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**Strawbear Entertainment Group**  
**稻草熊娱乐集团**

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

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2025**

**FINANCIAL HIGHLIGHTS**

Revenue for the six months ended June 30, 2025 amounted to approximately RMB445.7 million, representing a decrease of 47.4% from approximately RMB846.9 million for the same period in 2024.

Gross profit for the six months ended June 30, 2025 amounted to approximately RMB62.9 million, representing a decrease of 56.0% from approximately RMB142.9 million for the same period in 2024.

Loss for the six months ended June 30, 2025 amounted to approximately RMB5.8 million, as compared to a profit of approximately RMB30.0 million for the six months ended June 30, 2024.

Adjusted net loss\* for the six months ended June 30, 2025 amounted to approximately RMB0.4 million, as compared to an adjusted net profit of approximately RMB37.9 million for the same period in 2024.

Net assets remained relatively stable at approximately RMB1,753.7 million and approximately RMB1,753.3 million as of June 30, 2025 and December 31, 2024.

The Board has resolved not to declare payment of an interim dividend for the six months ended June 30, 2025.

\* The Group defines adjusted net (loss)/profit as (loss)/profit for the period adjusted by adding back equity-settled share award expense incurred during the respective period.

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2025 together with the comparative figures for the same period in 2024 as follows:

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended June 30, 2025*

		<b>2025</b>	2024
	<i>Notes</i>	<b>(Unaudited)</b>	(Unaudited)
		<b>RMB'000</b>	<b>RMB'000</b>
<b>REVENUE</b>	5	<b>445,700</b>	846,947
Cost of sales		<u>(382,758)</u>	<u>(704,023)</u>
Gross profit		<b>62,942</b>	142,924
Other income and gains	5	<b>4,112</b>	3,929
Selling and distribution expenses		<b>(30,725)</b>	(22,386)
Administrative expenses		<b>(32,830)</b>	(39,578)
Reversal of impairment/(impairment) of financial assets, net		<b>2,530</b>	(33,075)
Other expenses		<b>(569)</b>	(3,690)
Finance costs		<b>(7,406)</b>	(6,807)
Share of profits and losses of:			
Joint ventures		<b>76</b>	63
Associates		<u>(9)</u>	<u>(669)</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	<b>(1,879)</b>	40,711
Income tax expense	7	<u>(3,912)</u>	<u>(10,710)</u>
<b>(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		<u><b>(5,791)</b></u>	<u>30,001</u>
Attributable to:			
Owners of the parent		<b>(5,505)</b>	29,883
Non-controlling interests		<u>(286)</u>	<u>118</u>
		<u><b>(5,791)</b></u>	<u>30,001</u>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic (RMB)	9	<u><b>(0.8) cents</b></u>	<u>4.4 cents</u>
Diluted (RMB)	9	<u><b>(0.8) cents</b></u>	<u>4.4 cents</u>

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		3,638	4,627
Right-of-use assets		12,940	7,601
Goodwill		108,341	108,341
Other intangible assets		17,403	17,405
Investments in joint ventures		1,570	1,494
Investments in associates		5,811	6,070
Financial assets at fair value through profit or loss		28,595	10,876
Deferred tax assets		15,497	14,334
Total non-current assets		193,795	170,748
<b>CURRENT ASSETS</b>			
Inventories	10	1,236,336	1,233,034
Trade and notes receivables	11	428,963	647,816
Prepayments, other receivables and other assets	12	529,082	435,951
Financial assets at fair value through profit or loss		–	5,000
Pledged deposits		61,432	92,289
Cash and cash equivalents		139,791	79,326
Total current assets		2,395,604	2,493,416
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	13	352,666	293,835
Other payables and accruals	14	201,838	318,819
Interest-bearing bank borrowings	15	227,115	283,300
Lease liabilities		4,877	4,604
Tax payable		3,041	966
Total current liabilities		789,537	901,524
<b>NET CURRENT ASSETS</b>		1,606,067	1,591,892
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,799,862	1,762,640

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

*As at June 30, 2025*

		<b>30 June 2025 (Unaudited) RMB'000</b>	<b>31 December 2024 (Audited) RMB'000</b>
	<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	15	<b>32,000</b>	–
Lease liabilities		<b>6,710</b>	1,915
Deferred tax liabilities		<b>7,421</b>	7,384
		<hr/>	<hr/>
Total non-current liabilities		<b>46,131</b>	9,299
		<hr/>	<hr/>
Net assets		<b>1,753,731</b>	1,753,341
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>115</b>	115
Treasury shares		<b>(24,766)</b>	(28,820)
Reserves		<b>1,778,092</b>	1,782,070
		<hr/>	<hr/>
		<b>1,753,441</b>	1,753,365
		<hr/>	<hr/>
Non-controlling interests		<b>290</b>	(24)
		<hr/>	<hr/>
Total equity		<b>1,753,731</b>	1,753,341
		<hr/>	<hr/>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE 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 and Consolidated Affiliated Entities were principally involved in the investment, development, production, and distribution of film and episodic content (including drama series, micro-short series and other forms of episodic products).

The Company does not have an immediate holding company or ultimate holding company. Mr. Liu Xiaofeng, Master Sagittarius Holding Limited and Leading Glory Investments Limited, are the controlling shareholders of the Company, as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

The unaudited interim condensed consolidated financial information have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period’s financial information.

Amendments to HKAS 21

*Lack of Exchangeability*

The nature and impact of the amended HKFRS Accounting Standards are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

## 4. 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

During the period, the Group operated within one geographical segment because all of the Group's revenue was generated from customers located in Mainland China. All of the non-current assets of the Group were 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 period is set out below:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Customer 1	<b>311,746</b>	699,241
Customer 2	<b>59,180</b>	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 period.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<i>Revenue from contracts with customers</i>	<b>445,700</b>	846,947

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Type of goods or services</b>		
Licensing of the broadcasting rights of episodic content	<b>385,937</b>	846,932
Made-to-order episodic content production	<b>59,228</b>	–
Others	<b>535</b>	15
Total	<b>445,700</b>	846,947

## Geographical markets

All of the Group's revenue was generated from customers located in Mainland China during the period.

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b>385,937</b>	846,932
Services transferred over time	<b>59,763</b>	15
	<hr/>	<hr/>
Total	<b>445,700</b>	846,947
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An analysis of other income and gains is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Government grants ( <i>note</i> )	<b>987</b>	12
Bank interest income	<b>1,195</b>	1,330
Interest income from loans receivable	<b>1,772</b>	1,706
Investment income from financial assets at fair value through profit or loss	<b>25</b>	–
Others	<b>133</b>	881
	<hr/>	<hr/>
Total	<b>4,112</b>	3,929
	<hr/>	<hr/>

*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.

## 6. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
Cost of inventories sold		381,060	704,023
Depreciation of property, plant and equipment		1,009	935
Depreciation of right-of-use assets		3,059	2,435
Amortisation of other intangible assets		2	2
Government grants	5	(987)	(12)
Bank interest income	5	(1,195)	(1,330)
Interest income from loans receivable	5	(1,772)	(1,706)
Investment income from financial assets at fair value through profit or loss		(25)	–
Changes in fair value of financial assets at fair value through profit or loss		281	–
Lease payments not included in the measurement of lease liabilities		174	320
Auditor's remuneration		800	800
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		13,090	9,382
Equity-settled share award expense		1,045	1,886
Pension scheme contributions		1,424	1,104
Staff welfare expenses		163	355
Total		15,722	12,727
Foreign exchange differences, net		214	–
Impairment of financial assets, net:			
Impairment of trade receivables, net		(3,153)	23,240
Impairment of other receivables, net		623	9,835
Total		(2,530)	33,075
Write-down of inventories to net realisable value		1,698	–



## 7. 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 subsidiaries 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% (2024: 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 period.

The subsidiary incorporated in the USA was subject to United States Federal and California income tax at rates of 21% and 8.84% (minimum annual tax of US\$800), respectively.

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. Certain PRC subsidiaries are recognised as Small and Low-profit Enterprises, and the assessable profits less than RMB3,000,000 (2024: RMB3,000,000) are entitled to a preferential tax rate of 5% (2024: 5%) during the period.

The major components of the income tax expense of the Group during the period are analysed as follows:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Current – Mainland China		
Charge for the period	<b>5,038</b>	14,889
Deferred tax	<b>(1,126)</b>	(4,179)
	<hr/>	<hr/>
Total tax charge for the period	<b>3,912</b>	10,710
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## 8. DIVIDENDS

The board of directors has resolved not to recommend payment of a final dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## 9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the period, as adjusted to reflect the shares repurchased for the trustee under the restricted share unit scheme adopted by the Company in 2021 (“**2021 RSU Scheme**”) and 2022 (“**2022 RSU Scheme**”) during the period.

