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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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025

FINANCIAL HIGHLIGHTS

Revenue for the year ended December 31, 2025 amounted to approximately RMB1,029.3 million, representing a decrease of 8.5% from approximately RMB1,124.5 million for the year ended December 31, 2024.

Gross profit for the year ended December 31, 2025 amounted to approximately RMB116.7 million, representing a decrease of 23.0% from approximately RMB151.5 million for the year ended December 31, 2024.

Loss for the year decreased by 14.3% from approximately RMB3.0 million for the year ended December 31, 2024 to approximately RMB2.5 million for the year ended December 31, 2025.

Adjusted net profit (Non-HKFRS measure)* for the year ended December 31, 2025 amounted to approximately RMB6.7 million, representing a decrease of 45.3% from approximately RMB12.2 million for the year ended December 31, 2024.

Net assets as of December 31, 2025 amounted to approximately RMB1,758.7 million, representing an increase of 0.3% from approximately RMB1,753.3 million as of December 31, 2024.

The Board does not recommend the payment of any dividend for the year ended December 31, 2025.

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

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2025 together with the comparative figures for the same period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	4	1,029,269	1,124,537
Cost of sales		<u>(912,569)</u>	<u>(973,067)</u>
Gross profit		116,700	151,470
Other income and gains	4	26,318	13,346
Selling and distribution expenses		(52,091)	(39,252)
Administrative expenses		(77,745)	(79,014)
Reversal of impairment/(impairment) of financial assets, net	5	16,511	(14,677)
Other expenses		(5,187)	(2,493)
Finance costs		(12,310)	(14,088)
Share of profits and losses of:			
Joint ventures		(280)	(235)
Associates		(452)	(748)
PROFIT BEFORE TAX	5	11,464	14,309
Income tax expense	6	<u>(14,002)</u>	<u>(17,269)</u>
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(2,538)</u>	<u>(2,960)</u>
Attributable to:			
Owners of the parent		(1,989)	(2,124)
Non-controlling interests		(549)	(836)
		<u>(2,538)</u>	<u>(2,960)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	8	<u>(0.3) cents</u>	<u>(0.3) cents</u>
Diluted (RMB)	8	<u>(0.3) cents</u>	<u>(0.3) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,699	4,627
Right-of-use assets		11,382	7,601
Goodwill	9	108,341	108,341
Other intangible assets		17,402	17,405
Investments in joint ventures		1,214	1,494
Investments in associates		4,321	6,070
Equity investments designated at fair value through other comprehensive income		1,000	–
Financial assets at fair value through profit or loss		64,015	10,876
Deferred tax assets		20,665	14,334
		<hr/>	<hr/>
Total non-current assets		231,039	170,748
CURRENT ASSETS			
Inventories	10	1,081,135	1,233,034
Trade and notes receivables	11	606,967	647,816
Prepayments, other receivables and other assets		616,906	435,951
Financial assets at fair value through profit or loss		–	5,000
Pledged deposits		101,083	92,289
Cash and cash equivalents		158,225	79,326
		<hr/>	<hr/>
Total current assets		2,564,316	2,493,416
CURRENT LIABILITIES			
Trade and notes payables	12	361,261	293,835
Other payables and accruals	13	315,104	318,819
Interest-bearing bank borrowings	14	283,601	283,300
Lease liabilities		4,071	4,604
Financial liabilities at fair value through profit or loss		30,000	–
Tax payable		1,269	966
		<hr/>	<hr/>
Total current liabilities		995,306	901,524

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
NET CURRENT ASSETS		1,569,010	1,591,892
TOTAL ASSETS LESS CURRENT LIABILITIES		1,800,049	1,762,640
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	<i>14</i>	28,000	–
Lease liabilities		5,874	1,915
Deferred tax liabilities		7,475	7,384
Total non-current liabilities		41,349	9,299
Net assets		1,758,700	1,753,341
EQUITY			
Equity attributable to owners of the parent			
Share capital		115	115
Treasury shares		(21,086)	(28,820)
Reserves		1,781,534	1,782,070
		1,760,563	1,753,365
Non-controlling interests		(1,863)	(24)
Total equity		1,758,700	1,753,341

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. The Group was principally involved in the investment, development, production, and distribution of film and episodic content (including drama series, micro-short series and other forms of episodic products).

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

2. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

3. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese mainland	1,027,778	1,124,537
United States of America	1,491	–
	<u>1,029,269</u>	<u>1,124,537</u>
Total revenue	<u>1,029,269</u>	<u>1,124,537</u>

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

(b) Non-current assets

The Group's non-current assets are all located in Chinese mainland except for financial instruments.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the years ended 31 December 2025 and 2024 is set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer 1	625,625	886,032
Customer 2	141,509	N/A*
Customer 3	N/A*	113,982
	<u>N/A*</u>	<u>113,982</u>

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	1,029,269	1,124,537

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Types of goods or services		
Licensing of the broadcasting rights of episodic content	966,334	1,124,141
Made-to-order episodic content production	60,735	–
Others	2,200	396
Total	1,029,269	1,124,537

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Geographical markets		
Chinese mainland	1,027,778	1,124,537
United States of America	1,491	–
Total	1,029,269	1,124,537

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Timing of revenue recognition		
Goods transferred at a point in time	967,679	1,124,141
Services transferred over time	61,590	396
Total	1,029,269	1,124,537

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	233,018	76,563

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

(ii) **Performance obligations**

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

Licensing of the broadcasting rights of episodic content

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

Made-to-order episodic content production

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

Others

The revenue is received from artist agency services, the licensing of episodic content's script copyrights and the provision of script-based role play game services, and payment is generally within six months.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	112,334	245,726

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

An analysis of other income and gains is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants*	3,945	4,181
Bank interest income	3,273	2,736
Interest income from loans receivable	3,021	4,171
Interest income from advances to a supplier	15,772	–
Investment income from financial assets at fair value through profit or loss	–	207
Penalty income from contracts	–	1,487
Others	307	564
Total other income and gains	26,318	13,346

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

5. PROFIT BEFORE TAX

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

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Cost of inventories sold		879,250	955,469
Depreciation of property, plant and equipment*		1,857	1,980
Depreciation of right-of-use assets*		6,117	5,005
Amortisation of other intangible assets*		3	3
Government grants	4	(3,945)	(4,181)
Bank interest income	4	(3,273)	(2,736)
Interest income from loans receivable	4	(3,021)	(4,171)
Investment income from financial assets at fair value through profit or loss	4	–	(207)
Changes in fair value of financial assets at fair value through profit or loss		760	1,124
Lease payments not included in the measurement of lease liabilities		463	549
Auditor's remuneration		2,800	2,800
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		27,144	19,734
Equity-settled share award expense		2,343	4,326
Pension scheme contributions**		2,918	2,288
Staff welfare expenses		378	613
Total		32,783	26,961
Loss on disposal of items of property, plant and equipment		102	–
Gain on bargain purchase***		–	(27)
Gain on step acquisition of a subsidiary***		–	(163)
Foreign exchange differences, net		2,228	89
Impairment of investment in an associate		1,953	–
Reversal of impairment/(impairment) of financial assets, net:			
Impairment of trade receivables	11	(18,940)	(7,846)
Impairment of other receivables		2,429	22,523
Total		(16,511)	14,677
Write-down of inventories to net realisable value****		33,319	17,598

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets for the year are included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

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

*** Gain on bargain purchase and gain on step acquisition of a subsidiary are included in "Other income and gains" in the consolidated statement of profit or loss and other comprehensive income.

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

6. INCOME TAX

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

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

The statutory tax rate for the subsidiary in Hong Kong is 16.5% (2024: 16.5%). No Hong Kong profits tax on this subsidiary has been provided as there was no assessable profit arising in Hong Kong during the year.

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

The provision for current income tax in Chinese mainland is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law. Certain PRC subsidiaries are recognised as Small and Low-profit Enterprises, and the assessable profits less than RMB3,000,000 (2024: RMB3,000,000) were entitled to a preferential tax rate of 5% (2024: 5%) during the year.

