THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Strawbear Entertainment Group**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

ANGLO CHINESE CORPORATE FINANCE, LIMITED 英高

A letter from the Board is set out on pages 8 to 30 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 31 to 32 of this circular. A letter from Anglo Chinese Corporate Finance, Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 88 of this circular.

A notice convening the EGM of **Strawbear Entertainment Group** to be held at Building A2, SHANG 8 Design and Creative Industry Park, Chaoyang District, Beijing, China on Tuesday, December 30, 2025 at 4 p.m. is set out on pages 96 to 98 of this circular.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.strawbearentertainment.com), respectively. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 4 p.m. on Sunday, December 28, 2025) before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

December 9, 2025

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"2026-2028 Copyrights Licensing Framework Agreement"	the copyrights licensing framework agreement to be entered into between the Company and iQIYI in relation to the licensing of copyrights (including but not limited to the broadcasting right, information network transmission right and other copyrights) of the self-owned and licensed-in Audiovisual Works of the Group to iQIYI
"2026-2028 Episodic Content Copyrights Purchasing Framework Agreement"	the framework agreement to be entered into between the Company and iQIYI in relation to licensing copyrights of certain episodic content from iQIYI to the Group
"2026-2028 Made-to-order Audiovisual Works Production Framework Agreement"	the framework agreement to be entered into between the Company and iQIYI in relation to (i) the provision of Audiovisual Works made-to-order services (including but not limited to project planning, screenplays development, copyrights procurement and/or preparation and production services) for iQIYI; and (ii) the sharing of the revenue generated by iQIYI from the broadcasting of such Audiovisual Works between iQIYI and the Group; and (iii) the co-investment arrangements
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audiovisual Work(s)"	refers to audiovisual works as specified in the Copyright Law of the PRC
"Board"	the board of directors of the Company
"broadcasting rights"	refers to (i) the right of broadcasting (廣播權), in terms of episodic content broadcast via TV channels; and (ii) the right to network dissemination of information (信息網絡傳播權), in terms of episodic content broadcast via online video platforms, for the purpose of this circular
"Certain Online Video Platforms"	the leading online video platforms which published data of licensing fees for revenue-sharing episodic content and films broadcasted on these platforms

"close associate"	has the meaning ascribed thereto under the Listing Rules
"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 Stock Exchange (stock code: 2125)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"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 Business Consulting Co., Ltd. (南京稻草熊商務諮詢有限公司), Jiangsu Strawbear and its registered shareholders, details of which are described in "Contractual Arrangements" in the Prospectus
"Director(s)"	the director(s) of the Company
"drama series"	refers to the content produced for broadcast via TV channels or the internet, which is usually released in episodes that follow a narrative, consisting of long-form series and short-form series
"EGM"	the extraordinary general meeting of the Company to be held at Building A2, SHANG 8 Design and Creative Industry Park, Chaoyang District, Beijing, China on Tuesday, December 30, 2025 at 4 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the EGM set out on pages 96 to 98 of this circular or any adjournment thereof (as the case may be)
"episodic content"	including drama series, micro-short series and other forms of episodic products

"Existing CCT Agreements"	the Existing Made-to-order Drama Series Production Framework Agreement, the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement and the Existing Copyrights Licensing Framework Agreement entered into between the Company and iQIYI
"Existing Copyrights Licensing Framework Agreement"	the copyrights licensing framework agreement entered into between the Company and iQIYI on December 24, 2024 in relation to the licensing of copyrights (including but not limited to the broadcasting right, information network transmission right and other copyrights) of the self-owned and licensed-in Audiovisual Works of the Group to iQIYI
"Existing Drama Series Copyrights Purchasing Framework Agreement"	the framework agreement entered into between the Company and iQIYI on December 23, 2022 in relation to licensing of copyrights (including but not limited to broadcasting rights and/or distribution rights) from iQIYI to the Group
"Existing Made-to-order Drama Series Production Framework Agreement"	the framework agreement entered into between the Company and iQIYI on December 23, 2022 in relation to (i) the provision of episodic content made-to-order services (including but not limited to project planning, screenplays development, copyrights procurement and/or preparation and production services) for iQIYI; and (ii) sharing of other revenue generated by iQIYI from the broadcasting of such made-to-order episodic content between iQIYI and the Group
"first-run"	the first round broadcast of episodic content on the TV channel or online video platform
"Group"	the Company, its subsidiaries and consolidated affiliated entities from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Zhang Senquan, Mr. Ma Zhongjun and Mr. Chung Chong Sun, to advise the Independent Shareholders in respect of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps)
"Independent Financial Adviser" or "Anglo Chinese"	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps)
"Independent Shareholders"	Shareholders (other than iQIYI and its associates) who are not required to abstain from voting on the resolutions to be proposed at the EGM in relation to the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps)
"iQIYI"	iQIYI, Inc. (Stock Code: IQ. NASDAQ) and its subsidiaries and consolidated affiliated entities, one of the largest Chinese online video platforms listed in the U.S.
"Jiangsu Strawbear"	Jiangsu Strawbear Film Co., Ltd. (江蘇稻草熊影業有限公司), a limited liability company established in the PRC on June 13, 2014 and indirectly controlled by the Company through the Contractual Arrangements
"Latest Practicable Date"	December 4, 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified 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
"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 Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"New Framework Agreements"	the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement and the 2026-2028 Copyrights Licensing Framework Agreement
"PRC" or "China"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by the Company on May 11, 2020, the principal terms of which are summarized in "Appendix IV — Statutory and General Information — D. Other Information — (1) Pre-IPO Share Option Scheme" in the Prospectus
"Pre-IPO Share Options"	the share options granted under the Pre-IPO Share Option Scheme
"Proposed Annual Caps"	the proposed annual caps for the transactions contemplated under the New Framework Agreements for the three years ending December 31, 2028
"Prospectus"	the prospectus of the Company published on December 31, 2020
"PVOD"	premium video on demand, i.e. a pay-per-view model where users can pay a one-time fee to access exclusive video content

"re-run"	the rebroadcast of episodic content that has previously been broadcast on the TV channel or online video platform, including second-run broadcast and all subsequent broadcasts on any channel
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance of Hong Kong, (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of US$0.000025 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"short-form series"	continuous horizontal screen series with a total of 2 to 19 episodes broadcast independently or in a single season, each episode lasting 30 to 45 minutes
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"SVOD"	subscription video on demand, i.e. a subscription-based model where users are charged a monthly or yearly subscription fee for unlimited access to a library of video content
"TV series"	a series of scripted episodes that needs to obtain a distribution license from the National Radio and Television Administration of the PRC (中華人民共和國國家廣播電視總局), which are broadcast on TV channels and/or new media channels such as online video platforms
"US$"	United States dollars, the lawful currency for the time being of the United States
"VOD"	video on demand, i.e. the video content users choose to watch, where the timing of accessing the video content is not pre-determined, but rather is at the users' discretion

"Voting Arrangement Agreements"	the agreement and supplemental agreement thereof dated November 1, 2018 entered into by, among others, Mr. Liu Xiaofeng, Ms. Liu Shishi, Ms. Zhai Fang, Ms. Zhao Liying, Ms. Zhang Qiuchen and their respective wholly-owned holding companies (where applicable) regarding certain arrangements for the voting rights in the members of the Group, details of which are set out in "History, Reorganization and Corporate Development — Voting Arrangement and Lock-up Arrangements" in the Prospectus
"web series"	a series of scripted episodes which can only be broadcast on new media channels such as online video platforms
"%"	per cent

Strawbear Entertainment Group
稻草熊娱乐集团

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

Executive Directors:
Mr. Liu Xiaofeng *(Chairman)*
Ms. Zhai Fang

Non-executive Directors:
Mr. Wang Xiaohui
Ms. Liu Fan

Independent non-executive Directors:
Mr. Ma Zhongjun
Mr. Zhang Senquan
Mr. Chung Chong Sun

Registered office:
Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

Principal place of business in Hong Kong:
40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

December 9, 2025

To the Shareholders

Dear Sir or Madam,

PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

References are made to the announcements of the Company dated November 14, 2022 and November 11, 2024, and the circulars of the Company dated December 6, 2022 and December 3, 2024, in relation to, among other things, the Existing Made-to-order Drama Series Production Framework Agreement, the Existing Drama Series Copyrights Purchasing Framework Agreement and the Existing Copyrights Licensing Framework Agreement entered into between the Company and iQIYI on December 23, 2022, December 23, 2022 and December 24, 2024, respectively.

Reference is also made to the announcement of the Company dated November 14, 2025 in relation to the proposed renewal of continuing connected transactions.

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the EGM including, among other matters, (i) the proposed renewal of the continuing connected transactions; and (ii) to give you notice of the EGM at which resolutions will be proposed for the Shareholders to consider and, if thought fit, approve the aforesaid matters.

A notice convening the EGM is set out on pages 96 to 98 of this circular.

2. PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Considering that (i) the term of each of the Existing CCT Agreements will expire on December 31, 2025, and (ii) the Group intends to continue carrying out the transactions under the Existing CCT Agreements in the ordinary and usual course of business of the Group, the Company proposed to (a) enter into the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement with iQIYI upon approval by the Independent Shareholders at the EGM, pursuant to which, the Group shall, among others, provide Audiovisual Works made-to-order services (including but not limited to project planning, screenplays development, copyrights procurement and/or preparation and production services) for iQIYI in exchange for service fees payable by iQIYI, iQIYI may share with the Group the revenue generated from the broadcasting of such made-to-order Audiovisual Works (if applicable), and the Group is entitled to jointly invest in certain Audiovisual Works with iQIYI and enjoy the corresponding investment returns, for a term commencing from January 1, 2026 to December 31, 2028; (b) enter into the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement with iQIYI upon approval by the Independent Shareholders at the EGM, pursuant to which, iQIYI shall license the copyrights (including but not limited to broadcasting rights and/or distribution rights) of certain episodic content to the Group, which will be further licensed to other broadcasting platforms, TV channels or third-party agents by the Group, and the Group shall pay licensing fees to iQIYI, for a term commencing from January 1, 2026 to December 31, 2028; and (c) enter into the 2026-2028 Copyrights Licensing Framework Agreement with iQIYI upon approval by the Independent Shareholders at the EGM, pursuant to which, the Group shall license the copyrights (including but not limited to the broadcasting rights, information network transmission right and other copyrights) of the self-owned and licensed-in Audiovisual Works of the Group to iQIYI, iQIYI shall pay licensing fees to the Group, and the Group and iQIYI may also share the revenue/income generated from the Audiovisual Works according to certain sharing rates, for a term commencing from January 1, 2026 to December 31, 2028.

2026-2028 Made-to-order Audiovisual Works Production Framework Agreement

Principal terms of the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement are set out as follows:

Parties:	(1) the Company (for itself and on behalf of the Group); and (2) iQIYI (for itself and on behalf of its subsidiaries and consolidated affiliated entities)
Term:	Subject to the approval by the Independent Shareholders at the EGM, the term of the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement will commence from January 1, 2026 and end on December 31, 2028.
Subject matter:	Pursuant to the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the Group shall, among others, provide Audiovisual Works made-to-order services (including but not limited to project planning, screenplays development, copyrights procurement and/or preparation and production services) for iQIYI in exchange for service fees payable by iQIYI, iQIYI may share with the Group the revenue generated from the broadcasting of such made-to-order Audiovisual Works (if applicable), and the Group is entitled to jointly invest in certain Audiovisual Works with iQIYI and enjoy the corresponding investment returns.
Payment and settlement terms:	Separate implementation agreements will be entered into between the parties in relation to the provision of made-to-order services, investment arrangement or relevant specialized services and investment in respect of each Audiovisual Work. The implementation agreements in relation to the provision of Audiovisual Works made-to-order services and related investment arrangements will set out the detailed terms, including service type, details of the Audiovisual Works, service fee, milestone payment schedules, investment ratio and allocation of IP rights, based on the principles and within the parameters provided under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement. The definitive terms of each of such implementation agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm's length negotiation between the parties.

Pricing Policy

The fees payable by iQIYI to the Group under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement will be determined after arm's length negotiation between the parties with reference to the prevailing market prices and various related commercial factors, including the genre, nature, popularity, quantity, quality and commercial potential of the Audiovisual Works:

(a) in respect of the drama series, the Group may charge iQIYI fixed service fees, which shall be determined based on the following formula:

Service fees payable by iQIYI = total investment amount[1] × (1 + target profit margin[2])

Notes:

1. the total investment amount refers to the Group's production budget for providing project planning, screenplays development, copyrights procurement and/or preparation and production services of the target Audiovisual Works; and

2. the target profit margin will be determined after arm's length negotiation between the parties with reference to the prevailing market price and various related commercial factors, including the business value of related IPs, genre, expected popularity, quantity, quality, broadcasting model and commercial potential of the Audiovisual Works, which is expected to be not less than 10%, subject to adjustment by the parties on a case-by-case basis after arm's length negotiation. The expected target profit margin is estimated based on (i) the average historical profit margin of the service fees for the drama series that the Group charged iQIYI for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, which, according to the review of the Board, is not lower than the historical profit margin of the Group's service fees charged to other independent third party customers during the same period; and (ii) the management's judgement on the future business environment. The Board considers that the expected target profit margin of not less than 10% is on normal commercial terms and no less favorable to the Group than the terms offered by independent third party customers.

(b) in respect of the micro-short series, the fees payable by iQIYI to the Group shall be determined after arm's length negotiation between the parties based on the following methods:

(i) when the expected net distribution revenue[1] is less than or equal to the total project investment[2], the fees payable by iQIYI to the Group will be calculated based on the following formula:

Fees payable by iQIYI to the Group = total investment amount by iQIYI[3] + expected net distribution revenue[1] × the Group's sharing rate[4] or the Group's investment ratio[5]

(ii) when the expected net distribution revenue[1] exceeds the total project investment[2], the amount of the expected net distribution revenue[1] exceeding the total project investment[2] shall be further distributed based on the following formula:

Additional fees payable by iQIYI to the Group = (expected net distribution revenue[1] - total project investment[2]) × the Group's sharing rate[4] or the Group's investment ratio[5]

Notes:

1. the expected net distribution revenue refers to the amount of the net distribution revenue generated when iQIYI or its authorized third parties provide users with micro-short series viewing services, after deducting the project cost (including development fees and operating costs);

2. the total project investment refers to all offline production budget which is generated by services for project planning, script development, copyright acquisition, and/or preparation and production of the target micro-short series;

3. total investment amount by iQIYI refers to the cost of investment iQIYI undertakes, which is calculated by multiplying iQIYI's investment ratio and the total project investment;

4. the Group's sharing rate will be determined after arm's length negotiation between the parties with reference to the prevailing market price and various related commercial factors, including the business value of related IPs, genre, expected popularity, quantity, quality, broadcasting model and commercial potential of the micro-short series, which is expected to be no more than 30%, subject to adjustment by the parties on a case-by-case basis after arm's length negotiation. The expected level of the Group's sharing rate is estimated with reference to the sharing rate under the existing made-to-order drama series production agreements entered into between the Group and iQIYI and the management's judgement on the future business environment. The Board has also referred to a similar historical transaction conducted with an independent third party for comparison purpose and considers that the expected sharing rate of no exceeding 30% is on normal commercial terms and no less favorable to the Group than the terms offered by independent third party customers; and

5. the Group's investment ratio is the investment amount of the Group divided by the total investment amount for the target micro-short series, which is expected to be no more than 30%, subject to adjustment by the parties on a case-by-case basis after arm's length negotiation.

For each of the micro-short series, the pricing policies will be determined after arm's length negotiation between the parties with reference to various factors, including the genres, main creators and expected popularity of the micro-short series.

Before entering into any implementation agreement pursuant to the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the Company will assess its business needs and compare the service fees proposed by iQIYI with the fees offered by at least two other comparable independent platform operators in the Audiovisual Works distribution industry. If no comparable independent third party is available, the business department is required to explain the reasonableness and necessity of cooperation with connected persons and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. The Group will only enter into an implementation agreement with iQIYI when it is in the best interests of the Company and the Shareholders as a whole.

Historical Annual Caps and Historical Amounts

The historical annual caps for the production service fees paid and/or payable by iQIYI to the Group under the Existing Made-to-order Drama Series Production Framework Agreement for the years ended December 31, 2023, 2024 and 2025 were RMB492.0 million, RMB1,141.0 million and RMB864.0 million, respectively.

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, the production service fees paid and/or payable by iQIYI to the Group under the Existing Made-to-order Drama Series Production Framework Agreement were approximately RMB2.9 million, nil and RMB0.05 million, respectively. The relatively low utilisation rate of the historical annual caps was mainly due to the reclassification and postponement of the initially planned projects in light of actual business development demands. Out of the 13 projects initially planned under the Existing Made-to-order Drama Series Production Framework Agreement, (i) one project was delivered in 2022, (ii) four projects were reclassified as copyrights licensing agreements, (iii) one project was completed in 2025, and (iv) the remaining seven projects were postponed as a result of unexpected shifts in market demand.

Annual Caps and Basis of Determination of Annual Caps

The proposed annual caps for the fees payable by iQIYI to the Group under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are set out below:

	For the years ending December 31,		
	2026	**2027**	**2028**
	(RMB in thousands)		
Aggregate amounts of fees payable by iQIYI to the Group	346,000	334,000	401,000

The proposed annual caps for the fees payable by iQIYI to the Group under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement for the three years ending December 31, 2028 were determined with reference to:

(a) the estimated amount of the service fees payable by iQIYI to the Group for provision of drama series made-to-order services by the Group for the three years ending December 31, 2028, which is estimated based on: (1) the contractual amounts under the existing made-to-order drama series production agreements that the Group have entered into with iQIYI; (2) the estimated number of the made-to-order drama series to be produced by the Group for iQIYI in 2026, 2027 and 2028, including approximately two drama series in 2026, approximately two drama series in 2027 and approximately two drama series in 2028; and (3) the estimated service fees to be charged per made-to-order drama series ranging from RMB84.0 million to RMB180.0 million, which is estimated with reference to the expected number of episodes and the expected rating of the drama series, and the expected average market price range for each episode. Considering that (1) the estimated number and the estimated service fees in relation to the made-to-order drama series to be produced by the Group for iQIYI in 2026, 2027 and 2028 are lower than those estimated by the Group when determining the annual caps under the Existing Made-to-order Drama Series Production Framework Agreement, and (2) relatively low historical amounts were incurred under the Existing Made-to-order Drama Series Production Framework Agreement for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, the Group has made a significant downward adjustment to the proposed annual cap from RMB864.0 million for the year ending December 31, 2025 to RMB346.0 million for the year ending December 31, 2026;

(b) the estimated amount of the service fees payable by iQIYI to the Group for provision of micro-short series made-to-order services by the Group for the three years ending December 31, 2028, which is estimated based on: (1) the contractual amounts under the existing made-to-order micro-short series production agreements that the Group have entered into with iQIYI; (2) the estimated number of the made-to-order micro-short series to be produced by the Group for iQIYI in 2026, 2027 and 2028, including approximately 67 micro-short series in 2026, approximately 67 micro-short series in 2027 and approximately 66 micro-short series in 2028; and (3) the estimated service fees to be charged per made-to-order micro-short series ranging from RMB0.5 million to RMB1.0 million, which is estimated with reference to the expected number of episodes and the expected rating of the micro-short series, and the expected average market price range for each episode; and

(c) the following factors were also taken into consideration when determining the annual caps:

(i) the limited number of platform operators in the Audiovisual Works made-to-order industry; and

(ii) an additional buffer of 10% so as to avoid adverse restrictions on future business operations of the Group. Taking into account (i) the potential fluctuation in the total investment amount of the made-to-order Audiovisual Works, (ii) the possibility of increase in number of episodes and rating of Audiovisual Works, and (iii) the buffer of 10% is not a material portion of the annual caps under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the Board is of the view that an additional buffer of 10% is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The year-on-year fluctuations in the proposed annual caps for the fees payable by iQIYI to the Group under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are primarily attributable to the changes in (a) the estimated number of made-to-order drama series and micro-short series, (b) the estimated number of episode of each made-to-order drama series and micro-short series, and (c) the estimated service fees.