The calculation of the diluted (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued 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 (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>(Loss)/earnings</b>		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>(5,505)</u>	<u>29,883</u>
	For the six months ended 30 June	
	Number of shares	
	2025	2024
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	<b>692,940,114<sup>#</sup></b>	683,817,921
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	N/A*	221,085
Share options	<u>N/A*</u>	<u>–</u>
Total	<u><b>N/A*</b></u>	<u>684,039,006</u>

<sup>#</sup> The weighted average number of shares was after taking into account the effect of treasury shares held.

\* No adjustment has been made to the basic loss per share amounts presented for the period ended 30 June 2025 in respect of a dilution as the impact of the restricted share units and share options had an anti-dilutive effect on the basic loss per share amounts presented.

## 10. INVENTORIES

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Raw materials	325,671	303,533
Work in progress	470,500	615,401
Finished goods	<u>440,165</u>	<u>314,100</u>
Total	<u><b>1,236,336</b></u>	<u>1,233,034</u>

## 11. TRADE AND NOTES RECEIVABLES

	<b>30 June 2025 (Unaudited) RMB'000</b>	31 December 2024 (Audited) RMB'000
Trade receivables	<b>445,922</b>	679,852
Notes receivable	<b>12,924</b>	1,000
	<b>458,846</b>	680,852
Impairment	<b>(29,883)</b>	(33,036)
Net carrying amount	<b>428,963</b>	647,816

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:

	<b>30 June 2025 (Unaudited) RMB'000</b>	31 December 2024 (Audited) RMB'000
Within 3 months	<b>55,680</b>	41,409
3 to 6 months	<b>184,262</b>	124,549
6 to 12 months	<b>103,682</b>	440,316
1 to 2 years	<b>61,003</b>	39,746
2 to 3 years	<b>11,412</b>	796
Total	<b>416,039</b>	646,816

Included in the Group's trade and notes receivables were amounts due from the Group's related parties of RMB231,145,000 (31 December 2024: RMB434,745,000), 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 RMB200,500,000 (31 December 2024: RMB172,600,000), were pledged to secure the bank loans granted to the Group.

As at 30 June 2025, notes receivable of RMB12,924,000 (31 December 2024: nil) were measured at amortised cost.

As at 30 June 2025, the Group discounted certain notes receivable accepted by certain banks in Mainland China (the “**Discounted Notes**”) with a carrying amount in aggregate of RMB1,000,000 (31 December 2024: RMB5,200,000). In accordance with the Law of Negotiable Instruments in the PRC, the holders of 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 Discounted Notes accepted by large and reputable banks with an amount of RMB1,000,000 (31 December 2024: RMB5,200,000) as at 30 June 2025 (the “**Derecognised Notes**”). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised 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.

During the period, the Group recognised the interest expense on the discounted notes receivable amounting to RMB1,000 (six months ended 30 June 2024: RMB122,000).

## 12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2025 (Unaudited) RMB’000</b>	31 December 2024 (Audited) RMB’000
Prepayments	273,971	256,607
Prepayments under the co-investment arrangements	168,980	103,631
Loans receivable	62,626	60,854
Deductible input value-added tax	28,362	19,773
Deposits and other receivables	13,894	13,529
Prepaid income tax	12,223	11,908
	<hr/>	<hr/>
	560,056	466,302
Impairment allowance	(30,974)	(30,351)
	<hr/>	<hr/>
Total	529,082	435,951
	<hr/>	<hr/>

Included in the prepayments are prepayments to the Group’s related parties of RMB2,233,000 (31 December 2024: RMB2,688,000).

### 13. TRADE AND NOTES PAYABLES

	<b>30 June 2025 (Unaudited) RMB'000</b>	<b>31 December 2024 (Audited) RMB'000</b>
Trade payables	<b>299,101</b>	268,835
Notes payable	<b>53,565</b>	25,000
Total	<b>352,666</b>	293,835

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

	<b>30 June 2025 (Unaudited) RMB'000</b>	<b>31 December 2024 (Audited) RMB'000</b>
Within 3 months	<b>72,068</b>	88,582
3 to 6 months	<b>48,006</b>	138,989
6 to 12 months	<b>140,542</b>	10,195
1 to 2 years	<b>10,933</b>	1,560
2 to 3 years	<b>17,835</b>	22,112
Over 3 years	<b>9,717</b>	7,397
Total	<b>299,101</b>	268,835

Included in the trade and notes payables were trade payables of RMB175,806,000 (31 December 2024: RMB192,663,000), 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.

### 14. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2025 (Unaudited) RMB'000</b>	<b>31 December 2024 (Audited) RMB'000</b>
Contract liabilities	<b>169,024</b>	287,119
Other payables	<b>13,494</b>	12,199
Amount received under the co-investment arrangements without share of copyrights	<b>11,919</b>	10,951
Other tax payables	<b>6,105</b>	6,814
Payroll and welfare payable	<b>1,296</b>	1,736
Total	<b>201,838</b>	318,819

Included in contract liabilities and amount received under the co-investment arrangements without share of copyrights are advances received from the Group's related parties of RMB75,349,000 (31 December 2024: RMB168,250,000).

## 15. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate  (%)	Maturity	30 June 2025 (Unaudited) RMB'000
<b>Current</b>			
Bank loan – secured ( <i>note (a)</i> )	3.40	2026	170,800
Bank loan – secured ( <i>note (b)</i> )	2.65	2026	8,017
Bank loan – secured ( <i>note (c)</i> )	2.80	2026	10,007
Bank loan – unsecured	3.00	2026	9,008
Bank loan – unsecured	2.70	2025	19,274
Bank loan – unsecured	3.30	2025	10,009
Total – current			<u>227,115</u>
<b>Non-current</b>			
Bank loan – secured ( <i>note (b)</i> )	2.65	2027	<u>32,000</u>
Total			<u>259,115</u>
	Effective interest rate  (%)	Maturity	31 December 2024 (Audited) RMB'000
<b>Current</b>			
Bank loan – secured ( <i>note (a)</i> )	3.65	2025	198,571
Bank loan – secured ( <i>note (b)</i> )	3.55	2025	28,063
Bank loan – secured ( <i>note (c)</i> )	3.45	2025	10,061
Bank loan – unsecured	2.70	2025	19,544
Bank loan – unsecured	3.30	2025	10,023
Bank loan – unsecured	3.50	2025	10,023
Bank loan – unsecured	3.65	2025	7,015
Total			<u>283,300</u>

	<b>30 June 2025 (Unaudited) RMB'000</b>	31 December 2024 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	<b>227,115</b>	283,300
In the second year	<b>32,000</b>	–
	<hr/>	<hr/>
Total	<b>259,115</b>	283,300
	<hr/>	<hr/>

*Notes:*

- (a) The Group's bank loans are secured by the pledge of certain of the Group's trade receivables and short-term deposits amounting to RMB58,300,000 (31 December 2024: RMB172,600,000) and RMB61,432,000 (31 December 2024: RMB92,289,000), respectively, and are guaranteed by the Company.
- (b) The Group's bank loans are secured by the pledge of certain of the Group's trade receivables amounting to RMB112,500,000 (31 December 2024: nil) and are guaranteed by the subsidiaries.
- (c) The Group's bank loans are secured by the pledge of certain of the Group's trade receivables amounting to RMB29,700,000 (31 December 2024: nil) and are guaranteed by the subsidiaries.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

The Group is a major film and episodic content (including drama series, micro-short series and other forms of episodic products) producer and distributor in the PRC. Since 2014, it has been dedicated to the investment, development, production, and distribution of film and episodic content, gradually accumulating and forming a collection of high-quality content covering various themes, genres, and commercial development potential. The Group is committed to becoming a diversified entertainment company centered on super IPs. In the first half of 2025, with the steady rise in social consumption power and the continuous improvement in the variety and quality of consumer goods, users increasingly consume for spiritual fulfilment, personal expression, and cultural identity. Against the backdrop of various platforms competing for user attention and viewing time, the Group has continuously explored the “next step” for content enterprises in the cultural and entertainment consumption sectors. By consistently delivering high-quality film and television works to the market, the Group has validated the correctness of its “premium content gathers the crowd” strategy and has leveraged its differentiated approach to carve out a unique growth trajectory in the fiercely competitive battle for traffic. The Group was awarded with “Drama Company of the Year (年度劇集公司)” in the CEIS 2025 China Entertainment Industry Annual Conference and Golden Pufferfish Honourably Selected Event held in Beijing on January 9, 2025.

In the first half of 2025, the Company adopted the “boutique and premium (小而美精品化)” innovative series strategy to capture the future trajectory of the content market. By focusing on high-quality, fast-paced, emotionally resonant, and fresh-in-themes “short-form series”, the Company has secured a strategically valuable position in the ongoing competition between short and long-form content. The episodic content broadcast during the Reporting Period, including *Drifting Away* (《漂白》), *What a Wonderful World* (《在人間》) and *Breaking the Shadows* (《烏雲之上》) represent outstanding achievements under the Company’s differentiated development strategy. These series have achieved leading positions in cross-platform discussion hits, industry recognition both domestically and internationally, and broadcast performance.