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

	2025	2024
	RMB'000	RMB'000
Current – Chinese mainland		
Charge for the year	20,236	11,060
Deferred tax	(6,240)	6,209
Current – Elsewhere – income taxes	6	–
	14,002	17,269

- (b) A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2025	2024
	RMB'000	RMB'000
Profit before tax	11,464	14,309
Tax at the statutory tax rate of 25% (2024: 25%)	2,866	3,577
Effect of tax rate differences in other jurisdictions	934	487
Effect of tax exemption granted to subsidiaries	5	1,057
Expenses not deductible for tax	4,998	12,546
Profits and losses attributable to joint ventures and associates	(1)	27
Deductible temporary differences not recognised	–	377
Deductible temporary differences reversed from previous periods	(2,114)	–
Tax losses not recognised	7,624	2,692
Tax losses utilised from previous periods	(310)	(3,494)
	14,002	17,269

7. DIVIDENDS

The board of directors has resolved not to recommend payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

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

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

The calculation of the diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue outstanding during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares arising from the restricted share units and the share options.

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

	2025	2024
	RMB'000	RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<u>(1,989)</u>	<u>(2,124)</u>
	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	693,279,937[#]	686,283,476 [#]
Effect of dilution – weighted average number of ordinary shares	<u>N/A*</u>	<u>N/A*</u>

[#] The weighted average number of shares was after taking into account the effect of treasury shares held.

* No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the restricted share units and share options had an anti-dilutive effect on the basic loss per share amounts presented.

9. GOODWILL

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost and net carrying amount at beginning of year and at end of year	<u>108,341</u>	<u>108,341</u>

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the Hangzhou Yide cash-generating unit for impairment testing.

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

	2025 %	2024 %
Gross profit margin	14	14
Terminal growth rate	2	2
Pre-tax discount rate	<u>20.2</u>	<u>20.0</u>

Assumptions were used in the value in use calculation of the Hangzhou Yide cash-generating unit for the years ended 31 December 2025 and 31 December 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

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

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

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

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

10. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	268,133	303,533
Work in progress	423,340	615,401
Finished goods	389,662	314,100
Total	<u>1,081,135</u>	<u>1,233,034</u>

11. TRADE AND NOTES RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	620,804	679,852
Notes receivable	259	1,000
	<u>621,063</u>	<u>680,852</u>
Impairment	<u>(14,096)</u>	<u>(33,036)</u>
Net carrying amount	<u>606,967</u>	<u>647,816</u>

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

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	268,292	41,409
3 to 6 months	169,957	124,549
6 to 12 months	144,660	440,316
1 to 2 years	19,195	39,746
2 to 3 years	4,604	796
Total	<u>606,708</u>	<u>646,816</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing and past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Current	Trade receivables ageing			Total	
		Less than 1 year and past due	1 to 2 years and past due	2 to 3 years and past due		More than 3 years and past due
Expected credit loss rate	0.98%	1.27%	9.79%	43.63%	100.00%	2.27%
Gross carrying amount (RMB'000)	352,520	236,847	21,279	8,168	1,990	620,804
Expected credit losses (RMB'000)	3,442	3,016	2,084	3,564	1,990	14,096

As at 31 December 2024

	Current	Trade receivables ageing			Total	
		Less than 1 year and past due	1 to 2 years and past due	2 to 3 years and past due		More than 3 years and past due
Expected credit loss rate	0.73%	2.25%	7.38%	19.60%	100.00%	4.86%
Gross carrying amount (RMB'000)	242,660	373,811	42,913	990	19,478	679,852
Expected credit losses (RMB'000)	1,775	8,422	3,167	194	19,478	33,036

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	33,036	41,105
Impairment losses recognised, net (note 5)	(18,940)	(7,846)
Amount written off as uncollectible	–	(223)
At end of year	<u>14,096</u>	<u>33,036</u>

The decrease (2024: decrease) in the loss allowance of RMB18,940,000 (2024: RMB8,069,000) was mainly due to a decrease in trade receivables which were past due for over 3 years (2024: a decrease in trade receivables which were aged 2 to 3 years and past due).

Included in the Group's trade and notes receivables were amounts due from the Group's related parties of RMB330,481,000 (2024: RMB434,745,000), which were repayable on credit terms similar to those offered to the major customers of the Group.

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

The Group's trade receivables with an aggregate net carrying value of approximately RMB59,702,000 (2024: RMB172,600,000) were pledged to secure bank loans granted to the Group (note 14).

At 31 December 2025, notes receivable of RMB259,000 (2024: RMB1,000,000), whose fair values approximate to their carrying values, were classified as financial assets at fair value through other comprehensive income under HKFRS 9.

As at 31 December 2025, the Group discounted certain notes receivable accepted by certain banks in Chinese mainland (the “**Discounted Notes**”) with a carrying amount in aggregate of nil (2024: RMB5,200,000). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Discounted Notes have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”).

In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain Discounted Notes accepted by large and reputable banks with an amount of nil (2024: RMB5,200,000) as at 31 December 2025 (the “**Derecognised Notes**”). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes.

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

During the year, the Group recognised the interest expense on the discounted notes receivable amounting to RMB1,000 (2024: RMB167,000).

12. TRADE AND NOTES PAYABLES

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Trade payables	311,261	268,835
Notes payable	50,000	25,000
	<hr/>	<hr/>
Total	361,261	293,835
	<hr/>	<hr/>

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

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Within 3 months	129,618	88,582
3 to 6 months	51,677	138,989
6 to 12 months	62,456	10,195
1 to 2 years	42,866	1,560
2 to 3 years	1,324	22,112
Over 3 years	23,320	7,397
	<hr/>	<hr/>
Total	311,261	268,835
	<hr/>	<hr/>

Included in the trade and notes payables were trade payables of RMB163,506,000 (2024: RMB192,663,000) due to the Group’s related parties which were repayable within 120 days, which represented credit terms similar to those offered by the related parties to their major customers.

The trade payables are generally non-interest-bearing and are normally settled on 90-day to 365-day terms, except for a trade payable amount of RMB13,560,000 bearing interest at 10% per annum and repayable within one year. During the year, an interest expense of RMB1,590,000 (2024: RMB1,095,000) was recognised in profit or loss.

13. OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract liabilities (<i>note (a)</i>)	243,936	287,119
Other payables (<i>note (b)</i>)	16,255	12,199
Amount received under the fixed-return co-investment arrangements without share of copyrights (<i>note (c)</i>)	38,872	10,951
Other tax payables	14,763	6,814
Payroll and welfare payable	1,278	1,736
Total	<u>315,104</u>	<u>318,819</u>

Notes:

(a) Details of contract liabilities are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>Short-term advances received from customers</i>		
Licensing of the broadcasting rights of episodic content	112,334	245,726
Made-to-order episodic content production	131,602	41,393
Total	<u>243,936</u>	<u>287,119</u>

Contract liabilities include short-term advances received from the licensing of the broadcasting rights of episodic content, made-to-order episodic content production and others. The decrease in contract liabilities in 2025 was mainly due to the decrease in short-term advances received from customers in relation to the licensing of the broadcasting rights of episodic content.

Included in the contract liabilities are advances received from the Group's related parties of RMB147,472,000 (2024: RMB160,459,000).

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

(c) Included in the amount received under the fixed-return co-investment arrangements without share of copyrights are advances received from the Group's related parties of RMB8,758,000 (2024: RMB7,791,000) and advances received from a third party of RMB30,114,000.

14. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	2025 RMB'000
Current			
Bank loan – secured (<i>note (a)</i>)	3.40%	2026	170,746
Bank loan – secured (<i>note (b)</i>)	2.57%	2026	56,136
Bank loan – unsecured (<i>note (c)</i>)	2.80%	2026	10,049
Bank loan – secured (<i>note (c)</i>)	2.65%	2026	8,022
Bank loan – unsecured	2.05%	2026	9,805
Bank loan – unsecured	2.20%	2026	9,790
Bank loan – unsecured	2.70%	2026	10,028
Bank loan – unsecured	3.00%	2026	9,025
Total – current			<u>283,601</u>
Non-current			
Bank loan – secured (<i>note (c)</i>)	2.65%	2027	<u>28,000</u>
Total			<u>311,601</u>

	Effective interest rate (%)	Maturity	2024 RMB'000
Current			
Bank loan – secured (<i>note (a)</i>)	3.65	2025	198,571
Bank loan – secured (<i>note (c)</i>)	3.55	2025	28,063
Bank loan – secured (<i>note (c)</i>)	3.45	2025	10,061
Bank loan – unsecured	2.70	2025	19,544
Bank loan – unsecured	3.30	2025	10,023
Bank loan – unsecured	3.50	2025	10,023
Bank loan – unsecured	3.65	2025	7,015
Total			<u>283,300</u>

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	283,601	283,300
In the second year	28,000	–
Total	<u>311,601</u>	<u>283,300</u>

Notes:

- (a) The Group's bank loans are secured by the pledge of certain of the Group's trade receivables and short-term deposits amounting to nil (2024: RMB172,600,000) and RMB62,541,000 (2024: RMB92,289,000), respectively, and are guaranteed by the Company.
- (b) The Group's bank loans are secured by investment in wealth management products and short-term deposits amounting to RMB35,702,000 (2024: Nil) and RMB38,542,000 (2024: Nil), respectively.
- (c) The Group's bank loans are secured by the pledge of certain of the Group's trade receivables amounting to RMB59,702,000 (2024: Nil) and are guaranteed by the subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

The Group is a major film and episodic content (including drama series, micro-short series and other forms of episodic products) producer and distributor in the PRC. Since 2014, it has been dedicated to the investment, development, production, and distribution of film and episodic content, gradually accumulating and forming a collection of high-quality content covering various themes, genres, and commercial development potential. The Group is committed to becoming a diversified entertainment company centered on “super IPs”. In 2025, the Group entered its eleventh year of deepening its involvement in the film and television industry. Amidst an environment of industry transformation coexisting with market opportunities, the Group adhered to a content-centric and market-oriented approach, further refined the concept of premium content creation, and established a diversified business system characterized by the coordinated development of long-form series, short-form series, and micro-short series. Concurrently, the Group advanced the multi-dimensional exploration of IP value and the enhancement and upgrading of corporate governance, all business segments worked in synergy to enhance efficiency, laying a solid foundation for the Group’s sustainable development.

During the Reporting Period, leveraging accumulated industry resources, a mature platform operation model, and efficient “comprehensive middle platform” service support, the Group accurately grasped industry trends and continuously iterated its content production and supply system, and launched multiple high-quality works throughout the year, exhibiting a relatively clear rhythm in the business. In the long-form series sector, *The Trident 2* (《三叉戟2》) was broadcast simultaneously on multiple platforms in the first half of the year. With its solid narrative structure, realistic case designs, and high production quality, the drama series successfully earned the title of a benchmark work in the public security genre for the year, achieving both popularity and acclaim during its broadcast. In the second half of the year, *Move Heaven and Earth* (《赴山海》) and *Speed and Love* (《雙軌》) were broadcast successively. The former received both strong viewership and critical praise, while the latter achieved impressive performance both domestically and internationally. In the short-form series sector, the Group accurately captured industry trends, and the short-form series broadcast within the year performed commendably. *Drifting Away* (《漂白》) became the first drama series on LIGHT LIGHT ON of iQIYI (愛奇藝迷霧劇場) to surpass 10,000 hits, ranking top on multiple annual charts. *Breaking the Shadows* (《烏雲之上》) topped the ratings of both provincial satellite TV stations during its premiere. *What a Wonderful World* (《在人間》) became the first Chinese-language drama series featured in the official screening section of the Tribeca Festival in the US. In the micro-short series sector, several works covering diverse themes were broadcast, including *Prayers for Calm Seas* (《祈安瀾》), *Oars and Echoes: A Thousand Miles* (《舟楫千里號歌來》), *Silk & Blade: Her Gambit* (《我為將軍披戰袍》), *Cashed Out Life* (《套現人生》), *Memory Loss* (《別在失憶後說愛我》) and *Love and Revenge* (《紅妝萬丈》). Among them, *Prayers for Calm Seas* (《祈安瀾》) and *Oars and Echoes: A Thousand Miles* (《舟楫千里號歌來》) were nominated for relevant awards at the Busan International Television Festival in Korea, garnering social benefits and industry recognition.

As of the date of this announcement, the drama series *My Page in the 90s* (《突然的喜歡》) and the micro-short series *Three Winters Alone* (《夫人走的第三年》) have been broadcast on Tencent Video and Hongguo Short Drama Platform, respectively, on January 22, 2026. Among them, *My Page in the 90s* (《突然的喜歡》) achieved remarkable results during the broadcast period, topping multiple Tencent Video internal and external lists, including the Tencent TV series overall hot search list, Tencent Video’s TV series romance chart, Maoyan’s drama series heat chart, Maoyan’s web drama hits, and Douban’s real-time hot TV series; in addition, the drama series ranked first on the popularity charts of Tencent Video in six countries and regions overseas during the broadcast period, fully reflecting the popularity of the drama series among overseas audiences. During its broadcast period, *Three Winters Alone* (《夫人走的第三年》) sparked a craze for viewing. Within 24 hours of its premiere, its popularity index on the Hongguo platform surged to 68.5 million, securing the No.1 position on three major lists of Hongguo: Trending Shows, Hot Searches and New Dramas. The micro-short series has been praised by many viewers as the “most surprising short drama dark horse of 2026 (2026年最具驚喜感的短劇黑馬)” for its light and humorous narrative that goes against conventions, profound and touching emotional core, and ultimate aesthetic texture.

During the year, while consolidating its core content strengths, the Group accelerated the implementation of its full-lifecycle IP development strategy, aiming to build a three-dimensional development pattern integrating online and offline activities and domestic and international market synergy. In 2025, the Group focused on optimizing its IP reserve structure, concentrating on high-quality resources with cross-form development potential and high derivative value. Emphasis was placed on IPs suitable for the “combination of long and short forms” development model and possessing high derivative potential, alongside advancing serialized IP development work to build core momentum for future performance. Simultaneously, the Group actively expanded its overseas market presence, broadening revenue channels through overseas licensing and facilitating the globalization of content. Furthermore, the Group continued to deepen its layout for the integration of culture, sports, and tourism, exploring pathways for IP physical realization and derivative development. It developed attracting derivative product lines around popular IPs, creating a synergy of “online content attracting traffic, offline scene consumption”, allowing the value of IPs to be further realized in physical scenarios and striving to open up broader profit margins.

Stable business development relies on the dual support of team building and corporate governance. In 2025, the Group continued to fortify its foundation for growth. On one hand, the Group further strengthened the development of its core team, fostered an open and inclusive creative ecosystem, deepened collaborations with top industry creators, and aggregated high-quality industry resources, thereby injecting a continuous source of vitality into the steady supply of premium content. On the other hand, the Group focused on enhancing governance efficiency, continuously optimizing organizational structure and management processes, improving governance decision-making mechanisms, and building a scientific and standardized modern corporate governance system. Meanwhile, the Group proactively fulfilled its corporate social responsibilities, diligently advanced ESG-related initiatives, and committed to achieving the organic integration of social and economic benefits. Leveraging its systematic practices in the ESG domain, the Group garnered widespread industry recognition and received multiple related accolades, further elevating its brand influence and industry recognition.

In 2025, the Group achieved phased results in the systematic improvement of core areas such as content creation, IP development, and team governance. Looking ahead, the Group will remain steadfast in its original creative aspirations, proactively adapt to industry transformation trends, continually strengthen its core competitiveness through superior content supply and comprehensive business layout, steadily advance towards its strategic goal of becoming a diversified entertainment group, and realize long-term, healthy, and sustainable development.

