稻草熊娛乐集团
Strawbear Entertainment Group

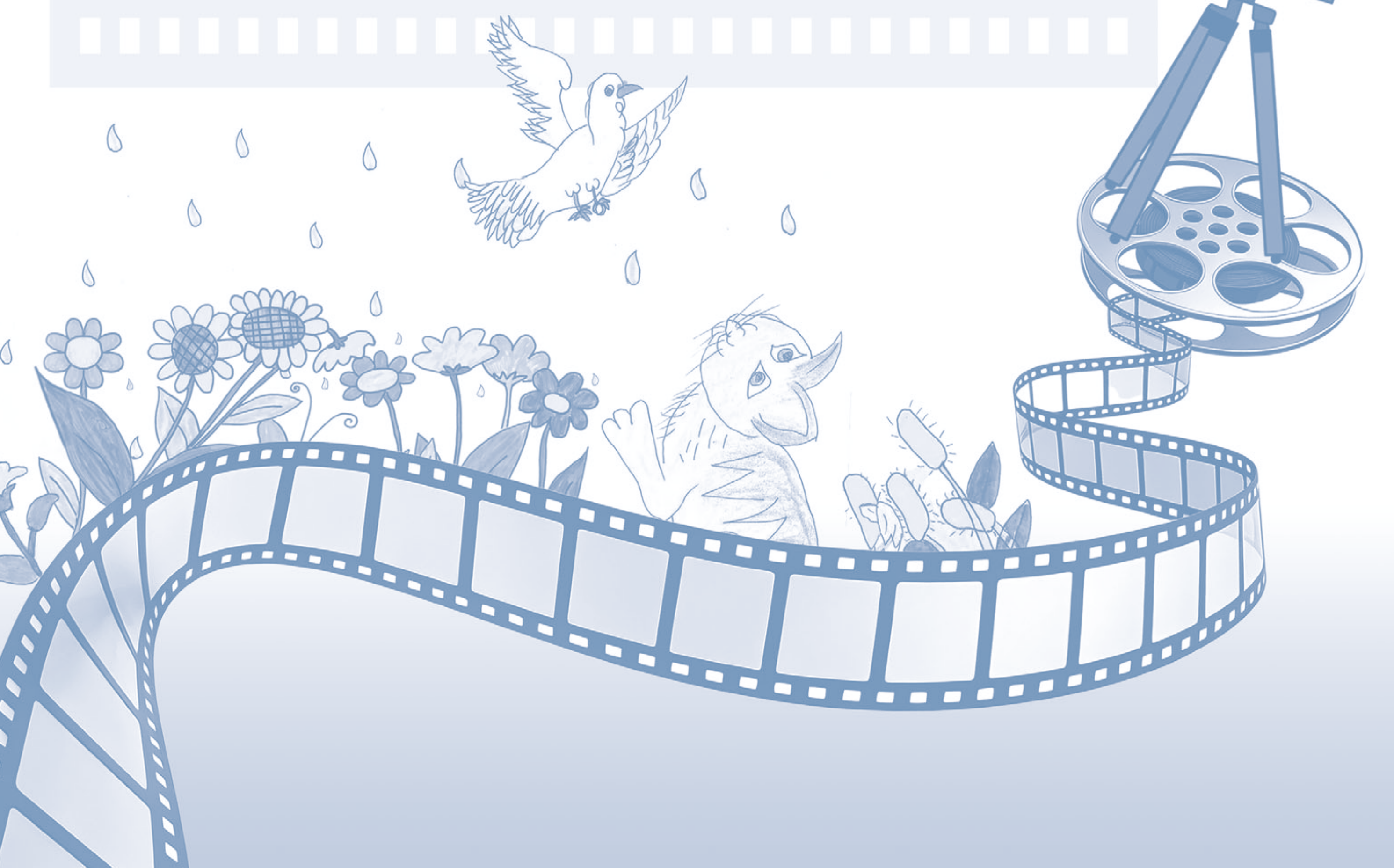
股份代號
STOCK CODE
2125

於開曼群島註冊成立之有限公司
INCORPORATED
IN THE CAYMAN ISLANDS
WITH LIMITED LIABILITY

2026
INTERIM REPORT
中期報告

稻草熊 STRAWBEAR

CONTENTS



CORPORATE INFORMATION

DIRECTORS

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

Non-Executive Directors
Mr. Wang Xiaohui
Ms. Liu Fan

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

AUDIT COMMITTEE

Mr. Zhang Senquan *(Chairman)*
Ms. Liu Fan
Mr. Chung Chong Sun

REMUNERATION COMMITTEE

Mr. Ma Zhongjun *(Chairman)*
Mr. Liu Xiaofeng
Mr. Chung Chong Sun

NOMINATION COMMITTEE

Mr. Ma Zhongjun *(Chairman)*
Mr. Liu Xiaofeng
Mr. Chung Chong Sun
Ms. Zhai Fang
Mr. Zhang Senquan

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Liu Xiaofeng *(Chairman)*
Ms. Zhai Fang
Mr. Zhang Senquan

COMPANY SECRETARY

Ms. Zhai Fang

AUTHORISED REPRESENTATIVES

Mr. Liu Xiaofeng
Ms. Zhai Fang

REGISTERED OFFICE

Ascentium (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1–1002
Cayman Islands

HEADQUARTERS IN THE PRC

Room 2508, Building A
Wanda Plaza, No. 98
Jiangdong Zhong Road
Jianye District
Nanjing, Jiangsu
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ascentium (Cayman) Limited
4th floor, Harbour Place
103 South Church Street
P.O. Box 10204
Grand Cayman, KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of Nanjing Co., Ltd.
Nanjing Chengdong Sub-branch
No. 99–1 Zhongshanmen Avenue
Xuanwu District
Nanjing, Jiangsu
PRC

East West Bank (China) Ltd.
33/F, Jin Mao Tower
No. 88 Century Boulevard
Pudong New Area, Shanghai
PRC

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

HONG KONG LEGAL ADVISOR

Tian Yuan Law Firm LLP
Suites 3304-3309, 33/F
Jardine House
One Connaught Place
Central, Hong Kong

STOCK CODE

2125

COMPANY'S WEBSITE

www.strawbearentertainment.com

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, the Group has been dedicated to the investment, development, production, and distribution of film and episodic content, gradually building and forming a portfolio of high-quality content spanning diverse themes and genres with commercial development potential. The Group continues to enhance its operational management capabilities. While deeply cultivating its core business of premium content production, it closely follows industry development trends and proactively expands its strategic layout in emerging tracks such as innovative structured content products, content globalization, IP derivative operations, AI technology, and large model applications empowering content production, thereby solidifying the foundation for long-term development. On January 20, 2026, the Group and its core management were respectively awarded with the "Drama Company of the Year (年度劇集公司)" and the "Filmmaker of the Year (年度影視人)" at the CEIS 2026 China Entertainment Industry Annual Conference and Golden Pufferfish Honors Selection Event, receiving authoritative recognition for their operational achievements and industry influence.

In the first half of 2026, the domestic film and TV industry continued the overall trend of "improving quality while reducing quantity, and compliant development", with market competition persistently focusing on content quality and refined operations. The Group continued to implement its "boutique and premium (小而美精品化)" content strategy, steadily advancing the investment, filming, and production of projects across different tiers. Due to objective external factors such as industry-wide scheduling adjustments and online video platform programming pace, the number of drama series broadcast in the first half of the year experienced a temporary decline. However, the Group's overall project pipeline remains ample, its thematic layout is diversified, production progress is steadily advancing, and its core content creation capabilities remain stable. As of June 30, 2026, the Group has a large number of episodic content to be broadcast and under preparation with diverse themes.

During the Reporting Period, the Group strictly adhered to the principle of compliant operations, continuously improved its internal control management and refined operational mechanisms, steadily raised the level of governance standardization, and effectively prevented various operational and compliance risks. At the same time, based on its long-term strategic layout, the Group continuously enriched its business matrix and optimized its revenue structure through measures such as promoting content globalization, IP derivative commercialization, and AI technology empowerment, thereby further enhancing operational resilience and sustainable development capabilities, and laying a foundation for subsequent project implementation, performance release, and the Company's long-term high-quality sustainable development.

Overall, during the Reporting Period, the Group operated steadily and in an orderly manner. Facing the industry's cyclical adjustments and rapid changes in the market environment, the Group consistently adhered to its core business of premium content, and solidly advanced the implementation of various strategies. With ample content reserves, a clear business layout, and continuously optimized operations and governance, the overall risk-resistance capability remains resilient amidst fluctuations, creating potential space for future business growth.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Core Content Business: Continuously Forging Top-Tier Premium Content, High-Quality Content Leading Breakthroughs

The episodic content business is the Group's core and primary business. The Group consistently takes high-quality content as its core orientation, fully integrates its own high-quality resources in long-form series production and investment, actively and proactively explores new ideas for breakthroughs amidst rapidly changing market structural adjustments. Guided by the core philosophy of "resources + technology", it innovatively restructures its product portfolio, adheres to a content creation path of high-quality, differentiated, and premium content, continuously seeks and secures certainty amidst uncertainty, and persistently consolidates its core advantages in content creation and business foundation.

In the first half of 2026, with industry competition increasingly centering on work quality and audience reviews, the domestic film and TV industry continued to focus on content quality improvement and value deepening. During the Reporting Period, the Group achieved the broadcast of episodic contents such as the drama series *My Page in the 90s* (《突然的喜歡》) and micro-short series *Three Winters Alone* (《夫人走的第三年》) and *Predict You in 3s* (《三秒預見你》). Among them, *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), continued the Group's premium content creation standards. During its broadcast period, it garnered favorable market popularity and reviews, topping multiple in-platform and industry authoritative charts, 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, demonstrating the Group's robust content investment and production control capabilities.

As of June 30, 2026, the Group has reserved multiple episodic content to be broadcast with excellent themes and a well-structured tier system, covering diverse tracks such as ancient military, ancient costume light comedy, police-crime action, contemporary romance, and urban reality. These include, but are not limited to: *Cat & Thief* (《鬥賊》), a crime action 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); *Burning As Her* (《再青春》), a metropolitan drama series 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 Wenyuan (侯雯元); *Love in Red Dust* (《紅塵四合》), a period romance drama series directed by Zhu Ruibin (朱銳斌), scripted by Liu Yuanyu (劉媛玉), Luo Yun (羅贇) and Chen Cong (陳聰), and starred by Wang Xingyue (王星越) and Xu Ruohan (徐若晗); *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); and *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). Furthermore, *River of No Return* (《兩京十五日》), an ancient legend drama series directed by Zhang Li (張黎), with first draft script by Xu Hui (徐輝), starred by Cheng Yi (成毅) and Lin Gengxin (林更新), and *Enter the Game* (《入局》), a modern revolution drama series directed by Yi Zheng (伊崢), scripted by Wang Xiaoqiang (王小槍), starred by Guo Qilin (郭麒麟) and Song Zuer (宋祖兒), are also in the post-production stage and are expected to be broadcast in the near future.

The Group's episodic content to be broadcast have all undergone high-quality script polishing and creative team selection, meticulously crafted relying on a mature content creation system. The project matrix is reasonably structured, possessing both content innovativeness and market adaptability. As of the date of this report, the scheduling and broadcast arrangements for the Group's episodic content are progressing orderly.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

IPs as Foundation: Deepening and Cultivating Core Assets, Empowering Value Increment through Ecosystem

High-quality IPs that are capable of derivative development are key assets for film and TV content enterprises to build core competitive advantages and achieve high-quality sustainable development. The Group adheres to the development philosophy of synergistic empowerment between episodic content and IP derivative businesses, laying out the entire IPs industry chain from a long-term strategic perspective, covering original incubation, IP reserve, content development, and the innovation and full-chain operation of diversified commercial product structures, continuously promoting the deep excavation and long-term release of IP value.

At the level of IP reserve and content conversion, the Group continuously optimizes its IP reserve structure, having reserved high-quality top IP resources with diverse themes and high potential. These include Ma Boyong (馬伯庸)'s Works Series, *Renegade Immortal* (《仙逆》) (Original: Er Gen (耳根)) Works Series, *Seven Weapons* (《七種武器》) (an episodic project adapted from Gu Long (古龍)'s novel series of the same name), *The Disfavor Daughter* (《被嫌棄的女兒》) (an episodic project adapted from Tang Jinhui (唐金輝)'s novel), and original serialized IPs such as *Songs to the Drinks* (《對酒歌》) and *World of the Oddballs* (《奇人世界》), etc., forming a reserve matrix driven by both classic IPs and original IPs. In accordance with the current adjustment trends in industry supply and demand structure, the Group has timely adjusted its content product strategy. It will leverage its high-quality IP reserve resources to focus on planning a new differentiation strategy for mid-form series, with AI production as an auxiliary and top production resources as the core. It is committed to revitalizing existing IP reserves and developing targeted high-quality mid-form series that are adapted to the triple revenue model of "online video platform revenue sharing + satellite TV acquisition + overseas distribution", thereby optimizing the overall revenue structure. At the same time, by introducing professional, commercial generative AI for film and TV technology to reduce production costs and shorten production cycles, the Group will further amplify the revenue advantage in the mid-form series track and increase the IPs conversion rate through a lightweight, high-quality, and high-turnover development model.

At the level of IPs commercialization expansion, the Group strives to break the single monetization model of film and TV content, extending the boundaries of IPs development from screen content creation to virtual-real interaction and diversified entertainment fields. It aims to build a diversified product structure and online-offline integrated consumption scenarios, achieving mutual empowerment and complementarity between online traffic and offline consumption. As of the date of this report, the Group has cooperated with a third-party team on the commercialization derivative development and sales channel deployment for *River of No Return* (《兩京十五日》) project, systematically developing a series of derivative products centered around core elements such as the drama series character images, visual effects, and cultural connotations. At the same time, the Group actively explores cross-form IPs development paths. Targeting its high-quality historical-themed IP reserves, the Group is actively planning derivative content development such as the variety show *Flee or Rise* (《三國少年營》) (the actor training camp for *Songs to the Drinks* (《對酒歌》)). Through a three-dimensional layout of original IP creation, adaptation development and variety shows, it aims to make the IP content forms more diverse and reach a wider audience while boosting market influence.