Reasons for and Benefits of Entering into the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement

The Group is an early mover in collaborating with online video platforms and provide diversified content developed by itself or licensed from its content partners to different online video platforms according to their preferences and specific demands. iQIYI is a leading provider of online entertainment video services in China. It produces, aggregates and distributes a wide variety of professionally produced content, as well as a broad spectrum of other video content in a variety of formats. As such, the made-to-order Audiovisual Works producing arrangements provided under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement are in the ordinary and usual course of the business of the Group.

iQIYI has massive user base. By entering into the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the Group can enhance the popularity of its content products, diversify its revenue sources and hedge the operational risks of a single business resulting from the evolving market and regulatory restrictions. The prices and terms offered by the Group to iQIYI are also no more favorable than those offered to other customers which are independent third parties. Therefore, the made-to-order Audiovisual Works producing arrangements under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement are profitable and are in the interests of the Group and the Shareholders as a whole.

2026-2028 Episodic Content Copyrights Purchasing Framework Agreement

Principal terms of the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement are set out as follows:

Parties:	(1) the Company (for itself and on behalf of the Group); and (2) iQIYI (for itself and on behalf of its subsidiaries and consolidated affiliated entities)
Term:	Subject to the approval by the Independent Shareholders at the EGM, the term of the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement will commence from January 1, 2026 and end on December 31, 2028.
Subject matter:	Pursuant to the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement, iQIYI shall license the copyrights (including but not limited to broadcasting rights and/or distribution rights) of certain episodic content to the Group, which will be further licensed to other broadcasting platforms, TV channels or third-party agents by the Group, and the Group shall pay licensing fees to iQIYI.
Payment and settlement terms:	Separate implementation agreements will be entered into between the parties to set out the detailed terms, including details of the episodic content, term of license, scope of license, distribution channels, licensing fees and milestone payment schedules, based on the principles and within the parameters provided under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement. The definitive terms of each of such implementation agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm's length negotiation between the parties.

Pricing Policy

The licensing fees payable by the Group to iQIYI under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement will be determined after arm's length negotiation between the parties with reference to the following formula:

Licensing fees payable by the Group = expected number of episodes × purchasing price for copyrights of each episode[1]

Note:

1. the purchasing price for copyrights of each episode will be determined after arm's length negotiation between the parties with reference to the prevailing market price and various related commercial factors, including the genre, nature, type and term of licensing, broadcasting schedules (first-run or re-run broadcast and the broadcasting time slot), distribution channel and expected popularity of such episodic content.

Before entering into any implementation agreement pursuant to the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement, the Company will assess its business needs and compare the licensing fees proposed by iQIYI with the fees offered by at least two other comparable independent platform operators in the episodic content distribution industry. If no comparable independent third party is available, the business department is required to explain the reasonableness and necessity of cooperation with connected persons and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. The Group will only enter into an implementation agreement with iQIYI when it is in the best interests of the Company and the Shareholders as a whole.

Historical Annual Caps and Historical Amounts

The historical annual caps for the licensing fees paid and/or payable by the Group to iQIYI under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement for the years ended December 31, 2023 and 2024 and 2025 were RMB397.0 million, RMB437.0 million and RMB477.0 million, respectively.

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, the aggregate licensing fees paid and/or payable by the Group to iQIYI under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement were RMB260.0 million, RMB233.1 million and RMB92.6 million, respectively. The relatively low utilisation rate of the historical annual cap for the year ending December 31, 2025 was mainly as a result of the decreases in the number of episodic contents purchased and the average licensing fees during the period.

Annual Caps and Basis of Determination of Annual Caps

The proposed annual caps for the licensing fees payable by the Group to iQIYI under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are set out below:

	For the years ending December 31,		
	2026	**2027**	**2028**
	(RMB in thousands)		
Aggregate amounts of the licensing fees payable by the Group to iQIYI	234,000	214,000	195,000

The proposed annual caps for the licensing fees payable by the Group to iQIYI under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement for the three years ending December 31, 2028 were determined with reference to:

(a) the historical amounts of the licensing fees paid and/or payable by the Group to iQIYI under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025;

(b) the estimated amount of the licensing fees payable by the Group to iQIYI for the three years ending December 31, 2028, which is estimated based on: (1) the contractual amounts under the existing episodic content copyrights purchasing agreements the Group have entered into with iQIYI; (2) the estimated number of episodic content to be purchased by the Group from iQIYI in the next three years, including approximately 62 episodic content in 2026, approximately 58 episodic content in 2027 and approximately 55 episodic content in 2028; and (3) the estimated licensing fees ranging from RMB0.02 million to RMB47.27 million per episodic content, taking into account the number of episodes of each episodic content and the expected purchase price for copyrights of each episode payable by the Group to iQIYI; and

(c) the following factors were also taken into consideration when determining the annual caps:

(i) the limited number of platform operators in the episodic content distribution industry; and

(ii) an additional buffer of 10% so as to avoid adverse restrictions on future business operations of the Group. Taking into account (i) the potential fluctuation in the purchase price for copyrights of each episode, and (ii) the buffer of 10% is not a material portion of the annual caps under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement, the Board is of the view that an additional buffer of 10% is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The proposed annual caps for the licensing fees payable by the Group to iQIYI under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement for the years ending December 31, 2026, 2027 and 2028 show a downward trend, which is based on the decrease in the estimated number of episodic content to be purchased by the Group from iQIYI.

Reasons for and Benefits of Entering into the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement

The Group commenced licensing broadcasting rights of outright-purchased episodic content from online video platforms to TV channels or third-party agents in 2017. Such business model has diversified the revenue streams and further enhanced the Group's cooperation with top online video platforms by providing them with more monetization opportunities at the same time. As such, the purchasing of copyrights of episodic content under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement is in the ordinary and usual course of the business of the Group. In addition, the prices and terms offered by iQIYI to the Group are no less favorable than those offered by the Group's other suppliers which are independent third parties. Therefore, the copyrights purchasing arrangements under the 2026-2028 Episodic Content

Copyrights Purchasing Framework Agreement are profitable and are in the interests of the Group and the Shareholders as a whole.

2026-2028 Copyrights Licensing Framework Agreement

Principal terms of the 2026-2028 Copyrights Licensing Framework Agreement are set out as follows:

Parties:	(1) the Company (for itself and on behalf of the Group); and (2) iQIYI (for itself and on behalf of its subsidiaries and consolidated affiliated entities)
Term:	Subject to the approval by the Independent Shareholders at the EGM, the term of 2026-2028 Copyrights Licensing Framework Agreement will commence from January 1, 2026 to December 31, 2028.
Subject matter:	Pursuant to the 2026-2028 Copyrights Licensing Framework Agreement, the Group shall license the copyrights (including but not limited to the broadcasting rights, information network transmission right and other copyrights) of the self-owned and licensed-in Audiovisual Works of the Group to iQIYI, iQIYI shall pay licensing fees to the Group, and the Group and iQIYI may also share the revenue/income generated from the Audiovisual Works according to certain sharing rates.
Payment and settlement terms:	Separate implementation agreements will be entered into between the parties to set out the detailed terms, including details of the Audiovisual Works, term of license, scope of license, broadcasting schedule, licensing fee and payment schedules and settlement terms, based on the principles and within the parameters provided under the 2026-2028 Copyrights Licensing Framework Agreement. The definitive terms of each of such implementation agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm's length negotiation between the parties.

Pricing Policy

The licensing fees under the 2026-2028 Copyrights Licensing Framework Agreement will be determined based on one or more of the following manners, after arm's length negotiation between the parties with reference to the prevailing market price and various related commercial factors, including the genre, nature, popularity, quantity, quality and commercial potential of the Audiovisual Works:

(a) in respect of the Audiovisual Works to be purchased under the cost-plus model, the Group may charge iQIYI fixed licensing fees, which shall be determined after arm's length negotiation with reference to the following formula:

$$\text{Fixed licensing fees + other licensing fees (if any)} = \text{total investment amount}^{1} \times (1 + \text{target profit margin}^{2})$$

Notes:

1. the total investment amount refers to the production, distribution and/or licensed-in copyright purchasing costs of the relevant Audiovisual Works; and

2. the target profit margin is determined with reference to the prevailing market price and various commercial factors, including the genre, the scope of license and whether or not the exclusivity is granted, type of licensing (exclusive licensing or joint licensing), the broadcasting schedules (first-run or re-run broadcast and the broadcasting time slot, if applicable) and the expected popularity of the relevant Audiovisual Works. The management of the Group expects the target profit margin to be not less than 20%, which is estimated based on the average historical profit margin of the episodic content that the Group charged iQIYI fixed licensing fees for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 and the management's judgement on future business environment. The Board has also referred to the historical copyrights licensing agreements entered into between the Group and other independent third party customers for comparison purpose, and considers that the target profit margin of not less than 20% is on normal commercial terms and no less favorable to the Group than the terms offered by independent third party customers.

(b) in respect of the Audiovisual Works to be purchased under models other than the model described in the paragraph (a), iQIYI and the Group may adopt various cooperation models, such as cost-plus model and profit-sharing model, and the Group may also share the revenue/income generated from the Audiovisual Works according to certain sharing rates:

(i) in respect of the films, the fees (as part of the licensing fees) payable to the Group by iQiyi include one of the followings:

(1) for films under SVOD model, revenue/income from SVOD to be shared by the Group = B1 × B2

Where, "B1" denotes actual VOD play time of member users of iQIYI's platforms, which represents the time that member users continuously watch a paid film for more than 6 minutes; "B2" denotes unit price per VOD.

Unit price per VOD is expected to range from RMB1 per hour to RMB3 per hour, which shall be determined after arm's length negotiation between the parties with reference to the type of licensing (exclusive licensing or joint licensing) and the corresponding time per film which is played by member users and effective for the purpose of sharing revenue/income.

(2) for films under PVOD model, revenue/income from PVOD to be shared by the Group = C1 × C2

Where, "C1" denotes box office income during the PVOD period, which represents the total income generated from the on demand broadcast of the content by members of iQIYI's platforms and other users during the effective PVOD period, net of channel fees; and "C2" denotes prescribed payment sharing percentage.

The effective PVOD period shall be determined after arm's length negotiation between the parties with reference to the estimated rating of the film and the broadcasting effect of other films of similar rating.

Prescribed payment sharing percentage is expected to range from 50% to 90%, which shall be determined after arm's length negotiation between the parties with reference to expected genre, rating and broadcasting effect of the films.

The PVOD model is mainly different from the SVOD model in two ways: (i) in terms of content accessibility, under the SVOD model, users can access a wide range of films, while under the PVOD model, users can only access exclusive premium films; and (ii) in terms of payment, under the SVOD model, users are charged a fixed fee regardless of how many films are viewed, while under the PVOD model, users pay one-time fee for an individual film. Whether a film will adopt the SVOD model or the PVOD model will be determined after arm's length negotiation between the parties taking into account the rating of the film.

(ii) the Group and iQIYI may also explore additional licensing models in the future to share other revenue/income generated from copyright operation (including but not limited to providing overseas distribution, advertising opportunities, derivative products and sublicensing) at certain sharing rate in addition to a fixed or non-fixed licensing fee, and other practical licensing models. The copyright operation can be carried out independently by the Group or iQIYI, and the operating party shall share with the other party a certain proportion of the other revenue/income it receives for copyright operation. The sharing rate of the Group is expected to range from 30% to 70%, which shall be determined after arm's length negotiation between the parties with

reference to the type of such revenue/income and other commercial factors. The expected range of the Group's sharing rate is estimated with reference to the historical sharing rate under the Existing Copyrights Licensing Framework Agreement and the management's judgement on the future business environment.

To sum up, the licensing fees for episodic content (including micro-short series) may include one of or mix of paragraphs (a) and (b)(ii) above, and the licensing fees for films may include one of or mix of paragraphs (a), (b)(i) and (b)(ii) above. Meanwhile, the Group may share with iQIYI a certain proportion of other revenues/income it receives for the copyright operation of the Audiovisual Works. For each of the episodic content and films, the pricing policies will be determined after arm's length negotiation between the parties with reference to various factors, including the genres, main creators and expected popularity of the episodic content or film. In addition, the sharing of revenue/income generated from copyright operation as set out in paragraph b(ii) above is a potential new arrangement, which will depend on the commercial development model of the episodic content and films in the future. In any event, the pricing policies offered by iQIYI are no less favorable to the Group than those available from the other independent third parties for comparable transactions.

Before entering into any implementation agreement pursuant to the 2026-2028 Copyrights Licensing Framework Agreement, the Company will assess its business needs and compare the licensing fees proposed by iQIYI with the licensing fees offered by at least two other comparable independent platform operators in the film and episodic content distribution industry. If no comparable independent third party is available, the business department is required to explain the reasonableness and necessity of cooperation with connected persons and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. The Group will only enter into an implementation agreement with iQIYI when the agreement is in the best interests of the Company and the Shareholders as a whole.

Historical Annual Cap and Historical Amount

The historical annual cap for the licensing fees paid and/or payable by iQIYI to the Group under the Existing Copyrights Licensing Framework Agreement for the year ending December 31, 2025 was RMB1,260 million.

For the nine months ended September 30, 2025, the aggregate licensing fees paid and/or payable by iQIYI to the Group under the Existing Copyrights Licensing Framework Agreement were RMB457.0 million. The relatively low utilisation rate was mainly due to the postponement of the initially planned projects. Out of the 14 projects initially planned under the Existing Copyrights Licensing Framework Agreement, (i) three projects have been broadcast during the nine months ended September 30, 2025, (ii) three projects are scheduled to be or have already been broadcast in the fourth quarter of 2025, (iii) three projects are expected to be postponed to be broadcast in 2026 due to changes in production schedule, and (iv) the remaining five projects are expected to be postponed as a result of unexpected shifts in market demand.

Annual Caps and Basis of Determination of Annual Caps

The proposed annual caps for the licensing fees payable by iQIYI to the Group and the fees payable by the Group to iQIYI under the 2026-2028 Copyrights Licensing Framework Agreement for the three years ending December 31, 2026, 2027 and 2028 are set out below:

	For the year ending December 31,		
	2026	**2027**	**2028**
	(RMB in thousands)		
Aggregate amounts of licensing fees payable by iQIYI to the Group	1,360,000	1,790,000	1,670,000
Aggregate amounts of fees payable by the Group to iQIYI	32,830	38,300	43,770

The proposed annual caps for the licensing fees payable by iQIYI to the Group and the fees payable by the Group to iQIYI under the 2026-2028 Copyrights Licensing Framework Agreement for the three years ending December 31, 2026, 2027 and 2028 were determined with reference to:

(a) the historical amount of the licensing fees paid and/or payable by iQIYI to the Group under the Existing Copyrights Licensing Framework Agreement for the nine months ended September 30, 2025;

(b) in respect of the episodic content, the fixed licensing fees payable by iQIYI to the Group for the three years ending December 31, 2026, 2027 and 2028 is estimated based on:

  (i) the contract amount under the existing episodic content copyrights licensing agreements the Group has entered into with iQIYI;

  (ii) the number of episodic content copyrights licensing projects to be conducted with iQIYI in 2026, 2027 and 2028, which is estimated to be approximately 13, 18 and 17, respectively;

  (iii) the estimated licensing fees charged per episodic content, ranging from RMB3.0 million to RMB338.0 million per episodic content, which is estimated based on the expected genre, rating, commercial potential and investment costs of the episodic content;

(c) in respect of the films, the licensing fees payable by iQIYI to the Group for the three years ending December 31, 2026, 2027 and 2028 is estimated after taking into account the licensing fees of approximately RMB10.4 million to be charged for a film in 2026, which is estimated based on the expected genre, rating, commercial potential and investment costs of the films and the public data of historical revenue/income sharing statistics of premium films.

According to publicly available data published by Certain Online Video Platforms, the licensing fees for the top ten box office films broadcasted on these platforms for the ten months ended October 31, 2025 with similar themes to the film copyrights licensing projects to be licensed by the Group in the coming year range from approximately RMB2.8 million to approximately RMB33.1 million per film;

(d) in respect of the fees payable by the Group to iQIYI for copyright operations, the amounts are estimated with reference to the following factors:

(i) the number of Audiovisual Works for which the revenue/income for copyright operation will be shared between the parties in 2026, 2027 and 2028, which is estimated to be 1, 2 and 2, respectively;

(ii) the estimated revenue/income for copyright operation per Audiovisual Work ranging from RMB9.4 million to RMB28.3 million, taking into account the genre, expected popularity, quantity, commercial potential and other merchandising development models of the Audiovisual Works for copyright revenue/income sharing; and

(iii) iQIYI's expected sharing rate (i.e. 50%-70%); and

(e) the following factors were also taken into consideration when determining the annual cap:

(i) the limited number of platform operators in the Audiovisual Works distribution industry; and

(ii) an additional buffer of 10% so as to avoid adverse restrictions on future business operations of the Group. Taking into account (i) the potential fluctuation in production costs in the production process, (ii) the possibility of increase in number of episodes and rating of Audiovisual Works, and (iii) the buffer of 10% is not a material portion of the annual caps under the 2026-2028 Copyrights Licensing Framework Agreement, the Board is of the view that an additional buffer of 10% is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The year-on-year fluctuations in the proposed annual caps for the licensing fees payable by iQIYI to the Group under the 2026-2028 Copyrights Licensing Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are primarily attributable to the changes in (a) the estimated number of Audiovisual Works to be licensed by the Group, (b) the estimated number of episode of each Audiovisual Work, and (c) the estimated price per episode.

The expected increase in the proposed annual caps for fees payable by the Group to iQIYI under the 2026-2028 Copyrights Licensing Framework Agreement for the years ending December 31, 2026, 2027 and 2028 is primarily attributable to the changes in (a) the number of Audiovisual Works for revenue share, and (b) the estimated revenue/income.

Reasons for and Benefits of Entering into the 2026-2028 Copyrights Licensing Framework Agreement

The Group commenced producing its Audiovisual Works and licensing the related copyrights of the self-owned and licensed-in Audiovisual Works to major TV channels and/or online video platforms, which are limited in number, since its inception. iQIYI is a leading provider of online entertainment video services in China. It produces, aggregates and distributes a wide variety of professionally produced content, as well as a broad spectrum of other video content in a variety of formats. As such, the copyrights licensing arrangements under the 2026-2028 Copyrights Licensing Framework Agreement are in the ordinary and usual course of the business of the Group. In addition, entering into the 2026-2028 Copyrights Licensing Framework Agreement is in line with the evolved business model of the Group and the expanded business cooperation with iQIYI.

iQIYI has a massive demand for high-quality content generated by professional producers like the Group. By entering into the 2026-2028 Copyrights Licensing Framework Agreement, the Group can enhance its distribution network and maintain business relationship with iQIYI, which has been a major player in content distribution market. The prices and terms offered by the Group to iQIYI are also no more favorable than those offered to other customers which are independent third parties. Therefore, the copyrights licensing arrangements under the 2026-2028 Copyrights Licensing Framework Agreement are profitable and are in the interests of the Group and the Shareholders as a whole.