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

As of December 31, 2025, the Group has been producing, produced and/or distributed but yet to broadcast a certain number of episodic content. The table below sets forth certain details of such episodic content:

Name of Episodic Content	Genre	Director(s) and Major Cast Members	Role	Production Type	Status as of December 31, 2025	Expected Broadcasting Time
TV Series						
<i>Light My Way</i> (《偷走他的心》)	Metropolitan	Wu Qiang (吳強), Ma Sichao (馬思超), Wan Peng (萬鵬)	Production and distribution	Adaptation	To be broadcast	2026
<i>No One but You</i> (《也許這就是愛情》)	Metropolitan	Wu Qiang (吳強), Chen Yuqi (陳鈺琪), Fang Yilun (方逸倫)	Production and distribution	Adaptation	To be broadcast	2026
<i>Cat & Thief</i> (《門賊》)	Crime	Gong Zhaohui (龔朝暉), Huang Jingyu (黃景瑜), Xiu Rui (修睿)	Production and distribution	Adaptation	Completed and under examination ¹	2026
<i>Burning As Her</i> (《再青春》)	Metropolitan	Liu Guotong (劉國彤), Zhao Mo (趙默), Gao Ye (高葉), Hou Wenyuan (侯雯元)	Production and distribution	Adaptation	Completed and under examination	2026
<i>Love in Red Dust</i> (《紅塵四合》)	Period others	Zhu Ruibin (朱銳斌), Wang Xingyue (王星越), Xu Ruohan (徐若哈)	Production and distribution	Adaptation	Completed and under examination	2026
<i>Enter the Game</i> (《入局》)	Modern revolution	Yi Zheng (伊曄), Guo Qilin (郭麒麟), Song Zuer (宋祖兒)	Production and distribution	Original	Under filming	2026
<i>River of No Return</i> (《兩京十五日》) ²	Ancient legend	Zhang Li (張黎), Cheng Yi (成毅), Lin Gengxin (林更新)	Production and distribution	Adaptation	Under filming	2026
Web Series						
<i>Win or Die</i> (《夜不收》)	Period military	Cao Dun (曹盾), Jing Boran (井柏然), Wu Xingjian (吳幸健), Zhang Yifan (張藝凡)	Production and distribution	Original	To be broadcast	2026
<i>Tang Brick 2: The Whimsical Return</i> (《唐磚2：雲歸喜事》)	Period others	Yi Jun (易軍), Zhang Yunlong (張雲龍), Zhang Jianing (張佳寧), Wen Junhui (文俊輝), Zhao Zhaoyi (趙昭儀)	Investment and distribution	Adaptation	To be broadcast	2026
<i>My Page in the 90s</i> (《突然的喜歡》) ³	Metropolitan	Liu Yan (劉岩), Chen Xingxu (陳星旭), Wang Yuwen (王玉雯)	Production and distribution	Adaptation	Completed and under examination	2026
<i>Desert Fury</i> (《末路狂花》)	Crime	Li Jun (李駿), Yang Mi (楊冪), Wan Qian (萬茜)	Production and distribution	Original	Under filming	2026
Micro-short Series						
<i>Predict You in 3s</i> (《三秒預見你》) ⁴	Metropolitan, fantasy	Chen Long (陳龍), Lou Yixiao (婁藝瀟), Zhang Chi (張翊), Ma Qiuzi (馬秋子)	Production and distribution	Original	To be broadcast	2026
<i>Memoratorium</i> (《記憶牢籠》)	Science fiction	Zhang Cheng (章程), Shen Zefeng (申澤鋒), Li Yuanyuan (李圓圓)	Investment and distribution	Original	Post-production	2026
<i>Mom! We Got the Scripts Reversed</i> (《媽！咱倆劇本拿反了》)	Metropolitan, fantasy, romance	Zhang Nan (張楠), Liu Yun (劉芸), Li Zijie (李子傑), Cui Yahan (崔雅涵)	Production and distribution	Adaptation	Post-production	2026
<i>Three Winters Alone</i> (《夫人走的第三年》) ⁵	Period supernatural romance	Chen Weiqin (陳未衞), Liu Nian (劉念), Zhang Chi (張翊)	Production and distribution	Adaptation	Post-production	2026

¹ As of the date of this announcement, *Cat & Thief* (《門賊》) has obtained the *Domestic TV Series Distribution Permit* (《國產電視劇發行許可證》) on February 11, 2026, and is expected to be broadcast in 2026.

² The translation name of the drama series *Two Capitals* (《兩京十五日》) has been changed to *River of No Return* (《兩京十五日》).

³ The drama series *A Sudden Love* (《一場突如其來的愛情》) has been changed to *My Page in the 90s* (《突然的喜歡》). As of the date of this announcement, *My Page in the 90s* (《突然的喜歡》) has been broadcast on Tencent Video on January 22, 2026.

⁴ As of the date of this announcement, the micro-short series *Predict You in 3s* (《三秒預見你》) has been broadcast on iQIYI on January 15, 2026.

⁵ As of the date of this announcement, the micro-short series *Three Winters Alone* (《夫人走的第三年》) has been broadcast on the Hongguo Short Drama Platform on January 22, 2026.

As of December 31, 2025, the Group had several TV series/web series that had applied for public record/filed with the local counterparts of the NRTA. The table below sets forth certain details of such pipeline drama series projects:

Proposed Name for the Drama Series	Genre	Copyright Ownership	Status as of December 31, 2025	Time of Public Record/Filed
TV Series				
<i>The Wind Catcher</i> (《捕風者》)	Modern revolution	The Group	Pre-production	2023
<i>Golden Seasons</i> (《橙黃橘綠時》)	Metropolitan	The Group	Pre-production	2024
<i>Reset: Try Again</i> (《重啟試試呢》)	Metropolitan	The Group	Pre-production	2024
<i>The Great Ming Father & Son</i> (《大明好父子》)	Ancient legend	The Group	Pre-production	2025
Web Series				
<i>Legend of Gan Mo</i> (《甘墨傳》)	Period fantasy	The Group	Pre-production	2024
<i>A Nan</i> (《阿南》)	Metropolitan romance	The Group	Pre-production	2024
<i>Seven Weapons: The Parting Hook</i> (《七種武器之離別鉤》)	Ancient Martial Arts	The Group	Pre-production	2025
<i>Seven Weapons: The Sentimental Ring</i> (《七種武器之多情環》)	Ancient Martial Arts	The Group	Pre-production	2025

As of December 31, 2025, the Group had several micro-short series that had applied for public record/filed with the local counterparts of the NRTA as well.

Business Analysis by Business Line

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

In 2025, the Group broadcasted multiple high-quality episodic content with diverse themes and genres, including *Drifting Away* (《漂白》), *Breaking the Shadows* (《烏雲之上》), *What a Wonderful World* (《在人間》), *Move Heaven and Earth* (《赴山海》) and *Speed and Love* (《雙軌》), etc. The revenue generated from the Group's licensing of the broadcasting rights of episodic content was approximately RMB966.3 million for the year ended December 31, 2025, representing a decrease from approximately RMB 1,124.1 million for the year ended December 31, 2024, primarily attributable to the fact that: (i) several of the broadcast episodic content invested and produced by the Group in 2025 was short-form series. The number of episodes per series, investment scale and revenue of such short-form series decreased; and (ii) regarding long-form series, various broadcasting platforms have shrunk their budgets for purchasing episodic content, thus resulting in a decrease in revenue per episodic content. These factors collectively contribute to this.

In 2025, the episodic content broadcast by the Group achieved sustained broadcast coverage throughout the year on domestic mainstream online video platforms and TV channels, including iQIYI, Beijing Radio&Television Station, and Dragon TV, achieving good broadcasting effects and significant long tail effect. *Drifting Away* (《漂白》) received widespread attention after its debut on LIGHT LIGHT ON of iQIYI (愛奇藝迷霧劇場) in the first half of 2025. It has broken 10,000 hits in six days of broadcasting, becoming the first 10,000-hit drama series at LIGHT LIGHT ON of iQIYI (愛奇藝迷霧劇場). During its broadcast period, the drama series garnered multiple professional rankings and topped the Lighthouse “All-platform Drama Series Average Playback Volume Ranking”. *Breaking the Shadows* (《烏雲之上》) was broadcast on iQIYI in the second quarter of 2025 and was broadcast simultaneously on Beijing Radio & Television Station and Dragon TV. During its broadcast, the drama series has seen rising hits on iQIYI, topping several iQIYI in-platform charts and achieving the Top1 position on the Weibo Drama Series Influence Chart. The drama series also performed impressively on the dual channels, securing the top spot in ratings on both channels during its premiere stage on provincial satellite TV. Its unique female-perspective narrative garnered significant industry attention and received affirmation from numerous authoritative media outlets, including *People’s Daily*, *Guangming Daily*, *China Youth Daily*, and *Xinhua News Agency*. *What a Wonderful World* (《在人間》), as a major work in 2025, was not only selected into Sichuan Province’s list of major literary and artistic support projects and excellent works awards, but also the first online drama series supported after online films and drama series were included in the *Measures of Sichuan Province for Supporting Major Literature and Art Projects and Rewarding Fine Works* (《四川省重大文藝項目扶持和精品獎勵辦法》). As another benchmark work by the Group integrating high-concept emotional narratives, genre innovation, and pioneering aesthetics, it also became the first Chinese-language drama series to be featured in the official screening section of the Tribeca Festival in the U.S., successfully bringing Chinese stories to the world. *Move Heaven and Earth* (《赴山海》) performed impressively after its broadcast, achieving a market share of 16.8% on Yunhe on its premiere day and topping the cross-platform popularity charts by a significant margin. The drama series was honored with the awards for “Weibo Audience’s Choice Award for Drama Series” and “Weibo Youth Choice Award” at the 2025 iQIYI Scream Night, fully demonstrating its market recognition and audience influence. *Speed and Love* (《雙軌》) centered its core competitiveness on its highly innovative “parallel dual-timeline” narrative structure while balancing local emotional resonance with an international perspective in its expression. The drama series’ hits peaking exceeded 8,600, securing the second position on iQIYI’s annual list for modern idol drama series.