At the level of the full pan-entertainment industry chain layout, in line with the domestic trend towards diversified and experiential entertainment consumption, the Group continuously expands the commercialization paths of high-quality IPs, actively seeking high-quality cooperation and investment opportunities in the cultural, sports, and tourism sectors. It lays out the cultural, sports, and tourism track through strategic equity investments. As of the date of this report, the offline park invested in by the Group – iQIYI Park Yangzhou (揚州愛奇藝樂園) officially opened on February 8, 2026, and the iQIYI Park Beijing (愛奇藝北京樂園) is also scheduled to open. Through the layout of diversified business formats, the Group is committed to gradually building a full industry chain closed-loop linking content production, dissemination, and offline real-life consumption.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Technology Driven: AI Empowers Content Production, Technology Reduces Costs and Improves Quality and Efficiency

The Group continuously promotes innovation and development in the field of film and TV production, empowering content production with technological innovation. By utilizing intelligent tools, it optimizes traditional film and TV production models, effectively shortening project production cycles and improving production efficiency. It explores sustainable pathways to optimize quality, accelerate timelines, and increase productivity of content production, so as to further enhance content creation and production efficiency as well as the industry's core competitiveness.

The Group focuses on the enormous potential of AI technology applications in the film and TV industry. For high-difficulty, high-cost shooting content in episodic content production, such as grand scenes, large-scale crowd scenes, and complex special effects, the Group explores a production model of "real scene shooting + AI-assisted creation". By retaining the texture of core plots and live-action performances through real-scene filming, and then leveraging cutting-edge intelligent technologies such as AI motion capture and virtual performance transfer to replace high-difficulty, high-consumption traditional real-shot processes, this reduces high-cost, time-consuming tasks like large-scale set construction, crowd actor scheduling, and multi-location filming. This effectively lowers various real-shot costs such as props, locations, and manpower, achieving a two-way optimization of shooting cycles and production costs. Furthermore, the deep integration of technology and content can also provide efficient and replicable industrial process production support for the Group's large-scale implementation of its high-quality mid-form series strategy and serialized IPs projects, aiding the scaled and industrialized development of its content business.

The Group places high importance on the empowering role of AI technology in the film and TV content industry and actively lays out the AI industry ecosystem. As of the date of this report, the Group has engaged in technical exchanges and cooperation docking with multiple AI technology enterprises possessing core technical capabilities. Simultaneously, it is planning related industrial investment layouts and has executed strategic investments in professional AI technology companies, continuously deepening the exploration of AI technology applications in the film and TV industry. This solidifies the technology and cooperation foundation for the Group's normalized and large-scale implementation of AI film and TV production applications and the iteration of its intelligent production system.

Overseas Development: Accelerating Overseas Content Layout, Shifting from Content Distribution to Ecological Co-construction

The Group continues to advance the internationalisation strategy of its content business and steadily expand its overseas market footprint. During the Reporting Period, the Group's episodic content *My Page in the 90s* (《突然的喜歡》) was broadcast overseas. During its broadcast period, the episodic content topped the popularity charts on Tencent Video across six countries and regions, gaining favour from international audiences and becoming a benchmark work for the overseas distribution of Chinese-language sweet romance drama series in 2026. The Group's premium episodic content *Speed and Love* (《雙軌》) also demonstrated robust long-term appeal and cross-cycle communication value, ranking among the Top 10 Most Popular Chinese Dramas Worldwide on iQIYI International for the first half of 2026, with sustained overseas long-tail popularity. This validates the Group's consistent quality in premium content, excellent cross-cultural adaptability and long-term commercialisation potential.

Leveraging its strengths in high-quality premium episodic content and IP reserves, the Group continues to consolidate its fundamental overseas content distribution business and actively launch high-quality episodic content on overseas broadcasting platforms to enhance the communication power and influence of domestic content in global markets. Building on its existing overseas distribution achievements and backed by long-accumulated IP incubation capabilities and film and TV production expertise, the Group is also advancing the iterative upgrading and hierarchical evolution of its overseas business model. It continuously expands overseas cooperation channels and strives to gradually participate in core upstream links of overseas content production and cross-border joint filming with international teams. This marks a strategic upgrade from the traditional one-way content export model of "completed content output and copyright licensing" to a full-chain ecological layout featuring "overseas drama series investment, joint creation and production, and localized co-construction".

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Overseas Development: Accelerating Overseas Content Layout, Shifting from Content Distribution to Ecological Co-construction (cont'd)

Moving forward, the Group will further scale up its overseas content ecosystem layout, optimize its overseas business structure and diversify international monetization channels. It will build a long-term competitive overseas business matrix, steadily strengthen its global brand influence and overseas revenue scale, and drive the high-quality and sustainable development of its overseas business.

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

As of June 30, 2026, 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 June 30, 2026	Expected Broadcasting Time
TV Series						
Cat & Thief (《鬥賊》)	Crime	Gong Zhaohui (龔朝暉), Huang Jingyu (黃景瑜), Xiu Rui (修睿)	Production and distribution	Adaptation	To be broadcast	2026
Love in Red Dust (《紅塵四合》)	Period others	Zhu Ruibin (朱銳斌), Wang Xingyue (王星越), Xu Ruohan (徐若晗)	Investment and distribution	Adaptation	To be broadcast	2026
Light My Way (《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	2027
No One but You (《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	2027
Burning As Her (《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	To be broadcast	2027
River of No Return (《兩京十五日》)	Ancient legend	Zhang Li (張黎), Cheng Yi (成毅), Lin Gengxin (林更新)	Production and distribution	Adaptation	Completed and under examination	2026
Enter the Game (《入局》)	Modern revolution	Yi Zheng (伊崢), Guo Qilin (郭麒麟), Song Zuer (宋祖兒)	Production and distribution	Original	Completed and under examination	2027
Destiny of Life (《生命緣》)	Contemporary Medical	Yang Lei (楊磊), Zhuang Dafei (莊達菲), Zhou Yiran (周翊然)	Production and distribution	Adaptation	Post-production	2027
Love the Moon (《月下煙火》)	Metropolitan romance	Han Tian (韓天), Zhang Yunlong (張雲龍), Sun Qian (孫千)	Production and distribution	Adaptation	Under filming[1]	2027

[1] As of the date of this report, *Love the Moon* (《月下煙火》) was completed on September 2, 2026.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

The Group's Episodic Content to be Broadcast and the Group's Pipeline Episodic Projects (cont'd)

Name of Episodic Content	Genre	Director(s) and Major Cast Members	Role	Production Type	Status as of June 30, 2026	Expected Broadcasting Time
Web Series						
Win or Die (《夜不收》)	Period military	Cao Dun (曹盾), Jing Boran (井柏然), Wu Xingjian (吳幸鍵), Zhang Yifan (張藝凡)	Production and distribution	Original	To be broadcast	2026
Tang Brick 2: The Whimsical Return (《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
Shendu Strange Tales (《神都詭事錄》)	Legend	Pan Yanqian (潘嬿茜), Zheng Fanxing (鄭繁星), Jiang Xingyi (江星熠)	Production and distribution	Original	Post-production	2026
Desert Fury (《末路狂花》)	Crime	Li Jun (李駿), Yang Mi (楊冪), Wan Qian (萬茜)	Production and distribution	Original	Post-production	2027

BUSINESS REVIEW AND PROSPECTS (CONT'D)

The Group's Episodic Content to be Broadcast and the Group's Pipeline Episodic Projects (cont'd)

As of June 30, 2026, the Group had several TV series/web series that had applied for public record/filed with the local counterparts of the NRTA. The table below sets forth certain details of such pipeline drama series projects:

Proposed Name for the Drama Series	Genre	Copyright Ownership	Status as of June 30, 2026	Time of Public Record/Filed
TV Series				
The Wind Catcher (《捕風者》)	Modern revolution	The Group	Pre-production	2023
Golden Seasons (《橙黃橘綠時》)	Metropolitan	The Group	Pre-production	2024
Reset: Try Again (《重啟試試呢》)	Metropolitan	The Group	Pre-production	2024
Web Series				
Legend of Gan Mo (《甘墨傳》)	Period fantasy	The Group	Pre-production	2024
A Nan (《阿南》)	Metropolitan romance	The Group	Pre-production	2024
Seven Weapons: The Parting Hook (《七種武器之離別鉤》)	Ancient Martial Arts	The Group	Pre-production	2025
Seven Weapons: The Sentimental Ring (《七種武器之多情環》)	Ancient Martial Arts	The Group	Pre-production	2025

In addition, the Group also had several micro-short series that had applied for public record/filed with the local counterparts of the NRTA as of June 30, 2026.

Business Analysis by Business Line

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

Revenue generated from the Group's licensing of the broadcasting rights of episodic content decreased from approximately RMB385.9 million for the six months ended June 30, 2025 to approximately RMB102.1 million for the six months ended June 30, 2026, primarily due to the decrease in the scale of investment in, and the number of episodic content broadcast by the Group in the first half of 2026, which was affected by objective external factors such as industry-wide scheduling adjustments and the programming pace of online video platforms.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Business Analysis by Business Line (cont'd)

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

As of June 30, 2026, the Group has a number of high-quality episodic content with diverse themes to be broadcast, including *Cat & Thief* (《鬥賊》), a crime comedy which is 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), Xiu Rui (修睿) and others; *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), Fang Yilun (方逸倫) and others; *Burning As Her* (《再青春》), a metropolitan drama series 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), Hou Wenyuan (侯雯元) and others; and *Love in Red Dust* (《紅塵四合》), a period romance drama series directed by Zhu Ruibin (朱銳斌), scripted by Liu Yuanyu (劉媛玉), Luo Yun (羅贇) and Chen Cong (陳聰), and starred by Wang Xingyue (王星越), Xu Ruohan (徐若晗) and others. In addition, *River of No Return* (《兩京十五日》), an ancient legend drama series directed by Zhang Li (張黎), with first draft script by Xu Hui (徐輝), and starred by Cheng Yi (成毅), Lin Gengxin (林更新) and others; *Enter the Game* (《入局》), a modern revolution drama series directed by Yi Zheng (伊崢), scripted by Wang Xiaoqiang (王小槍), and starred by Guo Qilin (郭麒麟) and Song Zuer (宋祖兒); and *Desert Fury* (《末路狂花》), a crime drama series directed by Li Jun (李駿), scripted by Zhang Lai (張萊), and starred by Yang Mi (楊冪) and Wan Qian (萬茜) are in post-production. As of the date of this report, *Love the Moon* (《月下煙火》), a metropolitan romance drama series directed by Han Tian (韓天), scripted by Yan Meixuan (閆美璇) and Zhang Dongchu (張東初), and starred by Zhang Yunlong (張雲龍) and Sun Qian (孫千), was completed on September 2, 2026.

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

In the first half of 2026, the Group provided made-to-order services of multiple episodic content, including *My Page in the 90s* (《突然的喜歡》), *Eight Thousand Miles of Cloud and Moon* (《八千里路雲和月》), and *Predict You in 3s* (《三秒預見你》), etc. The revenue generated by the Group from production of made-to-order episodic content increased from approximately RMB59.2 million for the six months ended June 30, 2025 to approximately RMB78.3 million for the six months ended June 30, 2026, due to the increase in the number of made-to-order episodic content that the Group broadcast in the first half of 2026.

The Group's drama series *My Page in the 90s* (《突然的喜歡》) was broadcast on Tencent Video on January 22, 2026, and achieved outstanding broadcast effect. It was 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), Wang Yuwen (王玉雯) and others. The drama series achieved remarkable results both domestically and internationally 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. It also ranked first on the popularity charts of Tencent Video in six countries and regions overseas, achieving both strong viewership and positive audience reception.

The Group continues to deepen its business cooperation with online video platforms, closely following the preferences of platform users to customize diversified film and TV content, and insisting on outputting high-quality and richly themed drama series. As of June 30, 2026, the Group has a number of made-to-order episodic content to be broadcast spanning a diverse range of genres, 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 the team of Pang Sanjing (胖三井), and starred by Jing Boran (井柏然), Wu Xingjian (吳幸鍵), Zhang Yifan (張藝凡) and others; and *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), Zhao Zhaoyi (趙昭儀) and others.

(iii) Others

The Group's other business primarily includes the provision of artist agency services in the first half of 2026, which was the same as in the first half of 2025.

OUTLOOK

The road is rugged and long, yet progress brings arrival. Persevere without cease, and a promising future awaits. The Group will continue to focus on its core business of film and episodic content, align with the high-quality development trend of the industry, and adhere to a premium content strategy. The Group will prioritise innovative structural product segments such as mid-form series and other similar formats that prioritize the deployment of multi-dimensional revenue models to adapt to changes in the supply and demand structure of the content market, consolidate its core advantages in full IP chain operations, steadily advance project pipeline and content incubation, and continuously reinforce the Group's core operational moat.

The Group will actively seize opportunities arising from digital transformation in the industry, deepen the integration of technology and content sector, and drive upgrades in content production models through technology-enabled empowerment to optimize quality, accelerate timelines, and increase productivity. At the same time, the Group will continue to promote the diversification and internationalisation of its business ecosystem, broaden the scope of IP commercialisation, improve its full-industry chain operational layout, enrich its revenue structure and growth drivers, steadily advance its overseas content strategy, and enhance its international brand influence and market penetration capabilities.

Looking ahead, the Group will continue to uphold the long-termism development philosophy, further deepen refined governance, and continuously strengthen operational resilience and comprehensive competitiveness. Relying on the multi-dimensional strategic layout of content, IP, technology and globalisation, the Group will continue to explore industry development opportunities, maintain strategic focus, seek new growth drivers by seizing new opportunities, and unleashing the release of growth momentum, and providing more possibilities for the Group's long-term and steady development.

INTERIM PERIOD REVIEW

Condensed Consolidated Statement of Profit or Loss

	Six months ended June 30,	
	2025	**2026**
	RMB in thousands	
REVENUE	445,700	**181,113**
Cost of sales	(382,758)	**(181,033)**
Gross profit	62,942	**80**
Other income and gains	4,112	**13,494**
Selling and distribution expenses	(30,725)	**(15,521)**
Administrative expenses	(32,830)	**(28,474)**
Reversal of impairment/(Impairment) of financial assets, net	2,530	**(1,970)**
Other expenses	(569)	**(4,159)**
Finance costs	(7,406)	**(6,885)**
Share of profits and losses of joint ventures	76	**(143)**
Share of profits and losses of associates	(9)	**(25)**
LOSS BEFORE TAX	(1,879)	**(43,603)**
Income tax expense	(3,912)	**(9,054)**
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(5,791)	**(52,657)**
Attributable to:		
Owners of the parent	(5,505)	**(52,591)**
Non-controlling interests	(286)	**(66)**
	(5,791)	**(52,657)**
NON-HKFRS ACCOUNTING STANDARDS MEASURE[1]:		
Adjusted net loss[2]	(438)	**(50,089)**

Notes:

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

The Group believes that this non-HKFRS Accounting Standards measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of its operating performance. The Group believes that this measure provides useful information to investors and others in understanding and evaluating its results of operations in the same manner as it helps the Group's management. However, the Group's presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS Accounting Standards measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS Accounting Standards.