The Company has generated and is expected to sustain the generation of substantial revenue from iQIYI by licensing the self-owned and licensed-in Audiovisual Works of the Group to iQIYI. Nevertheless, the Board considers that this business model will not give rise to the risk of undue reliance on iQIYI, and, even if the Company's cooperation with iQIYI is reduced or terminated, the Company has sufficient commercial resources to ensure that such changes in cooperation will not have a material adverse effect on its business operations, considering the following factors:

(a) The revenue contribution by iQIYI in the recent periods showed a downward trend. The percentage of the Group's total revenue contributed by iQIYI decreased from approximately 82.6% for the six months ended June 30, 2024, to approximately 67.3% for the six months ended December 31, 2024, and further to approximately 60.8% for the nine months ended September 30, 2025, such trend suggests the Group's continuous effort to expand its revenue sources beyond iQIYI. The Company expects that the revenue contribution by iQIYI in 2026, 2027 and 2028 will remain stable.

(b) The Group's relationship with iQIYI will continue to be mutually beneficial and complementary. The Group is a major market player in terms of the production and distribution of Audiovisual Works in the PRC. By leveraging its adequate production capabilities and premium industry resources, the Group can produce and acquire high quality Audiovisual Works, thereby fulfilling iQIYI's significant content demands.

(c) The Group has maintained solid and long-term business relationship with iQIYI and there is an extremely low risk that the relationship between the Group and iQIYI will materially adversely change or terminate. The Group is one of iQIYI's major collaborators and has maintained such well-established business relationship with iQIYI since 2014. Beyond the copyright licensing agreements, the Company and iQIYI have forged long-term cooperation across multiple dimensions, such as made-to-order services and the related revenue distribution sharing arrangements. Given this proven track record of successful collaboration, the Board anticipates the continuation of such cooperative relationship.

(d) iQIYI is one of the top three online video platforms in China, whose market share in aggregate accounted for a large proportion of the PRC drama series market. Given the concentrated nature of the PRC drama series market and the leading market position of iQIYI in such market, the Board believes that it is common for content production and distribution companies, including the Group, to engage in extensive and in-depth collaboration with iQIYI during their business operations.

Furthermore, the Company has also implemented proactive measures to prevent undue reliance on iQIYI. Specifically, the Group has been maintaining good business relationships with other independent online platforms and TV channels, and comparable transactions were conducted during recent periods. Meanwhile, the Company is actively pursuing other cooperation opportunities with other major television broadcasters and leading online video platforms, with a view to diversifying its customer base and revenue streams. As disclosed in the "Internal Control" section of the circular, the Company will also adhere to the practice of obtaining at least two quotations from comparable independent third parties when considering the pricing and terms offered by/to iQIYI under any potential cooperation agreements.

Internal Control

In order to ensure that the transactions contemplated under the New Framework Agreements and the relevant implementation agreements are conducted on normal commercial terms or no less favorable than terms applicable to independent third parties, and comply with the annual caps and pricing policies under the New Framework Agreements, the Company has adopted the following internal control procedures:

(a) the Company has adopted and implemented a management system on connected transactions. The Board and various other internal departments (including securities investment and financing department, finance department and business departments) of the Company are jointly responsible for evaluating the terms of the transactions contemplated under the New Framework Agreements and the relevant implementation agreements are on normal commercial terms, fair and reasonable and in the interests of the Group and its Shareholders as a whole, in particular, the fairness of the pricing policies under each agreement. The management of the Company also reviews the pricing policies of the New Framework Agreements annually;

(b) various other internal departments (including securities investment and financing department, finance department and business departments) of the Company monitor the implementation of the New Framework Agreements from time to time. In particular, the finance department and the securities investment and financing department will review the transaction amounts of the continuing connected transactions contemplated under the New Framework Agreements every two weeks to ensure that the annual caps under the New Framework Agreements are complied with, and that any implementation agreements under the New Framework Agreements shall be entered into by the Company with the prior approval of the finance department. If the actual transaction amount reaches 80% of the annual cap under any of the New Framework Agreements, the finance department and the securities investment and financing department shall inform the management of the Company, and the management of the Company will then report to the Board as soon as possible. The Board will consider the measures to be taken to ensure compliance with the requirements of the Listing Rules, including but not limited to, publishing announcement for an increased annual cap amount and seeking approval from Independent Shareholders (if required);

(c) the independent non-executive Directors and auditors of the Company will conduct annual review of the continuing connected transactions under the New Framework Agreements and provide annual confirmation to ensure that the transactions are conducted in accordance with the terms of the New Framework Agreements (including the relevant pricing policies), on normal commercial terms and in the ordinary and usual course of business of the Group in accordance with Rules 14A.55 and 14A.56 the Listing Rules; the audit committee of the Company will review the Company's financial controls, risk management and internal control systems; and when considering any renewal or revisions to the New Framework Agreements, the Company will then comply with the Listing Rules as applicable; and

(d) when considering the pricing and terms offered by/to iQIYI under the implementation agreements of the New Framework Agreements, the Group will research into prevailing market conditions and practices, obtain at least two quotations from comparable independent third parties and make reference to the pricing and terms between the Group and independent third parties for similar transactions before entering into any implementation agreement, to make sure that the pricing and terms offered by/to iQIYI after arm's length negotiations, are no less favorable to the Group than those offered by/to independent third parties. If no comparable independent third party is available, the business department will be required to explain the reasonableness and necessity of cooperation with connected persons and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. The Group will only enter into an implementation agreements with iQIYI when it is in the best interests of the Company and the Shareholders as a whole.

General Information

Information on the Group

The Group is a major episodic products producer and distributor in the PRC, and principally engages in the investment, development, production and distribution of film and episodic content (including drama series, micro-short series and other forms of episodic products).

Information on iQIYI

iQIYI is a leading provider of online entertainment video services in China; its ADSs are listed on the Nasdaq Global Select Market under the ticker symbol IQ. It produces, aggregates and distributes a wide variety of professionally produced content, as well as a broad spectrum of other video content in a variety of formats.

Listing Rules Implications

iQIYI is the holding company of Taurus Holding Ltd., a substantial Shareholder of the Company, and hence an associate of Taurus Holding Ltd. Accordingly, iQIYI is a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the New Framework Agreements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps for the transactions contemplated under each of the New Framework Agreements is more than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Opinions of the Board

The Directors (excluding the independent non-executive Directors whose view have been included in the section headed "Letter from the Independent Board Committee" of this circular) are of the view that the transactions contemplated under each of the New Framework Agreements will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable, and are in the best interests of the Company and its Shareholders as a whole.

The Independent Board Committee, comprising Mr. Zhang Senquan, Mr. Ma Zhongjun and Mr. Chung Chong Sun, all being the independent non-executive Directors, had been formed to advise the Independent Shareholders in respect of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps) and whose views and recommendation have been included in the section headed "Letter from the Independent Board Committee" of this circular. Anglo Chinese has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The letter from the Independent Board Committee to the Independent Shareholders is set out on pages 31 to 32 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 88 of this circular.

Having considered the factors disclosed in the letter from the Board, reasons for and benefits of entering into the New Framework Agreements, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the proposed renewal of continuing connected transactions, the Board is of the view that the Proposed Annual Caps are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Since Mr. Wang Xiaohui and Ms. Liu Fan, each being a Director, also hold office in iQIYI, they have therefore abstained from voting on the relevant Board resolutions approving the New Framework Agreements. Save as disclosed above, none of the other Directors has material interests in the transactions contemplated under the New Framework Agreements and is required to abstain from voting on the relevant Board resolutions.

3. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, December 23, 2025 to Tuesday, December 30, 2025, both days inclusive. During such period, no transfer of Shares of the Company will be registered. The record date for determining the eligibility to attend and vote at the EGM will be Tuesday, December 30, 2025. In order to be eligible for attending the EGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, December 22, 2025.

4. EXTRAORDINARY GENERAL MEETING

Set out on pages 96 to 98 of this circular is a notice convening the EGM to consider and, if appropriate, to approve, among others, the ordinary resolutions relating to the New Framework Agreements and the transactions contemplated thereunder.

Enclosed with this circular is a proxy form for use at the EGM. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.strawbearentertainment.com), respectively. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 4 p.m. on Sunday, December 28, 2025) before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

5. VOTES TAKEN BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to procedural or administrative matter to be voted by a show of hands. Accordingly, each of the resolution put to vote at the EGM will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

Pursuant to the Listing Rules, Taurus Holding Ltd., being an associate of iQIYI, is required to abstain from voting on the resolutions to be proposed at the EGM in relation to the New Framework Agreements and the transactions contemplated thereunder. As of the Latest Practicable Date, Taurus Holding Ltd. and its associates are interested in 97,320,000 Shares, representing approximately 13.78% of the Shares in issue of the Company. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, save as disclosed above, no other Shareholder is required under the Listing Rules to abstain from voting on the aforementioned resolutions.

6. RECOMMENDATION

The Board considers that the ordinary resolutions in relation to the New Framework Agreements and the transactions contemplated thereunder to be proposed at the EGM are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of such resolutions at the EGM.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the New Framework Agreements and the transactions contemplated thereunder will be conducted in the ordinary and usual course of the business of the Group and on normal commercial terms, and the terms and conditions therein as well as the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the relevant ordinary resolutions to be proposed at the EGM.

Yours faithfully
By order of the Board
Strawbear Entertainment Group
Mr. Liu Xiaofeng
Chairman

Strawbear Entertainment Group
稻草熊娱乐集团
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2125)

December 9, 2025

To the Independent Shareholders

Dear Sir/Madam,

PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated December 9, 2025 (the "**Circular**") to its Shareholders of which this letter forms part. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the New Framework Agreements and the transactions contemplated thereunder will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole; and to advise the Independent Shareholders on how to vote on the relevant resolutions, after taking into account the recommendations from the Independent Financial Adviser.

Anglo Chinese has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the New Framework Agreements and the transactions contemplated thereunder will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole; and to advise the Independent Board Committee and the Independent Shareholders on how to vote on the relevant resolutions.

Your attention is drawn to:

(a) the letter from the Board set out on pages 8 to 30 of this circular which contains its recommendation to the Independent Shareholders and the additional information set out in the Appendix to this circular; and

(b) the letter from the Independent Financial Adviser set out on pages 33 to 88 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders, together with the principal factors and reasons taken into consideration in arriving at such advice.

Having considered the advice from the Independent Financial Adviser, we are of the view that the New Framework Agreements and the transactions contemplated thereunder will be conducted in the ordinary and usual course of the business of the Group and on normal commercial terms, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the relevant ordinary resolutions to be proposed at the EGM in relation to the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of the Board
Mr. Zhang Senquan, Mr. Ma Zhongjun and
Mr. Chung Chong Sun
Independent Non-executive Directors

ANGLO CHINESE
CORPORATE FINANCE, LIMITED
www.anglochinesegroup.com

英高財務顧問有限公司

December 9, 2025

To: The Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps), details of which are set out in the letter from the Board contained in the circular dated December 9, 2025 issued by the Company (the "**Circular**") of which this letter forms part, and to make a recommendation to the Independent Shareholders in respect thereof. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated November 14, 2025 in relation to, among others, the New Framework Agreements (the "**Announcement**"). Considering that (i) the term of each of the Existing CCT Agreements will expire on December 31, 2025, and (ii) the Group intends to continue carrying out the transactions under the Existing CCT Agreements in the ordinary and usual course of business of the Group, the Company proposed to (a) enter into the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement with iQIYI upon approval by the Independent Shareholders at the EGM, pursuant to which, the Group shall, among others, provide Audiovisual Works made-to-order services (including but not limited to project planning, screenplays development, copyrights procurement and/or preparation and production services) for iQIYI in exchange for service fees payable by iQIYI, iQIYI may share with the Group the revenue generated from the broadcasting of such made-to-order Audiovisual Works (if applicable), and the Group is entitled to jointly invest in certain Audiovisual Works with iQIYI and enjoy the corresponding investment returns, for a term commencing from January 1, 2026 to December 31, 2028; (b) enter into the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement with iQIYI upon approval by the Independent Shareholders at the EGM, pursuant to which, iQIYI shall license the copyrights (including but not limited to broadcasting rights and/or distribution rights) of certain episodic content to the Group, which will be further licensed to other broadcasting platforms, TV channels or third-party agents by the Group, and the Group shall pay licensing fees to iQIYI, for a term commencing from January 1, 2026 to

December 31, 2028; and (c) enter into the 2026-2028 Copyrights Licensing Framework Agreement with iQIYI upon approval by the Independent Shareholders at the EGM, pursuant to which, the Group shall license the copyrights (including but not limited to the broadcasting rights, information network transmission right and other copyrights) of the self-owned and licensed-in Audiovisual Works of the Group to iQIYI, iQIYI shall pay licensing fees to the Group, and the Group and iQIYI may also share the revenue/income generated from the Audiovisual Works according to certain sharing rates, for a term commencing from January 1, 2026 to December 31, 2028.

iQIYI is the holding company of Taurus Holding Ltd., a substantial Shareholder of the Company, and hence an associate of Taurus Holding Ltd. Accordingly, iQIYI is a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the New Framework Agreements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps for the transactions contemplated under each of the New Framework Agreements is more than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to provide recommendation to the Independent Shareholders in respect of the New Framework Agreements and the transactions contemplated thereunder. Anglo Chinese has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

II. BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have, amongst other things, (i) reviewed the Announcement, the Circular and the annual reports of the Company for the years ended December 31, 2023 and 2024 (the "**Annual Report 2023**" and "**Annual Report 2024**", respectively) and its interim report for the six months ended June 30, 2025 (the "**Interim Report 2025**"); (ii) reviewed the New Framework Agreements; and (iii) discussed with the Directors regarding, among others, the reasons for and benefit of entering into the New Framework Agreements, and the basis of the principal terms of the New Framework Agreements and the respective annual caps. We consider the information we have reviewed is sufficient to reach the conclusions set out in this letter and have no reason to doubt the truth, accuracy or completeness of the information provided to us by the Company. We have been confirmed by the Directors, having made all reasonable enquiries, that to the best of their knowledge, opinions and representations expressed in the Circular (or otherwise provided to us by the Company) have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have relied on the accuracy of the information, facts, representations and the opinions expressed by the Company referred to in the Circular (or otherwise provided to us by the Company), and have assumed that all information, opinions and representations contained or referred to in the Circular (or otherwise provided to us by the Company) were true,

accurate and complete in all respects at the time when they were made and up to the date of this letter. We have not conducted any independent investigation, verification or audit into the businesses, affairs or future prospect of the Group or iQIYI, or any of their respective subsidiaries or associates.

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby we will receive any fees or benefits from the Company, its subsidiaries, directors, chief executive, substantial Shareholders or any associates of any of them. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Company or any other parties that could reasonably be regarded as relevant to our independence. In the two years prior to the Latest Practicable Date, we were engaged as independent financial adviser in respect of the proposed renewal of continuing connected transaction as set out in the circular of the Company dated December 3, 2024. Save for the aforesaid engagement, there was no other service provided by us to the Company during the past two years prior to the Latest Practicable Date.

Having considered the above and that none of the circumstances would affect our independence as at the Latest Practicable Date, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules and are eligible to give independent advice in respect of the New Framework Agreements.

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements, we have considered the following principal factors and reasons:

1. Information of the Group

The Group is a major episodic products producer and distributor in the PRC, and principally engages in the investment, development, production and distribution of film and episodic content (including drama series, micro- short series and other forms of episodic products).

(a) Financial performance

The following table summarises the results of operation of the Group for the years ended December 31, 2022, 2023 and 2024 ("**FY2022**", "**FY2023**" and "**FY2024**", respectively), and the six months ended June 30, 2024 and 2025 ("**1H2024**" and "**1H2025**", respectively).

Table 1 — Financial performance of the Group

	Year ended December 31,			Six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*
Revenue	**980,923**	**840,663**	**1,124,537**	**846,947**	**445,700**
– Licensing of the broadcasting rights of drama series	481,025	749,233	1,124,141	846,932	385,937
– Production of made-to-order drama series	495,877	83,647	–	–	59,228
– Others	4,021	7,783	396	15	535
Gross profit	**219,753**	**63,257**	**151,470**	**142,924**	**62,942**
Profit/(loss) for the year/period	**50,007**	**(107,509)**	**(2,960)**	**30,001**	**(5,791)**

Source: Annual Report 2023, Annual Report 2024 and Interim Report 2025

For 1H2025 compared to 1H2024

Revenue of the Group was approximately RMB445.7 million for 1H2025, representing a decrease of approximately 47.4% from approximately RMB846.9 million for 1H2024. The decrease in revenue was primarily attributable to the reduced number of episodes broadcast as the Group implemented the "boutique and premium" strategy characterised by innovative content and a reduced number of episodes per episodic series. Revenue derived from the licensing of broadcasting rights of episodic content decreased to approximately RMB385.9 million for 1H2025 from approximately RMB846.9 million for 1H2024, primarily due to all the broadcast episodic content invested in and produced by the Group during 1H2025 were "short-form series", resulting in the decrease in the number of episodes per series, investment scale and revenue of such short-form series and thereby a decrease in the revenue generated by the segment. On the other hand, the Group's revenue generated from production of made-to-order episode content was approximately RMB59.2 million for 1H2025 as compared to nil for 1H2024, as disclosed in the Interim Report 2025, the Group provided made-to-order production services of two episodic content for 1H2025.

Gross profit of the Group was approximately RMB62.9 million for 1H2025, representing a decrease of approximately 56.0% from approximately RMB142.9 million for 1H2024. Such decrease was primarily due to the decrease in the Group's revenue outpacing the decrease in cost of sales.

Net loss of the Group for 1H2025 was approximately RMB5.8 million, compared with a net profit of approximately RMB30.0 million for 1H2024. This turnaround was primarily due to a decrease in gross profit as discussed above, together with an increase in selling and distribution expenses by approximately 37.3% for 1H2025, from approximately RMB22.4 million for 1H2024, 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. This increase in net loss was partially offset by a decrease in administrative expenses by approximately 17.0% from approximately RMB39.6 million for 1H2024 to approximately RMB32.8 million for 1H2025, primarily due to the decrease in the losses led by the termination of several episodic projects of approximately RMB8.1 million.

For FY2024 compared to FY2023

Revenue of the Group was approximately RMB1,124.5 million for FY2024, representing an increase of approximately 33.8% from approximately RMB840.7 million for FY2023. Such increase was primarily attributable to the increase in revenue from licensing of the broadcasting rights of drama series from approximately RMB749.2 million for FY2023 to approximately RMB1,124.1 million for FY2024, primarily attributable to the corresponding increase in revenue per drama series broadcast by the Group, which was due to the adjustments in the themes and types of broadcast drama series, an increase in investment scale and a greater popularity of drama series.

Gross profit of the Group was approximately RMB151.5 million for FY2024, representing an increase of approximately 139.5% from approximately RMB63.3 million for FY2023. The increase in the Group's gross profit was primarily attributable to the increase in the Group's revenue without a proportionate increase in cost of sales.

Net loss of the Group for FY2024 decreased to approximately RMB3.0 million, from approximately RMB107.5 million for FY2023, representing a decrease of approximately 97.2%. The decrease in net loss was mainly attributable to an increase in gross profit as discussed above, together with a decrease in administrative expenses by approximately 22.7% or RMB23.2 million and a decrease in selling and distribution expenses by approximately 30.8% or RMB17.4 million, for FY2024.

For FY2023 compared to FY2022

Revenue of the Group was approximately RMB840.7 million for FY2023, representing a decrease of approximately 14.3% from approximately RMB980.9 million for FY2022. Such decrease in revenue was primarily attributable to the decrease in revenue from made-to-order drama series production services, from approximately RMB495.9 million for FY2022 to approximately RMB83.6 million for FY2023, which was primarily due to (i) the decrease in number of made-to-order drama series delivered; and (ii) the smaller investment scale per delivered made-to-order drama series for FY2023 as compared to that of FY2022. The decrease in the Group's revenue was partially offset by the increase in revenue from licensing of the broadcasting rights of drama series from approximately RMB481.0 million for FY2022 to approximately RMB749.2 million for FY2023, primarily due to the increase in the number of drama series under multiple-round releases broadcast by the Group in FY2023.