As of December 31, 2025, the Group has a number of high-quality and thematically diverse episodic content to be broadcast, including *Cat & Thief* (《鬥賊》), a crime comedy directed by Gong Zhaohui (龔朝暉), scripted by Li Song (李松) and Lou Kexin (婁可心), and starred by Huang Jingyu (黃景瑜) and Xiu Rui (修睿); *No One but You* (《也許這就是愛情》), a contemporary romantic light comedy directed by Wu Qiang (吳強), scripted by Xu Su (徐速), and starred by Chen Yuqi (陳鈺琪) and Fang Yilun (方逸倫); *Burning As Her* (《再青春》), a metropolitan directed by Liu Guotong (劉國彤) and Zhao Mo (趙默), scripted by Liang Zhenhua (梁振華) and Qin Wen (秦文), and starred by Gao Ye (高葉) and Hou Wen yuan (侯雯元); and *Love in Red Dust* (《紅塵四合》), a period romance series directed by Zhu Ruibin (朱銳斌), scripted by Liu Yuanyu (劉媛玉), Luo Yun (羅贊) and Chen Cong (陳聰), and starred by Wang Xingyue (王星越) and Xu Ruohan (徐若晗). As of the date of this announcement, *River of No Return* (《兩京十五日》) was completed on February 10, 2026.

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

In 2025, the Group provided made-to-order services of episodic content, including *The Trident 2* (《三叉戟2》), *Memory Loss* (《別在失憶後說愛我》), and *Love and Revenge* (《紅妝萬丈》), etc., leading to the increase in the revenue generated by the Group from production of made-to-order episodic content increased from nil for the year ended December 31, 2024 to RMB60.7 million for the year ended December 31, 2025.

The Group continues to seize business collaboration opportunities with online platforms by custom-developing and precisely delivering content tailored to them, committed to providing high-quality and thematically diverse content products. The long-form series *The Trident 2* (《三叉戟2》), delivered this year, is directed by Liu Haibo (劉海波) and Cao Kai (曹凱), scripted by Shen Rong (沈嶸), Lv Zheng (呂錚) and Xiong Yuzhen (熊語真), and starred by Chen Jianbin (陳建斌), Dong Yong (董勇) and Hao Ping (郝平). The drama series tells the story of three middle-aged police officers who, undaunted by challenges, confront new types of fraud and continuously accept challenges of the new era for the sake of justice and righteousness. Since its broadcast on January 23, 2025, the drama series has achieved good broadcasting results.

As of December 31, 2025, the Group has a number of made-to-order episodic content to be broadcast, including *Win or Die* (《夜不收》), an ancient military drama series directed by Cao Dun (曹盾), co-scripted by Gong Xue (鞏雪), Zhao Cong (趙聰), Wang Shilong (王士龍) and Pang Sanjing (胖三井), and starred by Jing Boran (井柏然), Wu Xingjian (吳幸鍵) and Zhang Yifan (張藝凡); *Tang Brick 2: The Whimsical Return* (《唐磚2：雲歸喜事》), a period time-travel romantic light comedy directed by Yi Jun (易軍), scripted by Huo Sijia (霍思佳), and starred by Zhang Yunlong (張雲龍), Zhang Jianing (張佳寧), Wen Junhui (文俊輝) and Zhao Zhaoyi (趙昭儀); and *My Page in the 90s* (《突然的喜歡》), a metropolitan drama series directed by Liu Yan (劉岩), scripted by Han Xiaoge (韓小歌) and Huang Lei (黃磊), and starred by Chen Xingxu (陳星旭) and Wang Yuwen (王玉雯).

(iii) *Others*

The Group's other business primarily includes assignment of copyright and provision of the artist agency services for the year ended December 31, 2025, while the Group's other business primarily includes the provision of script-based role play game services and artist agency services for the year ended December 31, 2024.

OUTLOOK

The year 2026 marks a pivotal year for the Group to deepen its diversified entertainment ecosystem strategy “centered on super IPs”. The Group will remain committed to the goal of high-quality development, using the three core drivers of diversified content product structure, comprehensive IP development, and globalized narrative to continuously activate the Group’s endogenous growth momentum and write a new chapter in the Group’s development.

In terms of content track layout, the Group will further consolidate the synergistic advantages of the “long-form series + short-form series + micro-short series” multi-track approach, accurately grasp market demand and industry trends, and leverage keen content judgment capabilities and efficient resource mobilization capabilities to create more premium content with both critical acclaim and market influence. In terms of IP value exploration, the Group will strive to break through the boundaries of the film and television industry, deepen technology empowerment and product structure empowerment, and utilize cutting-edge technological tools such as digital technology and virtual production to enrich content presentation forms, expand IP narrative scenarios, achieve exponential growth in IP value, and complete the seamless transformation from screen narrative to physical consumption, enabling the influence of super IPs to permeate multiple consumer scenarios. In terms of global expansion, the Group will secure overseas distribution rights for its core episodic content, develop IP content with cross-cultural appeal, help Chinese super IPs reach the world stage, and enhance the Group’s competitiveness and voice in the global entertainment market.

Meanwhile, supported by standardized and refined management, the Group will further improve its corporate governance structure and organizational structure, optimizing decision-making efficiency and execution pathways. It will continue to strengthen the construction and practice of its ESG management system, deeply integrating environmental responsibility, social responsibility, and corporate governance into the entire business development process. By actively fulfilling its corporate citizenship responsibilities, the Group will solidify a robust organizational and institutional foundation for its sound operations and stable development.

In 2026, the Group, with steadfast strategic resolve and innovative development thinking, will spare no effort in advancing the implementation of various strategies, continuously building a more dynamic and competitive diversified entertainment ecosystem, and achieving the dual enhancement of the Group’s performance and brand value.

Revenue by Business Line

The Group's revenue decreased by 8.5% from approximately RMB1,124.5 million for the year ended December 31, 2024 to approximately RMB1,029.3 million for the year ended December 31, 2025, primarily attributable to the decrease in revenue generated from production of licensing of the broadcasting rights of episodic content.

Licensing of the broadcasting rights of episodic content

The Group's revenue generated from licensing of the broadcasting rights of episodic content decreased from approximately RMB1,124.1 million for the year ended December 31, 2024 to approximately RMB966.3 million for the year ended December 31, 2025, primarily as several of the broadcast episodic content invested and produced by the Group in 2025 was short-form series. The number of episodes per series, investment scale and revenue of such short-form series decreased. Regarding long-form series, various broadcasting platforms have shrunk their budgets for purchasing episodic content, thus resulting in a decrease in revenue per episodic content. The above factors collectively resulted in a decline in the Group's revenue from the licensing of the broadcasting rights of episodic content during the year.

Made-to-order episodic content production

The Group's revenue generated from production of made-to-order episodic content was approximately RMB60.7 million for the year ended December 31, 2025 as compared to nil for the year ended December 31, 2024, as the Group provided made-to-order production services of several episodic content for the year ended December 31, 2025, including *The Trident 2* (《三叉戟2》) etc.

Others

Others primarily comprise revenue from the assignment of copyright and the provision of the artist agency services for the year ended December 31, 2025, while the others primarily comprise revenue from the provision of script-based role play game services and the artist agency services for the year ended December 31, 2024.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by 23.0% from approximately RMB151.5 million for the year ended December 31, 2024 to approximately RMB116.7 million for the year ended December 31, 2025. The Group's gross profit margin decreased to 11.3% for the year ended December 31, 2025 from 13.5% for the year ended December 31, 2024, primarily due to the decrease in the Group's revenue outpaced the decrease in cost of sales. The decrease in revenue of the Group was primarily as several of the broadcast episodic content invested and produced by the Group in 2025 was short-form series. The number of episodes per series, investment scale and revenue of such short-form series decreased. Regarding long-form series, various broadcasting platforms have shrunk their budgets for purchasing episodic content, thus resulting in a decrease in revenue per episodic content.