The stable and efficient operation of the Group is attributable to its professional and innovative management team and staff. In the first half of 2025, the Group leveraged its existing platform-based operational model to integrate the commercial resources gathered, and transformed external resource advantages into internal productive momentum. By fostering an open and inclusive workplace environment, it has motivated its staff’s creativity and initiative, continuously building management, creative, and content teams characterized by highly efficient collaboration capabilities and keen market judgment. This has enhanced the Company’s ability to incubate super IPs, actively captured market dynamics, and continuously strengthened the high integration of the Group’s content products with cultural values, cultural ideals, and contemporary ethos. Guided by a sustainable development management system, the Company has directed business development and commercial practices, closely monitored the standardization of corporate governance and operational management, and improved the governance level of the Group, laying a solid institutional foundation for the healthy and sustainable development of the Group in the future.



In the future, the Group will continue to adjust its business development strategies and expansion pace in a timely manner. Amid the coexistence of opportunities and risks, it will explore and achieve breakthroughs, dedicated to providing audiences with more high-quality content. It will steadily advance the development, creation, and production of diversified new consumer and new entertainment products centered on super IPs. This will promote the diversification of our revenue structure and ensure the stable and healthy development of the Group.

### **Integration • Content Production Business Steady Output**

In the past dozen years of corporate development, the Group has continuously built its core competitiveness, forming a content development ecosystem with unique Strawbear Entertainment characterized by a stable platform-based operational model, efficient “comprehensive middle platform” service capabilities, and the ability to rally top-tier industry resources. This enables the Group to quickly realize the efficient allocation of internal and external resources in response to market trends, maintain friendly and close partnerships with outstanding industry professionals (including producers, screenwriters, directors, and actors), achieving mutual support and collaboration with each other. The Group actively respond to the higher requirements from various streaming platforms and audiences for content products structure and innovation. As a result, it has achieved diversified development in episodic content business, delivering standout performance across the “long-form series”, “short-form series” and “micro-short series” tracks.

As of June 30, 2025, the Group has broadcast the “long-form series” *The Trident 2* (《三叉戟2》) on iQiyi, Beijing Radio & Television Station and Dragon TV. During its prime time, it delivered outstanding performances: its hits peaking at 7,302 on iQiyi, consistently topping the platform’s trending chart and ranking among the top in the crime drama category. On Beijing Radio & Television Station, it achieved a national viewership peak of 0.4155%, topping the satellite TV drama rankings; on Dragon TV, it hit a national viewership peak of 0.3564%, ranking second. China Police Network commented that *The Trident 2* (《三叉戟2》) “on the one hand provides reference and inspiration for the mature development of public security-themed IPs, and on the other hand proves the eternal vitality of the spirit of realism in literary and artistic creation”. The Group has also broadcast the “short-form series” *Drifting Away* (《漂白》), *Breaking the Shadows* (《烏雲之上》), and *What a Wonderful World* (《在人間》). Among them, *Drifting Away* (《漂白》) gained extremely high attention during the broadcast period. It has broken 10,000 hits in six days of broadcasting at LIGHT ON of iQiyi (愛奇藝迷霧劇場), becoming the first 10,000-hit drama at LIGHT ON, and topped multiple professional rankings. It won the first place in Enlightent “Ranking of Average 30-Day Effective Views of Newly Broadcast Dramas in Q1 2025”, the first place in the 2025 First Half-Year “Drama Series Average Playback Volume Ranking” by Beacon, and the overall champion “Average Effective Playback per Episode” and “Drama Series Effective Playback Daily Peak Ranking” in the 2025 First Half-Year by Maoyan, and People’s Daily Online commented that it has made “the value of the people’s police guarding have a concrete image”. Since its broadcast, *Breaking the Shadows* (《烏雲之上》) has seen rising hits on iQiyi. It has been included in Enlightent S+ drama list, and was broadcast simultaneously on Beijing Radio & Television Station and Dragon TV, achieving TOP1 ratings on both channels. It also secured two (2) spots in the TOP5 ratings of satellite TV dramas. During the broadcast period, it repeatedly ranked first on Maoyan’s drama hits chart and ranked first in average

effective playbacks per episode on Maoyan Pro. Regarding its unique female perspective narrative, Guangming Daily commented: “*Breaking the Shadows* (《烏雲之上》) reconstructs criminal investigation narratives from a female perspective, uses emotional resonance to assist criminal investigation deduction, and dissolves genre clichés with the depth of human nature. It proves that the ultimate charm of suspenseful criminal investigation themes lies not in the mystery itself, but in the profound insight into human nature in the process of uncovering the truth”; *What a Wonderful World* (《在人間》) was selected into Sichuan Province’s list of major literary and artistic support projects and excellent works awards. It is the first online drama supported after online films and dramas were included in the Measures of Sichuan Province for Supporting Major Literature and Art Projects and Rewarding Fine Works (《四川省重大文藝項目扶持和精品獎勵辦法》), and the only online work that has received focused support in 2025. During the broadcast period, the drama series topped multiple authoritative lists, and its innovative theme has been recognized by various parties. At the seminar on the online drama *What a Wonderful World* (《在人間》) hosted by the China Television and Art Committee and the Sichuan Provincial Bureau of Radio, Film and Television, the main creators of *What a Wonderful World* (《在人間》), along with many experts, scholars, and media representatives, discussed the pioneering narrative structure and profound humanistic care presented in the series. The participants affirmed the broadcast effect of the series and praised its innovative significance and value as a cultural work. The creative team and recurring cast also showcased this Chinese story to the world at the official screening section of the 24th Tribeca Festival in New York, making it the first Chinese-language series to be featured at the festival. It is another masterpiece by Strawbear Entertainment that integrates high-concept emotional narratives, genre innovation, and pioneering aesthetics into film and episodic content. In addition, the Group has also broadcast the “micro-short series” *Prayers for Calm Seas* (《祈安瀾》) and *Oars and Echoes: A Thousand Miles* (《舟楫千里號歌來》). These series were broadcast on the Hongguo Short Drama Platform. Both short series have been selected into the Grand Audio-visual Beijing Key Literary and Artistic Excellent Projects and the “Short Series Touring Beijing” creation plan. With the “Grand Canal” culture as their prominent feature, they adhere to the creative concepts of “technology + art” and “tradition + innovation”, they incorporate traditional cultural elements such as the Tongzhou Canal work songs and historical artifacts from the Grand Canal, aiming to promote intangible cultural heritage through youth-oriented storytelling and contribute to the development of the Grand Canal cultural belt as well as the integration of culture and tourism. Furthermore, *Oars and Echoes: A Thousand Miles* (《舟楫千里號歌來》) was selected into the “Online Audio-Visual Program Excellent Creation and Communication Project (網絡視聽節目精品創作傳播工程)” supported by the NRTA for the 2024-2025 period in March 2025. Both *Prayers for Calm Seas* (《祈安瀾》) and *Oars and Echoes: A Thousand Miles* (《舟楫千里號歌來》) were nominated for the “Best Short Series Label Award” at the first Asian Micro-Short Series Awards of the Busan International Television Festival in South Korea in May 2025.

## **Series Development • Dual Success of both Film, Episodic Content and IP Series Products**

The Group believes that, as a long-termist “with high-quality content at its core”, developing and producing super IPs with cultural depth and sustainability is the key to the future sustainable development of content enterprises. A long-term development perspective is required in all links, from high-quality original creation, IP reserves, content development, product structure design to marketing. In addition to developing serialized film and episodic content based on Ma Boyong (馬伯庸)’s series of works, *Seven Weapons* (《七種武器》) (Original: Gu Long (古龍)) Works Series and *Renegade Immortal* (《仙逆》) (Original: Er Gen (耳根)) Works Series and its original serialized IPs such as *Songs to the Drinks* (《對酒歌》) and *World of the Oddballs* (《奇人世界》), the Group has also explored serialized product development for other content reserves with great potential for commercial development. It has expanded the concept of serialization from “within the screen” to “virtual-real interaction”, boost input into the development of diversified entertainment products based on IPs, and enhanced audience stickiness and increased derivative income by creating innovative and diversified product structures as well as online-offline integrated consumption scenarios. This realizes the mutual reinforcement of “online traffic” and “offline consumption”, gradually building the Group into an entertainment group with full-industry-chain monetization capabilities.

## **Rejuvenation • Continuously Enhance IP Conversion Rates and Derivative Value Development**

In the first half of 2025, the Group had a large number of high-quality, top-tier project reserves (including broadcast and to be broadcast episodic content) covering multiple tracks, genres and themes. It also attached great importance to optimizing the structure of IP reserves and improving the IP conversion rate. The core teams (including screenwriters, producers, creative teams and publicity & distribution teams) of various business divisions jointly carried out multi-dimensional development of existing IP reserves, and concentrated resources on key investment in IPs with the potential for “combination of long and short forms” and derivative product development. This provides a solid content guarantee for the Group’s future production of film and episodic content and the subsequent exploration of derivative values.