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

INTERIM PERIOD REVIEW (CONT'D)

Revenue

The Group's revenue decreased by 59.4% from approximately RMB445.7 million for the six months ended June 30, 2025 to approximately RMB181.1 million for the six months ended June 30, 2026, primarily attributable to the decrease in revenue generated from licensing of the broadcasting rights of episodic content.

The following table sets forth the Group's revenue by business line in the first half of 2025 and 2026.

	Six months ended June 30,			
	2025		**2026**	
	Revenue	% of total	**Revenue**	**% of total**
	(RMB in thousands, except percentages of revenue)			
Licensing of the broadcasting rights of episodic content	385,937	86.6%	**102,104**	**56.4%**
Made-to-order episodic content production	59,228	13.3%	**78,258**	**43.2%**
Others	535	0.1%	**751**	**0.4%**
Total	445,700	100%	**181,113**	**100.0%**

Licensing of the broadcasting rights of episodic content

The Group's revenue generated from licensing of broadcasting rights of episodic content decreased from approximately RMB385.9 million for the six months ended June 30, 2025 to approximately RMB102.1 million for the six months ended June 30, 2026, primarily due to the decrease in the scale of investment in, and the number of episodic content broadcast by the Group in the first half of 2026, which was affected by objective external factors such as industry-wide scheduling adjustments and the programming pace of online video platforms.

Made-to-order episodic content production

The revenue generated by the Group from production of made-to-order episodic content increased from approximately RMB59.2 million for the six months ended June 30, 2025 to approximately RMB78.3 million for the six months ended June 30, 2026, due to the increase in the number of made-to-order episodic content that the Group broadcast in the first half of 2026. The Group provided made-to-order production services of several episodic content in the first half of 2026, including *My Page in the 90s* (《突然的喜歡》), *Eight Thousand Miles of Cloud and Moon* (《八千里路雲和月》), and *Predict You in 3s* (《三秒預見你》), etc.

Others

The Group's other revenue increased from approximately RMB0.5 million for the six months ended June 30, 2025 to approximately RMB0.8 million for the six months ended June 30, 2026. The Group's other business primarily included the provision of artist agency services in the first half of 2026, which was the same as in the first half of 2025.

INTERIM PERIOD REVIEW (CONT'D)

Gross Profit and Gross Profit Margin

The Group's gross profit decreased significantly from approximately RMB62.9 million for the six months ended June 30, 2025 to approximately RMB0.1 million for the six months ended June 30, 2026, primarily due to the decrease in the scale of investment in, and the number of episodic content broadcast by the Group in the first half of 2026, which was affected by objective external factors such as industry-wide scheduling adjustments and the programming pace of online video platforms, with such episodic content being predominantly made-to-order drama series and micro-short series, thereby resulting in a decrease in revenue and project gross profit.

The following table sets forth the Group's gross profit/(loss) and gross profit/(loss) margin by business line in the first half of 2025 and 2026.

	Six months ended June 30,			
	2025		**2026**	
	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	**Gross Profit/ (Loss)**	**Gross Profit/ (Loss) Margin**
	(RMB in thousands, except gross profit/(loss) margin)			
Licensing of the broadcasting rights of episodic content	50,749	13.1%	**2,465**	**2.4%**
Made-to-order episodic content production	12,730	21.5%	**2,698**	**3.4%**
Others	(537)	(100.4)%	**(5,083)**	**(676.8)%**
Total	62,942	14.1%	**80**	**0.0%**

Other Income and Gains

Other income and gains increased significantly to approximately RMB13.5 million for the six months ended June 30, 2026 from approximately RMB4.1 million for the six months ended June 30, 2025, primarily due to the increase in government grants.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 49.5% to approximately RMB15.5 million for the six months ended June 30, 2026 from approximately RMB30.7 million for the six months ended June 30, 2025, primarily due to a corresponding reduction in selling and distribution commitments, as the episodic content broadcast by the Group in the first half of 2026 was predominantly made-to-order drama series and micro-short series.

Administrative Expenses

The Group's administrative expenses decreased by 13.3% to approximately RMB28.5 million for the six months ended June 30, 2026 from approximately RMB32.8 million for the six months ended June 30, 2025, primarily due to (i) the decrease in equity-settled share award expense of approximately RMB2.8 million; and (ii) the decrease in the losses caused by the termination of several episodic projects of approximately RMB1.1 million.

Reversal of Impairment/(Impairment) of Financial Assets, net

The Group's impairment of financial assets, net increased to a loss of approximately RMB2.0 million for the six months ended June 30, 2026 from a reversal of approximately RMB2.5 million for the six months ended June 30, 2025, primarily due to the increase in impairment of trade receivables, net of approximately RMB5.0 million, and partially offset by the decrease in impairment of other receivables, net of approximately RMB0.5 million in the first half of 2026.

For further details of the reversal of impairment/(impairment) of financial assets, net, please refer to the Notes 6, 15 and 16 to the financial statements.

INTERIM PERIOD REVIEW (CONT'D)

Other Expenses

The Group's other expenses increased significantly to approximately RMB4.2 million for the six months ended June 30, 2026 from approximately RMB0.6 million for the six months ended June 30, 2025, primarily due to the increase in net foreign exchange differences of approximately RMB3.1 million.

Finance Costs

The Group's finance costs decreased by 7.0% to approximately RMB6.9 million for the six months ended June 30, 2026 from approximately RMB7.4 million for the six months ended June 30, 2025.

Income Tax Expense

The Group's income tax expense increased significantly to approximately RMB9.1 million for the six months ended June 30, 2026 from approximately RMB3.9 million for the six months ended June 30, 2025, primarily due to the decrease of deferred tax credit which were impacted by the provisions for impairment of relevant assets with signs of impairment.

Non-HKFRS Accounting Standards Measure

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

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

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

	Six months ended June 30,	
	2025	**2026**
	(RMB in thousands)	
Reconciliation of net loss to adjusted net loss Net loss for the period	(5,791)	**(52,657)**
Add: Equity-settled share award expense	5,353	**2,568**
Adjusted net loss (non-HKFRS Accounting Standards measure)	(438)	**(50,089)**

OTHER FINANCIAL INFORMATION

Consolidated Statement of Financial Position (Selected Items)

	As of December 31, 2025	As of June 30, 2026
	(RMB in thousands)	
Total non-current assets	231,039	**225,246**
Total current assets	2,564,316	**2,589,072**
Total current liabilities	995,306	**1,093,762**
Net current assets	1,569,010	**1,495,310**
Total non-current liabilities	41,349	**11,945**
Total equity	1,758,700	**1,708,611**

Inventories

	As of December 31, 2025	As of June 30, 2026
	(RMB in thousands)	
Raw materials	268,133	**268,504**
Work in progress	423,340	**470,583**
Finished goods	389,662	**709,649**
Total	1,081,135	**1,448,736**

The Group's inventories increased by 34.0% to approximately RMB1,448.7 million as of June 30, 2026 from approximately RMB1,081.1 million as of December 31, 2025, primarily due to the increase in finished goods of approximately RMB320.0 million since the Group completed the productions of *Cat & Thief* (《鬥賊》) and *Love in Red Dust* (《紅塵四合》) which were yet to be broadcast as of June 30, 2026.

Goodwill

The Group's goodwill was approximately RMB108.3 million as of June 30, 2026 and December 31, 2025, respectively.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2026.

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 of June 30, 2026, the Company had 706,041,400 ordinary Shares of US$0.000025 each.

The Company maintained a healthy financial position in the first half of 2026. The Group's total assets increased from approximately RMB2,795.4 million as of December 31, 2025 to approximately RMB2,814.3 million as of June 30, 2026, and the Group's total liabilities increased from approximately RMB1,036.7 million as of December 31, 2025 to approximately RMB1,105.7 million as of June 30, 2026. The Group's liabilities-to-assets ratio increased from 37.1% as of December 31, 2025 to 39.3% as of June 30, 2026.

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 June 30, 2026, the Group maintained a sufficient working capital (current assets less current liabilities) and cash and cash equivalents amounted to approximately RMB1,495.3 million and approximately RMB73.0 million, respectively, as compared to approximately RMB1,569.0 million and approximately RMB158.2 million, respectively, as of December 31, 2025.

As of June 30, 2026, all of the cash and cash equivalents of the Group were denominated in RMB, HK$ and US$.

The Group believes that its liquidity requirements will continue to be satisfied by using a combination of cash generated from operating activities and interest-bearing bank borrowings.

As of June 30, 2026, the Group's total interest-bearing bank borrowings were approximately RMB307.8 million, all of which were at fixed interest rates and denominated in RMB.

The Group is exposed to foreign exchange risks arising from the wealth management product it holds and has formulated a hedging policy to mitigate such risks and costs associated with currency fluctuations. The Group manages its foreign exchange risk by quarterly reviewing its net foreign currency exposures and conducting sensitivity analysis to evaluate exchange rate volatility impacts. Wherever practicable, it seeks to minimise these exposures through natural hedging, and may enter into forward foreign exchange contracts when necessary. The management will continue to pay attention on the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Contingent Liabilities

As of June 30, 2026, the Group did not have any significant contingent liabilities.

Capital Expenditure

The Group's capital expenditures primarily included purchase of office equipment. The Group's capital expenditures decreased to approximately RMB8 thousand in the first half of 2026 from approximately RMB23 thousand in the first half of 2025. The Group plans to fund its planned capital expenditures using cash generated from operations.

CAPITAL STRUCTURE, LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

Financial Ratio

Current Ratio

The Group's current ratio decreased from 2.58 as of December 31, 2025 to 2.37 as of June 30, 2026, primarily attributable to the increase in its current liabilities outpaced the increase in its current assets from 2025 to the first half of 2026.

Debt to Equity Ratio[1]

The Group's debt to equity ratio was 15.9% as of June 30, 2026 and 11.0% as of December 31, 2025.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended June 30, 2026. As of June 30, 2026, the Group did not hold any significant investments and none of each individual investment held by the Group constituted 5% or above of the total assets of the Group as of June 30, 2026.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in the section headed "Use of Proceeds from the Global Offering" in this report, the Group did not have any other immediate plans for material investment and capital assets as at the date of this report. 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.

MATERIAL LITIGATION

As of the date of this report, 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.

PLEDGE OF ASSETS

As of June 30, 2026, the Group's trade receivables with an aggregate net carrying value of approximately RMB22,702,000 (December 31, 2025: RMB59,702,000), the deposits amounting to RMB100,026,000 (December 31, 2025: RMB101,083,000) and the investment in wealth management products amounting to RMB35,220,000 (December 31, 2025: RMB35,702,000) were pledged to secure the interest-bearing bank borrowings granted to the Group.

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%.

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.

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2026, 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 June 30, 2026:

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%**

EMPLOYEES AND REMUNERATION POLICIES (CONT'D)

For the six months ended June 30, 2026, total staff remuneration expenses (including Directors' remuneration) amounted to approximately RMB20.3 million, as compared to approximately RMB21.7 million for the same period in 2025. Remuneration is determined with reference to the performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other employee benefits primarily include social insurance and housing provident contributions made by the Group, performance-based compensation, discretionary bonus, RSUs granted to selected employees and supplemental medical insurances. The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

The Group believes it has maintained good relationships with its employees. The employees are not represented by a labor union. As of the date of this report, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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.

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

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has, together with the management of the Company, reviewed the accounting principles and policies adopted by the Group and the unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2026, and has recommended for the Board's approval thereof. The unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2026 has not been reviewed by the external auditors of the Company.

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**").

USE OF PROCEEDS FROM THE GLOBAL OFFERING (CONT'D)

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**").

USE OF PROCEEDS FROM THE GLOBAL OFFERING (CONT'D)

The following table sets out (i) the original allocation of Net Proceeds as set out in the Prospectus; (ii) the revised allocation of the unutilised Net Proceeds as set out in the Announcements; (iii) the utilised amount of Net Proceeds during the six months ended June 30, 2026; (iv) the utilised and unutilised amount of Net Proceeds as of June 30, 2026; and (v) the latest expected timeline for utilisation.

	Net proceeds from the global offering and utilisation					
	Original allocation of Net Proceeds HK$ in million	Revised allocation of Net Proceeds HK$ in million	Utilised amount of Net Proceeds during the six months ended June 30, 2026 HK$ in million	Utilised amount of Net Proceeds as of June 30, 2026 HK$ in million	Unutilised amount of Net Proceeds as of June 30, 2026 HK$ in million	Expected timeline for utilisation[1]
Funding the drama series production of the Group						
Move Heaven and Earth (《赴山海》)	–	9.0	–	9.0	–	–
Win or Die (《夜不收》)	–	9.1	–	–	9.1	By December 31, 2026
Love in Red Dust (《紅塵四合》)	–	61.5	–	61.5	–	–
Other drama series	749.8	749.8	–	749.8	–	–
Sub-total	**749.8**	**829.4**	–	**820.3**	**9.1**	

USE OF PROCEEDS FROM THE GLOBAL OFFERING (CONT'D)

	Net proceeds from the global offering and utilisation					
	Original allocation of Net Proceeds HK$ in million	Revised allocation of Net Proceeds HK$ in million	Utilised amount of Net Proceeds during the six months ended June 30, 2026 HK$ in million	Utilised amount of Net Proceeds as of June 30, 2026 HK$ in million	Unutilised amount of Net Proceeds as of June 30, 2026 HK$ in million	Expected timeline for utilisation[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	–	–
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**	**–**	**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.

USE OF PROCEEDS FROM THE GLOBAL OFFERING (CONT'D)

As of June 30, 2026, 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 report. The Group will gradually utilise the remaining Net Proceeds in accordance with the intended purposes set out in the Prospectus and the Announcements.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

As recommended by the remuneration committee of the Board and approved by the Board on August 26, 2026, (i) the annual remuneration of Mr. Liu Xiaofeng had been adjusted to RMB3,603,000; and (ii) the annual remuneration, comprising salaries, allowances, bonuses, housing benefits and benefits in kind of Ms. Zhai Fang had been adjusted to RMB2,808,000, both with effect from August 1, 2026.

Mr. Chung Chong Sun retired as an independent non-executive director of Radiance Holdings (Group) Company Limited (金輝控股（集團）有限公司) (stock code: 9993.HK) with effect from June 26, 2026 in order to devote more time to his personal commitments.

Save as disclosed above, there have been no changes in the information of Directors and chief executive of the Company since the publication of the 2025 annual report up to the date of this report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

As of June 30, 2026, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange are as follows:

Interests in the Shares and underlying Shares of the Company

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

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONT'D)

Interests in the Shares and underlying Shares of the Company (cont'd)

Notes:

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue as of June 30, 2026, being 706,041,400 Shares (without taking into account the Shares which may be allotted and issued upon the exercise of the outstanding Pre-IPO Share Options).