The following table sets forth the Group's gross profit and gross profit margin by business line in 2024 and 2025:

	Year ended December 31,			
	2025		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	<i>(RMB in thousands, except gross profit margin)</i>			
Licensing of the broadcasting rights of episodic content	103,430	10.7%	152,111	13.5%
Made-to-order episodic content production	12,789	21.1%	–	–
Others	481	21.9%	(641)	(161.9)%
Total	<u>116,700</u>	11.3%	<u>151,470</u>	13.5%

Other Income and Gains

Other income and gains increased by 97.2% or approximately RMB13.0 million from approximately RMB13.3 million for the year ended December 31, 2024 to approximately RMB26.3 million for the year ended December 31, 2025, primarily attributable to the increase in interest income from advances to a supplier of RMB15.8 million, and partially offset by the decrease in penalty income from contracts of RMB1.5 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 32.7% to approximately RMB52.1 million for the year ended December 31, 2025 from approximately RMB39.3 million for the year ended December 31, 2024, primarily due to the increased capital invested in selling and distribution activities along with the increased number of episodic content broadcast by the Group during the year ended December 31, 2025.

Administrative Expenses

The Group's administrative expenses decreased by 1.6% to approximately RMB77.7 million for the year ended December 31, 2025 from approximately RMB79.0 million for the year ended December 31, 2024, primarily due to (i) the decrease in the losses caused by the termination of several episodic projects of approximately RMB3.4 million; (ii) the decrease in equity-settled share award expense of approximately RMB5.8 million; and partially offset by (iii) the increase in employee benefit expenses of approximately RMB7.2 million.

Reversal of impairment/(impairment) of financial assets, net

The Group's impairment of financial assets, net decreased to a reversal of approximately RMB16.5 million for the year ended December 31, 2025 from a loss of approximately RMB14.7 million for the year ended December 31, 2024, primarily due to the increase in the reversal of impairment of trade receivables, net of approximately RMB11.1 million and the decrease in the impairment of other receivables, net of approximately RMB20.1 million.

For further details of the reversal of impairment/(impairment) of financial assets, net, please refer to the Note 11 to the financial statements.

Other Expenses

The Group's other expenses increased by 108.1% to approximately RMB5.2 million for the year ended December 31, 2025 from approximately RMB2.5 million for the year ended December 31, 2024.

Income Tax Expense

The Group's income tax expense decreased by 18.9% to approximately RMB14.0 million for the year ended December 31, 2025 from approximately RMB17.3 million for the year ended December 31, 2024, primarily due to the decrease in taxable profit made in 2025.

Non-HKFRS Measure

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

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

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

	Year ended December 31,	
	2025	2024
	<i>(RMB in thousands)</i>	
Reconciliation of net loss to adjusted net profit		
Net loss for the year	(2,538)	(2,960)
Add:		
Equity-settled share award expense	<u>9,223</u>	<u>15,184</u>
Adjusted net profit (non-HKFRS measure)	<u>6,685</u>	<u>12,224</u>

Inventories

The Group's inventories decreased by 12.3% to approximately RMB1,081.1 million as of December 31, 2025 from approximately RMB1,233.0 million as of December 31, 2024, primarily due to (i) the decrease in work in progress of approximately RMB192.1 million as the Group completed the production of its episodic content, such as *Drifting Away* (《漂白》), *Move Heaven and Earth* (《赴山海》) and *Speed and Love* (《雙軌》), which were broadcast in 2025; and (ii) partially offset by the increase in finished goods of RMB75.6 million as the Group completed the production of its episodic content *Burning As Her* (《再青春》) which was yet to be broadcast as of December 31, 2025, and completed the production of its episodic content *Breaking the Shadows* (《烏雲之上》) which was broadcast in 2025.

Trade and Notes Receivables

The Group's trade receivables decreased by 8.7% to approximately RMB620.8 million as of December 31, 2025 from approximately RMB679.9 million as of December 31, 2024, primarily due to the decrease of trade receivables of approximately RMB648.5 million for episodic content broadcast in previous years, and partially offset by the increase in trade receivables of approximately RMB589.4 million for episodic content broadcast in 2025.

As of December 31, 2024 and 2025, the Group made provisions for impairment of trade receivables of approximately RMB33.0 million and RMB14.1 million, respectively, which the Group believes were sufficient as of the end of each year.

The Group's notes receivable decreased from approximately RMB1.0 million as of December 31, 2024 to approximately RMB0.3 million as of December 31, 2025.

Prepayments, Other Receivables and Other Assets

The Group's prepayments, other receivables and other assets increased by 39.3% to approximately RMB649.7 million as of December 31, 2025 from approximately RMB466.3 million as of December 31, 2024, primarily attributable to the increase in prepayments for episodic content of approximately RMB86.8 million and the increase in prepayments under the co-investment arrangement for episodic content of approximately RMB81.3 million, since the Group had more episodic content in the pre-production stage as of December 31, 2025 than that in 2024.

As of December 31, 2024 and 2025, the Group made provisions for impairment of other receivables of approximately RMB30.4 million and approximately RMB32.8 million, respectively, which the Group believes were sufficient as of the end of each year.

Goodwill

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

Trade Payables

The Group's trade payables increased by 15.8% from approximately RMB268.8 million as of December 31, 2024 to approximately RMB311.3 million as of December 31, 2025, primarily due to the increase in the number of episodic content that were in post-production or production stage as of December 31, 2025 in comparison with 2024.

Other Payables and Accruals

The Group's other payables and accruals remained relatively stable at approximately RMB315.1 million as of December 31, 2025 and approximately RMB318.8 million as of December 31, 2024.

CAPITAL STRUCTURE, LIQUIDITY AND CAPITAL RESOURCES

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

As at December 31, 2025, the Company had 706,041,400 ordinary shares of US\$0.000025 each.

There has been no movement in the issued Shares of the Company during the year ended December 31, 2025.

The Company maintained a healthy financial position in 2025. The Group's total assets increased from approximately RMB2,664.2 million as of December 31, 2024 to approximately RMB2,795.4 million as of December 31, 2025, whilst the Group's total liabilities increased from approximately RMB910.8 million as of December 31, 2024 to approximately RMB1,036.7 million as of December 31, 2025. The Group's liabilities-to-assets ratio increased from 34.2% as of December 31, 2024 to 37.1% as of December 31, 2025.

Historically, the Group financed its capital expenditure and working capital requirements mainly through cash generated from operations, bank borrowings, net proceeds received from the global offering and capital contributions from Shareholders. As of December 31, 2025, the Group maintained a sufficient working capital (current assets less current liabilities) and cash and cash equivalents amounting to approximately RMB1,569.0 million and approximately RMB158.2 million, respectively, as compared to approximately RMB1,591.9 million and approximately RMB79.3 million, respectively, as of December 31, 2024.

As of December 31, 2025, all of the cash and cash equivalents of the Group were denominated in RMB, HK\$ and US\$.

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

As of December 31, 2025, the Group's total interest-bearing bank borrowings were approximately RMB311.6 million, all of which were at fixed interest rate and denominated in RMB.

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

Contingent Liabilities

As of December 31, 2025, the Group did not have any significant contingent liabilities.

Capital Expenditure

The Group's capital expenditures primarily included purchase of property, plant and equipment. The Group's capital expenditures decreased to approximately RMB0.04 million in 2025 from approximately RMB1.9 million in 2024. The Group plans to fund its planned capital expenditures using cash generated from operations as well as the net proceeds from the global offering.

Financial Ratios

Return on Equity

The Group's return on equity increased from (0.2)% for the year ended December 31, 2024 to (0.1)% for the year ended December 31, 2025, primarily due to the decrease in losses in 2025.

Return on Assets

The Group's return on assets was (0.1)% as of December 31, 2025, remained consistent as compared to that of last year.

Current Ratio

The Group's current ratio decreased from 2.77 for the year ended December 31, 2024 to 2.58 for the year ended December 31, 2025, primarily because the increase in its current liabilities outpaced the increase in its current assets from 2024 to 2025.