Among them, *Seven Weapons* (《七種武器》) (an episodic project adapted from Gu Long (古龍)’s novel series of the same name) and *The Disfavor Daughter* (《被嫌棄的女兒》) (an episodic project adapted from Tang Jinhui (唐金輝)’s novel) serve as IP reserves that can be converted into relatively short high-quality dramas, confirming the ability of the Group’s content evaluation team to correctly predict market trends and select high-quality IPs. The Group has reached a consensus with a third-party team on cooperation on the commercial product development of the *Two Capitals* (《兩京十五日》) project. Derivative products will be developed based on the characters, visual, literary and other elements in the *Two Capitals* (《兩京十五日》) project, and it is expected to generate corresponding royalties on consumer products merchandise licensing revenues and product sales revenue in the future.

In addition, with the diversification of national lifestyle and entertainment methods, consumers are increasingly valuing offline experiences. To this end, the Group continues to pay attention to the expansion of commercial monetization channels for high-quality IPs, adheres to advancing the layout of the pan-entertainment industry centered on high-quality IPs, and actively conducts research and exploration on the subsequent commercial value derived from the transformation of high-quality IPs. The Group continues to adopt a prudent attitude towards financial management and cost control, and keeps seeking appropriate business and investment opportunities to drive the growth of its business, gradually promoting the formation of a more diversified and sustainable business and revenue system. Through strategic equity investment, the Group invested in a cultural, sports and tourism consumption fund in 2024 and the “world’s first store” of Yangzhou iQIYI Land in July 2025, indirectly involving in the creation and operation of pan-entertainment consumer products such as offline experiences and cultural, sports and tourism commercial complexes. Through these investments, it explores ways to diversify income channels, laying the foundation for building itself into an entertainment group with the ability to develop and create new consumer products and new cultural, sports and tourism consumption scenarios centered on super IPs.

### **Improve Corporate Governance to Ensure Sustained, Stable and Healthy Development in the Future**

Since its establishment, the Group has continuously strengthened corporate governance and standardized operations, steadily promoted management improvement, enhanced internal control management, and optimized the internal control system. In addition, the Group has kept up with relevant requirements to gradually improve the ESG management system and strived to implement various ESG initiatives, thereby enhancing its ability to resist market risks and laying a foundation for sustained, stable and healthy development in the future.

In the first half of 2025, the Group continuously refined its organizational structure, and timely adjusted its internal strategic layout in line with its development needs, effectively improving the overall organizational efficiency. In addition, the Group highly values the importance of intellectual property rights and outstanding talents to the sustainable development of an enterprise, and adheres to the management philosophy of people-oriented. The Group continuously standardizes its corporate governance structure and optimizes its management process to enhance the dynamism of the Group’s talents, which has made contribution to the continuous enhancement of the Group’s corporate competitiveness, innovation, domination and influence.

The Group continues to refine its ESG initiatives and actively takes up its corporate social responsibilities, pursuing harmonious growth of the Group with its staff, the society and the environment in its daily operation. In the first half of 2025, the Group’s ESG practices received wide attention and recognition from the market. In recognition of its outstanding achievements in ESG areas such as corporate governance, content products, women’s empowerment, and community public welfare, following the “2023 ESG Pioneer Enterprise Award (2023年度ESG先鋒企業獎)”, the Group was rewarded with the “2024 ESG Influence Special Award (2024年度ESG影響力特別獎)” at the 14th Public Welfare Festival and 2024 ESG Impact Annual Conference held in Beijing on January 9, 2025. Ms. Zhai Fang, an executive Director, the chief operating officer of the Company and a member of the ESG Committee, was honored with the “2024 ESG Pioneer Award (2024年度ESG先鋒人物獎)”.

At the “Hong Kong Green and Sustainability Contribution Awards 2025 (香港綠色和可持續貢獻大獎2025)” held in Hong Kong on July 26, 2025, the Group was awarded the “Gold Pioneer for ESG Connect (Society – Mainland) (ESG Connect先鋒金章(社會－內地))” for its outstanding performance in proactive management and ESG practices.

The Group fully integrates ESG concepts into corporate business strategy and operational levels, and treats ESG practice as one of the important assessment indicators for daily operations. It has taken the lead in forming a standardized and institutionalized ESG management system and practice system within the film and television industry, and continues to improve relevant measures in development, receiving A-level ratings in Wind ESG’s comprehensive ratings for three consecutive years.

### The Group’s Episodic Content to be Broadcast and the Group’s Pipeline Episodic Projects

As of June 30, 2025, the Group has produced and/or distributed but yet to broadcast a certain number of episodic content. The table below sets forth certain details of such episodic content:

Name of Episodic Content	Genre	Director(s) and Major Cast Members	Role	Production Type	Status as of June 30, 2025	Expected Broadcasting Time
<b>TV Series</b>						
<i>Light My Way</i> (《偷走他的心》)	Metropolitan	Wu Qiang (吳強), Ma Sichao (馬思超), Wan Peng (萬鵬)	Production and distribution	Adaptation	To be broadcast	2025
<i>No One but You</i> (《也許這就是愛情》)	Metropolitan	Wu Qiang (吳強), Chen Yuqi (陳鈺琪), Fang Yilun (方逸倫)	Production and distribution	Adaptation	To be broadcast	2026
<i>Cat &amp; Thief</i> (《門賊》)	Crime	Gong Zhaohui (龔朝輝), Huang Jingyu (黃景瑜), Xiu Rui (修睿)	Production and distribution	Adaptation	Completed and under examination	2025
<i>Burning As Her</i> (《再青春》)	Metropolitan	Liu Guotong (劉國彤), Zhao Mo (趙默), Gao Ye (高葉), Hou Wenyuan (侯雯元)	Production and distribution	Adaptation	Post-production	2026
<i>Love in Red Dust</i> (《紅塵四合》)	Period others	Zhu Ruibin (朱銳斌), Wang Xingyue (王星越), Xu Ruohan (徐若晗)	Investment and distribution	Adaptation	Under filming	2026
<b>Web Series</b>						
<i>Win or Die</i> (《夜不收》)	Period military	Cao Dun (曹盾), Jing Boran (井柏然), Wu Xingjian (吳幸鍵), Zhang Yifan (張藝凡)	Production and distribution	Original	Completed and under examination	2026
<i>Move Heaven and Earth</i> (《赴山海》)	Period martial art	Ren Haitao (任海濤), Lin Feng (林峰), Cheng Yi (成毅)	Production and distribution	Adaptation	Completed and under examination	2025



Name of Episodic Content	Genre	Director(s) and Major Cast Members	Role	Production Type	Status as of June 30, 2025	Expected Broadcasting Time
<i>Tang Brick 2: The Whimsical Return</i> (《唐磚2：雲歸喜事》)	Period others	Yi Jun (易軍), Zhang Yunlong (張雲龍), Zhang Jianing (張佳寧), Wen Junhui (文俊輝), Zhao Zhaoyi (趙昭儀)	Investment and distribution	Adaptation	Post-production	2026
<i>Speed and Love</i> (《雙軌》)	Metropolitan	Yu Zhongzhong (于中中), Ma Ming (馬鳴), Yu Shuxin (虞書欣), He Yu (何與)	Production and distribution	Adaptation	Post-production	2025
<i>A Sudden Love</i> (《一場突如其來的愛情》)	Metropolitan	Liu Yan (劉岩), Chen Xingxu (陳星旭), Wang Yuwen (王玉雯)	Production and distribution	Adaptation	Post-production	2026
<b>Micro-short Series</b>						
<i>Memoratorium</i> (《記憶牢籠》)	Science fiction	Zhang Cheng (章程), Shen Zefeng (申澤鋒), Li Yuanyuan (李園園)	Investment and distribution	Original	Post-production	2025
<i>Silk &amp; Blade: Her Gambit</i> (《我為將軍解戰袍》)	Period romance	Chen Yiming (陳奕鳴), Chen Long (陳龍), Lou Yixiao (婁藝瀟), Lu Huanyu (盧奐瑜)	Production and distribution	Adaptation	Post-production	2025

As of June 30, 2025, the Group had several TV series/web series that had applied for public record/filed with the local counterparts of the NRTA. The table below sets forth certain details of such pipeline drama series projects:

Proposed Name for the Drama Series	Genre	Copyright Ownership	Status as of June 30, 2025	Time of Public Record
<b>TV Series</b>				
<i>The Wind Catcher</i> (《捕風者》)	Modern revolution	The Group	Pre-production	2023
<i>Golden Seasons</i> (《橙黃橘綠時》) <sup>1</sup>	Metropolitan	The Group	Pre-production	2024
<i>The Song of Youth</i> (《青春之歌》)	Modern revolution	The Group	Pre-production	2024
<i>Two Capitals</i> (《兩京十五日》)	Ancient legend	Co-owned with partners	Pre-production	2025