(2) Leading Glory is owned as to (i) 99% by Master Genius, the holding vehicle used by Family Trust Singapore, the trustee of the LXF Family Trust which is a discretionary trust established by Mr. Liu as the settlor and protector and Mr. Liu's wholly-owned holding company Master Sagittarius as the beneficiary; and (ii) 1% by Master Sagittarius which is wholly owned by Mr. Liu. Accordingly, each of Master Sagittarius, Master Genius and Mr. Liu is deemed to be interested in all the Shares held by Leading Glory.

Gorgeous Horizon, being the beneficial owner of the outstanding Pre-IPO Share Options, is wholly owned by Success Tale which is wholly owned by Employee Trust Hong Kong, the trustee of the Strawbear Employee Trust. The Strawbear Employee Trust is a discretionary trust established by Mr. Liu as the settlor and protector and Mr. Liu's wholly-owned holding company Master Sagittarius as the beneficiary. On May 12, 2022, May 12, 2023 and May 14, 2024, 1,882,400 Shares, 3,764,800 Shares and 5,647,200 Shares were issued to Gorgeous Horizon, respectively, upon the exercise of the Pre-IPO Share Options by Mr. Liu under the Pre-IPO Share Option Scheme. As of June 30, 2026, the number of Shares underlying the outstanding Pre-IPO Share Options held by Gorgeous Horizon is 26,353,600 Shares.

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

(4) Golden Basin is owned as to (i) 99% by Smart Century, the holding vehicle used by Family Trust Singapore, the trustee of the Gold Fish Trust which is a discretionary trust established by Ms. Zhai as the settlor and protector and Ms. Zhai's wholly-owned holding company Gold Fish as the beneficiary; and (ii) 1% by Gold Fish which is wholly owned by Ms. Zhai. Accordingly, each of Gold Fish, Smart Century and Ms. Zhai is deemed to be interested in all the Shares held by Golden Basin.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONT'D)

Interests in the associated corporation

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

Notes:

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

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

Save as disclosed above, as of June 30, 2026, so far as it was known to the Directors or chief executive of the Company, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of June 30, 2026, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held	Approximate percentage of shareholding[(1)]
Master Sagittarius	Beneficiary of trust[(2)]	328,128,000	46.47%
Master Genius	Interest in a controlled corporation[(2)]	290,480,000	41.14%
Leading Glory	Beneficial interest[(2)(3)]	290,480,000	41.14%
Gorgeous Horizon	Beneficial interest[(2)]	37,648,000	5.33%
Success Tale	Interest in a controlled corporation[(2)]	37,648,000	5.33%
Employee Trust Hong Kong	Trustee[(2)]	37,648,000	5.33%
Ms. Liu	Founder of a discretionary trust[(4)]	73,600,000	10.42%
Gold Pisces	Beneficiary of trust[(4)]	73,600,000	10.42%
Beyond Vast	Interest in a controlled corporation[(4)]	73,600,000	10.42%
Glesason Global	Beneficial interest[(4)]	73,600,000	10.42%
Taurus Holding	Beneficial interest[(5)]	97,320,000	13.78%
iQIYI	Interest in a controlled corporation[(5)]	97,320,000	13.78%
Baidu Holdings Limited	Interest in a controlled corporation[(5)]	97,320,000	13.78%
Baidu, Inc.	Interest in a controlled corporation[(5)]	97,320,000	13.78%
Li Yanhong	Interest in a controlled corporation[(5)]	97,320,000	13.78%
Family Trust Singapore	Trustee[(2)]	290,480,000	
	Trustee[(4)]	73,600,000	
	Trustee[(6)]	32,000,000	
		396,080,000	56.10%

Notes:

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue as of June 30, 2026, being 706,041,400 Shares (without taking into account the Shares which may be allotted and issued upon the exercise of the outstanding Pre-IPO Share Options).

(2) Leading Glory is owned as to (i) 99% by Master Genius, the holding vehicle used by Family Trust Singapore, the trustee of the LXF Family Trust which is a discretionary trust established by Mr. Liu as the settlor and protector and Mr. Liu's wholly-owned holding company Master Sagittarius as the beneficiary; and (ii) 1% by Master Sagittarius which is wholly owned by Mr. Liu. Accordingly, each of Master Sagittarius, Master Genius and Mr. Liu is deemed to be interested in all the Shares held by Leading Glory.

Gorgeous Horizon, being the beneficial owner of the outstanding Pre-IPO Share Options, is wholly owned by Success Tale which is wholly owned by Employee Trust Hong Kong, the trustee of the Strawbear Employee Trust. The Strawbear Employee Trust is a discretionary trust established by Mr. Liu as the settlor and protector and Mr. Liu's wholly-owned holding company Master Sagittarius as the beneficiary. On May 12, 2022 May 12, 2023 and May 14, 2024, 1,882,400 Shares, 3,764,800 Shares and 5,647,200 Shares were issued to Gorgeous Horizon, respectively, upon the exercise of the Pre-IPO Share Options by Mr. Liu under the Pre-IPO Share Option Scheme. As of June 30, 2026, the number of Shares underlying the outstanding Pre-IPO Share Options held by Gorgeous Horizon is 26,353,600 Shares.

INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF THE PART XV OF THE SFO (CONT'D)

Notes: (cont'd)

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

(4) Glesason Global is owned as to (i) 99% by Beyond Vast, the holding vehicle used by Family Trust Singapore, the trustee of the LSS Family Trust which is a discretionary trust established by Ms. Liu as the settlor and protector and Ms. Liu's wholly-owned holding company Gold Pisces as the beneficiary; and (ii) 1% by Gold Pisces which is wholly owned by Ms. Liu. Accordingly, each of Gold Pisces, Beyond Vast and Ms. Liu is deemed to be interested in all the Shares held by Glesason Global.

(5) Taurus Holding is wholly owned by iQIYI, whose voting power is owned as to 89.1% by Baidu Holdings Limited, a wholly-owned subsidiary of Baidu, Inc. Baidu, Inc. is owned as to 59.9% by Li Yanhong. Therefore, each of iQIYI, Baidu Holdings Limited, Baidu, Inc. and Li Yanhong is deemed to be interested in the Shares directly held by Taurus Holding by virtue of the SFO.

(6) Golden Basin is owned as to (i) 99% by Smart Century, the holding vehicle used by Family Trust Singapore, the trustee of the Gold Fish Trust which is a discretionary trust established by Ms. Zhai as the settlor and protector and Ms. Zhai's wholly-owned holding company Gold Fish as the beneficiary; and (ii) 1% by Gold Fish which is wholly owned by Ms. Zhai. Accordingly, each of Smart Century, Gold Fish and Ms. Zhai is deemed to be interested in all the Shares held by Golden Basin.

Save as disclosed above, as of June 30, 2026, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

PRE-IPO SHARE OPTION SCHEME

The Company approved and adopted the Pre-IPO Share Option Scheme on May 11, 2020 to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Pre-IPO Share Option Scheme shall be valid and effective for a period commencing on May 11, 2020 and ending on December 21, 2020, being the latest practicable date prior to the printing of the Prospectus for the purpose of ascertaining certain information contained in the Prospectus, after which no further options shall be offered or granted, but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme. For more details of the Pre-IPO Share Option Scheme, please refer to "D. Other Information – (1) Pre-IPO Share Option Scheme" of Appendix IV of the Prospectus of the Company and Note 22 to the financial statements.

PRE-IPO SHARE OPTION SCHEME (CONT'D)

On May 11, 2020, an aggregate of 37,648,000 Pre-IPO Share Options, representing approximately 5.68% of the total number of Shares in issue as of the Listing Date and approximately 5.33% of the total number of Shares in issue as of the date of this report, had been conditionally granted to Mr. Liu, the founder of the Company, an executive Director and the chief executive officer of the Company, to recognise his significant contribution to the Group.

Details of movements of Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme during the Reporting Period are set out below:

Name of grantee	Date of grant	Outstanding as of January 1, 2026	Exercise price (per Share)	Exercised during the Reporting Period(2)	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as of June 30, 2026
Mr. Liu	May 11, 2020	26,353,600(1)	US$0.000025	–	–	–	26,353,600

Notes:

(1) Subject to fulfillment or waiver of the conditions (if any) determined by the Board, the underlying Shares in respect of the Pre-IPO Share Options shall be vested in accordance with the vesting schedule subject to exercise notice the Company received from the Grantee set out below:

Vesting date	Maximum percentage of underlying Shares in respect of the Pre-IPO Share Options may be vested
May 12, 2022	5%
May 12, 2023	10%
May 12, 2024	15%
May 12, 2025	30%
May 12, 2026	40%

(2) The exercise period of the Pre-IPO Share Options shall be within 10 years from May 11, 2020.

RSU SCHEMES

2021 RSU Scheme

On September 15, 2021, the Company adopted the 2021 RSU Scheme. The following is a summary of the principal terms of the 2021 RSU Scheme. For further details of the 2021 RSU Scheme, please refer to the announcement of the Company dated September 15, 2021.

Purpose

The purpose of the 2021 RSU Scheme is to (i) reward the Selected Participants for their contributions to the growth and development of the Group and to give incentives thereto in order to retain them for the continual development and long-term strategic goals of the Group; and (ii) provide additional rewards to top artists, who are scarce resources in the industry and play an important role in the production of drama series projects of the Group, to effectively motivate the artists who have long-term relationship with the Group, and to further attract talents and top artists in the industry, so as to promote the development of the Company.

Eligibility

Eligible Participants of the 2021 RSU Scheme include (i) employees of the Company; (ii) senior management of subsidiaries of the Company; and (iii) business partners of the Group (including top artists such as directors, screenwriters, etc.) who the Board or the Committee or person(s) to which the Board has delegated its authority considers, in their sole discretion, have contributed or will contribute to the Group. No RSUs can be granted to any Excluded Person.

Duration

Subject to any early termination as may be determined by the Board, the 2021 RSU Scheme shall be valid and effective for a term of ten (10) years commencing from the date of adoption of the 2021 RSU Scheme (i.e. September 15, 2021), after which period no further RSUs shall be granted, but the 2021 RSU Scheme shall remain in full force and effect to the extent necessary to give effect to any RSUs granted prior to such expiry and the administration of the trust fund held by the Trustee pursuant to the trust deed.

The remaining life of the 2021 RSU Scheme is approximately 5.0 years.

Grant and acceptance

An offer to grant RSUs will be made to an Eligible Participant selected by the Board or the Committee by way of a Grant Letter, in such form as the Board or the Committee may determine. The Grant Letter will specify the name of the Selected Participant, the Grant Date, the number of RSUs to be granted, the vesting criteria and performance targets (if any), the vesting date and such other terms and conditions as the Board or the Committee may consider necessary.

Upon receipt of the Grant Letter, the Selected Participant shall confirm his/her acceptance of the grant by returning to the Company a notice of acceptance duly executed by him/her within five (5) business days after the Grant Date. Once accepted, the RSUs are deemed granted from the Grant Date.

RSU SCHEMES (CONT'D)

2021 RSU Scheme (cont'd)

Maximum number of underlying Shares

The total number of Shares underlying the RSUs which can be granted pursuant to the 2021 RSU Scheme (excluding RSUs that have lapsed or been cancelled in accordance with the terms of the 2021 RSU Scheme) shall not exceed 20,639,010 Shares, representing approximately 3.00% of the total number of Shares in issue as of the date of adoption of the 2021 RSU Scheme (i.e. September 15, 2021) and approximately 2.92% of the total number of Shares in issue as of the date of this report.

Vesting of RSUs

Subject to the terms of the 2021 RSU Scheme, the Board or the Committee or person(s) to which the Board delegated its authority may from time to time while the 2021 RSU Scheme is in force and subject to all applicable laws, determine the vesting schedule and vesting conditions (including, without limitation, conditions as to performance criteria to be satisfied by the Selected Participant and/or the Company) for any grant of RSUs to any Selected Participant, which shall be stated in the Grant Letter.

Within a reasonable time after the vesting conditions (if any) and schedule have been fulfilled or waived, a vesting notice shall be sent to the relevant Selected Participant setting out, inter alias, (a) extent to which the vesting conditions (if any) and schedule have been fulfilled or waived; (b) the number of Shares the Selected Participants will receive; and (c) the lock-up arrangement or other restrictions for such Shares (if applicable).

Upon receipt of the vesting notice, the relevant Selected Participant (or his/her legal representative or lawful successor as the case may be) is required to return to the Company the reply slip attached to the vesting notice to confirm his/her securities account details for the purposes of effecting the transfer of the vested Shares to such Selected Participant or the nominee account by the Trustee.

The RSUs which have vested shall be satisfied within a reasonable period from the vesting date of such RSUs, either by: (a) the Board or the Committee or person(s) to which the Board delegated its authority directing and procuring the Trustee to transfer the Shares underlying the RSUs; and/or (b) the Board or the Committee or person(s) to which the Board delegated its authority directing and procuring the Trustee to sell, on-market at the prevailing market price, the number of Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale.

RSU SCHEMES (CONT'D)

2021 RSU Scheme (cont'd)

Details of the RSUs granted under the 2021 RSU Scheme

On November 4, 2021, the Board resolved to grant an aggregate of 16,780,000 RSUs, representing 16,780,000 underlying Shares, to 59 Selected Participants (including employees of the Company, senior management of subsidiaries of the Company and business partners of the Group) at nil consideration pursuant to the 2021 RSU Scheme, all of which were accepted by the Grantees. On April 19, 2022, the Board resolved to further grant an aggregate of 3,859,000 RSUs, representing 3,859,000 underlying Shares, to six Selected Participants, who are business partners of the Group, at nil consideration pursuant to the 2021 RSU Scheme, all of which were accepted by the Grantees. On December 20, 2023, the Board resolved to further grant an aggregate of 464,000 RSUs, representing 464,000 underlying Shares, to one Selected Participant, who is a top director and a business partner of the Group, at nil consideration pursuant to the 2021 RSU Scheme, all of which were accepted by the Grantee. For details, please refer to the announcements of the Company dated November 4, 2021, April 19, 2022 and December 20, 2023.

As of the date of this report, the number of Shares underlying the outstanding RSUs granted under the 2021 RSU Scheme is 2,490,000 Shares, representing approximately 0.35% of the total number of Shares in issue. The number of RSUs available for grant under the 2021 RSU Scheme was 4,533,008 as of January 1, 2026 (without taking into account the RSUs vested or lapsed on January 1, 2026) and 7,116,344 as of June 30, 2026, respectively.