Debt to Equity Ratio¹

The Group's debt to equity ratio decreased from 12.0% for the year ended December 31, 2024 to 11.0% for the year ended December 31, 2025.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

On July 7, 2025, the Company (i) subscribed for a wealth management product in the amount of US\$2 million issued by BNP Paribas Issuance B.V. from Nomura Singapore Limited; (ii) subscribed for a wealth management product in the amount of US\$1.5 million issued by Barclays Bank PLC from Nomura Singapore Limited; and (iii) subscribed for a wealth management product in the amount of US\$1.5 million issued by UBS AG from Nomura Singapore Limited.

¹ Debt to equity ratio is calculated based on net debt (of which net debt is defined as interest-bearing bank borrowings, lease liabilities, financial liabilities at fair value through profit or loss deduct cash and cash equivalents) divided by total equity as of the relevant dates multiplied by 100%.

Subscription party	Subscription Date	Name of Product	Type of product	Investment scope of the product	Principal amount of subscription	Term of investment	Redeemed/ Outstanding as of December 31, 2025	Realized/ Fair value as of December 31, 2025	Percentage of the total assets of the Group as of December 31, 2025	Fair value gains for the year ended December 31, 2025
The Company	July 7, 2025	USD callable credit linked certificate	structured note	debt securities – senior unsecured note – credit linked note	US\$2 million	5 years	Outstanding	US\$2,024,460	0.01%	US\$24,460
	July 7, 2025	36-month minimum redemption fund linked participation note	structured note	debt securities – senior unsecured note – PIMCO GIS Income Fund linked note	US\$1.5 million	3 years	Outstanding	US\$1,522,350	0.01%	US\$22,350
	July 7, 2025	36-month issuer callable USD capital return note	structured note	debt securities – senior unsecured note – PIMCO GIS Income Fund linked note	US\$1.5 million	3 years	Outstanding	US\$1,532,550	0.01%	US\$32,550

The above mentioned subscriptions of wealth management products are funded by surplus cash reserves of the Group. The final redemption amounts vary according to the redemption date of the Company, please refer to the announcement of the Company dated July 7, 2025 for details. The Board believes that using temporary idle funds reasonably and effectively will enhance the capital gain of the Company, which is consistent with the core objectives of the Company to ensure capital safety and liquidity and meet the capital needs of the Group's daily operations.

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2025. Save as disclosed above, as of December 31, 2025, the Group did not hold any significant investments.

PLEDGE OF ASSETS

As of December 31, 2025, the Group's trade receivables, which had an aggregate net carrying value of approximately RMB59,702,000 (2024: RMB172,600,000), the short-term deposits amounting to RMB101,083,000 (2024: RMB92,289,000) were pledged to secure the interest-bearing bank borrowings granted to the Group.

FINANCIAL RISKS

Credit Risk

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

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

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

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

Liquidity Risk

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

FINAL DIVIDENDS

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2025.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2025, the Group had 80 employees, including 24 based in Jiangsu Province, 45 based in Beijing, 3 based in Shanghai, 7 based in Zhejiang Province and 1 based in Hainan Province. The following table shows a breakdown of the employees by function as of December 31, 2025:

Functions	Number of Employees	% of Total Employees
Management	2	2.5%
Development Strategic Management	6	7.5%
Operation and Project Coordination	12	15.0%
Production	2	2.5%
IP Development	6	7.5%
Business Operation	3	3.8%
Production Management	11	13.8%
Financing and Investment	2	2.5%
Distribution	5	6.3%
Casting and Talents Management	1	1.3%
Marketing and Promotion	4	5.0%
Government Affairs	1	1.3%
Finance and Legal	12	15.0%
Corporate Compliance	2	2.5%
Human Resources and Administrative	10	12.5%
Overseas Development	1	1.3%
Total	80	100.0%

For the year ended December 31, 2025, total staff remuneration expenses (including Directors' remuneration) amounted to approximately RMB43.0 million, as compared to approximately RMB41.4 million for the same period in 2024. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other employee benefits primarily include social insurance and housing provident contributions made by the Group, performance-based compensation, discretionary bonus, RSUs granted to selected employees and supplemental medical insurances. These emoluments are covered by respective service contracts of each of the Directors. The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

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

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

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. The net proceeds from the global offering received by the Company, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the global offering, amounted to approximately HK\$1,071.1 million (the “**Net Proceeds**”).

On September 15, 2021, the Board had resolved to re-allocate part of the unutilised Net Proceeds of approximately HK\$635.7 million (approximately 59.4% of the Net Proceeds), of which (i) HK\$528.6 million originally intended to be used for funding the production of *Hello Baby* (《你好寶貝》), *No One but You* (《也許這就是愛情》), *Light My Way* (《偷走他的心》), *The Wind Catcher* (《捕風者》) and *River of No Return* (《兩京十五日》) (the “**Original Drama Series**”) was re-allocated to fund the production of *Cat & Thief* (《鬥賊》), *The Swimsuit Saga* (《乘風踏浪》), *Never Too Late* (《我的助理六十歲》) and *Thousand Years For You* (《請君》) (the “**New Drama Series**”); and (ii) HK\$107.1 million originally intended to be used for acquiring one premium copyright company which focuses on investment, development, production and distribution of web series was re-allocated to acquire more premium IPs. Considering that (i) the Original Drama Series whose production was originally intended to be funded with Net Proceeds were in the early development or preparation stage, and necessary conditions required for production had not been met; and (ii) the Group has obtained a number of premium and mature projects with necessary conditions required for production having been met in the first half of 2021, the Net Proceeds originally intended to be used for the production of the Original Drama Series were re-allocated to the production of the New Drama Series then under production, so as to enhance the efficiency and effectiveness of the use of the Net Proceeds. In addition, as (i) no suitable acquisition target of premium copyright company has been found due to the combined effect of changes in the market structure and significant differences in the understanding of the value of the potential acquisition target, (ii) instead of acquisition of one highly valued copyright company, the Board believes that acquisition of premium IPs directly from a variety of sources to maintain an adequate level of IP reserves would be much more efficient and could facilitate efficiency in the use of the Group’s funds due to the rapid and unforeseen changes in the market and industry environment since the Listing, and (iii) the current sources of premium IPs are more diversified and that the continuous acquisition of more IPs is the basis for the stable growth of the Group, the Group re-allocated part of the Net Proceeds originally planned to be used for acquiring one premium copyright company which focuses on investment, development, production and distribution of web series to acquiring more premium IPs suitable for the development and production by the Group to guarantee the stable growth of drama series production and distribution, which will also satisfy the demand for premium IPs of the Group in a more flexible way. For details, please refer to the announcement of the Company dated September 15, 2021 (the “**First UOP Announcement**”).

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

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

The following table sets out (i) the original allocation of Net Proceeds as set out in the Prospectus; (ii) the revised allocation of the unutilised Net Proceeds as set out in the Announcements; (iii) the utilised amount of Net Proceeds during the year ended December 31, 2025; (iv) the utilised and unutilised amount of Net Proceeds as of December 31, 2025; and (v) the latest expected timeline for utilisation:

	Net proceeds from the global offering and utilisation					Expected timeline for utilisation ⁽¹⁾
	Original allocation of Net Proceeds <i>HK\$ in million</i>	Revised allocation of Net Proceeds <i>HK\$ in million</i>	Utilised amount of Net Proceeds during the year ended December 31, 2025 <i>HK\$ in million</i>	Utilised amount of Net Proceeds as of December 31, 2025 <i>HK\$ in million</i>	Unutilised amount of Net Proceeds as of December 31, 2025 <i>HK\$ in million</i>	
Funding the drama series investment, production and distribution of the Group						
<i>Move Heaven and Earth</i> (《赴山海》)	-	9.0	9.0	9.0	-	-
<i>Win or Die</i> (《夜不收》)	-	9.1	-	-	9.1	By December 31, 2026
<i>Love in Red Dust</i> (《紅塵四合》)	-	61.5	61.5	61.5	-	By December 31, 2026
Other drama series	749.8	749.8	-	749.8	-	-
Sub-total	749.8	829.4	70.5	820.3	9.1	
Funding potential investment in, or merger and acquisition of, companies, businesses and assets that may enhance the Group's market position and ramp up the Group's drama series development, production and distribution, as well as investment in funds related to content products development, production and distribution and funds focusing on pan-entertainment industry	107.1	27.5	-	27.5	-	-