<sup>1</sup> It was renamed from *Ordinary Life, Ordinary Love* (《勸你趁早喜歡我》) to *Golden Seasons* (《橙黃橘綠時》) in December 2024, with the final title subject to approval by the NRTA

Proposed Name for the Drama Series	Genre	Copyright Ownership	Status as of June 30, 2025	Time of Public Record
<b>Web Series</b>				
<i>All Hands on Deck</i> (《開工日記》)	Metropolitan	The Group	Pre-production	2023
<i>Please Find Me in Your World</i> (《請在你的世界發現我》)	Metropolitan	The Group	Pre-production	2023
<i>Legend of Gan Mo</i> (《甘墨傳》)	Period fantasy	The Group	Pre-production	2024
<i>A Nan</i> (《阿南》)	Metropolitan romance	The Group	Pre-production	2024
<i>The Bustling Town</i> (《熱鬧鎮》)	Period others	The Group	Pre-production	2024

### Business Analysis by Business Line

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

In the first half of 2025, the high-quality episodic content broadcast by the Group included *Drifting Away* (《漂白》), *Breaking the Shadows* (《烏雲之上》) and *What a Wonderful World* (《在人間》) etc. Revenue generated from the Group's licensing of the broadcasting rights of episodic content decreased from RMB846.9 million for the six months ended June 30, 2024 to RMB385.9 million for the six months ended June 30, 2025, primarily attributable to all the broadcast episodic content invested and produced by the Group in the first half of 2025 was "short-form series". The number of episodes per series, investment scale and revenue of such short-form series have all decreased compared with the same period last year, leading to a decline in the revenue generated by this business segment.

In the first half of 2025, the episodic content of the Group was broadcast on domestic mainstream online video platforms and TV channels, including iQiyi, Beijing Radio & Television Station and Dragon TV, and had achieved good broadcasting results. *Drifting Away* (《漂白》) gained extremely high attention during the broadcast period. It has broken 10,000 hits in six days of broadcasting at LIGHT ON of iQiyi (愛奇藝迷霧劇場), becoming the first 10,000-hit drama at LIGHT ON, and topped multiple professional rankings. It won the first place in Enlightent "Ranking of Average 30-Day Effective Views of Newly Broadcast Dramas in Q1 2025", the first place in the 2025 First Half-Year "Drama Series Average Playback Volume Ranking" by Beacon, and the overall champion "Average Effective Playback per Episode" and "Drama Series Effective Playback Daily Peak Ranking" in the 2025 First Half-Year by Maoyan, and People's Daily Online commented that it has made "the value of the people's police guarding have a concrete image". Since its broadcast, *Breaking the Shadows* (《烏雲之上》) has seen rising hits on iQiyi. It has been included in Enlightent S+ drama list, and was broadcast simultaneously on Beijing Radio & Television Station and Dragon TV, achieving TOP1 ratings on both channels. It also secured two (2) spots in the TOP5 ratings of satellite TV dramas. During the broadcast period, it repeatedly ranked first on Maoyan's drama

hits chart and ranked first in average effective playbacks per episode on Maoyan Pro. Regarding its unique female perspective narrative, Guangming Daily commented: “*Breaking the Shadows* (《烏雲之上》) reconstructs criminal investigation narratives from a female perspective, uses emotional resonance to assist criminal investigation deduction, and dissolves genre clichés with the depth of human nature. It proves that the ultimate charm of suspenseful criminal investigation themes lies not in the mystery itself, but in the profound insight into human nature in the process of uncovering the truth”; *What a Wonderful World* (《在人間》) was selected into Sichuan Province’s list of major literary and artistic support projects and excellent works awards. It is the first online drama supported after online films and dramas were included in the Measures of Sichuan Province for Supporting Major Literature and Art Projects and Rewarding Fine Works, and the only online work that has received focused support in 2025. During the broadcast period, the drama series topped multiple authoritative lists, and its innovative theme has been recognized by various parties. At the seminar on the online drama *What a Wonderful World* (《在人間》) hosted by the China Television and Art Committee and the Sichuan Provincial Bureau of Radio, Film and Television, the main creators of *What a Wonderful World* (《在人間》), along with many experts, scholars, and media representatives, discussed the pioneering narrative structure and profound humanistic care presented in the series. The participants affirmed the broadcast effect of the series and praised its innovative significance and value as a cultural work. The creative team and recurring cast also showcased this Chinese story to the world at the official screening section of the 24th Tribeca Festival in New York, making it the first Chinese-language series to be featured at the festival. It is another masterpiece by Strawbear Entertainment that integrates high-concept emotional narratives, genre innovation, and pioneering aesthetics into film and episodic content.

As of June 30, 2025, the Group has a number of high-quality and diverse episodic content to be broadcast, including *Cat & Thief* (《鬥賊》), a crime comedy about a battle of wits between a detective and the “king of thieves”, which is directed by Gong Zhaozhui (龔朝暉), scripted by Li Song (李松) and Lou Kexin (婁可心), and starred by Huang Jingyu (黃景瑜) and Xiu Rui (修睿); *No One but You* (《也許這就是愛情》), a contemporary romantic light comedy directed by Wu Qiang (吳強), scripted by Xu Su (徐速), and starred by Chen Yuqi (陳鈺琪) and Fang Yilun (方逸倫); *Move Heaven and Earth* (《赴山海》), a new-style martial art series adapted from *The Journey of Legend* (《神州奇俠》) by martial art master Wen Rui’an (溫瑞安), which is directed by Ren Haitao (任海濤) and Lin Feng (林峰), scripted by Liu Fang (劉芳), and starred by Cheng Yi (成毅); *Speed and Love* (《雙軌》), a metropolitan romance series directed by Yu Zhongzhong (于中中) and Ma Ming (馬鳴), scripted by Zhao Xiaolei (趙曉磊), and starred by Yu Shuxin (虞書欣) and He Yu (何與); and *Love in Red Dust* (《紅塵四合》), a period romance series directed by Zhu Ruibin (朱銳斌), scripted by Liu Yuanyu (劉媛玉), Luo Yun (羅贊) and Chen Cong (陳聰), and starred by Wang Xingyue (王星越) and Xu Ruohan (徐若晗).



(ii) *Production of made-to-order episodic content per online video platforms' orders*

In the first half of 2025, the Group provided made-to-order services of two episodic content, including *The Trident 2* (《三叉戟2》) etc. The revenue generated by the Group from production of made-to-order episodic content increased from nil for the six months ended June 30, 2024 to RMB59.2 million for the six months ended June 30, 2025, as no made-to-order episodic content was delivered to customers by the Group for the six months ended June 30, 2024 and no made-to-order episodic content was broadcast during the same period.

The Group's "long-form series" *The Trident 2* (《三叉戟2》) was broadcast on iQiyi, Beijing Radio & Television Station and Dragon TV. During its prime time, it delivered outstanding performances: its hits peaking at 7,302 on iQiyi, consistently topping the platform's trending chart and ranking among the top in the crime drama category. On Beijing Radio & Television Station, it achieved a national viewership peak of 0.4155%, topping the satellite TV drama rankings; on Dragon TV, it hit a national viewership peak of 0.3564%, ranking second. China Police Network commented that *The Trident 2* (《三叉戟2》) "on the one hand provides reference and inspiration for the mature development of public security-themed IPs, and on the other hand proves the eternal vitality of the spirit of realism in literary and artistic creation".

As of June 30, 2025, the Group has a number of high-quality and diverse episodic content to be broadcast, including but not limited to *Win or Die* (《夜不收》), an ancient military series directed by Cao Dun (曹盾), co-scripted by Gong Xue (鞏雪), Zhao Cong (趙聰), Wang Shilong (王士龍) and Pang Sanjing (胖三井), and starred by Jing Boran (井柏然), Wu Xingjian (吳幸鍵) and Zhang Yifan (張藝凡); *Tang Brick 2: The Whimsical Return* (《唐磚2：雲歸喜事》), a period time-travel romantic light comedy directed by Yi Jun (易軍), scripted by Huo Sijia (霍思佳), and starred by Zhang Yunlong (張雲龍), Zhang Jianing (張佳寧), Wen Junhui (文俊輝) and Zhao Zhaoyi (趙昭儀); and *A Sudden Love* (《一場突如其來的愛情》), a metropolitan series directed by Liu Yan (劉岩), scripted by Han Xiaoge (韓小歌) and Huang Lei (黃磊), and starred by Chen Xingxu (陳星旭) and Wang Yuwen (王玉雯).

(iii) *Others*

The Group's other business primarily includes artist agency services in the first half of 2025, while other business primarily includes the provision of script-based role play game services in the first half of 2024.