Details of the RSUs granted pursuant to the 2021 RSU Scheme and the movements during the Reporting Period are set out below:

Name/category of Grantee	Date of grant[1]	Number of Shares underlying the RSUs as of the date of grant	Vesting date and vesting condition	Closing price of the Shares immediately before the date on which the RSUs were granted	Number of Shares underlying the RSUs outstanding as of January 1, 2026	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Number of Shares underlying the RSUs outstanding as of June 30, 2026
Service Providers	November 4, 2021	13,100,000	Note 3	HK$2.47	3,800,000[2]	–	–	1,550,000	–	2,250,000
	April 19, 2022	3,859,000	Note 4	HK$4.03	1,273,336	–	–	1,033,336	–	240,000

RSU SCHEMES (CONT'D)

2021 RSU Scheme (cont'd)

Details of the RSUs granted under the 2021 RSU Scheme (cont'd)

Notes:

(1) All the RSUs were granted to the Grantees at nil consideration.

(2) With respect to the RSUs granted to the Service Providers on November 4, 2021, (i) the number of Shares underlying such RSUs outstanding as of January 1, 2026 does not take into account the RSUs vested or lapsed on January 1, 2026; and (ii) the number of RSUs vested or lapsed during the Reporting Period includes the number of RSUs vested or lapsed on January 1, 2026.

(3) 13,100,000 RSUs granted to the Service Providers on November 4, 2021 shall vest in the Grantees in accordance with the below vesting schedule:

i. in relation to 800,000 RSUs granted: 25% of the RSUs shall vest on January 25, 2023, January 25, 2024, January 25, 2025, and January 25, 2026, respectively, subject to satisfaction of the vesting condition that the profit of the company, for which the relevant Grantees were engaged as agents, remains at certain level;

ii. in relation to 3,000,000 RSUs granted: 25% of the RSUs shall vest on January 1, 2025, and 75% of the RSUs shall vest on January 1, 2027, respectively, subject to satisfaction of the vesting condition that the relevant Grantee procures top actors to participate in the production of drama series of the Company;

iii. in relation to 4,800,000 RSUs granted: one-third of the RSUs shall vest on January 1, 2023, January 1, 2024, and January 1, 2025, respectively, subject to satisfaction of the vesting condition that certain drama series, for which the Grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates; and

iv. in relation to 4,500,000 RSUs granted: one-third of the RSUs shall vest on January 1, 2024, January 1, 2025, and January 1, 2026, respectively, subject to satisfaction of the vesting condition that certain drama series, for which the Grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates.

RSU SCHEMES (CONT'D)

2021 RSU Scheme (cont'd)

Details of the RSUs granted under the 2021 RSU Scheme (cont'd)

Notes: (cont'd)

(4) 3,859,000 RSUs granted to the Service Providers on April 19, 2022 shall vest in the Grantees in accordance with the below vesting schedule, subject to satisfaction of the vesting condition that certain drama series, for which the Grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates:

i. in relation to 759,000 RSUs granted: one-third of the RSUs shall vest on May 1, 2023, May 1, 2024, and May 1, 2025, respectively;

ii. in relation to 2,380,000 RSUs granted: one-third of the RSUs shall vest on May 1, 2024, May 1, 2025, and May 1, 2026, respectively;

iii. in relation to 720,000 RSUs granted: one-third of the RSUs shall vest on May 1, 2025, May 1, 2026, and May 1, 2027, respectively.

(5) For details of the accounting standard and policy adopted in relation to and the basis of the measurement of fair value of RSUs, please refer to Note 22 to the financial statements in this report.

2022 RSU Scheme

On April 28, 2022, the Company adopted the 2022 RSU Scheme. The following is a summary of the principal terms of the 2022 RSU Scheme. For further details of the 2022 RSU Scheme, please refer to the announcements of the Company dated April 28, 2022 and April 26, 2024.

Purpose

The purpose of the 2022 RSU Scheme is to (i) reward the Selected Participants for their contributions to the growth and development of the Group and to give incentives thereto in order to retain them for the continual development and long-term strategic goals of the Group; and (ii) provide additional rewards to significant business partners, who are scarce resources in the industry and play an important role in the business operations of the Group, to effectively motivate the business partners who have long-term relationship with the Group, and to further attract talents and top artists in the industry, so as to promote the development of the Company.

Eligibility

Eligible Participants of the 2022 RSU Scheme include (i) employees of the Company; (ii) senior management of subsidiaries of the Company; and (iii) business partners of the Group (including top artists such as directors, screenwriters, producers, etc.) who the Board or the Committee or person(s) to which the Board has delegated its authority considers, in their sole discretion, have contributed or will contribute to the Group. No RSUs will be granted to any Excluded Person.

RSU SCHEMES (CONT'D)

2022 RSU Scheme (cont'd)

Duration

Subject to any early termination as may be determined by the Board, the 2022 RSU Scheme shall be valid and effective for a term of ten (10) years commencing from the date of adoption of the 2022 RSU Scheme (i.e. April 28, 2022), after which period no further RSUs shall be granted, but the 2022 RSU Scheme shall remain in full force and effect to the extent necessary to give effect to any RSUs granted prior to such expiry and the administration of the trust fund held by the Trustee pursuant to the trust deed.

The remaining life of the 2022 RSU Scheme is approximately 5.6 years.

Grant and acceptance

An offer to grant RSUs will be made to an Eligible Participant selected by the Board or the Committee by way of a Grant Letter, in such form as the Board or the Committee may determine. The Grant Letter will specify the name of the Selected Participant, the Grant Date, the number of RSUs to be granted, the vesting criteria and performance targets (if any), the vesting date and such other terms and conditions as the Board or the Committee may consider necessary.

Upon receipt of the Grant Letter, the Selected Participant shall confirm his/her acceptance of the grant by returning to the Company a notice of acceptance duly executed by him/her within five (5) business days after the Grant Date. Once accepted, the RSUs are deemed granted from the Grant Date.

Maximum number of underlying Shares

The total number of Shares underlying the RSUs which can be granted pursuant to the 2022 RSU Scheme (excluding RSUs that have lapsed in accordance with the terms of the 2022 RSU Scheme) shall not exceed 20,842,410 Shares, representing 3.00% of the total number of Shares in issue as of the date of adoption of the 2022 RSU Scheme (i.e. April 28, 2022) and approximately 2.95% of the total number of Shares in issue as of the date of this report.

RSU SCHEMES (CONT'D)

2022 RSU Scheme (cont'd)

Vesting of RSUs

Subject to the terms of the 2022 RSU Scheme, the Board or the Committee or person(s) to which the Board delegated its authority may from time to time while the 2022 RSU Scheme is in force and subject to all applicable laws, determine the vesting schedule and vesting conditions (including, without limitation, conditions as to performance criteria to be satisfied by the Selected Participant and/or the Company) for any grant of RSUs to any Selected Participant, which shall be stated in the Grant Letter.

Within a reasonable time after the vesting conditions (if any) and schedule have been fulfilled or waived, a vesting notice shall be sent to the relevant Selected Participant setting out, inter alias, (a) extent to which the vesting conditions (if any) and schedule have been fulfilled or waived; (b) the number of Shares the Selected Participants will receive; and (c) the lock-up arrangement or other restrictions for such Shares (if applicable).

Upon receipt of the vesting notice, the relevant Selected Participant (or his/her legal representative or lawful successor as the case may be) is required to return to the Company the reply slip attached to the vesting notice to confirm his/her securities account details for the purposes of effecting the transfer of the vested Shares to such Selected Participant or the nominee account by the Trustee.

The RSUs which have vested shall be satisfied within a reasonable period from the vesting date of such RSUs, either by: (a) the Board or the Committee or person(s) to which the Board delegated its authority directing and procuring the Trustee to transfer the Shares underlying the RSUs; and/or (b) the Board or the Committee or person(s) to which the Board delegated its authority directing and procuring the Trustee to sell, on-market at the prevailing market price, the number of Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale.

Details of the RSUs granted under the 2022 RSU Scheme

On April 28, 2022, the Board resolved to grant an aggregate of 6,141,000 RSUs, representing 6,141,000 underlying Shares, to 21 Selected Participants, who are employees of the Group, at nil consideration pursuant to the 2022 RSU Scheme, all of which were accepted by the Grantees. On November 14, 2022, the Board resolved to grant an aggregate of 310,000 RSUs, representing 310,000 underlying Shares, to one Selected Participant, who is a top screenwriter and a business partner of the Group, at nil consideration pursuant to the 2022 RSU Scheme, all of which were accepted by the Grantee. For details, please refer to the announcements of the Company dated April 28, 2022 and November 14, 2022.

As of the date of this report, the number of Shares underlying the outstanding RSUs granted under the 2022 RSU Scheme is 1,400,000 Shares, representing approximately 0.20% of the total number of Shares in issue. The number of RSUs available for grant under the 2022 RSU Scheme was 14,791,410 as of January 1, 2026 and 14,791,410 as of June 30, 2026.

RSU SCHEMES (CONT'D)

2022 RSU Scheme (cont'd)

Details of the RSUs granted under the 2022 RSU Scheme (cont'd)

Details of the RSUs granted pursuant to the 2022 RSU Scheme and the movements during the Reporting Period are set out below:

Name/category of Grantee	Date of grant[1]	Number of Shares underlying the RSUs as of the date of grant	Vesting date and vesting condition	Closing price of the Shares immediately before the date on which the RSUs were granted	Number of Shares underlying the RSUs outstanding as of January 1, 2026	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Number of Shares underlying the RSUs outstanding as of June 30, 2026
Employees	April 28, 2022	6,141,000	Note 2	HK$3.90	1,400,000	–	–	–	–	1,400,000

Notes:

(1) All the RSUs were granted to the Grantees at nil consideration.

(2) 6,141,000 RSUs granted to the employees of the Group on April 28, 2022 shall vest in the Grantees in accordance with the below vesting schedule, subject to satisfaction of the vesting condition that the relevant Grantees remain Eligible Participants on the respective vesting dates:

i. in relation to 668,200 RSUs granted: the RSUs shall vest on May 20, 2022;

ii. in relation to 140,000 RSUs granted: the RSUs shall vest on November 11, 2022;

iii. in relation to 948,200 RSUs granted: the RSUs shall vest on November 11, 2023;

iv. in relation to 1,422,300 RSUs granted: the RSUs shall vest on November 11, 2024;

v. in relation to 1,562,300 RSUs granted: the RSUs shall vest on November 11, 2025;

vi. in relation to 700,000 RSUs granted: the RSUs shall vest on November 11, 2026; and

vii. in relation to 700,000 RSUs granted: the RSUs shall vest on November 11, 2027.

(3) For details of the accounting standard and policy adopted in relation to and the basis of the measurement of fair value of RSUs, please refer to Note 22 to the financial statements in this report.

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 as defined in the Listing Rules) during the Reporting Period. The Company did not hold any treasury shares as defined in the Listing Rules as of June 30, 2026.

EVENTS AFTER THE REPORTING PERIOD

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

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

For the six months ended 30 June 2026

	Notes	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
REVENUE	5	**181,113**	445,700
Cost of sales		**(181,033)**	(382,758)
Gross profit		**80**	62,942
Other income and gains	5	**13,494**	4,112
Selling and distribution expenses		**(15,521)**	(30,725)
Administrative expenses		**(28,474)**	(32,830)
(Impairment)/reversal of impairment of financial assets, net		**(1,970)**	2,530
Other expenses		**(4,159)**	(569)
Finance costs	7	**(6,885)**	(7,406)
Share of profits and losses of:			
Joint ventures	12	**(143)**	76
Associates	13	**(25)**	(9)
LOSS BEFORE TAX	6	**(43,603)**	(1,879)
Income tax expense	8	**(9,054)**	(3,912)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(52,657)**	(5,791)
Attributable to:			
Owners of the parent		**(52,591)**	(5,505)
Non-controlling interests		**(66)**	(286)
		(52,657)	(5,791)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	10	**(7.6) cents**	(0.8) cents
Diluted (RMB)	10	**(7.6) cents**	(0.8) cents

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**2,014**	2,699
Right-of-use assets		**8,653**	11,382
Goodwill		**108,341**	108,341
Other intangible assets		**17,400**	17,402
Investments in joint ventures	*12*	**1,071**	1,214
Investments in associates	*13*	**6,996**	4,321
Equity investments designated at fair value through other comprehensive income		**1,170**	1,000
Financial assets at fair value through profit or loss		**65,461**	64,015
Deferred tax assets		**14,140**	20,665
Total non-current assets		**225,246**	231,039
CURRENT ASSETS			
Inventories	*14*	**1,448,736**	1,081,135
Trade and notes receivables	*15*	**454,584**	606,967
Prepayments, other receivables and other assets	*16*	**512,776**	616,906
Pledged deposits	*17*	**100,026**	101,083
Cash and cash equivalents	*17*	**72,950**	158,225
Total current assets		**2,589,072**	2,564,316
CURRENT LIABILITIES			
Trade and notes payables	*18*	**320,657**	361,261
Other payables and accruals	*19*	**431,057**	315,104
Interest-bearing bank borrowings	*20*	**307,793**	283,601
Lease liabilities		**3,063**	4,071
Financial liabilities at fair value through profit or loss		**30,000**	30,000
Tax payable		**1,192**	1,269
Total current liabilities		**1,093,762**	995,306
NET CURRENT ASSETS		**1,495,310**	1,569,010
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,720,556**	1,800,049

Unaudited Interim Condensed Consolidated Statement of Financial Position
30 June 2026

	Notes	**30 June 2026 (Unaudited) RMB'000**	31 December 2025 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*20*	**–**	28,000
Lease liabilities		**4,593**	5,874
Deferred tax liabilities		**7,352**	7,475
Total non-current liabilities		**11,945**	41,349
Net assets		**1,708,611**	1,758,700
EQUITY			
Equity attributable to owners of the parent			
Share capital	*21*	**115**	115
Treasury shares	*21*	**(21,086)**	(21,086)
Reserves		**1,731,511**	1,781,534
		1,710,540	1,760,563
Non-controlling interests		**(1,929)**	(1,863)
Total equity		**1,708,611**	1,758,700

