this announcement. The Group will gradually utilise the Net Proceeds in accordance with the intended purposes set out in the Prospectus and the Announcement.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

On December 20, 2021, the Company, Jiangsu Strawbear, Shanghai GH Entertainment & Media Co., Ltd. (上海金禾影視傳播有限公司) (the "**Target Company**"), Zheya (Shanghai) Film and Television Culture Studio (哲雅(上海)影視文化工作室) ("**Shanghai Zheya**") and Ms. Wang Jing (王晶), the founder and a controlling shareholder of the Target Company, entered into a non-legally binding term sheet (the "**Term Sheet**"), pursuant to which, (i) the Company and Jiangsu Strawbear (the "**Purchasers**") agreed to provide a loan in the principal amount of RMB40.0 million to Shanghai Zheya with a simple interest rate of 6.0% per annum (the "**Loan**"); (ii) the Purchasers are entitled to, by way of debt-to-equity swap, convert the principal amount of the Loan (being RMB40.0 million) due from Shanghai Zheya into the consideration for the acquisition of approximately 16.67% equity interest in the Target Company held by Shanghai Zheya (the "**Phase I Acquisition**"); and (iii) upon completion of the Phase I Acquisition and within 180 days from the date of the Term Sheet, the Purchasers are entitled to acquire additional equity interest in the Target Company, which, together with the equity interest in the Target Company to be acquired under the Phase I Acquisition, shall be 100.0% in aggregate. For details, please refer to the announcement of the Company dated December 21, 2021.

Save as disclosed above and in the section headed "Use of Proceeds from the Global Offering" in this announcement, the Group did not have any other immediate plans for material investment and capital assets as of the date of this announcement. The Group may look into business and investment opportunities in different business areas and consider whether any asset or business acquisitions, restructuring or diversification may become appropriate in order to improve its long-term competitiveness.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Board considered that the Company has complied with all applicable code provisions set out in the CG Code throughout the Relevant Period except for paragraphs A.2.1 (which has been re-arranged as code provision C.2.1 since January 1, 2022) and C.3.3(e)(i) (which has been re-arranged as code provision D.3.3(e)(i) since January 1, 2022) of the CG Code.

Pursuant to code provision A.2.1 (which has been re-arranged as code provision C.2.1 since January 1, 2022) in the CG Code as set out in Appendix 14 to the Listing Rules, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu is currently serving as the chairman of the Board as well as the chief executive officer of the Company. As Mr. Liu is the founder of the Group and has been managing the Group's business and overall strategic planning since its establishment, the Directors consider that vesting the roles of chairman and chief executive officer in Mr. Liu is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group. Taking into account all the corporate governance measures that the Group implemented, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company had not segregated the roles of its chairman and chief executive officer. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time if necessary, taking into account the circumstances of the Group as a whole.

According to code provision C.3.3(e)(i) (which has been re-arranged as code provision D.3.3(e)(i) since January 1, 2022) of the CG Code and the terms of reference of the Audit Committee of the Company, the Audit Committee must meet, at least twice a year, with the Company's auditors. However, the members of Audit Committee met once with the external auditor during the year ended December 31, 2021. The Company will arrange the members of the Audit Committee to meet with the external auditor at least twice a year.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, senior management members, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Relevant Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group during the Relevant Period.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Relevant Period.

MATERIAL LITIGATION

As of the date of this announcement, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Relevant Period.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. As of the date of this announcement, the Audit Committee consists of two independent non-executive Directors and one non-executive Director, being Mr. Zhang Senquan (chairman of the Audit Committee who holds appropriate accounting qualifications), Ms. Zeng Ying and Mr. Chung Chong Sun. The main duties of the Audit Committee are to assist the Board in reviewing compliance, accounting policies and financial reporting procedures; supervising the implementation of the internal audit system; advising on the appointment or replacement of external auditors; and liaising between the internal audit department and external auditors.

The Audit Committee has, together with the management of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the year ended December 31, 2021, and has recommended for the Board's approval thereof. The financial information set out in this announcement has been reviewed by the Audit Committee and approved by the Board.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2021, but represents an extract from the consolidated financial statements for the year ended 31 December 2021 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event that might affect the Group after the Reporting Period.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Thursday, June 9, 2022. A notice convening the AGM will be published on the Company's website and "HKExnews" of the Stock Exchange and despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, June 3, 2022 to Thursday, June 9, 2022, both days inclusive. During such period, no transfer of Shares of the Company will be registered. The record date for determining the eligibility to attend the forthcoming AGM will be Thursday, June 9, 2022. In order to be eligible for attending the AGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, June 2, 2022.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on "HKExnews" of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.strawbearentertainment.com), and the 2021 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of "HKExnews" of the Stock Exchange and the Company on or before April 30, 2022.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS AND GLOSSARIES

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

"AGM"	annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Beijing Strawbear"	Beijing Strawbear Film Co., Ltd. (北京稻草熊影業有限公司), a limited liability company established in the PRC on September 2, 2019 and indirectly controlled by the Company through the Contractual Arrangements
"Board" or "Board of Directors"	the board of Directors of the Company
"broadcasting right"	refers to (i) the right of broadcasting (廣播權), in terms of drama series broadcast via TV channels; and (ii) the right to network dissemination of information (信息網絡傳播權), in terms of drama series and films broadcast via online video platforms, for the purpose of this announcement
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	the Chairman of the Board