## OUTLOOK

The Group will continue to deepen its diversified entertainment ecosystem strategy “centered on super IPs”, driving growth through three major engines: diversified content product structure, comprehensive IP development, and globalized narrative. The Group will consolidate the collaborative advantages of “long-form series + short-form series + micro-short series” multi-track approach, supported by keen content judgment capabilities and efficient resource mobilization capabilities, accelerate the development and incubation of leading IP film and episodic content serialization and derivative product serialization, break through film and episodic content boundaries, fully utilize technology empowerment and product structure empowerment to achieve IP value multiplication, and seamless transformation from screen narrative to physical consumption. The Group will also further standardize and improve its corporate governance structure and organization structure, and continue to strengthen the construction and practice of its ESG management system, in order to lay a solid organizational and institutional support foundation for the healthy operation and development of the Group as a whole.

The Group’s management firmly believes that “premium content gathers the crowd”, and the continuous and stable creation and production of high-quality entertainment and cultural products is the Group’s unshakeable top priority and the weapon for content enterprises to maintain core competitiveness in the traffic era. In the future, the Group, during the course of carrying out various businesses, will put its focus on pursuing this top priority goal, unwaveringly implement its own differentiation strategy and act according to circumstances, casting a long-term guarantee mechanism for the Group with innovative and stable creation and production chains, and supporting sustainable development of the Group with diversified industrial layout and innovative strategic planning.

## INTERIM PERIOD REVIEW

### Condensed Consolidated Statement of Profit or Loss

	Six months ended June 30,	
	2024	2025
	(RMB in thousands)	
<b>REVENUE</b>	846,947	<b>445,700</b>
Cost of sales	(704,023)	<b>(382,758)</b>
Gross profit	142,924	<b>62,942</b>
Other income and gains	3,929	<b>4,112</b>
Selling and distribution expenses	(22,386)	<b>(30,725)</b>
Administrative expenses	(39,578)	<b>(32,830)</b>
(Impairment)/reversal of impairment of financial assets, net	(33,075)	<b>2,530</b>
Other expenses	(3,690)	<b>(569)</b>
Finance costs	(6,807)	<b>(7,406)</b>
Share of profits and losses of joint ventures	63	<b>76</b>
Share of profits and losses of associates	(669)	<b>(9)</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>	40,711	<b>(1,879)</b>
Income tax expense	(10,710)	<b>(3,912)</b>
<b>PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>30,001</b>	<b>(5,791)</b>
Attributable to:		
Owners of the parent	29,883	<b>(5,505)</b>
Non-controlling interests	118	<b>(286)</b>
	<b>30,001</b>	<b>(5,791)</b>
<b>NON-HKFRS ACCOUNTING STANDARDS MEASURE<sup>(1)</sup>:</b>		
Adjusted net profit/(loss) <sup>(2)</sup>	37,858	<b>(438)</b>

Notes:

- (1) To supplement its historical financial information which are presented in accordance with HKFRS Accounting Standards, the Group also uses adjusted net profit/(loss) as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with HKFRS Accounting Standards.

The Group believes that this non-HKFRS Accounting Standards 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/(loss) may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS Accounting Standards measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS Accounting Standards.

- (2) The Group defines adjusted net profit/(loss) as profit/(loss) for the period adjusted by adding back equity-settled share award expense incurred during the respective period. The Group eliminates the potential impact of this item that the management does not consider to be indicative of the Group's operating performance, as it is non-operating in nature. Equity-settled share award expense is also a non-cash item and unrelated to the Group's principal business, and therefore is not indicative of its profit from operations post-completion of the Listing.

## Revenue

The Group's revenue decreased by 47.4% from approximately RMB846.9 million for the six months ended June 30, 2024 to approximately RMB445.7 million for the six months ended June 30, 2025, primarily attributable to the reduced number of episodes broadcast as the episodic content broadcast by the Group in the first half of 2025 was "boutique and premium" innovative episodic content with smaller number of episodes.

The following table sets forth the Group's revenue by business line in the first half of 2024 and 2025.

	Six months ended June 30,			
	2024		2025	
	Revenue	% of total	Revenue	% of total
<i>(RMB in thousands, except percentages of revenue)</i>				
Licensing of the broadcasting rights of episodic content	846,932	100.0%	<b>385,937</b>	<b>86.6%</b>
Made-to-order episodic content production	—	—	<b>59,228</b>	<b>13.3%</b>
Others	15	0.0%	<b>535</b>	<b>0.1%</b>
Total	<u>846,947</u>	<u>100.0%</u>	<u><b>445,700</b></u>	<u><b>100.0%</b></u>

### *Licensing of the broadcasting rights of episodic content*

The Group's revenue generated from licensing of broadcasting rights of episodic content decreased from approximately RMB846.9 million for the six months ended June 30, 2024 to approximately RMB385.9 million for the six months ended June 30, 2025, primarily as all the broadcast episodic content invested and produced by the Group in the first half of 2025 was "short-form series", including *Drifting Away* (《漂白》), *What A Wonderful World* (《在人間》) and *Breaking the Shadow* (《烏雲之上》) etc. The number of episodes per series, investment scale and revenue of such short-form series decreased, leading to a decline in the revenue generated by this business segment in the first half of 2025.

### *Made-to-order episodic content production*

The Group's revenue generated from production of made-to-order episodic content was approximately RMB59.2 million for the six months ended June 30, 2025 as compared to nil for the six months ended June 30, 2024. The Group provided made-to-order production services of two episodic content in the first half of 2025, including *The Trident 2* (《三叉戟2》) etc.

### *Others*

Others primarily comprise revenue from the artist agency services in the first half of 2025, while others primarily comprise revenue from the provision of script-based role play game services in the first half of 2024.

## Gross Profit and Gross Profit Margin

The Group's gross profit decreased by 56.0% from approximately RMB142.9 million for the six months ended June 30, 2024 to approximately RMB62.9 million for the six months ended June 30, 2025. The Group's gross profit margin decreased to 14.1% for the six months ended June 30, 2025 from 16.9% for the six months ended June 30, 2024, primarily due to the decrease in the Group's revenue outpaced the decrease in cost of sales. The decrease in revenue of the Group was attributable to the reduced number of episodes broadcast as the episodic content broadcast in the first half of 2025 was "boutique and premium" innovative episodic content with smaller number of episodes.

The following table sets forth the Group's gross profit and gross profit margin by business line in the first half of 2024 and 2025.

	Six months ended June 30, 2024		Six months ended June 30, 2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	<i>(RMB in thousands, except gross profit margin)</i>			
Licensing of the broadcasting rights of episodic content	142,936	16.9%	50,749	13.1%
Made-to-order episodic content production	—	—	12,730	21.5%
Others	(12)	(80.0%)	(537)	(100.4%)
Total	<u>142,924</u>	<u>16.9%</u>	<u>62,942</u>	<u>14.1%</u>

## Other Income and Gains

Other income and gains increased by 4.7% to approximately RMB4.1 million for the six months ended June 30, 2025 from approximately RMB3.9 million for the six months ended June 30, 2024, primarily due to the increase in government grants.

## Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 37.3% to approximately RMB30.7 million for the six months ended June 30, 2025 from approximately RMB22.4 million for the six months ended June 30, 2024, primarily due to the increased investment made in selling and distribution activities along with the increased number of drama series broadcast by the Group in the first half of 2025.

## Administrative Expenses

The Group's administrative expenses decreased by 17.0% to approximately RMB32.8 million for the six months ended June 30, 2025 from approximately RMB39.6 million for the six months ended June 30, 2024, primarily due to the decrease in the losses led by the termination of several episodic projects of approximately RMB8.1 million.

### **(Impairment)/Reversal of Impairment of Financial Assets, Net**

The Group's impairment of financial assets, net decreased to a reversal of approximately RMB2.5 million for the six months ended June 30, 2025 from a loss of approximately RMB33.1 million for the six months ended June 30, 2024, primarily due to the reversal of impairment of trade receivables, net of approximately RMB26.4 million and the decrease in impairment of other receivables, net of approximately RMB9.2 million in the first half of 2025.

For further details of the impairment of financial assets, net, please refer to the Notes 6, 11 and 12 to the financial statements.

### **Finance Costs**

The Group's finance costs increased by 8.8% to approximately RMB7.4 million for the six months ended June 30, 2025 from approximately RMB6.8 million for the six months ended June 30, 2024, primarily due to the increase in interest expense from episodic content under co-investment of approximately RMB0.6 million.

### **Income Tax Expense**

The Group's income tax expense decreased by 63.5% to approximately RMB3.9 million for the six months ended June 30, 2025 from approximately RMB10.7 million for the six months ended June 30, 2024, primarily due to the decrease in taxable profit made in the first half of 2025.

### **Non-HKFRS Accounting Standards Measure**

To supplement its historical financial information which are presented in accordance with HKFRS Accounting Standards, the Group also uses adjusted net profit/(loss) as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with HKFRS Accounting Standards. The Group believes that this non-HKFRS Accounting Standards 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/(loss) may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS Accounting Standards measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS Accounting Standards.