Gross profit of the Group was approximately RMB63.3 million for FY2023, representing a decrease of approximately 71.2% from approximately RMB219.8 million for FY2022. Such decrease in gross profit was primarily due to a decrease of gross profit margin to approximately 7.5% for FY2023 from approximately 22.4% for FY2022, the decrease in gross profit margin was primarily attributable to (i) a decrease in revenue of the Group for FY2023 resulting from the decrease in revenue from drama series broadcast by the Group due to the tightened procurement budgets from broadcast platforms and the decline in traffic of the direct-to-consumer content market, while the operating costs of the Group for FY2023 remained relatively stable as compared to that of FY2022; and (ii) the impairment of inventories with signs of impairment included in cost of sales (i.e. the reserved IPs of those projects which are either unable to meet the conditions for the commencement of filming or unlikely to be successful in project incubation), based on the Group's estimate after taking into account of a number of factors such as the development of the industry, project genres, policy direction, age of inventory, intended sales, the conversion rate of the current IP reserves and the prospects of its future operation.

Net loss of the Group for FY2023 was approximately RMB107.5 million, turning around from a net profit of approximately RMB50.0 million for FY2022. The decrease in the Group's net profit for FY2023 was mainly attributable to (i) a decrease in gross profit; (ii) a decrease in other income and gains of approximately 54.1% to RMB15.6 million primarily attributable to the decrease in government grants of approximately RMB16.8 million; and (iii) an increase in administrative expenses by approximately 56.3% to approximately RMB102.2 million due to the termination of several drama series projects based on the Group's estimate after taking into account of a number of factors such as

the development of the industry, project genres, policy direction, age of prepayments, intended sales, the conversion rate of the current IP reserves and the prospects of its future operation.

(b) Financial position

The following table summarises the financial position of the Group as at December 31, 2022, 2023, and 2024, and June 30, 2025:

Table 2 — Financial position of the Group

	As at December 31,			As at June 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(audited)*	*(unaudited)*
Non-current assets	134,372	164,330	170,748	193,795
Current assets	2,358,191	2,419,298	2,493,416	2,395,604
Total assets	**2,492,563**	**2,583,628**	**2,664,164**	**2,589,399**
Current liabilities	661,772	810,262	901,524	789,537
Non-current liabilities	5,185	34,048	9,299	46,131
Total liabilities	**666,957**	**844,310**	**910,823**	**835,668**
Net assets	**1,825,606**	**1,739,318**	**1,753,341**	**1,753,731**

Source: Annual Report 2023, Annual Report 2024 and Interim Report 2025

The Group's non-current assets (comprising mainly goodwill and financial assets at fair value through profit or loss) as at June 30, 2025 were approximately RMB193.8 million, compared to approximately RMB170.7 million as at December 31, 2024, such increase was primarily due to the increase in financial assets at fair value through profit or loss by approximately RMB17.7 million. The Group's current assets (comprising mainly inventories, prepayments, other receivable and other assets, and trade and note receivables) were approximately RMB2,395.6 million as at June 30, 2025, compared to RMB2,493.4 million as at December 31, 2024. Accordingly, as the decrease in the Group's current assets outweighed the increase in its non-current assets, the Group's total assets decreased from approximately RMB2,664.2 million as at December 31, 2024 to approximately RMB2,589.4 million as at June 30, 2025.

The Group's non-current liabilities (comprising non-current portion of interest-bearing bank borrowings, deferred tax liabilities and lease liabilities) as at June 30, 2025 were approximately RMB46.1 million, compared to approximately RMB9.3 million as at December 31, 2024, such increase was mainly due to the incurrence of non-current portion of interest-bearing bank and other borrowings of approximately RMB32.0 million as at June 30, 2025 while no such balance was reported as at December 31, 2024. The current

liabilities (primarily comprising trade and note payables, current portion of interest-bearing bank borrowings and other payables and accruals) as at June 30, 2025 were approximately RMB789.5 million, as compared to approximately RMB901.5 million as at December 31, 2024, primarily attributable to the decrease of other payables and accruals by approximately RMB117.0 million as at June 30, 2025. Accordingly, as the decrease in the Group's current liabilities outweighed the increase in its non-current liabilities, the Group's total liabilities decreased from approximately RMB910.8 million as at December 31, 2024 to approximately RMB835.7 million as at June 30, 2025. As at June 30, 2025, the Group's net assets were approximately RMB1,753.7 million.

2. Information on iQIYI

As set out in the letter from the Board, iQIYI is a leading provider of online entertainment video services in China; its ADSs are listed on the Nasdaq Global Select Market under the ticker symbol IQ. It produces, aggregates and distributes a wide variety of professionally produced content, as well as a broad spectrum of other video content in a variety of formats.

3. Reasons for and benefits of entering into the New Framework Agreements

(a) 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement

The Group is an early mover in collaborating with online video platforms and provides diversified content developed by itself or licensed from its content partners to different online video platforms according to their preferences and specific demands. iQIYI is a leading provider of online entertainment video services in China. It produces, aggregates and distributes a wide variety of professionally produced content, as well as a broad spectrum of other video content in a variety of formats. As such, the made-to-order Audiovisual Works producing arrangements provided under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement are in the ordinary and usual course of the business of the Group.

iQIYI has a massive user base. By entering into the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the Group can enhance the popularity of its content products, diversify its revenue sources and hedge the operational risks of a single business resulting from the evolving market and regulatory restrictions. As set out in the letter from the Board, the prices and terms offered by the Group to iQIYI are also no more favorable than those offered to other customers which are independent third parties. Therefore, the made-to-order Audiovisual Works producing arrangements under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement are in the interests of the Group and the Shareholders as a whole.

(b) 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement

The Group commenced licensing broadcasting rights of outright-purchased episodic content from online video platforms to TV channels or third-party agents in 2017. Such business model has diversified the revenue streams and further enhanced the Group's cooperation with top online video platforms by providing them with more monetisation opportunities at the same time. As such, the purchasing of copyrights of outright-purchased episodic content under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement is in the ordinary and usual course of the business of the Group. In addition, the prices and terms offered by iQIYI to the Group are no less favourable than those offered by the Group's other suppliers which are independent third parties. Therefore, the copyrights purchasing arrangements under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement are in the interests of the Group and the Shareholders as a whole.

(c) 2026-2028 Copyrights Licensing Framework Agreement

The Group commenced producing its Audiovisual Works and licensing the related copyrights of the self-owned and licensed-in Audiovisual Works to major TV channels and/or online video platforms, which are limited in number, since its inception. iQIYI is a leading provider of online entertainment video services in China. It produces, aggregates and distributes a wide variety of professionally produced content, as well as a broad spectrum of other video content in a variety of formats. As such, the copyrights licensing arrangements under the 2026-2028 Copyrights Licensing Framework Agreement are in the ordinary and usual course of the business of the Group. In addition, entering into the 2026-2028 Copyrights Licensing Framework Agreement is in line with the evolved business model of the Group and the expanded business cooperation with iQIYI.

iQIYI has a massive demand for high-quality content generated by professional producers like the Group. By entering into the 2026-2028 Copyrights Licensing Framework Agreement, the Group can enhance its distribution network and maintain business relationship with iQIYI, which has been a major player in the content distribution market. As set out in the letter from the Board, the prices and terms offered by the Group to iQIYI are also no more favourable than those offered to other customers which are independent third parties. Therefore, the copyrights licensing arrangements under the 2026-2028 Copyrights Licensing Framework Agreement are in the interests of the Group and the Shareholders as a whole.

— *Overview of the internet audiovisual industry in the PRC*

The market size of China's internet audiovisual industry has continued to expand in recent years, benefiting from the technological advancement and the widespread accessibility of digital media platforms. According to the "2021 China Internet Audio-Visual Development Research Report" (2021中國網絡視聽發展研究報告)[1] and the "2025 China Internet Audio-Visual Development Research Report" (中國網絡視聽發展研究報告(2025))[2] published by China Netcasting Services Association (中國網絡視聽節目服務協會), an industry body approved by the Ministry of Civil Affairs of the PRC (中華人民共和國民政部), the estimated market size of China's internet audiovisual industry reached approximately RMB1.22 trillion as of December 2024, up from approximately RMB600 billion as of December 2020, representing a compound annual growth rate (the "**CAGR**") of approximately 19.5%.

In addition, according to the "2020 National Radio and Television Industry Statistical Bulletin" (2020年全國廣播電視行業統計公報)[3] and "2024 National Radio and Television Industry Statistical Bulletin" (2024年全國廣播電視行業統計公報)[4] published by the National Radio and Television Administration (國家廣播電視總局), the revenue derived from user subscription fee, copyrights licensing, and other related services in the internet audiovisual industry in the PRC was approximately RMB183 billion as of December 2024, up from approximately RMB83 billion as of December 2020, representing a CAGR of approximately 21.8% from December 2020, on the other hand, the revenue derived from short-form videos and livestreaming was approximately RMB452 billion as of December 2024, up from approximately RMB211 billion as of December 2020, representing a CAGR of approximately 20.9%.

China's internet audiovisual industry has also experienced steady audience expansion in recent years, driven by the improvement in digital infrastructure and the growing availability of online content production and distribution tools. According to the "48th Statistical Report on China's Internet Development" (第48次中國互聯網絡發展狀況統計報告)[5] and the "56th Statistical Report on China's Internet Development" (第56次中國互聯網絡發展狀況統計報告)[6] published by China Internet Network Information Center (中國互聯網絡信息中心), a public institution affiliated with the Ministry of Industry and

1 http://www.cnsa.cn/attach/0/2112271351275360.pdf
2 https:/imgtopics.gmw.cn/site2/20250326/005056b806c2294e362338.pdf
3 https://www.nrta.gov.cn/art/2021/4/19/art_113_55837.html
4 https://www.nrta.gov.cn/art/2025/5/9/art_113_70729.html
5 https://www.cnnic.net.cn/NMediaFile/old_attach/P020210915523670981527.pdf
6 https://www.cnnic.net.cn/NMediaFile/2025/0730/MAIN1753846666507QEK67ZS9DH.pdf

Information Technology of China (中華人民共和國工業和信息化部), as of June 2025, the population of online video viewers in China reached approximately 1,085 million, up from approximately 944 million as of June 2021, representing a CAGR of approximately 3.5%. Among which, number of short-form video content viewers was approximately 1,068 million as of June 2025, up from approximately 888 million as of June 2021, representing a CAGR of approximately 4.7%.

The expansion of market size and audience base, coupled with the increasing monetisation of copyrighted content, indicates a growing market demand for audiovisual works. Accordingly, the entering into of the New Framework Agreements by the Group is considered commercially aligned with the prevailing market trends.

— *Long-term cooperation relationship with market-leading provider*

As set out in the letter from the Board, iQIYI is a leading provider of online entertainment video services in China. According to Enlightent (雲合數據), a data analytics company focusing on the audiovisual industry, during the first half of 2025, iQIYI broadcast eight of the top 20 drama series with the highest cumulative effective views, achieving an aggregate of approximately 7.3 billion effective views and ranking first among the major audiovisual platform operators during the period. In addition, according to a research by QuestMobile, a domestic mobile big data service provider, the iQIYI mobile application recorded approximately 358 million active users in July 2025, ranking second among leading audiovisual platforms of Tencent Video, Youku and Mango TV.

Given iQIYI's established market position and extensive user base, the Group's continued cooperation with iQIYI under the New Framework Agreements is expected to provide stable and recurring business opportunities. Partnering with a major platform operator with significant viewership enhances the Group's content exposure and distribution reach, facilitating the promotion and monetisation of its episodic content and IP reserves to a wider audience base. Therefore, we agree with the Directors' view that it is commercially justifiable to continue the cooperation with iQIYI, a market-leading provider and as one of the Group's long-standing business partners since inception, as such partnership constitutes an integral part of the Group's business alliance and is crucial to its long-term business and operations.

In view of the above and that the Company has absolute discretion as to whether to enter into any new implementation agreement under the New Framework Agreements, we concur with the Directors' view that the entering into the New Framework Agreements is in the interests of the Group and the Shareholders as a whole.

As set out in the letter from the Board, the Board considers that the business model of licensing the self-owned and licensed-in Audiovisual Works to iQIYI will not give rise to the risk of undue reliance on iQIYI. Based on the factors below, we consider that the abovementioned Board's view is reasonably stated, and that the measures to be taken by the Company to prevent undue reliance on its connected person and its substantial Shareholders are sufficient:

(i) the revenue contribution by iQIYI in the recent periods showed a downward trend. According to the financial information published or provided by the Company, we note that the percentage of the Group's total revenue contributed by iQIYI decreased from approximately 82.6% for 1H2024, to approximately 67.3% for the six months ended December 31, 2024, and further to approximately 60.8% for the nine months ended September 30, 2025, indicating the Group's continuous effort to expand its revenue sources beyond iQIYI. As disclosed in the letter from the Board, the Company expects that the revenue contribution by iQIYI in 2026, 2027, and 2028 to remain stable;

(ii) the licensing of the copyrights of the Audiovisual Works of the Group to iQIYI is expected to continue to be mutually beneficial and complimentary. Through the provision of quality content, the Group supports iQIYI in enhancing user engagement and monetisation, while iQIYI provides the Group with efficient distribution access and broad market reach. Such cooperation reflects a commercially complementary arrangement arising from the respective business strengths and needs of each party;

(iii) the Group has an established and long-term business relationship with iQIYI. We note from the Company's prospectus dated December 31, 2020 that the Group has collaborated with iQIYI since its inception in 2014. Since then, the Group has maintained a stable business relationship with iQIYI and expanded its cooperation beyond copyright licensing to include made-to-order production and revenue-sharing arrangements. Given the long cooperation history and diversity of commercial arrangements, which demonstrate the continuity and commercial depth of the relationship, we find it reasonable for the Group's view that its relationship with iQIYI is primarily driven by business needs rather than undue reliance, and is not likely to materially and adversely change or terminate;

(iv) as referred to the letter from the Board, iQIYI is a leading provider of online entertainment video services in China and the Board believes that it is common for content production and distribution companies, including the Group, to engage in extensive collaboration with iQIYI, given the concentrated nature of the PRC drama series market and iQIYI's leading market position. As discussed in the section above, we note that iQIYI is one of the leading platforms in China in terms of views and active users. In addition, based on our review of the Group's historical transactions with iQIYI, we note that such cooperation has been conducted on a project-driven basis, with terms varying by project type, scope and commercial arrangements and subject to separate assessment for each project. This demonstrates that the Group retains commercial discretion on each transaction and is not subject to pre-determined or automatic dealing arrangements; and

(v) as set out in the letter from the Board, the Company is actively pursuing other cooperation opportunities with other major television broadcasters and leading online video platforms to further diversify its customer base and revenue streams. We note that, during the recent periods, the Group has undertaken transactions with certain independent online video platforms and TV channels. For example, according to the information published or provided by the Company, in addition to being broadcast on iQIYI: (i) *Lost Identity* (《孤戰迷城》) was broadcast on an independent online video platform, Tencent Video in June 2024 and on independent TV channels, namely Beijing Radio & Television Station and Dragon TV, in July 2024; (ii) *The Trident 2* (《三叉戟2》) was broadcast on independent TV channels, namely Beijing Satellite TV and Dragon TV, in January 2025; and (iii) *Move Heaven and Earth* (《赴山海》) was broadcast on an independent online video platform, Tencent Video, in September 2025. Apart from the above, based on our enquiries with management, the Group will continue to strengthen its business development efforts through, among others, (i) active project pitching to independent online video platforms and TV channels, (ii) active participation in marketing campaigns, and (iii) engaging in discussions with third-party platforms and broadcasters in respect of prospective cooperation projects.

4. Principal terms of the New Framework Agreements

The principal terms and conditions of the New Framework Agreements are summarised below. Please refer to the section headed "Proposed renewal of continuing connected transactions" set out in the letter from the Board for further details.

(a) 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement

As set out in the letter from the Board, the principal terms of the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement are set out as follows:

Parties: (1) the Company (for itself and on behalf of the Group); and

(2) iQIYI (for itself and on behalf of its subsidiaries and consolidated affiliated entities)

Term: Subject to the approval by the Independent Shareholders at the EGM, the term of the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement will commence from January 1, 2026 and end on December 31, 2028.

Subject matter: Pursuant to the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the Group shall, among others, provide Audiovisual Works made-to-order services (including but not limited to project planning, screenplays development, copyrights procurement and/or preparation and production services) for iQIYI in exchange for service fees payable by iQIYI, iQIYI may share with the Group the revenue generated from the broadcasting of such made-to-order Audiovisual Works with the Group (if applicable), and the Group is entitled to jointly invest in certain Audiovisual Works with iQIYI and enjoy the corresponding investment returns.

Payment and settlement terms: Separate implementation agreements will be entered into between the parties in relation to the provision of made-to-order services, investment arrangement or relevant specialised services and investment in respect of each Audiovisual Work. The implementation agreements in relation to the provision of Audiovisual Works made-to-order services and related investment arrangements will set out the detailed terms, including service type, details of the Audiovisual Works, service fee, milestone payment schedules, investment ratio and allocation of IP rights, based on the principles and within the parameters provided under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement. The definitive terms of each of such implementation agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm's length negotiation between the parties.

We have reviewed the subject matter under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement and note that such scope falls within the ordinary and usual course of business of the Group, which principally engages in the investment, development, production and distribution of film and episodic content (including drama series, micro-short series and other forms of episodic products) as discussed in the section headed "Information of the Group" above.

Pricing policy

As set out in the letter from the Board, the fees payable by iQIYI to the Group under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement will be determined after arm's length negotiation between the parties with reference to the prevailing market prices and various related commercial factors, including the genre, nature, popularity, quantity, quality and commercial potential of the Audiovisual Works:

(i) in respect of the drama series, the Group may charge iQIYI fixed service fees, which shall be determined based on the following formula:

Service fees payable by iQIYI = total investment amount[1] × (1 + target profit margin[2])

Notes:

1. the total investment amount refers to the Group's production budget for providing project planning, screenplays development, copyrights procurement and/or preparation and production services of the target Audiovisual Works; and

2. the target profit margin will be determined after arm's length negotiation between the parties with reference to the prevailing market price and various related commercial factors, including the business value of related IPs, genre, expected popularity, quantity, quality, broadcasting model and commercial potential of the Audiovisual Works, which is expected to be not less than 10%, subject to adjustment by the parties on a case-by-case basis after arm's length negotiation. The expected target profit margin is estimated based on (i) the average historical profit margin of the service fees for the drama series that the Group charged iQIYI for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, which, according to the review of the Board, is not lower than the historical profit margin of the Group's service fees charged to other independent third party customers during the same period; and (ii) the management's judgement on the future business environment. The Board considers that the expected target profit margin of not less than 10% is on normal commercial terms and no less favorable to the Group than the terms offered by independent third party customers.