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the parent									
	Share capital RMB'000 *(note 21)*	**Share premium RMB'000 *(note 21)***	**Capital reserve RMB'000**	**Statutory surplus reserve RMB'000**	**Treasury shares RMB'000 *(note 21)***	**Share award and option reserve RMB'000**	**Retained profits RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2026 (audited)	**115**	**1,404,264**	**10,060**	**15,476**	**(21,086)**	**99,518**	**252,216**	**1,760,563**	**(1,863)**	**1,758,700**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(52,591)**	**(52,591)**	**(66)**	**(52,657)**
Equity-settled share award and option arrangements	**–**	**–**	**–**	**–**	**–**	**2,568**	**–**	**2,568**	**–**	**2,568**
At 30 June 2026 (unaudited)	**115**	**1,404,264***	**10,060***	**15,476***	**(21,086)**	**102,086***	**199,625***	**1,710,540**	**(1,929)**	**1,708,611**

	Attributable to owners of the parent									
	Share capital RMB'000 *(note 21)*	Share premium RMB'000 *(note 21)*	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Treasury shares RMB'000 *(note 21)*	Share award and option reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025 (audited)	115	1,405,881	10,096	14,931	(28,820)	96,412	254,750	1,753,365	(24)	1,753,341
Total comprehensive income for the period	–	–	–	–	–	–	(5,505)	(5,505)	(286)	(5,791)
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	600	600
Equity-settled share award and option arrangements	–	–	–	–	–	5,581	–	5,581	–	5,581
Transfer from retained earnings	–	–	–	180	–	–	(180)	–	–	–
Restricted shares units vested	–	(2,544)	–	–	4,054	(1,510)	–	–	–	–
At 30 June 2025 (unaudited)	115	1,403,337	10,096	15,111	(24,766)	100,483	249,065	1,753,441	290	1,753,731

* These reserve accounts comprise the consolidated reserves of RMB1,731,511,000 in the unaudited interim condensed consolidated statement of financial position as at 30 June 2026.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Notes	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(43,603)**	(1,879)
Adjustments for:			
Depreciation of property, plant and equipment	*11*	**696**	1,009
Depreciation of right-of-use assets		**2,729**	3,059
Amortisation of other intangible assets		**2**	2
Profits on disposal of items of property, plant and equipment	*11*	**(4)**	–
Interest income from loans receivable	*5*	**(917)**	(1,772)
Share of profits and losses of joint ventures	*12*	**143**	(76)
Share of losses of associates	*13*	**25**	9
Finance costs	*7*	**6,885**	7,406
Changes in fair value of financial assets at fair value through profit or loss	*6*	**(1,446)**	281
Investment income from financial assets at fair value through profit or loss	*5*	**–**	(25)
Equity-settled share award and option expenses		**2,568**	5,353
Foreign exchange differences, net	*6*	**3,334**	214
Write-down of inventories to net realisable value	*6*	**5,189**	1,698
Impairment of other receivables, net	*6*	**161**	623
Impairment/(reversal of impairment) of trade receivables, net	*6*	**1,809**	(3,153)
		(22,429)	12,749
Increase in inventories		**(372,790)**	(4,710)
Decrease in trade and notes receivables		**53,334**	222,005
Increase in financial assets at fair value through profit or loss		**–**	(849)
Decrease/(increase) in prepayments, other receivables and other assets		**83,581**	(90,815)
Increase in trade and notes payables		**78,847**	56,957
Increase/(decrease) in other payables and accruals		**78,202**	(117,769)
Cash (used in)/generated from operations		**(101,255)**	77,568
Income tax refunded		**–**	117
Income tax paid		**(4,433)**	(3,395)
Net cash flows (used in)/generated from operating activities		**(105,688)**	74,290

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(8)**	(23)
Investment in an associate	**(250)**	–
Disposal of a joint venture	**–**	8
Placement of pledged time deposits	**(16,503)**	(30,963)
Withdrawal of pledged time deposits	**14,289**	61,820
Interest received from loans receivable	**10**	–
Purchases of financial assets at fair value through profit or loss	**–**	(18,000)
Proceeds from disposal of financial assets at fair value through profit or loss	**–**	5,025
Purchases of equity investments designated at fair value through other comprehensive income	**(170)**	–
Net cash flows (used in)/generated from investing activities	**(2,632)**	17,867
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling interests	**–**	600
New bank loans	**188,500**	232,342
Repayment of bank loans	**(193,000)**	(255,900)
Interest paid	**(4,003)**	(5,190)
Amount received under the fixed-return co-investment arrangements without share of copyrights	**33,900**	–
Principal portion of lease payments	**(2,289)**	(3,330)
Net cash flows generated from/(used in) financing activities	**23,108**	(31,478)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(85,212)**	60,679
Effect of foreign exchange rate changes, net	**(63)**	(214)
Cash and cash equivalents at beginning of period	**158,225**	79,326
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**72,950**	139,791
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**72,950**	139,791
Cash and cash equivalents as stated in the consolidated statements of cash flows and consolidated statement of financial position	**72,950**	139,791

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1. CORPORATE INFORMATION

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

The Company is an investment holding company. The 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

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025 except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

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

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the interim condensed consolidated financial information.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Chinese mainland	**179,861**	445,700
Other countries	**1,252**	–
Total	**181,113**	445,700

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 period is set out below:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Customer 1	**59,492**	N/A*
Customer 2	**39,434**	N/A*
Customer 3	**30,119**	N/A*
Customer 4	**19,482**	311,746

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

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers	**181,113**	445,700

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Type of goods or services		
Licensing of the broadcasting rights of episodic contents	**102,104**	385,937
Made-to-order episodic contents production	**78,258**	59,228
Others	**751**	535
Total	**181,113**	445,700

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Geographical markets		
Chinese mainland	**179,861**	445,700
Other countries	**1,252**	–
Total	**181,113**	445,700

5. REVENUE, OTHER INCOME AND GAINS (CONT'D)

Revenue from contracts with customers (cont'd)

(i) Disaggregated revenue information (cont'd)

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Timing of revenue recognition		
Goods transferred at a point in time	**102,104**	385,937
Services transferred over time	**79,009**	59,763
Total	**181,113**	445,700

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other income		
Government grants *(note)*	**8,801**	987
Bank interest income	**1,737**	1,195
Interest income from loans receivable	**917**	1,772
Investment income from financial assets at fair value through profit or loss	**–**	25
Others	**107**	133
Total other income	**11,562**	4,112
Gains		
Fair value gains on investment in unlisted funds	**1,928**	–
Gain on disposal of items of property, plant and equipment	**4**	–
Total gains	**1,932**	–
Total other income and gains	**13,494**	4,112

Note:

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

6. LOSS BEFORE TAX

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

		For the six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	RMB'000
Cost of inventories sold		**175,844**	381,060
Depreciation of property, plant and equipment	*11*	**696**	1,009
Depreciation of right-of-use assets		**2,729**	3,059
Amortisation of other intangible assets		**2**	2
Government grants	*5*	**(8,801)**	(987)
Bank interest income	*5*	**(1,737)**	(1,195)
Interest income from loans receivable	*5*	**(917)**	(1,772)
Investment income from financial assets at fair value through profit or loss		**–**	(25)
Changes in fair value of financial assets at fair value through profit or loss		**(1,446)**	281
Lease payments not included in the measurement of lease liabilities		**252**	174
Auditor's remuneration		**800**	800
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**14,299**	13,090
Equity-settled share award expense		**640**	1,045
Pension scheme contributions		**1,464**	1,424
Staff welfare expenses		**332**	163
Total		**16,735**	15,722
Foreign exchange differences, net		**3,334**	214
Impairment/ (reversal of impairment) of financial assets, net:			
Impairment/ (reversal of impairment) of trade receivables, net		**1,809**	(3,153)
Impairment of other receivables, net		**161**	623
Total		**1,970**	(2,530)
Write-down of inventories to net realisable value		**5,189**	1,698

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank loans	**4,533**	4,362
Interest expense under the co-investment arrangements in episodic contents	**1,401**	968
Interest on trade payables	**789**	1,874
Interest on discounted notes receivable	**–**	1
Interest on lease liabilities	**162**	201
Total	**6,885**	7,406

8. INCOME TAX

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

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

The statutory tax rate for the subsidiary in Hong Kong is 16.5% (six months ended 30 June 2025: 16.5%). No Hong Kong profits tax on this subsidiary has been provided as there was no assessable profit arising in Hong Kong during the period.

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

The provision for current income tax in 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 (six months ended 30 June 2025: RMB3,000,000) are entitled to a preferential tax rate of 5% (six months ended 30 June 2025: 5%) during the period.

8. INCOME TAX (CONT'D)

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

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Chinese mainland		
Charge for the period	**2,649**	5,038
Deferred tax	**6,402**	(1,126)
Current – Elsewhere – income taxes	**3**	–
Total tax charge for the period	**9,054**	3,912

9. DIVIDENDS

The Board did not declare any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

10. 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 period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the period, as adjusted to reflect the shares repurchased for the trustee under the restricted share unit scheme adopted by the Company in 2021 ("**2021 RSU Scheme**") and 2022 ("**2022 RSU Scheme**") during the period.

The calculation of the diluted loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic loss 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.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONT'D)

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

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(52,591)**	(5,505)

	For the six months ended 30 June Number of shares	
	2026	2025
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	**693,279,937#**	692,190,114#
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	**N/A***	N/A*
Share options	**N/A***	N/A*
Total	**N/A***	N/A*

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

* No adjustment has been made to the basic loss per share amounts presented for the period ended 30 June 2026 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.

11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Carrying amount at beginning of period/year	**2,699**	4,627
Additions	**7**	31
Depreciation provided during the period/year	**(696)**	(1,857)
Disposals	**4**	(102)
Carrying amount at end of period/year	**2,014**	2,699

12. INVESTMENTS IN JOINT VENTURES

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Share of net assets	**1,071**	1,214

The Group's balances and transactions with the joint ventures are disclosed in note 24 to the financial statements.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Share of the joint ventures' losses for the period/year	**(143)**	(280)
Aggregate carrying amount of the Group's investments in joint ventures	**1,071**	1,214

The Group's shareholdings in the joint ventures are held through wholly-owned subsidiaries of the Company and the Consolidated Affiliated Entities.

13. INVESTMENTS IN ASSOCIATES

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Share of net assets	**6,996**	4,321

13. INVESTMENTS IN ASSOCIATES (CONT'D)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Share of the associates' losses for the period/year	**(25)**	(452)
Impairment of investment in an associate	**(1,953)**	(1,953)
Aggregate carrying amount of the Group's investments in associates	**6,996**	4,321

The Group's shareholdings in the associates all comprise equity shares held by wholly-owned subsidiaries of the Company and the Consolidated Affiliated Entities.

14. INVENTORIES

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Raw materials	**268,504**	268,133
Work in progress	**470,583**	423,340
Finished goods	**709,649**	389,662
Total	**1,448,736**	1,081,135

15. TRADE AND NOTES RECEIVABLES

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Trade receivables	**461,986**	620,804
Notes receivable	**8,503**	259
	470,489	621,063
Impairment	**(15,905)**	(14,096)
Net carrying amount	**454,584**	606,967

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.

15. TRADE AND NOTES RECEIVABLES (CONT'D)

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:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Within 3 months	**72,799**	268,292
3 to 6 months	**87,424**	169,957
6 to 12 months	**205,458**	144,660
1 to 2 years	**79,013**	19,195
2 to 3 years	**1,387**	4,604
Total	**446,081**	606,708

Included in the Group's trade and notes receivables were amounts due from the Group's related parties of RMB114,148,000 (31 December 2025: RMB330,481,000), 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 RMB22,702,000 (31 December 2025: RMB59,702,000), were pledged to secure the bank loans granted to the Group.

At 30 June 2026, notes receivable of RMB8,503,000 (31 December 2025: RMB259,000), whose fair values approximate to their carrying values, were classified as financial assets at fair value through other comprehensive income under HKFRS 9.

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Prepayments	**210,812**	343,453
Prepayments under the co-investment arrangements	**243,080**	184,902
Loans receivable	**28,525**	64,206
Deductible input value-added tax	**25,920**	20,831
Deposits and other receivables	**33,282**	33,900
Prepaid income tax	**4,098**	2,394
	545,717	649,686
Impairment allowance	**(32,941)**	(32,780)
Total	**512,776**	616,906

Included in the prepayments and other receivables were amounts due from the Group's related parties of RMB42,396,000 (31 December 2025: RMB24,952,000).

17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Cash and bank balances	72,950	158,225
Time deposits	100,026	101,083
Subtotal	172,976	259,308
Less: Pledged time deposits:		
Pledged for short term bank loans	100,026	101,083
Cash and cash equivalents	72,950	158,225
Denominated in:		
RMB	71,026	157,570
US$	1,706	511
HK$	218	144
Total cash and cash equivalents	72,950	158,225

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

18. TRADE AND NOTES PAYABLES

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Trade payables	270,657	311,261
Notes payable	50,000	50,000
Total	320,657	361,261

18. TRADE AND NOTES PAYABLES (CONT'D)

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

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Within 3 months	**93,160**	129,618
3 to 6 months	**29,318**	51,677
6 to 12 months	**93,717**	62,456
1 to 2 years	**32,019**	42,866
2 to 3 years	**2,608**	1,324
Over 3 years	**19,835**	23,320
Total	**270,657**	311,261

Included in the trade and notes payables were trade payables of RMB123,325,000 (31 December 2025: RMB163,506,000), 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.

19. OTHER PAYABLES AND ACCRUALS

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Contract liabilities	**335,477**	243,936
Other payables	**20,208**	16,255
Amount received under the fixed-return co-investment arrangements without share of copyrights	**65,415**	38,872
Other tax payables	**8,376**	14,763
Payroll and welfare payable	**1,581**	1,278
Total	**431,057**	315,104

Included in contract liabilities, other payables and amount received under the co-investment arrangements without share of copyrights are advances received from the Group's related parties of RMB246,730,000 (31 December 2025: RMB156,456,000).

20. INTEREST-BEARING BANK BORROWINGS

	Effective Interest rate (%)	Maturity	30 June 2026 (Unaudited) RMB'000
Current			
Bank loan – secured *(note (a))*	3.00%	2027	171,414
Bank loan – secured *(note (b))*	2.19%	2026	56,000
Bank loan – unsecured *(note (c))*	2.70%	2027	10,044
Bank loan – secured *(note (c))*	2.65%	2027	32,019
Bank loan – unsecured	2.05%	2026	9,902
Bank loan – unsecured	2.20%	2026	9,900
Bank loan – unsecured	2.70%	2026	10,008
Bank loan – unsecured	2.50%	2027	8,506
Total			307,793

	Effective interest rate (%)	Maturity	31 December 2025 (Audited) RMB'000
Current			
Bank loan – secured *(note (a))*	3.40%	2026	170,746
Bank loan – secured *(note (b))*	2.57%	2026	56,136
Bank loan – unsecured *(note (c))*	2.80%	2026	10,049
Bank loan – secured *(note (c))*	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			283,601
Non-current			
Bank loan – secured *(note (c))*	2.65%	2027	28,000
Total			311,601

20. INTEREST-BEARING BANK BORROWINGS (CONT'D)

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**307,793**	283,601
In the second year	**–**	28,000
Total	**307,793**	311,601

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 (31 December 2025: nil) and RMB61,505,000 (31 December 2025: RMB62,541,000), 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 RMB35,220,000 (31 December 2025: RMB35,702,000) and RMB38,521,000 (31 December 2025: RMB38,542,000), respectively.