The Group defines adjusted net profit/(loss) as profit/(loss) for the period adjusted by adding back equity settled share award expense incurred during the respective period. The Group eliminates the potential impact of this item that the management does not consider to be indicative of the Group's operating performance, as it is non-operating in nature. Equity-settled share award expense is also a non-cash item and unrelated to the Group's principal business, and therefore is not indicative of its profit from operations post-completion of the Listing.

The table below reconciles the Group's adjusted net profit/(loss) for the periods presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS Accounting Standards, which is the net profit/(loss) for the period:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2025</b>
	<i>(RMB in thousands)</i>	
Reconciliation of net profit/(loss) to adjusted net profit/(loss)		
Net profit/(loss) for the period	<u>30,001</u>	<u>(5,791)</u>
Add:		
Equity-settled share award expense	<u>7,857</u>	<u>5,353</u>
Adjusted net profit/(loss) (non-HKFRS measure)	<u>37,858</u>	<u>(438)</u>

## **OTHER FINANCIAL INFORMATION**

### **Consolidated Statement of Financial Position (Selected Items)**

	<b>As of</b>	<b>As of</b>
	<b>December 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2025</b>
	<i>(RMB in thousands)</i>	
Total non-current assets	170,748	<b>193,795</b>
Total current assets	2,493,416	<b>2,395,604</b>
Total current liabilities	901,524	<b>789,537</b>
Net current assets	1,591,892	<b>1,606,067</b>
Total non-current liabilities	9,299	<b>46,131</b>
Total equity	<u>1,753,341</u>	<u><b>1,753,731</b></u>

### **Inventories**

	<b>As of</b>	<b>As of</b>
	<b>December 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2025</b>
	<i>(RMB in thousands)</i>	
Raw materials	303,533	<b>325,671</b>
Work in progress	615,401	<b>470,500</b>
Finished goods	<u>314,100</u>	<u><b>440,165</b></u>
Total	<u>1,233,034</u>	<u><b>1,236,336</b></u>



The Group's inventories increased by 0.3% to approximately RMB1,236.3 million as of June 30, 2025 from approximately RMB1,233.0 million as of December 31, 2024, primarily due to (i) the increase in finished goods of approximately RMB126.1 million since the Group completed the production of *Move Heaven and Earth* (《赴山海》) in the first half of 2025 which were yet to be broadcast as of June 30, 2025; (ii) the increase in raw materials of approximately RMB22.1 million as the Group acquired more premium IPs in the first half of 2025; and partially offset by (iii) the decrease in work in progress of RMB144.9 million as the Group completed production of its episodic content *Drifting Away* (《漂白》) and *What a Wonderful World* (《在人間》), which were broadcast in the first half of 2025.

## **Goodwill**

The Group's goodwill was approximately RMB108.3 million as of June 30, 2025 and December 31, 2024, respectively.

## **CAPITAL STRUCTURE, LIQUIDITY AND CAPITAL RESOURCES**

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

As of June 30, 2025, the Company had 706,041,400 ordinary Shares of US\$0.000025 each.

The Company maintained a healthy financial position in the first half of 2025. The Group's total assets decreased from approximately RMB2,664.2 million as of December 31, 2024 to approximately RMB2,589.4 million as of June 30, 2025, and the Group's total liabilities decreased from approximately RMB910.8 million as of December 31, 2024 to approximately RMB835.7 million as of June 30, 2025. The Group's liabilities-to-assets ratio decreased from 34.2% as of December 31, 2024 to 32.3% as of June 30, 2025.

Historically, the Group financed its capital expenditure and working capital requirements mainly through cash generated from operations, bank borrowings and capital contributions from Shareholders. As of June 30, 2025, the Group maintained sufficient working capital (current assets less current liabilities) and cash and cash equivalents, amounting to approximately RMB1,606.1 million and approximately RMB139.8 million, respectively, as compared to approximately RMB1,591.9 million and approximately RMB79.3 million, respectively, as of December 31, 2024.

As of June 30, 2025, 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 and interest-bearing bank borrowings of the Company.

As of June 30, 2025, the Group's total interest-bearing bank borrowings were approximately RMB259.1 million, all of which were at fixed interest rates 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.

### **Contingent Liabilities**

As of June 30, 2025, 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 approximately RMB0.02 million in the first half of 2025 from approximately RMB1.7 million in the first half of 2024. The Group plans to fund its planned capital expenditures using cash generated from operations.

### **Financial Ratio**

#### *Current Ratio*

The Group's current ratio increased from 2.77 as of December 31, 2024 to 3.03 as of June 30, 2025, primarily attributable to the decrease in its current liabilities outpaced the decrease in its current assets from 2024 to the first half of 2025.

#### *Debt to Equity Ratio<sup>1</sup>*

The Group's debt to equity ratio was 7.5% as of June 30, 2025 and 12.0% as of December 31, 2024, respectively.

### **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended June 30, 2025. As of June 30, 2025, the Group did not hold any significant investments and none of each individual investment held by the Group constituted 5% or above of the total assets of the Group as of June 30, 2025.

### **PLEDGE OF ASSETS**

As of June 30, 2025, the Group's trade receivables with an aggregate net carrying value of approximately RMB200,500,000 (December 31, 2024: RMB172,600,000) and the pledged deposits amounting to RMB61,432,000 (December 31, 2024: RMB92,289,000) were pledged to secure the interest-bearing bank borrowings granted to the Group.

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

## **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 gross carrying amounts of these financial assets.

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing 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.

The Group has applied the general approach to make provision for expected credit losses for other receivables and considered the default event, historical loss rate and made adjustment for forward-looking macroeconomic data in calculating the expected credit loss.

### **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.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2025.

## EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2025, the Group had 82 employees, including 24 based in Jiangsu Province, 45 based in Beijing, 2 based in Shanghai, 8 based in Zhejiang Province and 3 based in Hainan Province. The following table shows a breakdown of the employees by function as of June 30, 2025:

<b>Functions</b>	<b>Number of Employees</b>	<b>% of Total Employees</b>
Management	2	2.4%
Development Strategic Management	6	7.3%
Operation and Project Coordination	13	15.9%
Production	3	3.7%
IP Development	5	6.1%
Business Operation	3	3.7%
Production Management	12	14.6%
Financing and Investment	2	2.4%
Distribution	5	6.1%
Casting and Talents Management	1	1.2%
Marketing and Promotion	3	3.7%
Government Affairs	1	1.2%
Finance and Legal	13	15.9%
Corporate Compliance	2	2.4%
Human Resources and Administrative	10	12.2%
Overseas Development	1	1.2%
<b>Total</b>	<b>82</b>	<b>100.0%</b>

For the six months ended June 30, 2025, total staff remuneration expenses (including Directors' remuneration) amounted to approximately RMB21.7 million, as compared to approximately RMB20.5 million for the same period in 2024. Remuneration is determined with reference to the 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, discretionary bonus, RSUs granted to selected employees and supplemental medical insurances. The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

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-competition 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 Schemes 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 Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. 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 had 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》), *No One but You* (《也許這就是愛情》), *Light My Way* (《偷走他的心》), *The Wind Catcher* (《捕風者》) and *Two Capitals* (《兩京十五日》) (the “**Original Drama Series**”) was re-allocated to fund the production of *Cat & Thief* (《鬥賊》), *The Swimsuit Saga* (《乘風踏浪》), *Never Too Late* (《我的助理六十歲》) and *Thousand Years For You* (《請君》) (the “**New Drama Series**”); 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 acquire more premium IPs. Considering that (i) the Original Drama Series whose production was originally intended to be funded with Net Proceeds were in the early development or preparation stage, and necessary conditions required for production had not been met; and (ii) the Group has obtained a number of premium and mature projects with necessary conditions required for production having been met in the first half of 2021, the Net Proceeds originally intended to be used for the production of the Original Drama Series were re-allocated to the production of the New Drama Series then under production, so as to enhance the efficiency and effectiveness of the use of the Net Proceeds. In addition, as (i) no suitable acquisition target of premium copyright company has been found due to the combined effect of changes in the market structure and significant differences in the understanding of the value of the potential acquisition target, (ii) instead of acquisition of one highly valued copyright company, the Board believes that acquisition of premium IPs directly from a variety of sources to maintain an adequate level of IP reserves would be much more efficient and could facilitate efficiency in the use of the Group’s funds due to the rapid and unforeseen changes in the market and industry environment since the Listing, and (iii) the current sources of premium IPs are more diversified and that the

continuous acquisition of more IPs is the basis for the stable growth of the Group, the Group re-allocated part of the Net Proceeds originally planned to be used for acquiring one premium copyright company which focuses on investment, development, production and distribution of web series to acquiring more premium IPs suitable for the development and production by the Group to guarantee the stable growth of drama series production and distribution, which will also satisfy the demand for premium IPs of the Group in a more flexible way. For details, please refer to the announcement of the Company dated September 15, 2021 (the “**First UOP Announcement**”).