(ii) in respect of the micro-short series, the fees payable by iQIYI to the Group shall be determined after arm's length negotiation between the parties based on the following methods:

(1) when the expected net distribution revenue[1] is less than or equal to the total project investment[2], the fees payable by iQIYI to the Group will be calculated based on the following formula:

Fees payable by iQIYI to the Group = total investment amount by iQIYI[3] + expected net distribution revenue[1] × the Group's sharing rate[4] or the Group's investment ratio[5]

(2) when the expected net distribution revenue[1] exceeds the total project investment[2], the amount of the expected net distribution revenue[1] exceeding the total project investment[2] shall be further distributed based on the following formula:

Additional fees payable by iQIYI to the Group = (expected net distribution revenue[1] – total project investment[2]) × the Group's sharing rate[4] or the Group's investment ratio[5]

Notes:

1. the expected net distribution revenue refers to the amount of the net distribution revenue generated when iQIYI or its

authorised third parties provide users with micro-short series viewing services, after deducting the project cost (including development fees and operating costs);

2. the total project investment refers to all offline production budget which is generated by services for project planning, script development, copyright acquisition, and/or preparation and production of the target micro-short series;

3. total investment amount by iQIYI refers to the cost of investment iQIYI undertakes, which is calculated by multiplying iQIYI's investment ratio and the total project investment;

4. the Group's sharing rate will be determined after arm's length negotiation between the parties with reference to the prevailing market price and various related commercial factors, including the business value of related IPs, genre, expected popularity, quantity, quality, broadcasting model and commercial potential of the micro-short series, which is expected to be no more than 30%, subject to adjustment by the parties on a case-by-case basis after arm's length negotiation. The expected level of the Group's sharing rate is estimated with reference to the sharing rate under the existing made-to-order drama series production agreement entered into between the Group and iQIYI and the management's judgement on the future business environment. The Board has also referred to a similar historical transaction conducted with an independent third party for comparison purpose and considers that the expected sharing rate of no exceeding 30% is on normal commercial terms and no less favorable to the Group than the terms offered by independent third party customers; and

5. the Group's investment ratio is the investment amount of the Group divided by the total investment amount for the target micro-short series, which is expected to be no more than 30%, subject to adjustment by the parties on a case-by-case basis after arm's length negotiation.

For each of the micro-short series, the pricing policies will be determined after arm's length negotiation between the parties with reference to various factors, including the genres, main creators and expected popularity of the micro-short series.

As advised by the Directors, since certain of the above factors are specific to the versatility and uniqueness of each audiovisual work, the formula set out above is for illustrative purposes only to give a general indication of how the transaction fees may be determined. There is, however, no exact quantitative formula adopted for determining the transaction fees.

We have reviewed both the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement and the Existing Made-to-order Drama Series Production Framework Agreement, and note several key changes in the pricing policy in the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement as compared to the Existing Made-to-order Drama Series Production Framework Agreement, which include:

(a) a new pricing policy is stipulated for micro-short series under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the fees of which are based on the total investment amount by iQIYI and a certain percentage of the expected net distribution revenue (and the expected net distribution profit of the same percentage, if any) based on the Group's sharing rate or investment ratio which is expected to be no more than 30%. As advised by the Company, the fee arrangement for micro-short series is introduced in response to the rising popularity of micro-short series in the market to enable the Company to capture the growth opportunity by investing jointly in the production of micro-short series with iQIYI or earn service fees through the provision of made-to-order production services to iQIYI. The Company's decision is considered to be in line with the market trend as discussed under the section headed "Overview of the internet audiovisual industry in the PRC" — a CAGR of approximately 4.7% in short-form video content viewers from June 2021 to June 2025 and a CAGR of approximately 20.9% in revenue derived from short-form videos and livestreaming from December 2020 to December 2024. In the case where the Group jointly invests in certain Audiovisual Works with iQIYI, the Group is entitled to a sharing rate which is equivalent to its investment ratio, which we consider to be reasonable;

(b) the sharing arrangement for other revenue under the Existing Made-to-order Drama Series Production Framework Agreement (comprising among others, distribution revenue generated from the broadcasting of made-to-order drama series net of operating costs) has now been removed under the 2026-2028 Made-to-order Drama Series Production Framework Agreement. As advised by the Company, this change is made in response to the declining preference for such other revenue for made-to-order production of drama series from iQIYI. The Company further confirmed that no revenue from sharing of other revenue for drama series was recognised under the Existing Made-to-order Drama Series Production Framework

Agreement during the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, and we consider such change commercially justifiable; and

(c) the sharing rate for other revenue under the Existing Made-to-order Drama Series Production Framework Agreement was expected to range from 5% to 50%, whereas the sharing rate or investment ratio set out under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement is expected to be no more than 30%. Under the new fee arrangements for micro-short series set out in the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the Group is entitled not only to receive the total investment amount by iQIYI, but also a share of the expected net distribution revenue and any net distribution profit (being the amount of the expected net distribution revenue exceeding the total project investment). Such share, whether under the Group's sharing rate or investment ratio, is expected to be no more than 30%. We note that, the Group is entitled to share the net distribution profit under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, whereas no such net distribution profit was shared under the Existing Made-to-order Drama Series Production Framework Agreement. In the event that the micro-short series generate a high net distribution revenue, the Group may be entitled to a higher overall license fees under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement.

Save as the foregoing, the pricing policy under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement is generally in line with that adopted under the Existing Made-to-order Drama Series Production Framework Agreement.

Regarding the 2026-2028 Made-to-Order Audiovisual Works Production Framework Agreement, we noted that a target profit margin of no less than 10% is stipulated for the production of made-to-order audiovisual works. Based on our review of historical profit margins of five implementation agreements entered into between the Group and iQIYI during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, and two implementation agreements entered into between the Group and its independent third parties during the same period, it is noted that the average historical profit margins in transactions with iQIYI during the aforementioned period was no less than 10%, which is in line with that under the 2026-2028 Made-to-Order Audiovisual Works Production Framework Agreement, and was no less favourable than the transactions with independent third parties for the same period.

We note that the Company entered into a limited number of agreements with respect to the made-to-order Audiovisual Works productions with both iQIYI and the Company's independent third parties. As set out in the letter from the Board, the historical transaction amounts under the Existing Made-to-order Drama Series Production Framework Agreement were approximately RMB2.9 million, nil and approximately RMB0.05 million for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, respectively, representing one, nil and one implementation agreement entered into between the Group and iQIYI during the said period. Further, as disclosed in the section headed "information of the Group" in this letter, the Group's revenue derived from production of made-to-order drama series was approximately RMB83.6 million, nil and RMB59.2 million for the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, respectively, representing two, nil and two agreements entered into by the Group in respect of the production of made-to-order drama series service.

We have obtained and reviewed five implementation agreements entered into between the Group and iQIYI during the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025 (representing all of the implementation agreements entered into between the Group and iQIYI during the said period) and two agreements entered into between the Group and its independent third parties (representing all of the relevant agreements entered into between the Group and its independent third parties during the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025). We therefore consider the sample size to be sufficient and representative for analysis.

We note that the agreements for the provision of made-to-order services to both iQIYI and the Company's independent third parties covered a comparable scope of services, payment schedules and revenue sharing arrangements. In particular, based on the agreement entered into with an independent third party in 2023, the Group was entitled to share 20% of the revenue derived from advertising placements sourced by the Group, while its profit margin shall not exceed 10% of the surplus of the total investment amount over the total compensation payable to the leading male and female actors. In comparison, under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the Group is entitled to share up to 30% of the net distribution revenue (which covers revenues derived from, among others, overseas distribution, advertising, derivative products and sublicensing) as well as the net distribution profit (if any), and a target profit margin of no less than 10% has been set. Accordingly, we consider that the Group is entitled to a broader and more diversified source of revenue, coupled with a more favourable profit arrangement, under the 2026-2028 Made-to-order Audiovisual Works Production

Framework Agreement as compared with the historical transaction with the independent third party, which is beneficial to the Group.

As stated in the letter from the Board, before entering into any implementation agreement pursuant to the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the Company will assess its business needs and compare the service fees proposed by iQIYI with the fees offered by at least two other comparable independent platform operators in the drama series distribution industry. If no comparable independent third party is available, the business department is required to explain the reasonableness and necessity of cooperation with connected persons and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. The Group will only enter into an implementation agreement with iQIYI when it is in the best interests of the Company and the Shareholders as a whole. In this regard, we have obtained internal walkthrough documents with respect to two implementation agreements under the Existing Made-to-order Drama Series Production Framework Agreement and note that such implementation agreements were considered and duly approved by the Group. As further confirmed by the Directors, such measure has been implemented pursuant to the Existing Made-to-order Drama Series Production Framework Agreement.

Based on the foregoing, we agree with the Directors' view that the entering into of the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement is in the ordinary and usual course of business of the Group and the pricing policies contemplated therein are fair and reasonable.

(b) 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement

As set out in the letter from the Board, the principal terms of the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement are set out as follows:

Parties:	(1) the Company (for itself and on behalf of the Group); and (2) iQIYI (for itself and on behalf of its subsidiaries and consolidated affiliated entities)
Term:	Subject to the approval by the Independent Shareholders at the EGM, the term of the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement will commence from January 1, 2026 and end on December 31, 2028.
Subject matter:	Pursuant to the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement, iQIYI shall license the copyrights (including but not limited to broadcasting rights and/or distribution rights) of certain episodic content to the Group, which will be further licensed to other broadcasting platforms, TV channels or third-party agents by the Group, and the Group shall pay licensing fees to iQIYI.
Payment and settlement terms:	Separate implementation agreements will be entered into between the parties to set out the detailed terms, including details of the episodic content, term of license, scope of license, distribution channels, licensing fees and milestone payment schedules, based on the principles and within the parameters provided under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement. The definitive terms of each of such implementation agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm's length negotiation between the parties.

We have reviewed the subject matter under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement and note that such scope falls within the ordinary and usual course of business of the Group, which principally engages in the investment, development, production and distribution of film and episodic content (including drama series, micro- short

series and other forms of episodic products) as discussed in the section headed "Information of the Group" above.

Pricing policy

As set out in the letter from the Board, the licensing fees payable by the Group to iQIYI under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement will be determined after arm's length negotiation between the parties with reference to the following formula:

Licensing fees payable by the Group = expected number of episodes × purchasing price for copyrights of each episode[1]

Note:

1. the purchasing price for copyrights of each episode will be determined after arm's length negotiation between the parties with reference to the prevailing market price and various related commercial factors, including the genre, nature, type and term of licensing, broadcasting schedules (first-run or re-run broadcast and the broadcasting time slot), distribution channel and expected popularity of such episodic content to other broadcasting platforms, TV channels or third-party agents.

We have reviewed both the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement and the Existing Drama Series Copyrights Purchasing Framework Agreement, and note the specific pricing policy for the agency distribution fees (an arrangement under which the Group acted as distribution agent of the copyright drama series of iQIYI by receiving copyrights distribution revenue and remitting to iQIYI after deducting an agency fee) from the Existing Drama Series Copyrights Purchasing Framework Agreement has been removed in the in the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement. As advised by the Company, this change is made in response to the changing market conditions and the fact that Group did not recognise any costs relating to the payment of copyrights distribution revenue under the Existing Drama Series Copyrights Purchasing Framework Agreement. Save for the removal of the aforementioned arrangement, the pricing policy under the 2026–2028 Episodic Content Copyrights Purchasing Framework Agreement remains generally consistent with that adopted under the Existing Drama Series Copyrights Purchasing Framework Agreement.

To assess the fairness and reasonableness of the pricing policies for the licensing fees under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement, we have reviewed 30 implementation agreements entered into between the Group and iQIYI during the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, which together represented at least 50% of the relevant historical transaction amounts during the said

period. We therefore consider the sample size to be sufficient and representative for analysis. As confirmed by the Directors, the Group did not enter into any copyrights purchasing agreements with independent third parties during the same period. Accordingly, our assessment of the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement has made reference to (i) the Group's historical transactions with iQIYI under the Existing Drama Series Copyrights Purchasing Framework Agreement; and (ii) the pricing policies adopted thereunder. We note that, under the Existing Drama Series Copyrights Purchasing Framework Agreement, the licensing fees were principally determined based on an agreed fee per episode multiplied by the expected number of episodes as stipulated in the relevant implementation agreements which is consistent with that under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement.

As stated in the letter from the Board, before entering into any implementation agreement pursuant to the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement, the Company will assess its business needs and compare the licensing fees proposed by iQIYI with the fees offered by at least two other comparable independent platform operators in the episodic content distribution industry. If no comparable independent third party is available, the business department is required to explain the reasonableness and necessity of cooperation with connected persons and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. The Group will only enter into an implementation agreement with iQIYI when it is in the best interests of the Company and the Shareholders as a whole. In this regard, we have obtained sample internal walkthrough documents with respect to 30 implementation agreements under the Existing Drama Series Copyrights Purchasing Framework Agreement and note that such implementation agreements were considered and duly approved by the Group. As further confirmed by the Directors, such measures have been implemented pursuant to the Existing Drama Series Copyrights Purchasing Framework Agreement.

Based on the foregoing, we agree with the Directors' view that the entering into of the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement is in the ordinary and usual course of business of the Group and the pricing policies contemplated therein are fair and reasonable.

(c) 2026-2028 Copyrights Licensing Framework Agreement

As set out in the letter from the Board, the principal terms of the 2026-2028 Copyrights Licensing Framework Agreement are set out as follows:

Parties: (1) the Company (for itself and on behalf of the Group); and

(2) iQIYI (for itself and on behalf of its subsidiaries and consolidated affiliated entities)

Term: Subject to the approval by the Independent Shareholders at the EGM, the term of 2026-2028 Copyrights Licensing Framework Agreement will commence from January 1, 2026 to December 31, 2028.

Subject matter: Pursuant to the 2026-2028 Copyrights Licensing Framework Agreement, the Group shall license the copyrights (including but not limited to the broadcasting rights, information network transmission right and other copyrights) of the self-owned and licensed-in Audiovisual Works of the Group to iQIYI, and iQIYI shall pay licensing fees to the Group, and the Group and iQIYI may also share the revenue/income generated from the Audiovisual Works according to certain sharing rates.

Payment and settlement terms: Separate implementation agreements will be entered into between the parties to set out the detailed terms, including details of the Audiovisual Works, term of license, scope of license, broadcasting schedule, licensing fee and payment schedules and settlement terms, based on the principles and within the parameters provided under the 2026-2028 Copyrights Licensing Framework Agreement. The definitive terms of each of such implementation agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm's length negotiation between the parties.

We have reviewed the subject matter under the 2026-2028 Copyrights Licensing Framework Agreement and note that such scope falls within the ordinary and usual course of business of the Group, which principally engages in the investment, development, production and distribution of film and episodic content (including drama series, micro- short series and other forms of episodic products) as discussed in the section headed "Information of the Group" above.

Pricing policy

As set out in the letter from the Board, the licensing fees under the 2026-2028 Copyrights Licensing Framework Agreement will be determined based on one or more of the following manners, after arm's length negotiation between the parties with reference to the prevailing market price and various related commercial factors, including the genre, nature, popularity, quantity, quality and commercial potential of the Audiovisual Works:

(a) in respect of the Audiovisual Works to be purchased under the cost-plus model, the Group may charge iQIYI fixed licensing fees, which shall be determined after arm's length negotiation with reference to the following formula:

Fixed licensing fees + other licensing fees (if any) = total investment amount[1] × (1 + target profit margin[2])

Notes:

1. the total investment amount refers to the production, distribution and/or licensed-in copyright purchasing costs of the relevant Audiovisual Works; and

2. the target profit margin is determined with reference to the prevailing market price and various commercial factors, including the genre, the scope of license and whether or not the exclusivity is granted, type of licensing (exclusive licensing or joint licensing), the broadcasting schedules (first-run or re-run broadcast and the broadcasting time slot, if applicable) and the expected popularity of the relevant Audiovisual Works. The management of the Group expects the target profit margin to be not less than 20%, which is estimated based on the average historical profit margin of the episodic content that the Group charged iQIYI fixed licensing fees for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 and the management's judgement on future business environment. The Board has also referred to the historical copyrights licensing agreements entered into between the Group and other independent third party customers for comparison purpose, and considers that the target profit margin of not less than 20% is on normal commercial terms and no less favorable to the Group than the terms offered by independent third party customers.

As advised by the Directors, since certain of the above factors are specific to the versatility and uniqueness of each audiovisual work, the formula set out above is for illustrative purposes only to give a general indication of how the fixed licensing fees may be determined. There is, however, no exact quantitative formula adopted for determining the fixed licensing fees.

To assess the pricing policy of fixed licensing fees, we have reviewed both the 2026-2028 Copyrights Licensing Framework Agreement and the Existing Copyrights Licensing Framework Agreement and note that the pricing policy of fixed licensing fees under the 2026-2028 Copyrights Licensing Framework Agreement is generally in line with that adopted under the Existing Copyrights Licensing Framework Agreement.

In assessing the fairness and reasonableness of the target profit margin of not less than 20% for the fixed licensing fees under the 2026-2028 Copyrights Licensing Framework Agreement as set out in the letter from the Board, we were furnished by the Company with the historical profit margins of 13 implementation agreements entered into between the Group and iQIYI during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 (collectively, the "**Fixed Fees Copyrights Licensing Implementation Agreements**"), covering all the implementation agreements entered into with iQIYI in relation to copyrights licensing during the said period that were charged based on fixed licensing fees. It is noted that the average historical profit margin under the Fixed Fees Copyrights Licensing Implementation Agreements was not less than 20%, which is comparable to the target profit margin under the 2026-2028 Copyrights Licensing Framework Agreement. As further advised by the Directors, variations in the historical mark-up ratios across different drama series were driven not only by the commercial factors discussed in note 2 to the general formula above, but also by the expected popularity of each drama series. Such expectations were determined with reference to factors including the historical popularity of the genres and the number of comparable drama series and casts scheduled for release around similar period.

To further assess the fairness and reasonableness of the pricing policy of the fixed licensing fees, we have reviewed the 13 Fixed Fees Copyrights Licensing Implementation Agreements (representing all of the implementation agreements entered into between the Group and iQIYI during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 that were charged based on fixed licensing fees) and three copyrights licensing agreements entered into between the Group and its independent third parties over the same period (representing all of the relevant agreements entered into between the Group and its independent third parties over the same period). We therefore consider the sample size to be sufficient and representative for analysis.

We were further advised by the Company that each drama series or film project possesses its own unique characteristics, and no two projects are identical. Owing to this nature, there is no directly comparable market price for individual drama series or film projects, and therefore a direct one-to-one comparison of licensing fees is not available or meaningful.

Nevertheless, based on our review of the relevant agreements, we note that the Group's fixed licensing arrangements with iQIYI can be broadly categorised as exclusive or non-exclusive. While the pricing methodology under both categories follows a similar approach, only non-exclusive arrangement provides a basis for direct comparison of licensing fees with those charged to other platform operators. For non-exclusive rights licensing arrangement, where a drama series was licensed to iQIYI and another independent video platform operator, we were able to make direct comparisons. It is noted that the agreed licensing fee per episode payable to the Group was identical between iQIYI and another independent video platform operator. For exclusive licensing arrangement, each drama series was licensed to only one video platform operator, such as iQIYI, and therefore no directly comparable benchmarks were available.

Based on the foregoing, we consider that the pricing policy adopted by the Group for fixed licensing fee arrangement was fair and reasonable, and that the terms of the transactions contemplated under the Existing Copyrights Licensing Framework Agreement were no less favourable to the Group than those offered to the independent third parties.

(b) Sharing of revenue, or income

As set out in the letter from the Board, in respect of the Audiovisual Works to be purchased under models other than the model described in paragraph (a), iQIYI and the Group may adopt various cooperation models, such as cost-plus model and profit-sharing model, and the Group may also share the revenue/income generated from the Audiovisual Works according to certain sharing rates:

(i) in respect of the films, the fees (as part of the licensing fees) payable to the Group by iQIYI include one of the followings:

(1) for films under SVOD model, revenue/income from SVOD to be shared by the Group = B1 × B2

Where, "B1" denotes actual VOD play time of member users of iQIYI's platforms, which represents the time that member users continuously watch a paid film for more than 6 minutes; "B2" denotes unit price per VOD.

Unit price per VOD is expected to range from RMB1 per hour to RMB3 per hour, which shall be determined after arm's length negotiation between the parties with reference to the estimated rating of the film, the type of licensing (exclusive licensing or joint licensing) and the corresponding time per film which is played by member users and effective for the purpose of sharing revenue/income.

To allow the Shareholders to further understand the above formula, we set out below an example for illustrative purpose only:

Assuming the effective VOD play time of an exclusive film is 10 million hours in aggregate, the expected income from SVOD to be shared by the Group would be calculated as:

2 million hours (B1) x RMB1 (B2 for the first 2 million hours) + 4 million hours (B1) x RMB2 (B2 for the subsequent 4 million hours) + 4 million hours (B1) x RMB3 (B2 for the last 4 million hours) = RMB22 million.