"China" or the "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only, references herein to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company"	Strawbear Entertainment Group (稻草熊娱乐集团), an exempted company with limited liability incorporated under the laws of Cayman Islands on January 3, 2018, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"Consolidated Affiliated Entities"	the entities the Company controls through the Contractual Arrangements, namely Jiangsu Strawbear and its subsidiaries, further details of which are set out in "Contractual Arrangements" in the Prospectus
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Nanjing Strawbear, Jiangsu Strawbear and its registered shareholders, details of which are described in "Contractual Arrangements" in the Prospectus
"COVID-19"	novel coronavirus pneumonia
"Director(s)"	director(s) of the Company
"drama series"	refers to the content produced for broadcast via TV channels or the internet, which is usually released in episodes that follow a narrative, consisting of TV series and web series
"first-run broadcast" or "first-run"	the first round broadcast of a drama series on the TV channel or online video platform
"Group"	the Company, its subsidiaries and Consolidated Affiliated Entities at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Hangzhou Yide"	Hangzhou Yide Cultural Creativity Co., Ltd. (杭州懿德文化創意有限公司), a limited liability company established in the PRC on June 25, 2015 and an indirectly wholly-owned subsidiary of the Company
"HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

"HKFRS"	Hong Kong Financial Reporting Standards, which collectively include Hong Kong Accounting Standards and related interpretations, promulgated by the Hong Kong Institute of Certified Public Accountants
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Horgos Strawbear"	Horgos Strawbear Film Co., Ltd. (霍爾果斯稻草熊影業有限公司), a limited liability company established in the PRC on August 4, 2016 and indirectly controlled by the Company through the Contractual Arrangements
"IP(s)"	refers to intellectual properties such as existing films, drama series or other literary or artistic works, concepts, stories and expressions that can be used or considered, entirely or partially, to create and/or produce new drama series or films
"iQIYI"	iQIYI, Inc. (Stock Code: IQ. NASDAQ) and its subsidiaries and consolidated affiliated entities, one of the largest Chinese online video platforms listed in the U.S.
"Jiangsu Strawbear"	Jiangsu Strawbear Film Co., Ltd. (江蘇稻草熊影業有限公司), a limited liability company established in the PRC on June 13, 2014 and indirectly controlled by the Company through the Contractual Arrangements
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on January 15, 2021
"Listing Date"	the date, namely January 15, 2021, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

"Mr. Liu"	Mr. Liu Xiaofeng (劉小楓), chairman of the Board, an executive Director, the chief executive officer of the Company, one of its controlling shareholders and one of the registered shareholders of Jiangsu Strawbear
"Nanjing Strawbear"	Nanjing Strawbear Business Consulting Co., Ltd. (南京稻草熊商務諮詢有限公司), a limited liability company established in the PRC on September 17, 2018 and an indirectly wholly-owned subsidiary of the Company
"Nova Film"	Nova Film Technology (Jiangsu) Co., Ltd. (諾華視創電影科技(江蘇)有限公司), a limited liability company established in the PRC on May 29, 2015 and indirectly controlled by the Company through the Contractual Arrangements
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by the Company on May 11, 2020, the principal terms of which are summarized in "Appendix IV – Statutory and General Information – D. Other Information – (1) Pre-IPO Share Option Scheme" in the Prospectus
"Prospectus"	the prospectus of the Company published on December 31, 2020
"re-run broadcast" or "re-run"	the rebroadcast of a drama series that has previously been broadcast on the TV channel or online video platform, including second-run broadcast and all subsequent broadcasts on any channel
"Relevant Period"	the period from the Listing Date to the end of the Reporting Period
"Reporting Period"	the twelve-month period from January 1, 2021 to December 31, 2021
"RMB" or "Renminbi"	the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of US$0.000025 each
"Shareholder(s)"	holder(s) of the Shares
"TV"	television

"TV series"	a series of scripted episodes that needs to obtain a distribution license from the National Radio and Television Administration of the PRC (中華人民共和國國家廣播電視總局), which are broadcast on TV channels and/or new media channels such as online video platforms
"US$"	United States dollars, the lawful currency for the time being of the United States
"web series"	a series of scripted episodes which can only be broadcast on new media channels such as online video platforms

In this announcement, unless otherwise indicated, the terms "affiliate", "associate", "controlling shareholder" and "subsidiary" shall have the meanings given to such terms in the Listing Rules.

By order of the Board of Directors
Strawbear Entertainment Group
Liu Xiaofeng
Chairman

Nanjing, PRC, March 25, 2022

As of the date of this announcement, the Board comprises Mr. Liu Xiaofeng, Ms. Zhang Qiuchen, Mr. Chen Chen and Ms. Zhai Fang as executive Directors, Mr. Wang Xiaohui and Ms. Zeng Ying as non-executive Directors, and Mr. Zhang Senquan, Mr. Ma Zhongjun and Mr. Chung Chong Sun as independent non-executive Directors.