On October 18, 2024, the Board had further resolved to change the use of the remaining Net Proceeds of approximately HK\$107.1 million (representing approximately 10.0% of the Net Proceeds) which were originally intended to be used for 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. Considering that (i) no suitable investment or acquisition target has been found due to the combined effect of changes in the market structure and significant differences in the understanding of the value of the potential acquisition target, which is influenced by its asset value, the Group’s expected return on investment and many other factors and (ii) the rapid and unforeseen changes in the market and industry environment, the Group intended to change the use of the remaining Net Proceeds as “funding potential investment in, or merger and acquisition of, companies, businesses and assets that may enhance the Group’s market position and ramp up the Group’s drama series development, production and distribution, as well as investment in funds related to content products development, production and distribution and funds focusing on pan-entertainment industry”, so as to better utilise its financial resources, capture more favorable investment opportunities and maintain maximum flexibility in order to adapt to the ever-changing market conditions and industry environment. For details, please refer to the announcement of the Company dated October 18, 2024 (the “**Second UOP Announcement**”).

On May 26, 2025, the Board had further resolved to change the use of the remaining Net Proceeds of approximately HK\$79.6 million (representing approximately 7.4% of the Net Proceeds) which were originally intended to be used for funding potential investment in, or merger and acquisition of, companies, businesses and assets that may enhance the Group’s market position and ramp up the Group’s drama series development, production and distribution, as well as investment in funds related to content products development, production and distribution and funds focusing on pan-entertainment industry. Considering that (i) the amount of funds allocated for equity investments in the future is expected to be minimal, and the timing of their use remains unpredictable as a result of (a) the increasing difficulties to identify suitable investment and acquisition targets due to changes in market structure and (b) the Group’s preference to adopt a cautious equity investment strategy; and (ii) the Group’s business development requires sufficient cash, the Group intended to re-allocate the remaining Net Proceeds of HK\$79.6 million to fund certain drama series investment, production and distribution of the Group, so as to enhance the efficiency and effectiveness of the use of the Net Proceeds. For details, please refer to the announcement of the Company dated May 26, 2025 (the “**Third UOP Announcement**”, together with the First UOP Announcement and Second UOP Announcement, the “**Announcements**”).

The following table sets out (i) the original allocation of Net Proceeds as set out in the Prospectus; (ii) the revised allocation of the unutilised Net Proceeds as set out in the Announcements; (iii) the utilised amount of Net Proceeds during the six months ended June 30, 2025; (iv) the utilised and unutilised amount of Net Proceeds as of June 30, 2025; and (v) the latest expected timeline for utilisation.

	Net proceeds from the global offering and utilisation					Expected timeline for utilisation <sup>(1)</sup>
	Original allocation of Net Proceeds HK\$ in million	Revised allocation of Net Proceeds HK\$ in million	Utilised amount of Net Proceeds during the six months ended June 30, 2025 HK\$ in million	Utilised amount of Net Proceeds as of June 30, 2025 HK\$ in million	Unutilised amount of Net Proceeds as of June 30, 2025 HK\$ in million	
Funding the drama series investment, production and distribution of the Group <i>Move Heaven and Earth</i> (《赴山海》)	–	9.0	2.2	2.2	6.8	By June 30, 2026 By December 31, 2025 By December 31, 2026 –
<i>Win or Die</i> (《夜不收》)	–	9.1	–	–	9.1	
<i>Love in Red Dust</i> (《紅塵四合》)	–	61.5	27.4	27.4	34.1	
Other drama series	749.8	749.8	–	749.8	–	
<b>Sub-total</b>	<b>749.8</b>	<b>829.4</b>	<b>29.6</b>	<b>779.4</b>	<b>50.0</b>	
Funding potential investment in, or merger and acquisition of, companies, businesses and assets that may enhance the Group's market position and ramp up the Group's drama series development, production and distribution, as well as investment in funds related to content products development, production and distribution and funds focusing on pan-entertainment industry	107.1	27.5	–	27.5	–	–
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	–	107.1	–	–
Working capital and general corporate purposes	107.1	107.1	–	107.1	–	–
<b>Total</b>	<b>1,071.1</b>	<b>1,071.1</b>	<b>29.6</b>	<b>1,021.1</b>	<b>50.0</b>	

*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.



As of June 30, 2025, the Group has utilised Net Proceeds of HK\$1,021.1 million in accordance with the intended purposes set out in the Prospectus and the Announcements. The remaining Net Proceeds were deposited in banks as of the date of this announcement. The Group will gradually utilise the remaining Net Proceeds in accordance with the intended purposes set out in the Prospectus and the Announcements.

## **FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS**

Save as disclosed 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 at 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 code provisions as set out in Part 2 of Appendix C1 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 Reporting Period except for code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 in the CG Code as set out in Part 2 of Appendix C1 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 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 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.

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 their office or employment, are 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 Reporting 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 Reporting 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 (including sale of treasury shares) during the Reporting Period. The Company did not hold any treasury shares as of June 30, 2025.

## **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.

## **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), Mr. Chung Chong Sun and Ms. Liu Fan. The main duties of the Audit Committee are to assist the Board in reviewing compliance, accounting policies, financial reporting procedures and risk management and internal control systems; supervising the implementation of the internal audit system; advising on the appointment or replacement of external auditors; and liaising between the internal audit department and external auditors.



## **REVIEW OF FINANCIAL STATEMENTS**

The Audit Committee has, together with the management the Company, reviewed the accounting principles and policies adopted by the Group and the unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2025, and has recommended for the Board's approval thereof. The unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2025 has not been reviewed by the external auditors of the Company.

## **EVENTS AFTER THE REPORTING PERIOD**

On July 7, 2025, the Company (i) subscribed for a wealth management product in the amount of US\$2 million issued by BNP Paribas Issuance B.V. from Nomura Singapore Limited; (ii) subscribed for a wealth management product in the amount of US\$1.5 million issued by Barclays Bank PLC from Nomura Singapore Limited; and (iii) subscribed for a wealth management product in the amount of US\$1.5 million issued by UBS AG from Nomura Singapore Limited. The above-mentioned subscriptions of wealth management products are funded by surplus cash reserves of the Group. For details, please refer to the announcement of the Company dated July 7, 2025.

Save as disclosed above, there was no other significant event that might affect the Group occurred after the Reporting Period.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This interim results announcement is published on “HKEXnews” of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.strawbearentertainment.com](http://www.strawbearentertainment.com)). The interim report for the six months ended June 30, 2025 containing all the information required by the Listing Rules will be published on the respective websites of “HKEXnews” of the Stock Exchange and the Company in due course.

## **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:

“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“broadcasting rights”	(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 Part 2 of Appendix C1 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 Taiwan Province, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China
“Company” or “the 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
“Director(s)”	director(s) of the Company
“drama series”	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
“ESG Committee”	the environmental, social and governance committee of the Board

“Group” or “the 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 its present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS Accounting Standards”	HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations as issued 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
“IP(s)”	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
“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
“long-form series”	continuous horizontal screen series with a total of 20 to 40 episodes aired independently or in a single season, each episode lasting 30 to 45 minutes
“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

“micro-short series”	a series of episodes, each episode registered lasting time is no more than 20 minutes, with relatively clear themes and main storylines, as well as continuous and complete plots
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Liu”	Mr. Liu Xiaofeng (劉小楓), Chairman, an executive Director, the chief executive officer of the Company, one of the Group’s 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
“NRTA”	National Radio and Television Administration of the PRC (中華人民共和國國家廣播電視總局), the successor of the State Administration of Press, Publication, Radio, Film, and Television of the PRC (中華人民共和國國家新聞出版廣電總局)
“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 summarised 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
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six-month period from January 1, 2025 to June 30, 2025
“RMB” or “Renminbi”	the lawful currency of the PRC
“RSU(s)”	restricted share unit(s) granted under the RSU Schemes, each of which represents one underlying Share, and represent a conditional right granted to any Selected Participant under the RSU Schemes to obtain the corresponding economic value of the underlying Shares, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion

“RSU Schemes”	(i) the restricted share unit scheme adopted by the Company on September 15, 2021, as amended from time to time, and/or (ii) the 2022 restricted share unit scheme adopted by the Company on April 28, 2022, as amended from time to time
“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
“short-form series”	continuous horizontal screen series with a total of 2 to 19 episodes aired independently or in a single season, each episode lasting 30 to 45 minutes
“treasury share(s)”	has the meaning ascribed to it under the Listing Rules
“TV”	television
“TV series”	a series of scripted episodes that needs to obtain a distribution license from NRTA, 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”, “associated corporation”, “connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules.

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

Nanjing, PRC, August 25, 2025

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