(2) for films under PVOD model, revenue/income from PVOD to be shared by the Group = C1 × C2

Where, "C1" denotes box office income during the PVOD period, which represents the total income generated from the on demand broadcast of the content, net of channel fees by members of iQIYI's platforms and other users during the effective PVOD period; and "C2" denotes prescribed payment sharing percentage.

The effective PVOD period shall be determined after arm's length negotiation between the parties with reference to the estimated rating of the film and the broadcasting effect of other films of similar rating.

Prescribed payment sharing percentage is expected to range from 50% to 90%, which shall be determined after arm's length negotiation between the parties with reference to expected genre, rating and broadcasting effect of the films.

To allow the Shareholders to further understand the above formula, we set out below an example for illustrative purpose only:

Assuming the box office income during the PVOD period is RMB50 million (C1) which is subject to 60% income sharing (C2), then the income to be shared by the Group would be RMB30 million.

As set out in the letter from the Board, the PVOD model is mainly different from the SVOD model in two ways: (i) in terms of content accessibility, under the SVOD model, users can access a wide range of films, while under the PVOD model, users can only access exclusive premium films; and (ii) in terms of payment, under the SVOD model, users are charged a fixed fee regardless of how many films are viewed, while under the PVOD model, users pay one-time fee for an individual film. Whether a film will adopt the SVOD model or the PVOD model will be determined after arm's length negotiation between the parties taking into account the rating of the film.

(ii) the Group and iQIYI may also explore additional licensing models in the future to share other revenue/income generated from copyright operation (including but not limited to providing overseas distribution, advertising opportunities, derivative products and sublicensing) at certain sharing rate in addition to a fixed or non-fixed licensing fee, and other practical licensing models. The copyright operation can be carried out independently by the Group or iQIYI, and the operating party shall share with the other party a certain proportion of the other revenue/income it receives for copyright operation. The sharing rate of the Group is expected to range from 30% to 70%, which shall be determined after arm's length negotiation between the parties with

reference to the type of such revenue/income and other commercial factors. The expected range of the Group's sharing rate is estimated with reference to the historical sharing rate under the Existing Copyrights Licensing Framework Agreement and the management's judgement on the future business environment.

To sum up, the licensing fees for episodic content (including micro-short series) may include one of or a mix of paragraphs (a) and (b)(ii) above, and the licensing fees for films may include one of or mix of paragraphs (a), (b)(i) and (b)(ii) above. Meanwhile, the Group may share with iQIYI a certain proportion of copyright revenues/income it receives for the copyright operation of the Audiovisual Works. For each of the episodic content and films, the pricing policies will be determined after arm's length negotiation between the parties with reference to various factors, including the genres, main creators and expected popularity of the episodic content or film. In addition, the sharing of revenue/income generated from copyright operation of iQIYI as set out in paragraph b(ii) above is a potential new arrangement, which will depend on the commercial development model of the episodic content and films in the future. In any event, the pricing policies offered by iQIYI are no less favourable to the Group than those available from the other independent third parties for comparable transactions.

To assess the pricing policy of sharing of revenue, or income, we have reviewed both the 2026-2028 Copyrights Licensing Framework Agreement and the Existing Copyrights Licensing Framework Agreement, and note several key changes in the pricing policy of sharing of revenue, or income under the 2026-2028 Copyrights Licensing Framework Agreement as compared to the Existing Copyrights Licensing Framework Agreement, which include:

(a) under the Existing Copyrights Licensing Framework Agreement, the Group is entitled to share revenue/income generated from copyright operations, while iQIYI is not entitled to any such shared revenue. Under the 2026-2028 Copyrights Licensing Framework Agreement, the arrangement has been expanded such that either the Group or iQIYI, when acting as the operating party of the

Audiovisual Works, may share with the other party a certain percentage of the revenue or income it receives from copyright operations. As confirmed by the Company, the same sharing rate, ranging from 30% to 70%, is expected to apply to both the Group and iQIYI when acting as the operating party. We were advised by the Directors that such an arrangement is intended to align commercial interest of both parties by providing additional incentive for iQIYI to acquire the Group's copyrights, thereby potentially increasing the Group's overall revenue. We therefore agree with the Directors that such arrangement may be beneficial to the Group in securing additional business opportunities;

(b) the inclusion of overseas distribution within the scope of the copyright operations in the 2026-2028 Copyrights Licensing Framework Agreement;

(c) the increase in the sharing rate of copyright operation revenue/income from a range of 10% to 50% under the Existing Copyrights Licensing Framework Agreement to a range of 30% to 70% under the 2026-2028 Copyrights Licensing Framework Agreement. As advised by the Company, this arrangement in conjunction with (a) and (b) mentioned above are expected to foster stronger business alignment with iQIYI and provides additional incentive for iQIYI to acquire the Group's audiovisual works, and iQIYI as a major online entertainment platform with a wide user base is expected to conduct most of the copyright operations. Besides, we are given to understand that the abovementioned expected range of the sharing rate was determined with reference to (i) the Group's previous arrangements with iQIYI in general; and (ii) the minimum commercially acceptable rate for the Group, being the floor sharing rate of 30%. As advised by the Directors, there are currently no fixed pricing terms agreed between the Group and iQIYI with respect to this clause, which is intended to provide flexibility for the Group to explore potential opportunities to enhance profit, or revenue sharing with iQIYI in the future. Nevertheless, we further understand from the Company that, such potential new arrangement, if implemented, would be applied to all suppliers of iQIYI. In this regard, we have reviewed and discussed with the Company on the

relevant information available on iQIYI's official website and noted that according to its published revenue-sharing policies, counterparties of iQIYI are entitled to the following sharing rates: (i) up to 70% for revenue/income derived from advertising opportunities and (ii) up to 50% for distribution revenue/income. These sharing rates fall within range of those contemplated under the 2026-2028 Copyrights Licensing Framework Agreement; and

(d) the upward adjustment of the lower end of the sharing rate for films under the PVOD model from 35% under the Existing Copyrights Licensing Framework Agreement to 50% under the 2026-2028 Copyrights Licensing Framework Agreement, which is considered favourable to the Group.

Save as the foregoing, the pricing policy of sharing of revenue, or income under the 2026-2028 Copyrights Licensing Framework Agreement is generally in line with that adopted under the Existing Copyrights Licensing Framework Agreement.

We have obtained and reviewed three revenue/income sharing copyrights licensing implementation agreements pursuant to copyright operation of drama series (representing all of the implementation agreements entered into between the Group and iQIYI during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 that were charged based on sharing of revenue, or income). We have also obtained and reviewed three copyrights licensing agreements entered into between the Group and independent third parties in relation to the sharing of revenue/income of copyright operation of drama series (representing all of the relevant agreements entered into between the Group and independent third parties during the said period). We therefore consider the sample size to be sufficient and representative for analysis. We note that the sharing rates under the two implementation agreements entered pursuant to the Existing Copyrights Licensing Framework Agreement were 30% and 50%, respectively, both of which fall within the range prescribed under the Existing Copyrights Licensing Framework Agreement, while the upper bound of the expected range of 30% to 70% under the 2026-2028 Copyrights Licensing Framework Agreement is therefore higher and considered more favourable to the Group.

As stated in the letter from the Board, before entering into any implementation agreement pursuant to the 2026-2028 Copyrights Licensing Framework Agreement, the Company will assess its business needs and compare the licensing fees proposed by iQIYI with the licensing fees offered by at least two other comparable independent platform operators in the film and drama series distribution industry. If no comparable independent third party is available, the business department of the Company will be required to explain the reasonableness and necessity of cooperation with connected persons and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. In this regard, we have obtained internal walkthrough documents with respect to five implementation agreements under the Existing Copyrights Licensing Agreement and note that such implementation agreements were considered and duly approved by the Group. As further confirmed by the Directors, such measure has been implemented pursuant to the Existing Copyrights Licensing Framework Agreement.

Based on the foregoing, we agree with the Directors' view that the entering into of the 2026-2028 Copyrights Licensing Framework Agreement is in the ordinary and usual course of business of the Group and the pricing policies contemplated therein are fair and reasonable.

5. The Proposed Annual Caps

(a) 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement

(i) Review of historical transaction amounts

The following table sets forth (i) the historical transaction amounts for the production service fees paid and/or payable by iQIYI to the Group under the Existing Made-to-order Drama Series Production Framework Agreement; and (ii) the historical annual caps under the Existing Made-to-order Drama Series Production Framework Agreement for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, as set out in the letter from the Board:

Table 3 — Historical transaction amounts and corresponding annual caps under the Existing Made-to-order Drama Series Production Framework Agreement

	For the year ended/ending December 31,		
	2023	**2024**	**2025**
Existing annual cap *(RMB'000)*	492,000	1,141,000	864,000

	For the year ended December 31,		For the nine months ended September 30,
	2023	**2024**	**2025**
Historical transaction amount *(RMB'000)*	2,900	0	50
Utilisation rate	0.6%	0.0%	0.0%

As shown in the table above, the Group's historical utilisation rate were approximately 0.6%, 0.0% and 0.0%, for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, respectively. We note the low utilisation rate and have reviewed and made enquiries with the management of the Company regarding, the projects the Group originally expected to undertake under the Existing Made-to-order Drama Series Production Framework Agreement. Based on the relevant project list contemplated at the time prior to the entering into of the Existing Made-to-order Drama Series Production Framework Agreement (the "**Production Project List**") and information provided by the Company, out of the 13 projects initially planned under the Existing Made-to-order Drama Series Production Framework

Agreement, (i) one project was delivered in 2022, (ii) four projects were reclassified as copyrights licensing agreements, (iii) one project was completed in 2025, and (iv) the remaining seven projects were postponed as a result of unexpected shifts in market demand. The reclassification and postponement of these projects have contributed to the low utilisation rate recorded during the period under review.

(ii) Review of the proposed annual caps and the corresponding basis of determination

As set out in the letter from the Board, the proposed annual caps for the fees payable by iQIYI to the Group under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are set out below:

Table 4 — The proposed annual caps under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement

	For the year ending December 31,		
	2026	**2027**	**2028**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Aggregate amounts of fees payable by iQIYI to the Group	346,000	334,000	401,000

As set out in the letter from the Board, the proposed annual caps for the fees payable by iQIYI to the Group under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement for the three years ending December 31, 2028 were determined with reference to:

(a) the estimated amount of the service fees payable by iQIYI to the Group for provision of drama series made-to-order services by the Group for the three years ending December 31, 2028, which is estimated based on: (1) the contractual amounts under the existing made-to-order drama series production agreements that the Group have entered into with iQIYI; (2) the estimated number of the made-to-order drama series to be produced by the Group for iQIYI in 2026, 2027 and 2028, including approximately two drama series in 2026, approximately two drama series in 2027 and approximately two drama series in 2028; and (3) the estimated service fees to be charged per made-to-order drama series ranging from RMB84.0 million to RMB180.0 million, which is estimated with reference to the expected number of episodes and the expected rating of the drama

series, and the expected average market price range for each episode. Considering that (1) the estimated number and the estimated service fees in relation to the made-to-order drama series to be produced by the Group for iQIYI in 2026, 2027 and 2028 are lower than those estimated by the Group when determining the annual caps under the Existing Made-to-order Drama Series Production Framework Agreement, and (2) relatively low historical amounts were incurred under the Existing Made-to-order Drama Series Production Framework Agreement for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, the Group has made a significant downward adjustment to the proposed annual cap from RMB864.0 million for the year ending December 31, 2025 to RMB346.0 million for the year ending December 31, 2026;

(b) the estimated amount of the service fees payable by iQIYI to the Group for provision of micro-short series made-to-order services by the Group for the three years ending December 31, 2028, which is estimated based on: (1) the contractual amounts under the existing made-to-order micro-short series production agreements that the Group have entered into with iQIYI; (2) the estimated number of the made-to-order micro-short series to be produced by the Group for iQIYI in 2026, 2027 and 2028, including approximately 67 micro-short series in 2026, approximately 67 micro-short series in 2027 and approximately 66 micro-short series in 2028; and (3) the estimated service fees to be charged per made-to-order micro-short series ranging from RMB0.5 million to RMB1.0 million, which is estimated with reference to the expected number of episodes and the expected rating of the micro-short series, and the expected average market price range for each episode, and

(c) the following factors were also taken into consideration when determining the annual caps:

    (i) the limited number of platform operators in the Audiovisual Works made-to-order industry; and

    (ii) an additional buffer of 10% so as to avoid adverse restrictions on future business operations of the Group. Taking into account (i) the potential fluctuation in the total investment amount of the made-to-order Audiovisual Works, (ii) the possibility of increase in number of episodes and rating of Audiovisual Works, and (iii) the buffer of 10% is not a material portion of the annual caps under the

2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, the Board is of the view that an additional buffer of 10% is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

To assess the reasonableness of the proposed annual caps under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, we have performed the following analysis:

(a) we have reviewed the historical transaction amounts under the Existing Made-to-order Drama Series Production Framework Agreement for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025 and note the low utilisation rate therein. We have made enquiries with the management of the Company for the reasons of such low utilisation rate, for details of our discussion, please refer to the section headed "Review of historical transaction amounts" above;

(b) we note that the proposed annual cap for the year ending December 31, 2026 under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement represents (i) a decrease of approximately 60.0% as compared to the existing annual cap for the year ending December 31, 2025 under the Existing Made-to-order Drama Series Production Framework Agreement and (ii) a substantial increase as compared to the historical transaction amount for the nine months ended September 30, 2025 due to the insignificant transaction amount incurred during the said period. The fluctuations of the proposed annual caps for the years ending December 31, 2026, 2027 and 2028 under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement are primarily attributable to the changes in (a) the estimated number of made-to-order drama series and micro-short series, (b) the estimated number of episode of each made-to-order drama series and micro-short series, and (c) the estimated service fees, as advised by the Company; and

(c) we have examined the Company's basis for determining the proposed annual caps under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement. Based on our review of the Production Project List, we note the following:

(i) the estimated service fees charged per (a) made-to-order drama series ranging from approximately RMB84.0 million to approximately RMB180.0 million and (b) micro-short series ranging from approximately RMB0.5 million to approximately RMB1.0 million under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement, are generally in line with the levels adopted under the historical implementation agreements entered into by the Group under the Existing Made-to-order Drama Series Production/with its independent third parties;

(ii) the total number of made-to-order drama series and micro-short series to be produced by the Group under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement is expected to remain generally stable over the years ending December 31, 2026, 2027 and 2028;

(iii) as set out in the Production Project List, the higher the expected rating of the drama series/micro-short series, the higher the estimated service fees generally, which is considered to be reasonable; and

(d) we have further enquired with the Company regarding the basis for determining the additional buffer of 10% under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement. We were advised that such buffer was included to avoid potential operational constraints on the Group's future business development. The buffer primarily takes into account (i) the potential fluctuation in the total investment amount of the made-to-order Audiovisual Works; and (ii) the possible increase in the number of episodes and rating of the Audiovisual Works, which may arise from changes in production scale or market demand during the course of project execution. Given the dynamic and fast-evolving nature of the industry, we note that production budgets and project specifications may be subject to adjustment due to factors such as rising production costs, intensified competition for creative

resources, and evolving audience preferences. In this regard, we note that the market size of China's internet audiovisual industry recorded a CAGR of approximately 19.5% from December 2020 to December 2024, which exceeds the 10% buffer adopted under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement. Accordingly, we consider the level of such buffer to be moderate and reasonable. Further details of the industry overview are set out in the section headed "Overview of the Internet Audiovisual Industry in the PRC" in this letter.

Despite the low transaction amounts under the Existing Made-to-order Drama Series Production, the proposed annual caps under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement are considered reasonable, taking into account that, in addition to the abovementioned analysis, the production of made-to-order drama series continues to be regarded as one of its principal business segments, as advised by the Company. Furthermore, based on a framework agreement for the production of micro-short series entered into between the Group and iQIYI, it is noted that the Group is expected to produce a total of 200 micro-short series for iQIYI during 2026, 2027 and 2028, the number of which is consistent with the aggregate estimated number of the made-to-order micro-short series under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement. In addition, based on the information and documents provided by the Company, as at the Latest Practicable Date, the Group commenced production for two made-to-order drama series for iQIYI (representing all the drama series expected to be produced in 2026 under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement), as further advised by the Company, such two drama series are expected to complete production and be broadcast in 2026.

Apart from the foregoing, we are advised by the Company that the transaction amount for the year ending December 31, 2025 under the Existing Made-to-order Drama Series Production Framework Agreement is expected to increase from that for the nine months ended September 30, 2025, as three projects are scheduled for broadcast (or have already been broadcast) between October and December 2025. In this regard, we have obtained and reviewed two implementation agreements entered into between the Group and iQIYI as of October 2025. Among which, as advised by the Company, one project had been broadcast as at the Latest Practicable Date, and one project is expected to be broadcast in 2025 after the Latest Practicable Date.

Based on the above, we are of the view that the basis of determining the proposed annual caps under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement is generally fair and reasonable.

(b) 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement

(i) Review of historical transaction amounts

The following table sets forth (i) the historical transaction amounts in respect of the aggregate licensing fees paid and/or payable by the Group to iQIYI under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement; and (ii) the historical annual caps under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement for the years ended December 31, 2023 and 2024 and the year ending December 31, 2025, as set out in the letter from the Board:

Table 5 — Historical transaction amounts and corresponding annual caps under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement

	For the year ended/ending December 31,		
	2023	**2024**	**2025**
Existing annual cap *(RMB'000)*	397,000	437,000	477,000

	For the year ended December 31,		**For the nine months ended September 30,**
	2023	**2024**	**2025**
Historical transaction amount *(RMB'000)*	260,000	233,100	92,600
Utilisation rate	65.5%	53.3%	19.4% (on an annualised basis: 25.9%*(Note)*)

Note: The utilisation rate of the existing annual cap is annualised based on historical transaction amount for the nine months ended September 30, 2025 for illustrative purpose only.

As shown in the table above, the Group's historical utilisation rate were approximately 65.5%, 53.3% for the years ended December 31, 2023 and 2024, respectively, and would be approximately 25.9% (on an annualised basis) for the year ending December 31, 2025. We note the relatively low utilisation rate for the year ending December 31, 2025 and we are advised by the Company that such low utilisation rate was mainly as a result of the decrease in the number of episodic contents purchased and the average licensing fees during the period.

(ii) Review of the proposed annual caps and the corresponding basis of determination

As set out in the letter from the Board, the proposed annual caps for the licensing fees payable by the Group to iQIYI under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are set out below:

Table 6 — The proposed annual caps under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement

	For the year ending December 31,		
	2026	**2027**	**2028**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Aggregate amounts of the licensing fees payable by the Group to iQIYI	234,000	214,000	195,000

As set out in the letter from the Board, the proposed annual caps for the licensing fees payable by the Group to iQIYI under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement for the three years ending December 31, 2028 were determined with reference to:

(a) the historical amounts of the licensing fees paid and/or payable by the Group to iQIYI under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025;

(b) the estimated amount of the licensing fees payable by the Group to iQIYI for the three years ending December 31, 2028, which is estimated based on: (1) the contractual amounts under the existing drama series copyrights purchasing agreements the Group have entered into with iQIYI; (2) the estimated number of episodic content to be purchased by the Group from iQIYI in the next three years, including approximately 62 episodic content in 2026, approximately 58 episodic content in 2027 and approximately 55 episodic content in 2028; and (3) the estimated licensing fees ranging from RMB0.02 million to RMB47.27 million per episodic content, taking into account the number of episodes of each episodic content and the expected purchase price for copyrights of each episode payable by the Group to iQIYI; and

(c) the following factors were also taken into consideration when determining the annual caps:

(i) the limited number of platform operators in the episodic content distribution industry; and

(ii) an additional buffer of 10% so as to avoid adverse restrictions on future business operations of the Group. Taking into account (i) the potential fluctuation in the purchase price for copyrights of each episode, and (ii) the buffer of 10% is not a material portion of the annual caps under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement, the Board is of the view that an additional buffer of 10% is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As set out in the letter from the Board, the proposed annual caps for the licensing fees payable by the Group to iQIYI under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement for the years ending December 31, 2026, 2027 and 2028 show a downward trend, which is based on the decrease in the estimated number of episodic content to be purchased by the Group from iQIYI.