(c) The Group's bank loans are secured by the pledge of certain of the Group's trade receivables amounting to RMB22,702,000 (31 December 2025: RMB59,702,000) and are guaranteed by the subsidiaries.

21. SHARE CAPITAL

	30 June 2026 (Unaudited) US$'000	31 December 2025 (Audited) US$'000
Authorised: 2,000,000,000 (31 December 2025: 2,000,000,000) ordinary shares of US$0.000025 each	**50**	50
Issued and fully paid: 706,041,400 (31 December 2025: 706,041,400) ordinary shares of US$0.000025 each	**18**	18

The movement in the Company's share capital during the period is as follows:

	Number of shares in issue	**Share capital** RMB'000	**Share premium** RMB'000	**Treasury shares** RMB'000	**Total** RMB'000
At 31 December 2025 and 1 January 2026	706,041,400	115	1,404,264	(21,086)	1,383,293
At 30 June 2026 (unaudited)	706,041,400	115	1,404,264	(21,086)	1,383,293

22. SHARE AWARD AND SHARE OPTION SCHEMES

(a) Pre-IPO Share Option Scheme

On 11 May 2020, the Company adopted the Pre-IPO Share Option Scheme. Following the adoption of the Pre-IPO Share Option Scheme, 37,648,000 Pre-IPO Share Options were granted to Mr. Liu Xiaofeng, an executive director and the chief executive officer of the Company, to recognise his significant contribution to the Group. The Pre-IPO Share Options required no performance target except that Mr. Liu Xiaofeng remains as an employee of the Group during the vesting period.

The exercise price of the Pre-IPO Share Options is no less than its par value, which will be determined by the Board of Directors. 5% of the Pre-IPO Share Options are exercisable after 24 months from the date of the option scheme agreement; 10% of the Pre-IPO Share Options are exercisable after 36 months from the date of the share option scheme agreement; 15% of the Pre-IPO Share Options are exercisable after 48 months from the date of the option scheme agreement; 30% of the Pre-IPO Share Options are exercisable after 60 months from the date of the option scheme agreement and 40% of the Pre-IPO Share Options are exercisable after 72 months from the date of the option scheme agreement.

The following share options were outstanding under the Pre-IPO Share Option Scheme during the period:

	Weighted average exercise price US$ per share	Number of options
At 31 December 2025, 1 January 2026, and 30 June 2026	0.000025	26,353,600

The weighted average share price at the date of exercise for share options exercised during the period was US$0.000025 per share.

The fair value of the Pre-IPO Share Options granted in 2020 was approximately RMB77,152,000, of which the Group recognised a share option expense of RMB1,928,000 during the period (six months ended 30 June 2025: RMB4,308,000).

The fair value of equity-settled share options granted in 2020 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 26,353,600 share options outstanding under the Scheme, of which 26,353,600 share options were exercisable.

22. SHARE AWARD AND SHARE OPTION SCHEMES (CONT'D)

(b) 2021 Restricted Share Unit ("RSU") Scheme

On 15 September 2021, the Company has adopted the 2021 RSU Scheme to reward employees of the Group, senior management of subsidiaries of the Company, and business partners (including top artists such as directors, screenwriters, etc.) for their contributions to the growth and development of the Group and to give incentives thereto in order to retain them for the continual development and long-term strategic goals of the Group.

To facilitate the implementation and administration of the RSUs, the Company entered into the Trust Deed and appointed Futu Trustee Limited as the Trustee for the administration of the 2021 RSU Scheme pursuant to the Rules. The 2021 RSU Scheme shall be subject to the administration of the board of directors and the Trustee in accordance with the terms of the 2021 RSU Scheme and, where applicable, the Trust Deed.

The 2021 RSU Scheme shall be valid and effective for a term of ten years commencing from the date on which the board of directors adopted the 2021 RSU Scheme.

On 20 December 2023, the board of directors resolved to amend the vesting conditions of certain RSUs granted to employees and business partners under the 2021 RSU Scheme. The revised vesting schedule of the RSUs granted to the Grantees under the 2021 RSU Scheme shall be as follows:

On 4 November 2021, 3,680,000 RSUs granted to the employees of the Group shall vest in accordance with the below vesting schedule, subject to satisfaction of the vesting condition that the relevant Grantees remain Eligible Participants on the respective vesting dates:

(i) in relation to 1,600,000 RSUs granted, the RSUs shall vest on 11 November 2021; and

(ii) in relation to 2,080,000 RSUs granted, 20% of the RSUs shall vest on 11 November 2021, 20% of the RSUs shall vest on 11 November 2022, 30% of the RSUs shall vest on 11 November 2023, and 30% of the RSUs shall vest on 11 November 2024.

22. SHARE AWARD AND SHARE OPTION SCHEMES (CONT'D)

(b) 2021 Restricted Share Unit ("RSU") Scheme (cont'd)

On 4 November 2021, 13,100,000 RSUs granted to suppliers and employees of joint ventures shall vest in accordance with the below vesting schedule:

(i) in relation to 4,800,000 RSUs granted: one-third of the RSUs shall vest on 1 January 2023, 1 January 2024 and 1 January 2025, respectively, subject to satisfaction of the vesting condition that certain episodic contents, for which the Grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates;

(ii) in relation to 4,500,000 RSUs granted: one-third of the RSUs shall vest on 1 January 2024, 1 January 2025 and 1 January 2026, respectively, subject to satisfaction of the vesting condition that certain episodic contents, for which the Grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates;

(iii) in relation to 800,000 RSUs granted: 25% of the RSUs shall vest on 25 January 2023, 25 January 2024, 25 January 2025 and 25 January 2026, respectively, subject to satisfaction of the vesting condition that the profit of the company, for which the relevant Grantees were engaged as agents, remains at certain level; and

(iv) in relation to 3,000,000 RSUs granted: 25% of the RSUs shall vest on 1 January 2025 and 75% of the RSUs shall vest on 1 January 2027, subject to the satisfaction of the vesting condition that the relevant Grantee procures top actors to participate in the production of episodic contents of the Company.

On 19 April 2022, 3,859,000 RSUs granted to suppliers shall vest in the Grantees in accordance with the below vesting schedule, subject to satisfaction of the vesting condition that certain episodic contents, for which the Grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates:

(i) in relation to 759,000 RSUs granted, one-third of the RSUs shall vest on 1 May 2023, 1 May 2024 and 1 May 2025, respectively;

(ii) in relation to 2,380,000 RSUs granted, one-third of the RSUs shall vest on 1 May 2024, 1 May 2025 and 1 May 2026, respectively; and

(iii) in relation to 720,000 RSUs granted, one-third of the RSUs shall vest on 1 May 2025, 1 May 2026 and 1 May 2027, respectively.

On 20 December 2023, the Company granted an aggregate of 464,000 RSUs to a supplier at nil consideration pursuant to the 2021 RSU Scheme, all of which were accepted by the Grantee. The grant of an aggregate of 464,000 RSUs to the Grantee shall be satisfied by the existing shares to be acquired by the Trustee on the market. The Company will provide sufficient funds through its internal resources to the Trustee to enable the Trustee to satisfy its obligations in connection with the vesting of RSUs granted to the Grantee. There are performance targets required.

22. SHARE AWARD AND SHARE OPTION SCHEMES (CONT'D)

(b) 2021 Restricted Share Unit ("RSU") Scheme (cont'd)

The following awarded shares were outstanding under the 2021 RSU Scheme during the year/period:

	Number of shares held for the 2021 RSU Scheme	Number of awarded shares
Outstanding at 1 January 2025	2,122,999	10,259,668
Forfeited	2,409,999	(2,409,999)
Vested during the year	–	(2,776,333)
Outstanding at 31 December 2025 and 1 January 2026	4,532,998	5,073,336
Forfeited	2,583,336	(2,583,336)
Outstanding at 30 June 2026 (unaudited)	7,116,334	2,490,000

The fair value of RSUs granted to suppliers, employees of the Group and employees of joint ventures under the 2021 RSU Scheme was estimated as at the date of receipt or grant by management based on the closing price of the Group's stock on the valuation base date, taking into account the effect of liquidity discounts during lock-up periods. The following table lists the inputs used:

	30 June 2026	31 December 2025
Liquidity discount	**13%**	13%

The fair value of the RSUs granted to suppliers during the period was nil (six months ended 30 June 2025: RMB228,000 (RMB0.6366 to RMB1.1980 each)).

During the period, the Group recorded share-based compensation of nil (six months ended 30 June 2025: RMB228,000), of which nil (six months ended 30 June 2025: nil) was recognised to profit or loss and nil (six months ended 30 June 2025: RMB228,000) was recognised in inventories. No other feature of the RSUs granted was incorporated into the measurement of fair value.

22. SHARE AWARD AND SHARE OPTION SCHEMES (CONT'D)

(c) 2022 RSU Scheme

On 28 April 2022, the Company has adopted a 2022 RSU Scheme to reward employees of the Group, senior management of subsidiaries of the Company, and business partners (including top artists such as directors, screenwriters, producers and etc.) of the Group for their contributions to the growth and development of the Group and to give incentives thereto in order to retain them for the continual development and long-term strategic goals of the Group. The 2022 RSU Scheme will be maintained in parallel with the Pre-IPO Share Option Scheme, the 2021 RSU Scheme and such other share incentive schemes which may be adopted by the Company from time to time.

To facilitate the implementation and administration of the RSUs, the Company entered into the Trust Deed and appointed Futu Trustee Limited as the Trustee for the administration of the 2022 RSU Scheme pursuant to the Rules. The 2022 RSU Scheme shall be subject to the administration of the board of directors and the Trustee in accordance with the terms of the 2022 RSU Scheme and, where applicable, the Trust Deed.

The 2022 RSU Scheme shall be valid and effective for a term of ten years commencing from the date on which the board of directors adopted the 2022 RSU Scheme.

On 14 November 2022, the Company granted an aggregate of 310,000 RSUs, representing 310,000 underlying shares, to a supplier of the Group, at nil consideration pursuant to the 2022 RSU Scheme, all of which were accepted by the Grantee. The grant of an aggregate of 310,000 RSUs to the Grantees shall be satisfied by the existing shares to be acquired by the Trustee on the market. The Company will provide sufficient funds through its internal resources to the Trustee to enable the Trustee to satisfy its obligations in connection with the vesting of RSUs granted to the Grantees. There are performance targets required.

The 310,000 RSUs granted to such supplier shall vest on 1 May 2023, subject to satisfaction of the vesting condition that certain episodic contents, for which the Grantee engaged by the Group to act as the screenwriter, shall be broadcast before 1 May 2023.

On 28 April 2022, 6,141,000 RSUs granted to the employees of the Group shall vest in accordance with the below vesting schedule, subject to satisfaction of the vesting condition that the relevant Grantees remain Eligible Participants on the respective vesting dates:

(i) in relation to the 2,800,000 RSUs granted, 5% of the RSUs shall vest on 11 November 2022, 10% of the RSUs shall vest on 11 November 2023, 15% of the RSUs shall vest on 11 November 2024, 20% of the RSUs shall vest on 11 November 2025, 25% of the RSUs shall vest on 11 November 2026, and 25% of the RSUs shall vest on 11 November 2027; and

(ii) in relation to the 3,341,000 RSUs granted, 20% of the RSUs shall vest on 20 May 2022, 20% of the RSUs shall vest on 11 November 2023, 30% of the RSUs shall vest on 11 November 2024, and 30% of the RSUs shall vest on 11 November 2025.

22. SHARE AWARD AND SHARE OPTION SCHEMES (CONT'D)

(c) 2022 RSU Scheme (cont'd)

The following awarded shares were outstanding under the 2022 RSU Scheme during the year/period:

	Number of shares held for the 2022 RSU Scheme	Number of awarded shares
Outstanding at 1 January 2025	400,000	2,812,300
Vested during the year	–	(1,412,300)
Outstanding at 31 December 2025, 1 January 2026 and at 30 June 2026 (unaudited)	400,000	1,400,000

The fair value of RSUs granted to employees of the Group and a supplier in 2022 under the 2022 RSU Scheme estimated by management is based on the closing price of the Group's stock on the valuation base date.

During the period, the Group recognised a share-based compensation of RMB640,000 (six months ended 30 June 2025: RMB1,045,000) in profit or loss.

No other feature of the RSUs granted was incorporated into the measurement of fair value.

There are no cash settlement alternatives for the Pre-IPO Share Option Scheme, 2021 RSU Scheme and 2022 RSU Scheme. The Group does not have a past practice of cash settlement for these schemes. The Group accounts for these schemes as equity-settled plan.

23. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Contracted, but not provided for:		
Episodic contents	**487,398**	597,625

24. RELATED PARTY TRANSACTIONS

Details of the Company's related parties are as follows:

Company	Relationship with the Company
Wuxi Wuyi Culture Media Co., Ltd ("**Wuxi Wuyi**")	An associate of the Group
Beijing Haikeyi Film and Television Co., Ltd. ("**Beijing Haikeyi**")	An associate of the Group
Beijing Yizhen Film Co., Ltd. ("**Beijing Yizhen**")	An associate of the Group
Chengdu Haiyao Times Culture and Media Co., Ltd. ("**Chengdu Haiyao**")	An associate of the Group
Xiangshan Xingyu Yinyue Culture Media Co., Ltd ("**Xingyu Yinyue**")	A joint venture of the Group
Beijing iQIYI Technology Co., Ltd. ("**Beijing iQIYI**")	An entity controlled by a shareholder
Beijing QIYI Century Technology Co., Ltd. ("**QIYI Century**")	An entity controlled by a shareholder
Shanghai iQIYI New Media Technology Co., Ltd. ("**Shanghai iQIYI**")	An entity controlled by a shareholder
Shanghai iQIYI Culture Media Co., Ltd ("**iQIYI Culture Media**")	An entity controlled by a shareholder
Chengdu iQIYI Film and Culture Co., Ltd. ("**Chengdu iQIYI**")	An entity controlled by a shareholder
Dongyang iQIYI Film and Culture Co., Ltd. ("**Dongyang iQIYI**")	An entity controlled by a shareholder
Chongqing New Navigation Film and Television Culture Co., Ltd. ("**New Navigation**")	An entity controlled by a shareholder

24. RELATED PARTY TRANSACTIONS (CONT'D)

(a) The Group had the following transactions with related parties during the period:

		For the six months ended 30 June	
	Notes	**2026 (Unaudited) RMB'000**	2025 (Unaudited) RMB'000
Sales of goods to:			
iQIYI Culture Media	*(i)*	**16,764**	–
Beijing iQIYI	*(i)*	**2,644**	226,463
QIYI Century	*(i)*	**–**	85,283
Sales of services to:			
Beijing iQIYI	*(i)*	**73**	–
Purchases of goods from:			
Beijing iQIYI	*(ii)*	**92,723**	69,734
Chengdu iQIYI	*(ii)*	**872**	–
Wuxi Wuyi	*(ii)*	**–**	725
Lease from:			
Shanghai iQIYI	*(iii)*	**328**	342
Interest expense under the co-investment in episodic contents to:			
New Navigation	*(iv)*	**–**	968

Notes:

(i) The sales to related parties were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The purchases from related parties were made according to the published prices and conditions offered by the related parties to their major customers.