	Net proceeds from the global offering and utilisation					Expected timeline for utilisation ⁽¹⁾
	Original allocation of Net Proceeds <i>HK\$ in million</i>	Revised allocation of Net Proceeds <i>HK\$ in million</i>	Utilised amount of Net Proceeds during the year ended December 31, 2025 <i>HK\$ in million</i>	Utilised amount of Net Proceeds as of December 31, 2025 <i>HK\$ in million</i>	Unutilised amount of Net Proceeds as of December 31, 2025 <i>HK\$ in million</i>	
Securing more IPs to guarantee the stable growth of the Group's drama series production and distribution by acquiring one premium copyright company which focuses on investment, development, production and distribution of web series	107.1	–	–	–	–	–
Acquiring more premium IPs to guarantee the stable growth of the Group's drama series production and distribution	–	107.1	–	107.1	–	–
Working capital and general corporate purposes	107.1	107.1	–	107.1	–	–
Total	1,071.1	1,071.1	70.5	1,062.0	9.1	

Note:

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

As of December 31, 2025, the Group has utilised Net Proceeds of HK\$1,062.0 million in accordance with the intended purposes set out in the Prospectus and the Announcements. The remaining Net Proceeds were deposited in banks as of the date of this announcement. The Group will gradually utilise the remaining Net Proceeds in accordance with the intended purposes set out in the Prospectus and the Announcements.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

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

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board considered that the Company has complied with all applicable code provisions set out in the CG Code throughout the Reporting Period except for code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 in the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu is currently serving as the Chairman as well as the chief executive officer of the Company. As Mr. Liu is the founder of the Group and has been managing the Group’s business and overall strategic planning since its establishment, the Directors consider that vesting the roles of chairman and chief executive officer in Mr. Liu is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group. Taking into account all the corporate governance measures that the Group implemented, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company had not segregated the roles of its Chairman and chief executive officer. The Board will continue to review and consider splitting the roles of Chairman and the chief executive officer of the Company at an appropriate time if necessary, taking into account the circumstances of the Group as a whole.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. The Company did not hold any treasury shares as of December 31, 2025.

MATERIAL LITIGATION

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

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

The Audit Committee has, together with the management of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the year ended December 31, 2025, and has recommended for the Board's approval thereof. The financial information set out in this announcement has been reviewed by the Audit Committee and approved by the Board.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended December 31, 2025, but represents an extract from the consolidated financial statements for the year ended December 31, 2025 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE REPORTING PERIOD

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

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Thursday, June 25, 2026. A notice convening the AGM will be published on the Company's website and "HKEXnews" of the Stock Exchange and despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, June 22, 2026 to Thursday, June 25, 2026, both days inclusive. During such period, no transfer of Shares of the Company will be registered. The record date for determining the eligibility to attend the forthcoming AGM will be Thursday, June 25, 2026. In order to be eligible for attending the AGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, June 18, 2026.

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

This annual results announcement is published on the “HKEXnews” of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.strawbearentertainment.com), and the 2025 annual report containing all the information required by the Listing Rules will be published on the respective websites of “HKEXnews” of the Stock Exchange and the Company on or before April 30, 2026.

APPRECIATION

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

DEFINITIONS AND GLOSSARIES

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

“AGM”	the annual general meeting of the Company to be held on Thursday, June 25, 2026
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“broadcasting right(s)”	(i) the right of broadcasting (廣播權), in terms of drama series broadcast via TV channels; and (ii) the right to network dissemination of information (信息網絡傳播權), in terms of drama series and films broadcast via online video platforms, for the purpose of this announcement
“CG Code”	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
“Chairman”	the Chairman of the Board
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, references herein to “China” and the “PRC” do not apply to Taiwan Province, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China

“Company” or “the Company”	Strawbear Entertainment Group (稻草熊娱乐集团), an exempted company with limited liability incorporated under the laws of Cayman Islands on January 3, 2018, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Consolidated Affiliated Entities”	the entities the Company controls through the Contractual Arrangements, namely Jiangsu Strawbear and its subsidiaries, further details of which are set out in “Contractual Arrangements” in the Prospectus
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Nanjing Strawbear, Jiangsu Strawbear and its registered shareholders, details of which are described in “Contractual Arrangements” in the Prospectus
“Director(s)”	director(s) of the Company
“drama series”	the content produced for broadcast via TV channels or the internet, which is usually released in episodes that follow a narrative, consisting of TV series and web series
“Grant Date”	the date (which shall be a business day) on which the grant of a RSU is made to a Selected Participant, being the date of the Grant Letter
“Grant Letter”	the letter pursuant to which RSUs are granted to a Selected Participant
“Group” or “the Group”	the Company, its subsidiaries and Consolidated Affiliated Entities at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS Accounting Standards”	HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited

“IP(s)”	intellectual properties such as existing films, drama series or other literary or artistic works, concepts, stories and expressions that can be used or considered, entirely or partially, to create and/or produce new drama series or films
“iQIYI”	iQIYI, Inc. (Stock Code: IQ, NASDAQ) and its subsidiaries and consolidated affiliated entities, one of the largest Chinese online video platforms listed in the U.S.
“Jiangsu Strawbear”	Jiangsu Strawbear Film Co., Ltd. (江蘇稻草熊影業有限公司), a limited liability company established in the PRC on June 13, 2014 and indirectly controlled by the Company through the Contractual Arrangements
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on January 15, 2021
“Listing Date”	the date, namely January 15, 2021, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“long-form series”	continuous horizontal screen series with a total of 20 to 40 episodes aired independently or in a single season, each episode lasting 30 to 45 minutes
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“micro-short series”	a series of episodes, each episode registered lasting time is no more than 20 minutes, with relatively clear themes and main storylines, as well as continuous and complete plots
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Liu”	Mr. Liu Xiaofeng (劉小楓), Chairman, an executive Director, the chief executive officer of the Company, one of the Group’s controlling shareholders and one of the registered shareholders of Jiangsu Strawbear
“Nanjing Strawbear”	Nanjing Strawbear Business Consulting Co., Ltd. (南京稻草熊商務諮詢有限公司), a limited liability company established in the PRC on September 17, 2018 and an indirectly wholly-owned subsidiary of the Company

“NRTA”	National Radio and Television Administration of the PRC (中華人民共和國國家廣播電視總局), the successor of the State Administration of Press, Publication, Radio, Film, and Television of the PRC (中華人民共和國國家新聞出版廣電總局)
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Company on May 11, 2020, the principal terms of which are summarised in “Appendix IV – Statutory and General Information – D. Other Information – (1) Pre-IPO Share Option Scheme” in the Prospectus
“Prospectus”	the prospectus of the Company published on December 31, 2020
“Reporting Period”	the twelve-month period from January 1, 2025 to December 31, 2025
“RMB” or “Renminbi”	the lawful currency of the PRC
“RSU(s)”	restricted share unit(s) granted under the RSU Scheme(s), each of which represents one underlying Share, and represent a conditional right granted to any Selected Participant under the RSU Scheme(s) to obtain the corresponding economic value of the underlying Shares, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion
“RSU Scheme(s)”	(i) the restricted share unit scheme adopted on September 15, 2021 by the Company, as amended from time to time, and/or (ii) the 2022 restricted share unit scheme adopted on April 28, 2022 by the Company, as amended from time to time
“Selected Participant(s)”	any Eligible Participant approved by the Board for participation in the RSU Schemes on the relevant Grant Date
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.000025 each
“Shareholder(s)”	holder(s) of the Shares
“short-form series”	continuous horizontal screen series with a total of 2 to 19 episodes aired independently or in a single season, each episode lasting 30 to 45 minutes
“treasury share(s)”	has the meaning ascribed to it under the Listing Rules
“TV”	television

“TV series”	a series of scripted episodes that needs to obtain a distribution licence from the NRTA, which are broadcast on TV channels and/or new media channels such as online video platforms
“US\$”	United States dollars, the lawful currency for the time being of the United States
“web series”	a series of scripted episodes which can only be broadcast on new media channels such as online video platforms

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

By order of the Board of Directors
Strawbear Entertainment Group
Mr. LIU Xiaofeng
Chairman

Nanjing, PRC, March 24, 2026

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