To assess the reasonableness of the proposed annual caps under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement, we have performed the following analysis:

(a) we have reviewed the historical transaction amounts under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement for years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025 and note the relatively low utilisation rate for the nine months ended September 30, 2025 therein. We have made enquiries with the management of the Company for the reasons of such relatively low utilisation rate, for details of our discussion, please refer to the section headed "Review of historical transaction amount" above;

(b) we note that the proposed annual cap for the year ending December 31, 2026 under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement represents (i) a decrease of approximately 50.9% as compared to the existing annual cap for the year ending December 31, 2025 under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement and (ii) an increase of

approximately 152.7% as compared to the historical transaction amount for the nine months ended September 30, 2025 (or approximately 89.5% on an annualised basis). The overall trend of the proposed annual caps for the years ending December 31, 2026, 2027 and 2028 under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement reflects a downward trend, which is considered to be a prudent approach in light of the growing market demand for audiovisual works as discussed in the section headed "Reasons for and benefit of entering into of the New Framework Agreements" in this letter;

(c) we have examined the Company's basis for determining the proposed annual caps under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement. Based on the relevant project list contemplated at the time prior to the entering into of the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement and the implementation agreements entered into between the Group and iQIYI under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement, we note the following:

(i) under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement, the estimated licensing fees charged per episodic content range from approximately RMB0.02 million to approximately RMB47.27 million per episodic content. We note that the implementation agreements entered into by the Group under the Existing Drama Series Broadcasting Rights Purchasing Framework Agreement is consistent with the range of such estimated service fees. We have also made enquiries with management of the Company and noted that the estimated licensing fees are determined with reference to the prevailing market price and various related commercial factors, including the genre, nature, type and term of licensing, broadcasting schedules (first-run or re-run broadcast and the broadcasting time slot), distribution channel and expected popularity of such episodic content to other broadcasting platforms, TV channels or third-party agents;

(ii) the total number of episodic content projected for 2026 under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement is expected to decrease by approximately 15.0% as compared to that for the nine months ended September 30, 2025 (or approximately 36.3% on an annualised basis), while the average estimated licensing fees charged per episodic content projected is expected to increase by approximately 197.4% for the same period. Upon enquiry, the Directors advised us that these changes are mainly due to the Company's consideration of developing overseas distribution channels under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement, as a result, episodic contents are generally expected to be distributed through a greater number of channels, thereby driving up the licensing fees per episode; and

(d) we have further enquired with the Company regarding the basis for determining the additional buffer of 10% under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement. We were advised that such buffer was adopted primarily to avoid potential operational constraints on the Group's future business activities and to provide flexibility in accommodating possible fluctuations in market conditions. The buffer mainly takes into account (i) the potential fluctuation in the purchase price of copyright per episode; and (ii) the limited number of platform operators in the episodic content distribution industry, which may result in pricing pressure or reduced negotiation flexibility for the Group when acquiring copyrighted content. Given the competitive and rapidly evolving nature of the PRC audiovisual market, fluctuations in production costs and content acquisition pricing are not uncommon, particularly as platform operators increasingly compete for high-quality copyrighted content. In this regard, we note that the market size of China's internet audiovisual industry recorded a CAGR of approximately 19.5% from December 2020 to December 2024, which exceeds the 10% buffer adopted under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement. Accordingly, we consider the level of such buffer to be moderate and reasonable. Further details of the industry overview are set out in the section headed "Overview of the Internet Audiovisual Industry in the PRC" in this letter.

Although no implementation agreement has been signed as of the Latest Practicable Date due to the industry practice of entering into such agreements shortly before the scheduled broadcast as advised by the Company, we note that both market demand and industry supply conditions remain supportive of sustained procurement of episodic content. From a demand perspective, industry data indicate that the market demand for audiovisual works has remained resilient, with revenue derived from user subscription fees, copyrights licensing, and other related services in the internet audiovisual industry in the PRC increased at a CAGR of approximately 21.8% from December 2020 to December 2024. From a supply perspective, according to the National Radio and Television Administration (國家廣播電視總局), filings for the commencement of drama series production for the nine months ended September 30, 2025 amounted to 565 series, (representing an annualised total of 753 series), compared to 593 series for the full year of 2024, representing an annualised increase of approximately 27%.

In addition, we note from iQIYI's annual report 2024 that its revenue from content distribution reached approximately RMB2.8 billion for the year ended December 31, 2024, representing a sizable contributor to its overall revenue. Its annual report also highlighted iQIYI's long-term commitment to original content, supported by an established production system and strategic partnerships with third-party producers, through which it acquires intellectual property rights via production, adaptation, or acquisition from external studios. Collectively, the above factors demonstrate that iQIYI possesses both the commercial incentive and operational capacity to sustain the distribution of episodic content.

Taking the above into account, and in particularly (i) the expansion in market demand for audiovisual content; (ii) the increasing production activity in the industry; and (iii) iQIYI's continued investment and output scale, as discussed above, we consider the proposed annual caps under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement to be generally fair and reasonable.

(c) 2026-2028 Copyrights Licensing Framework Agreement

(i) Review of historical transaction amount

The following table sets forth (i) the historical transaction amount in respect of the aggregate licensing fees paid and/or payable by iQIYI to the Group under the Existing Copyrights Licensing Framework Agreement; and (ii) the historical annual cap under the Existing Copyrights Licensing Framework Agreement for the year ending December 31, 2025, as set out in the letter from the Board:

Table 7 — Historical transaction amount and corresponding annual cap under the Existing Copyrights Licensing Framework Agreement

	For the year ending December 31, 2025
Existing annual cap *(RMB'000)*	1,260,000
	For the nine months ended September 30, 2025
Historical transaction amount *(RMB'000)*	457,000
Utilisation rate	36.3% (on an annualised basis: 48.4%*(Note)*)

Note: The utilisation rate of the existing annual cap is annualised based on historical transaction amount for the nine months ended September 30, 2025 for illustrative purpose only.

As shown in the table above, the Group's historical utilisation rate would be approximately 48.4% (on an annualised basis) for the year ending December 31, 2025. We note the relatively low utilisation rate and have reviewed, and made enquiries with the management of the Company regarding, the projects the Group originally expected to undertake under the Existing Copyrights Licensing Framework Agreement. Based on the relevant project list contemplated at the time prior to the entering into of the Existing Copyrights Licensing Framework Agreement (the "**Copyrights Licensing Project List**") and information provided by the Company, out of the 14 projects initially planned under the Existing Copyrights Licensing Framework Agreement, (i) three projects have been broadcast during the nine

months ended September 30, 2025, (ii) three projects are scheduled to be or have already been broadcast in the fourth quarter of 2025, (iii) three projects are expected to be postponed to be broadcast in 2026 due to changes in production schedule, and (iv) the remaining five projects are expected to be postponed as a result of unexpected shifts in market demand. The postponement of the projects has contributed to the lower utilisation rate recorded during the period under review.

(ii) Review of the proposed annual caps and the corresponding basis of determination

As set out in the letter from the Board, the proposed annual caps for the licensing fees payable by iQIYI to the Group and the fees payable by the Group to iQIYI under the 2026-2028 Copyrights Licensing Framework Agreement for the three years ending December 31, 2026, 2027 and 2028 are set out below:

Table 8 — The proposed annual caps under the 2026-2028 Copyrights Licensing Framework Agreement

	For the year ending December 31,		
	2026	**2027**	**2028**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Aggregate amounts of licensing fees payable by iQIYI to the Group	1,360,000	1,790,000	1,670,000
Aggregate amounts of fees payable by the Group to iQIYI	32,830	38,300	43,770

As stated in the letter from the Board, the proposed annual caps for the licensing fees payable by iQIYI to the Group and the fees payable by the Group to iQIYI under the 2026-2028 Copyrights Licensing Framework Agreement for the three years ending December 31, 2026, 2027 and 2028 were determined with reference to:

(a) the historical amount of the licensing fees paid and/or payable by iQIYI to the Group under the Existing Copyrights Licensing Framework Agreement for the nine months ended September 30, 2025;

(b) in respect of the episodic content, the fixed licensing fees payable by iQIYI to the Group for the three years ending December 31, 2026, 2027 and 2028 is estimated based on:

(i) the contract amount under the existing drama series copyrights licensing agreements the Group has entered into with iQIYI;

(ii) the number of episodic content copyrights licensing projects to be conducted with iQIYI in 2026, 2027 and 2028, which is estimated to be approximately 13, 18 and 17 respectively;

(iii) the estimated licensing fees charged per episodic content, ranging from RMB3.0 million to RMB338.0 million per episodic content, which is estimated based on the expected genre, rating, commercial potential and investment costs of the episodic content;

(c) in respect of the films, the licensing fees payable by iQIYI to the Group for the three years ending December 31, 2026, 2027 and 2028 is estimated after taking into account the licensing fees of approximately RMB10.4 million to be charged for a film in 2026, which is estimated based on the expected genre, rating, commercial potential and investment costs of the films and the public data of historical revenue/income sharing statistics of premium films. According to publicly available data published by Certain Online Video Platforms, the licensing fees for the top ten box office films broadcasted on these platforms for the ten months ended October 31, 2025 with similar themes to the film copyrights licensing projects to be licensed by the Group in the coming year range from approximately RMB2.8 million to approximately RMB33.1 million per film;

(d) in respect of the fees payable by the Group to iQIYI for copyright operations, the amounts are estimated with reference to the following factors: (i) the number of Audiovisual Works for which the revenue/income for copyright operation will be shared between the parties in 2026, 2027 and 2028, which is estimated to be 1, 2 and 2, respectively; (ii) the estimated revenue/income for copyright operation per Audiovisual Work ranging from RMB9.4 million to RMB28.3 million, taking into account the genre, expected popularity, quantity, commercial potential and other merchandising development models of the Audiovisual Works for copyright revenue/income sharing; and (iii) iQIYI's expected sharing rate (i.e. 30%-70%); and

(e) the following factors were also taken into consideration when determining the annual cap:

(i) the limited number of platform operators in the Audiovisual Works distribution industry; and

(ii) an additional buffer of 10% so as to avoid adverse restrictions on future business operations of the Group. Taking into account (i) the potential fluctuation in production costs in the production process, (ii) the possibility of increase in number of episodes and rating of Audiovisual Works, and (iii) the buffer of 10% is not a material portion of the annual caps under the 2026-2028 Copyrights Licensing Framework Agreement, the Board is of the view that an additional buffer of 10% is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

To assess the reasonableness of the proposed annual caps under the 2026-2028 Copyrights Licensing Framework Agreement, we have performed the following analysis:

(a) we have reviewed the historical transaction amount under the Existing Copyrights Licensing Framework Agreement for the nine months ended September 30, 2025 and note the relatively low utilisation rate therein. We have made enquiries with the management of the Company for the reasons of such relatively low utilisation rate, for details of our discussion, please refer to the section headed "Review of historical transaction amount" above. In particular, based on the Copyrights Licensing Project List, we note that three projects initially planned under the Existing Copyrights Licensing Framework Agreement were postponed but are expected to be broadcast in 2026;

(b) we note that the proposed annual cap for the year ending December 31, 2026 under the 2026-2028 Copyrights Licensing Framework Agreement represents (i) an increase of approximately 7.9% as compared to the existing annual cap for the year ending December 31, 2025 under the Existing Copyrights Licensing Framework Agreement and (ii) an increase of approximately 197.6% as compared to the historical transaction amount for the nine months ended September 30, 2025 (or approximately 123.2% on an annualised basis). The fluctuations of the proposed annual caps for the licensing fees payable by iQIYI to the Group for the years ending December 31, 2026, 2027 and 2028 under the 2026-2028 Copyrights Licensing Framework Agreement are primarily attributable to the changes in (a) the estimated number of Audiovisual Works to be licensed by the Group, (b) the estimated number of episode of each Audiovisual Work, and (c) the estimated price per episode, as advised by the Company, while the proposed annual caps for fees

payable by the Group to iQIYI under the 2026-2028 Copyrights Licensing Framework Agreement for the years ending December 31, 2026, 2027 and 2028 shows an upward trend, which is generally in line with the changes in (a) the number of Audiovisual Works for revenue share, and (b) the estimated revenue/income;

(c) we have examined the Company's basis for determining the proposed annual caps under the 2026-2028 Copyrights Licensing Framework Agreement. Based on our review of the Copyrights Licensing Project List and the Fixed Fees Copyrights Licensing Implementation Agreements, we note the following:

(i) the estimated licensing fees charged per episodic content, ranging from approximately RMB3.0 million to approximately RMB338.0 million per episodic content under the 2026-2028 Copyrights Licensing Framework Agreement, while the licensing fees charged per episodic content ranged from approximately RMB48.0 million to RMB316.0 million under the Fixed Fees Copyrights Licensing Implementation Agreements. We are advised by the Company that the lower boundary of the range set out under the 2026-2028 Copyrights Licensing Framework Agreement is mainly due to the lower licensing fees expected to be charged for micro-short series, whereas no micro-short series were licensed under the Fixed Fees Copyrights Licensing Implementation Agreements;

(ii) the total number of episodic content copyrights licensing projects projected for 2026 under the 2026-2028 Copyrights Licensing Framework Agreement is expected to increase by approximately 225.0% as compared to that for the nine months ended September 30, 2025 (or approximately 143.8% on an annualised basis), while the average estimated licensing fees charged per episodic content projected is expected to decrease by approximately 21.3% for the same period. Upon enquiry, the Directors advised us that such changes are principally in line with the Group's "boutique and premium" innovative series strategy, which focuses on high-quality, fast-paced, emotionally resonant, and fresh-in-themes "short-form series";

(iii) there is one film copyright licensing project projected for 2026 under the 2026-2028 Copyrights Licensing Framework Agreement, with an expected fee of approximately RMB10.4 million, as compared to nil for the nine months ended September 30, 2025. In this regard, we have reviewed publicly available data from an online video platform that, the licensing fees for the top ten box office films broadcasted on these platforms for the ten months ended October 31, 2025 ranging from approximately RMB2.8 million to approximately RMB33.1 million per film. It is therefore noted that the estimated licensing fee of the film under the 2026-2028 Copyrights Licensing Framework Agreement falls within the aforementioned range of the data as published by the online video platform and thereby considered justifiable;

(iv) in respect of the fees payable by the Group to iQIYI for copyright operations, we are advised by the Directors that, the revenue/income for copyright operations for one, two and two Audiovisual Works are expected to be shared for the years ending December 31, 2026, 2027 and 2028 under the 2026-2028 Copyrights Licensing Framework Agreement, respectively, and it is intended to align commercial interest of both parties by providing additional incentive for iQIYI to acquire the Group's copyrights, thereby potentially increasing the Group's overall revenue; and

(d) we have further enquired with the Company regarding the basis for determining the additional buffer of 10%. We were advised that such buffer was adopted primarily to avoid potential operational constraints on the Group's future business activities and to provide flexibility in accommodating possible fluctuations in market conditions. The buffer mainly takes into account the potential fluctuation in production costs, as well as the possible increases in the number of episodes and the rating of the Audiovisual Works, which may arise from unforeseen changes in the industry environment. Given the fast-evolving nature of the internet audiovisual industry, factors such as shifting audience preferences and advancements in production techniques may occasionally deviate from market expectations. In this regard, we note that the market size of China's internet audiovisual industry recorded a CAGR of approximately 19.5% from

December 2020 to December 2024, which exceeds the 10% buffer adopted under the 2026-2028 Copyrights Licensing Framework Agreement. Accordingly, we consider the level of such buffer to be moderate and reasonable. Further details of the industry overview are set out in the section headed "Overview of the Internet Audiovisual Industry in the PRC" in this letter.

Apart from the foregoing, based on the Copyrights Licensing Project List, we note that 14 projects (comprising 13 episodic content copyrights licensing projects and one film) are forecasted to be broadcast in 2026 under the 2026-2028 Copyrights Licensing Framework Agreement. Among these 14 projects, (i) nine projects have already signed the implementation agreements, and we have obtained the corresponding implementation agreements; (ii) one project has a draft implementation agreement, which is expected to be executed, and its drama-series is expected to be broadcast in 2026, as advised by the Company. In this regard, we note from the iQIYI's website that the project has commenced production in October 2025; (iii) two projects have completed production as at the Latest Practicable Date, and their implementation agreements are expected to be signed in 2026; and (iv) the remaining two projects are still in production, with their implementation agreements also expected to be signed in 2026. In this connection, we note from the National Radio and Television Administration (國家廣播電視總局) that one project has obtained its production permit, while information from iQIYI's website indicates that the other project commenced production in October 2025.

Based on the above, we are of the view that the basis of determining the proposed annual caps under the 2026-2028 Copyrights Licensing Framework Agreement is generally fair and reasonable.

IV. INTERNAL CONTROL

Referring to the letter from the Board, in order to ensure that the transactions contemplated under the New Framework Agreements and the relevant implementation agreements are conducted on normal commercial terms or no less favourable than terms applicable to independent third parties, and comply with the annual caps and pricing policies under the New Framework Agreements, the Company has adopted the following internal control procedures:

(a) the Company has adopted and implemented a management system on connected transactions. The Board and various other internal departments (including securities investment and financing department, finance department and business departments) of the Company are jointly responsible for evaluating the terms of the transactions contemplated under the New Framework Agreements and the relevant implementation agreements are on normal commercial terms, fair and reasonable and in the interests of the Group and its Shareholders as a whole, in particular, the fairness of the pricing policies under each agreement. The management of the Company also reviews the pricing policies of the New Framework Agreements annually;

(b) various other internal departments (including securities investment and financing department, finance department and business departments) of the Company monitor the implementation of the New Framework Agreements from time to time. In particular, the finance department and the securities investment and financing department will review the transaction amounts of the continuing connected transactions contemplated under the New Framework Agreements every two weeks to ensure that the annual caps under the New Framework Agreements are complied with, and that any implementation agreements under the New Framework Agreements shall be entered into by the Company with the prior approval of the finance department. If the actual transaction amount reaches 80% of the annual cap under any of the New Framework Agreements, the finance department and the securities investment and financing department shall inform the management of the Company, and the management of the Company will then report to the Board as soon as possible. The Board will consider the measures to be taken to ensure compliance with the requirements of the Listing Rules, including but not limited to, publishing announcement for an increased annual cap amount and seeking approval from Independent Shareholders (if required);

(c) the independent non-executive Directors and auditors of the Company will conduct annual review of the continuing connected transactions under the New Framework Agreements and provide annual confirmation to ensure that the transactions are conducted in accordance with the terms of the New Framework Agreements (including the relevant pricing policies), on normal commercial terms and in the ordinary and usual course of business of the Group in accordance with Rules 14A.55 and 14A.56 the Listing Rules; the audit committee of the Company will review the Company's financial controls, risk management and internal control systems; and when considering any renewal or revisions to the New Framework Agreements, the Company will then comply with the Listing Rules as applicable; and

(d) when considering the pricing and terms offered by/to iQIYI under the implementation agreements of the New Framework Agreements, the Group will research into prevailing market conditions and practices, obtain at least two quotations from comparable independent third parties and make reference to the pricing and terms between the Group and independent third parties for similar transactions before entering into any implementation agreement, to make sure that the pricing and terms offered by/to iQIYI after arm's length negotiations, are no less favorable to the Group than those offered by/to independent third parties. If no comparable independent third party is available, the business department will be required to explain the reasonableness and necessity of cooperation with connected persons and why it is in the interests of the Group as a whole, in terms of the background of the cooperation, cooperation considerations and reasonableness of pricing. The Group will only enter into an implementation agreements with iQIYI when it is in the best interests of the Company and the Shareholders as a whole.