(iii) Leasing from related parties were made according to the published prices and conditions offered by the related parties to their major lessee.

(iv) The amount received under the co-investment arrangements without share of copyrights from New Navigation is subject to a fixed interest amount, and both principal and interest have been repaid in 2026.

24. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Outstanding balances with related parties:

(i) Trade and notes receivables

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Chengdu iQIYI	67,838	174,000
iQIYI Culture Media	17,770	–
QIYI Century	1,176	92,920
Beijing iQIYI	27,364	63,561
	114,148	330,481

(ii) Prepayments, other receivables and other assets

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Beijing Yizhen	39,126	22,520
Beijing Haikeyi	1,744	916
Wuxi Wuyi	1,312	1,312
Shanghai iQIYI	204	204
Chengdu Haiyao	10	–
	42,396	24,952

(iii) Trade and notes payables

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Beijing iQIYI	121,730	162,248
Chengdu iQIYI	1,595	724
QIYI Century	–	534
	123,325	163,506

24. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Outstanding balances with related parties: (cont'd)

(iv) Other payables and accruals

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Beijing iQIYI	148,844	147,698
Chengdu iQIYI	70,377	–
Dongyang iQIYI	21,509	–
QIYI Century	6,000	–
New Navigation	–	8,758
	246,730	156,456

(v) A lease liability

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Shanghai iQIYI	121	483

(vi) Due from a joint venture

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Xingyu Yinyue	31,028	31,028
Impairment	(31,028)	(31,028)
Total	–	–

24. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Outstanding balances with related parties: (cont'd)

(vi) Due from a joint venture (cont'd)

Considering the financial position and business situation of Xingyu Yinyue with its unclear future profitability, the loan to Xingyu Yinyue is unlikely to be repaid in the foreseeable future. Accordingly, the Group recognised a provision of RMB31,028,000 for the outstanding loan due from Xingyu Yinyue in 2022.

Except for the amount received under the co-investment arrangements without share of copyrights from New Navigation in note 24(a)(iv) above and the amount due from a joint venture as stated and the transactions detailed elsewhere in notes 15, 16, 18 and 19, the balances with related parties are unsecured, interest-free and repayable on demand.

Except for the balances with the New Navigation and a joint venture above, the balances with related parties are trade in nature.

The related party transactions in respect of sales of goods to iQIYI Culture Media, Beijing iQIYI and QIYI Century, sales of services to Beijing iQIYI and purchases of goods from Beijing iQIYI and Chengdu iQIYI also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Fees	**312**	327
Salaries, allowances and benefits in kind	**1,267**	1,242
Equity-settled share award expense	**1,928**	4,308
Pension scheme contributions	**60**	54
Total compensation paid to key management personnel	**3,567**	5,931

25. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

30 June 2026 (unaudited)

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Designated as such upon initial recognition RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial asset at fair value through profit or loss	65,461	–	–	–	65,461
Equity investments designated at fair value through other comprehensive income	–	–	1,170	–	1,170
Notes receivable	–	8,503	–	–	8,503
Trade receivables	–	–	–	446,081	446,081
Financial assets included in prepayments, other receivables and other assets	–	–	–	28,866	28,866
Pledged deposits	–	–	–	100,026	100,026
Cash and cash equivalents	–	–	–	72,950	72,950
Total	65,461	8,503	1,170	647,923	723,057

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities at fair value through profit or loss	30,000	–	30,000
Trade and notes payables	–	320,657	320,657
Lease liabilities	–	7,656	7,656
Interest-bearing bank borrowings	–	307,793	307,793
Financial liabilities included in other payables and accruals	–	85,623	85,623
Total	30,000	721,729	751,729

25. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (cont'd)

31 December 2025 (audited)

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Designated as such upon initial recognition RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial asset at fair value through profit or loss	64,015	–	–	–	64,015
Equity investments designated at fair value through other comprehensive income	–	–	1,000	–	1,000
Notes receivable	–	259	–	–	259
Trade receivables	–	–	–	606,708	606,708
Financial assets included in prepayments, other receivables and other assets	–	–	–	65,326	65,326
Pledged deposits	–	–	–	101,083	101,083
Cash and cash equivalents	–	–	–	158,225	158,225
Total	64,015	259	1,000	931,342	996,616

Financial liabilities

	Financial liability at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities at fair value through profit or loss	30,000	–	30,000
Trade and notes payables	–	361,261	361,261
Lease liabilities	–	9,945	9,945
Interest-bearing bank borrowings	–	311,601	311,601
Financial liabilities included in other payables and accruals	–	55,127	55,127
Total	30,000	737,934	767,934

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, amount due from a joint venture, trade and notes payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of the financial assets and financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income have been estimated using recent transaction and net asset valuation technique.

The fair values of the notes receivable classified as financial assets at fair value through other comprehensive income under HKFRS 9 as at the end of reporting period have been calculated by discounting the expected future cash flows, which are the par values of the notes receivable. In addition, the notes receivable will mature within one year, and thus their fair values approximate to their carrying values.

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONT'D)

Below is a summary of significant unobservable inputs to the valuation of the investment measured at fair value using the discounted cash flow technique together with a quantitative sensitivity analysis as at 30 June 2026 and 31 December 2025:

As at 30 June 2026 (unaudited)

	Valuation technique	Significant unobservable inputs	Range of inputs	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss of RMB30,241,000	Net asset value method	Net asset value	RMB30,241,000	1% increase/(decrease) in net asset value would result in increase/(decrease) in fair value by RMB302,410/(RMB302,410)
Equity investment designated at fair value through other comprehensive income of RMB1,170,000	Recent transaction method	Recent transaction method	Not applicable	Not applicable
Financial liabilities at fair value through profit or loss of RMB30,000,000	Recent transaction method	Recent transaction method	Not applicable	Not applicable

As at 31 December 2025 (audited)

	Valuation technique	Significant unobservable inputs	Range of inputs	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss of RMB28,313,000	Net asset value method	Net asset value	RMB28,313,000	1% increase/(decrease) in net asset value would result in increase/(decrease) in fair value by RMB283,130/(RMB283,130)
Equity investment designated at fair value through other comprehensive income of RMB1,000,000	Recent transaction method	Recent transaction method	Not applicable	Not applicable
Financial liabilities at fair value through profit or loss of RMB30,000,000	Recent transaction method	Recent transaction method	Not applicable	Not applicable

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:
As at 30 June 2026 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Notes receivable	–	8,503	–	8,503
Equity investments designated at fair value through other comprehensive income	–	–	1,170	1,170
Financial assets at fair value through profit or loss	–	35,220	30,241	65,461
Total	–	43,723	31,411	75,134

As at 31 December 2025 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Notes receivable	–	259	–	259
Equity investments designated at fair value through other comprehensive income	–	–	1,000	1,000
Financial assets at fair value through profit or loss	–	35,702	28,313	64,015
Total	–	35,961	29,313	65,274

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (cont'd)

Liabilities measured at fair value:

As at 30 June 2026 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial liabilities at fair value through profit or loss	–	–	30,000	30,000

As at 31 December 2025 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial liabilities at fair value through profit or loss	–	–	30,000	30,000

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

27. EVENTS AFTER THE REPORTING PERIOD

The company and its subsidiaries have no significant subsequent events that need to be disclosed since 30 June 2026.

DEFINITIONS AND GLOSSARIES

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

"2021 RSU Scheme"	the restricted share unit scheme adopted by the Company on September 15, 2021, as amended from time to time
"2022 RSU Scheme"	the 2022 restricted share unit scheme adopted by the Company on April 28, 2022, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Beyond Vast"	BEYOND VAST LIMITED, a BVI business company incorporated under the laws of the BVI on August 12, 2020 and wholly owned by Family Trust Singapore, the trustee of the LSS Family Trust
"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 report
"CEIS"	China Entertainment Industry Summit
"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 report 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
"Committee"	a committee established and delegated with the power and authority by the Board to administer the RSU Schemes
"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
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, unless the context otherwise requires, refers to Mr. Liu, Master Sagittarius and Leading Glory
"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
"Eligible Participant(s)"	include the (i) employees of the Company; (ii) senior management of subsidiaries of the Company; and (iii) business partners of the Group (including top artists such as directors, screenwriters, etc.) who the Board or its delegate(s) considers, in their sole discretion, have contributed or will contribute to the Group, and who are not Excluded Persons
"Employee Trust Hong Kong"	Vistra Trust (Hong Kong) Limited, an Independent Third Party professional trust company established in Hong Kong
"Environmental, Social and Governance Committee"	the environmental, social and governance committee of the Board
"Excluded Person"	(i) at the time of the proposed grant of a RSU, any connected person or core connected person of the Company, or (ii) any Eligible Participant who is a resident in a place where the award of the RSUs and/or the vesting and transfer of the Shares underlying the vested RSUs pursuant to the terms of the RSU Schemes is not permitted under the laws and regulations of such place such that in the view of the Board or the Committee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participant
"Family Trust Singapore"	Vistra Trust (Singapore) Pte. Limited, an Independent Third Party professional trust company established in Singapore
"Glesason Global"	GLESASON GLOBAL LIMITED, a BVI business company incorporated under the laws of the BVI on May 5, 2020 and owned as to 99% by Beyond Vast and 1% by Gold Pisces
"Gold Fish"	Gold Fish Management Holding Limited, a BVI business company incorporated under the laws of the BVI on January 30, 2018 and wholly owned by Ms. Zhai

"Gold Fish Trust"	the discretionary trust established by Ms. Zhai as the settlor and the protector, with Family Trust Singapore as the trustee, details of which are set out in the section headed "History, Reorganization and Corporate Development" in the Prospectus
"Gold Pisces"	Gold Pisces Holding Limited, a BVI business company incorporated under the laws of the BVI on December 19, 2017 and wholly owned by Ms. Liu
"Golden Basin"	GOLDEN BASIN GLOBAL LIMITED, a BVI business company incorporated under the laws of the BVI on April 1, 2020 and owned as to 99% by Smart Century and 1% by Gold Fish
"Gorgeous Horizon"	GORGEOUS HORIZON LIMITED, a BVI business company incorporated under the laws of the BVI on August 28, 2020 and wholly owned by Success Tale
"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
"Grantee(s)"	any Eligible Participant(s) who accepts or is deemed to have accepted a grant of RSUs in accordance with the terms of the RSU Schemes
"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
"Independent Third Party(ies)"	an individual or a company which, to the best of the Director's knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules

"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
"IP reserve(s)"	a reserve of IPs for future production of 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
"Leading Glory"	LEADING GLORY INVESTMENTS LIMITED, a BVI business company incorporated under the laws of the BVI on April 1, 2020 and owned as to 99% by Master Genius and 1% by Master Sagittarius, one of the Group's Controlling Shareholders
"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
"LSS Family Trust"	the discretionary trust established by Ms. Liu as the settlor and the protector, with Family Trust Singapore as the trustee
"LXF Family Trust"	the trust established by Mr. Liu as the settlor and the protector, with Family Trust Singapore as the trustee and Master Sagittarius as the beneficiary
"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
"Master Genius"	MASTER GENIUS GLOBAL LIMITED, a BVI business company incorporated under the laws of the BVI on August 28, 2020 and wholly owned by Family Trust Singapore, the trustee of the LXF Family Trust

"Master Sagittarius"	Master Sagittarius Holding Limited, a BVI business company incorporated under the laws of the BVI on December 18, 2017 and wholly owned by Mr. Liu, one of the Group's Controlling Shareholders
"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
"Ms. Liu"	Ms. Liu Shishi (劉詩施), one of the Group's substantial Shareholders and one of the registered shareholders of Jiangsu Strawbear
"Ms. Zhai"	Ms. Zhai Fang (翟芳), an executive Director, the chief operating officer of the Company and one of the registered shareholders of Jiangsu Strawbear
"Ms. Zhao"	Ms. Zhao Liying (趙麗穎), one of the Group's 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
"Nomination Committee"	the nomination committee of the Board
"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
"Pre-IPO Share Options"	the share options granted under the Pre-IPO Share Option Scheme
"Prospectus"	the prospectus of the Company published on December 31, 2020
"Remuneration Committee"	the remuneration committee of the Board

"Reporting Period"	the six-month period from January 1, 2026 to June 30, 2026
"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)"	2021 RSU Scheme and/or 2022 RSU Scheme
"Selected Participant(s)"	any Eligible Participant approved by the Board for participation in the RSU Schemes on the relevant Grant Date
"Service Provider(s)"	any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of US$0.000025 each
"Shareholder(s)"	holder(s) of the Shares
"short-form series"	continuous horizontal screen series with a total of 2 to 19 episodes aired independently or in a single season, each episode lasting 30 to 45 minutes
"Smart Century"	SMART CENTURY VENTURES LIMITED, a BVI business company incorporated under the laws of the BVI on June 24, 2020 and wholly owned by Family Trust Singapore, the trustee of the Gold Fish Trust
"Success Tale"	SUCCESS TALE ENTERPRISES LIMITED, a BVI business company incorporated under the laws of the BVI on August 28, 2020 and wholly owned by Employee Trust Hong Kong, the trustee of the Strawbear Employee Trust
"Taurus Holding"	Taurus Holding Ltd., a BVI business company incorporated under the laws of the BVI on November 28, 2018, one of the Group's substantial shareholders
"Trustee(s)"	the trustee (which is independent of and not connected with the Company) appointed by the Company for the administration of the RSU Scheme(s), which initially will be Futu Trustee Limited

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

In this report, unless otherwise indicated, the terms "affiliate", "associate", "associated corporation", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.