We have reviewed the Annual Report 2023 and the Annual Report 2024, and noted that the independent non-executive Directors and the auditor of the Company have reviewed the continuing connected transactions, including transactions under the Existing Made-to-order Drama Series Production Framework Agreement, the Existing Drama Series Copyrights Purchasing Framework Agreement and the Existing Copyrights Licensing Framework during such period, and provided the relevant confirmations required under Rules 14A.55 and 14A.56 of the Listing Rules. The Company also confirmed to us that the transactions contemplated under the Existing Made-to-order Drama Series Production Framework Agreement, the Existing Drama Series Copyrights Purchasing Framework Agreement and the Existing Copyrights Licensing Framework have been in compliance with the relevant internal control measures and annual review requirements under the Listing Rules, and the Group will continue to comply with the relevant measures and requirements during the term of the New Framework Agreements We have also reviewed 37 approval records for the implementation agreements under the Existing Made-to-order Drama Series Production Framework Agreement, the Existing Drama Series Copyrights Purchasing Framework Agreement and the Existing Copyrights Licensing Framework for the years ended December 31, 2023 and 2024, and the nine months ended September 30, 2025 as a sample check. Based on the foregoing, we consider that the internal control measures could ensure the transactions contemplated under the

New Framework Agreements to be conducted on normal commercial terms and in compliance with the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

V. CONCLUSIONS AND RECOMMENDATIONS

Having considered the abovementioned principal factors and reasons, we consider that (i) the terms of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Cap) are fair and reasonable and on normal commercial terms; and (ii) the entering into of the New Framework Agreements (including the Proposed Annual Caps) is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we also recommend the Independent Shareholders to vote in favor of the resolutions to be proposed at the EGM to approve the resolutions in relation to the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Cap).

Yours faithfully,
For and on behalf of
Anglo Chinese Corporate Finance, Limited
Karl Chan
Director

Mr. Karl Chan is a licensed person registered with the Securities and Futures Commission and as a licensed representative of Anglo Chinese Corporate Finance, Limited to carry out Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has over 9 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of the Latest Practicable Date, the interest or short position of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange are as follows:

Interests in the Shares and underlying Shares of the Company

Name of Director/ Chief executive	Nature of interest	Number of Shares[1]	Number of Underlying Shares	Approximate percentage of shareholding[1]
Mr. Liu Xiaofeng	Founder of a discretionary trust[2]	301,774,400	26,353,600	
	Interest held through voting powers entrusted by other persons[3]	109,520,000		
		437,648,000		61.99%
Ms. Zhai Fang	Founder of a discretionary trust[4]	32,000,000		4.53%

Notes:

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue as of the Latest Practicable Date, being 706,041,400 Shares (without taking into account the Shares which may be allotted and issued upon the exercise of the outstanding Pre-IPO Share Options).

(2) LEADING GLORY INVESTMENTS LIMITED is owned as to (i) 99% by MASTER GENIUS GLOBAL LIMITED, the holding vehicle used by Vistra Trust (Singapore) Pte. Limited, the trustee of the LXF Family Trust which is a discretionary trust established by Mr. Liu Xiaofeng as the settlor and protector and Mr. Liu Xiaofeng's wholly-owned holding company Master Sagittarius Holding Limited as the beneficiary; and (ii) 1% by Master Sagittarius Holding Limited which is wholly owned by Mr. Liu Xiaofeng. Accordingly, each of Master Sagittarius Holding Limited, MASTER GENIUS GLOBAL LIMITED and Mr. Liu Xiaofeng is deemed to be interested in all the Shares held by LEADING GLORY INVESTMENTS LIMITED.

GORGEOUS HORIZON LIMITED, being the beneficial owner of the outstanding Pre-IPO Share Options, is wholly owned by SUCCESS TALE ENTERPRISES LIMITED which is wholly owned by Vistra Trust (Hong Kong) Limited, the trustee of the Strawbear Employee Trust. The Strawbear Employee Trust is a discretionary trust established by Mr. Liu Xiaofeng as the settlor and protector and Mr. Liu Xiaofeng's wholly-owned holding company Master Sagittarius Holding Limited as the beneficiary. On May 12, 2022, May 12, 2023 and May 14, 2024, 1,882,400 Shares, 3,764,800 Shares and 5,647,200 Shares were issued to GORGEOUS HORIZON LIMITED, respectively, upon the exercise of the Pre-IPO Share Options by Mr. Liu Xiaofeng under the Pre-IPO Share Option Scheme. As of the Latest Practicable Date, the number of Shares underlying the outstanding Pre-IPO Share Options held by GORGEOUS HORIZON LIMITED is 26,353,600 Shares.

(3) Pursuant to the Voting Arrangement Agreements, Mr. Liu Xiaofeng, Master Sagittarius Holding Limited and LEADING GLORY INVESTMENTS LIMITED are able to exercise voting rights entrusted from the other signing parties and are therefore deemed to be interested in the shareholding interest in the Company held by the other signing parties by virtue of the SFO. For further details, see "History, Reorganization and Corporate Development — Voting Arrangement and Lock-up Arrangements" in the Prospectus.

(4) GOLDEN BASIN GLOBAL LIMITED is owned as to (i) 99% by SMART CENTURY VENTURES LIMITED, the holding vehicle used by Vistra Trust (Singapore) Pte. Limited, the trustee of the Gold Fish Trust which is a discretionary trust established by Ms. Zhai Fang as the settlor and protector and Ms. Zhai Fang's wholly-owned holding company Gold Fish Management Holding Limited as the beneficiary; and (ii) 1% by Gold Fish Management Holding Limited which is wholly owned by Ms. Zhai Fang. Accordingly, each of Gold Fish Management Holding Limited, SMART CENTURY VENTURES LIMITED and Ms. Zhai Fang is deemed to be interested in all the Shares held by GOLDEN BASIN GLOBAL LIMITED.

Interests in the associated corporation

Name of Director	Nature of interest	Name of associated corporation[(1)]	Approximate percentage of shareholding
Mr. Liu Xiaofeng	Beneficial owner	Jiangsu Strawbear	77.9%
	Interest held through voting powers entrusted by other persons[(2)]	Jiangsu Strawbear	22.1%
Ms. Zhai Fang	Beneficial owner	Jiangsu Strawbear	0.1%

Notes:

(1) Jiangsu Strawbear is deemed as a subsidiary of the Company under the Contractual Arrangements, and therefore is an associated corporation of the Company by virtue of the SFO.

(2) Pursuant to the Voting Arrangement Agreements, Mr. Liu Xiaofeng is able to exercise voting rights entrusted from the other signing parties and is therefore deemed to be interested in the shareholding interest in Jiangsu Strawbear held by the other signing parties by virtue of the SFO. For further details, see "History, Reorganization and Corporate Development — Voting Arrangement and Lock-up arrangements" in the Prospectus.

Save as disclosed above, as of the Latest Practicable Date, so far as it was known to the Directors or chief executive of the Company, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or may not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As of the Latest Practicable Date, Mr. Wang Xiaohui held directorship in certain companies engaging in producing and/or distributing drama series, including Horgos Eternity Pictures Co., Ltd. (霍爾果斯萬年影業有限公司), Beijing Huaxi Taihe Film Co., Ltd. (北京華熙泰和影視有限公司), Beijing Haidong Mingri Film Culture Communication Co., Ltd. (北京海東明日影視文化傳播有限公司), Beijing Chinese Miracle Culture Technology Co., Ltd. (北京中文奇蹟文化科技有限公司), Dongyang Liubai Film Culture Co., Ltd. (東陽留白影視文化有限公司), Hainan Huoyubai Film Culture Media Co., Ltd. (海南火羽白影視文化傳媒有限公司), Xiamen Taiyang Mingshan Film Culture Co., Ltd. (廈門泰洋明山影視文化有限公司), Beijing Xinliliang Film Culture Co., Ltd. (北京新力量影視文化有限公司) and Beijing Wannian Mandao Cultural Media Co., Ltd. (北京萬年漫道文化傳媒有限公司). Mr. Wang Xiaohui was not involved in the daily management and operation of the Company and the aforementioned companies. As such, the directorship held by Mr. Wang Xiaohui would not give rise to any material competition issue under Rule 8.10 of the Listing Rules.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS

As of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since December 31, 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

Save for the contractual arrangements and continuing connected transactions as disclosed in the sections headed "Contractual Arrangements" and "Connected Transactions" in the Prospectus and the section headed "Connected Transactions" in the 2024 Annual Report of the Company published on April 28, 2025, as of the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date and which was significant in relation to the business of the Group.

6. INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As of Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held[1]	Approximate percentage of shareholding[1]
Master Sagittarius Holding Limited	Beneficiary of trust[2]	328,128,000	46.47%
MASTER GENIUS GLOBAL LIMITED	Interest in a controlled corporation[2]	290,480,000	41.14%
LEADING GLORY INVESTMENTS LIMITED	Beneficial interest[2][3]	290,480,000	41.14%
GORGEOUS HORIZON LIMITED	Beneficial interest[2]	37,648,000	5.33%
SUCCESS TALE ENTERPRISES LIMITED	Interest in a controlled corporation[2]	37,648,000	5.33%
Vistra Trust (Hong Kong) Limited	Trustee[2]	37,648,000	5.33%
Ms. Liu Shishi	Founder of a discretionary trust[4]	73,600,000	10.42%
Gold Pisces Holding Limited	Beneficiary of trust[4]	73,600,000	10.42%
BEYOND VAST LIMITED	Interest in a controlled corporation[4]	73,600,000	10.42%

Name of Shareholder	Nature of interest	Number of Shares held[1]	Approximate percentage of shareholding[1]
GLESASON GLOBAL LIMITED	Beneficial interest[4]	73,600,000	10.42%
Taurus Holding Ltd.	Beneficial interest[5]	97,320,000	13.78%
iQIYI, Inc.	Interest in a controlled corporation[5]	97,320,000	13.78%
Baidu Holdings Limited	Interest in a controlled corporation[5]	97,320,000	13.78%
Baidu, Inc.	Interest in a controlled corporation[5]	97,320,000	13.78%
Li Yanhong	Interest in a controlled corporation[5]	97,320,000	13.78%
Vistra Trust (Singapore) Pte. Limited	Trustee[2]	290,480,000	
	Trustee[4]	73,600,000	
	Trustee[6]	32,000,000	
		396,080,000	56.10%

Notes:

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue as of the Latest Practicable Date, being 706,041,400 Shares, (without taking into account the Shares which may be allotted and issued upon the exercise of the outstanding Pre-IPO Share Options).

(2) LEADING GLORY INVESTMENTS LIMITED is owned as to (i) 99% by MASTER GENIUS GLOBAL LIMITED, the holding vehicle used by Vistra Trust (Singapore) Pte. Limited, the trustee of the LXF Family Trust which is a discretionary trust established by Mr. Liu Xiaofeng as the settlor and protector and Mr. Liu Xiaofeng's wholly-owned holding company Master Sagittarius Holding Limited as the beneficiary; and (ii) 1% by Master Sagittarius Holding Limited which is wholly owned by Mr. Liu Xiaofeng. Accordingly, each of Master Sagittarius Holding Limited, MASTER GENIUS GLOBAL LIMITED and Mr. Liu Xiaofeng is deemed to be interested in all the Shares held by LEADING GLORY INVESTMENTS LIMITED.

GORGEOUS HORIZON LIMITED, being the beneficial owner of the outstanding Pre-IPO Share Options, is wholly owned by SUCCESS TALE ENTERPRISES LIMITED which is wholly owned by Vistra Trust (Hong Kong) Limited, the trustee of the Strawbear Employee Trust. The Strawbear Employee Trust is a discretionary trust established by Mr. Liu Xiaofeng as the settlor and protector and Mr. Liu Xiaofeng's wholly-owned holding company Master Sagittarius Holding Limited as the beneficiary. On May 12, 2022 May 12, 2023 and May 14, 2024, 1,882,400 Shares, 3,764,800 Shares and 5,647,200 Shares were issued to GORGEOUS HORIZON LIMITED, respectively, upon the exercise of the Pre-IPO Share Options by Mr. Liu Xiaofeng under the Pre-IPO Share Option Scheme. As of June 30, 2025, the number of Shares underlying the outstanding Pre-IPO Share Options held by GORGEOUS HORIZON LIMITED is 26,353,600 Shares.

(3) Pursuant to the Voting Arrangement Agreements, LEADING GLORY INVESTMENTS LIMITED is able to exercise voting rights entrusted from the other signing parties and is therefore deemed to be interested in the shareholding interest in the Company held by the other signing parties by virtue of the SFO. For further details, see "History, Reorganization and Corporate Development — Voting Arrangement and Lock-up Arrangements" in the Prospectus.

(4) GLESASON GLOBAL LIMITED is owned as to (i) 99% by BEYOND VAST LIMITED, the holding vehicle used by Vistra Trust (Singapore) Pte. Limited, the trustee of the LSS Family Trust which is a discretionary trust established by Ms. Liu Shishi as the settlor and protector and Ms. Liu Shishi's wholly-owned holding company Gold Pisces Holding Limited as the beneficiary; and (ii) 1% by Gold Pisces Holding Limited which is wholly owned by Ms. Liu Shishi. Accordingly, each of Gold Pisces Holding Limited, BEYOND VAST LIMITED and Ms. Liu Shishi is deemed to be interested in all the Shares held by GLESASON GLOBAL LIMITED.

(5) Taurus Holding Ltd. is wholly owned by iQIYI, Inc., whose voting power is owned as to 89.2% by Baidu Holdings Limited, a wholly-owned subsidiary of Baidu, Inc. Baidu, Inc. is owned as to 59.3% by Li Yanhong. Therefore, each of iQIYI, Inc., Baidu Holdings Limited, Baidu, Inc. and Li Yanhong is deemed to be interested in the Shares directly held by Taurus Holding Ltd. by virtue of the SFO.

(6) GOLDEN BASIN GLOBAL LIMITED is owned as to (i) 99% by SMART CENTURY VENTURES LIMITED, the holding vehicle used by Vistra Trust (Singapore) Pte. Limited, the trustee of the Gold Fish Trust which is a discretionary trust established by Ms. Zhai Fang as the settlor and protector and Ms. Zhai Fang's wholly-owned holding company Gold Fish Management Holding Limited as the beneficiary; and (ii) 1% by Gold Fish Management Holding Limited which is wholly owned by Ms. Zhai Fang. Accordingly, each of SMART CENTURY VENTURES LIMITED, Gold Fish Management Holding Limited and Ms. Zhai Fang is deemed to be interested in all the Shares held by GOLDEN BASIN GLOBAL LIMITED.

Save as disclosed above, as of the Latest Practicable Date, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

As of the Latest Practicable Date, the following Directors were directors or employees of companies which had, or was deemed to have, an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company having an interest or a short position in the Shares or underlying Shares	Position held within such company
Mr. Liu Xiaofeng	Master Sagittarius Holding Limited	Director
	LEADING GLORY INVESTMENTS LIMITED	Director
	GORGEOUS HORIZON LIMITED	Director
Mr. Wang Xiaohui	iQIYI	Chief content officer
Ms. Liu Fan	iQIYI	Head of development strategy and investment department

Save as disclosed above, as of the Latest Practicable Date, the Directors were not aware of any other Director who was a director or employee of a company which had, or was deemed to have, an interest in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

7. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of Anglo Chinese, who has given its opinions or advices, which are contained or referred to in this circular:

Name	Qualifications
Anglo Chinese Corporate Finance, Limited	a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

As of the Latest Practicable Date, Anglo Chinese has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which it appears.

As of the Latest Practicable Date, Anglo Chinese did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) any direct or indirect interest in any assets which had, since December 31, 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to any member of the Group.

9. DOCUMENTS ON DISPLAY

Electronic copy of New Framework Agreements proposed to be entered into between the Company and iQIYI will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.strawbearentertainment.com) for a period of 14 days from the date of this circular.

Strawbear Entertainment Group
稻草熊娱乐集团

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2125)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2025 first extraordinary general meeting (the "**EGM**") of Strawbear Entertainment Group (the "**Company**") will be held at Building A2, SHANG 8 Design and Creative Industry Park, Chaoyang District, Beijing, China on Tuesday, December 30, 2025 at 4 p.m. for the purposes of considering and if thought fit, passing the following resolutions (with or without modification) as ordinary resolutions of the Company. Unless otherwise specified, capitalized terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated December 9, 2025 (the "**Circular**").

ORDINARY RESOLUTIONS

1. To consider and if thought fit, pass the following resolution (with or without modification) as an ordinary resolution of the Company:

   "**That**:

   (a) the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement and the transactions contemplated thereunder, details of which are more particularly described in the Circular, be and is hereby approved, ratified and confirmed;

   (b) the proposed annual caps for the continuing connected transactions contemplated under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement for the three years ending December 31, 2028 as set out in the Circular be and is hereby approved, ratified and confirmed; and

   (c) any one or more of the Directors is hereby authorized to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the transactions contemplated under the 2026-2028 Made-to-order Audiovisual Works Production Framework Agreement (including the proposed annual caps thereunder for the three years ending December 31, 2028).

2. To consider and if thought fit, pass the following resolution (with or without modification) as an ordinary resolution of the Company:

"**That**:

(a) the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement and the transactions contemplated thereunder, details of which are more particularly described in the Circular, be and is hereby approved, ratified and confirmed;

(b) the proposed annual caps for the continuing connected transactions contemplated under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement for the three years ending December 31, 2028 as set out in the Circular be and is hereby approved, ratified and confirmed; and

(c) any one or more of the Directors is hereby authorized to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the transactions contemplated under the 2026-2028 Episodic Content Copyrights Purchasing Framework Agreement (including the proposed annual caps thereunder for the three years ending December 31, 2028).

3. To consider and if thought fit, pass the following resolution (with or without modification) as an ordinary resolution of the Company:

"**That**:

(a) the 2026-2028 Copyrights Licensing Framework Agreement and the transactions contemplated thereunder, details of which are more particularly described in the Circular, be and is hereby approved, ratified and confirmed;

(b) the proposed annual caps for the continuing connected transactions contemplated under the 2026-2028 Copyrights Licensing Framework Agreement for the three years ending December 31, 2028 as set out in the Circular be and is hereby approved, ratified and confirmed; and

(c) any one or more of the Directors is hereby authorized to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the transactions contemplated under the 2026-2028 Copyrights Licensing Framework Agreement (including the proposed annual caps thereunder for the three years ending December 31, 2028).

Yours faithfully,
By order of the Board
Strawbear Entertainment Group
Mr. Liu Xiaofeng
Chairman

Nanjing, PRC, December 9, 2025

Notes:

(1) For the purpose of determining the identity of the shareholders entitled to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, December 23, 2025 to Tuesday, December 30, 2025, both dates inclusive, during which period no transfer of shares will be effected. The record date for determining the eligibility to attend and vote at the EGM will be Tuesday, December 30, 2025. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, December 22, 2025.

(2) A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or, if he/she/it is the holder of two or more shares, more proxies to attend and vote instead of him/her/it. A proxy need not be a member of the Company.

(3) Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such Share shall alone be entitled to vote in respect thereof.

(4) In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours (i.e. 4 p.m. on Sunday, December 28, 2025) before the time fixed for holding of the EGM. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish.

As at the date of this notice, 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. Ma Zhongjun, Mr. Zhang Senquan and Mr. Chung Chong Sun as independent non-executive Directors.