Strawbear Entertainment Group
稻草熊娱乐集团

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2026

FINANCIAL HIGHLIGHTS

Revenue for the six months ended June 30, 2026 amounted to approximately RMB181.1 million, representing a decrease of 59.4% from approximately RMB445.7 million for the same period in 2025.

Gross profit for the six months ended June 30, 2026 amounted to approximately RMB0.1 million, representing a decrease of 99.9% from approximately RMB62.9 million for the same period in 2025.

Loss for the six months ended June 30, 2026 amounted to approximately RMB52.7 million, as compared to a loss of approximately RMB5.8 million for the six months ended June 30, 2025.

Adjusted net loss* for the six months ended June 30, 2026 amounted to approximately RMB50.1 million, as compared to an adjusted net loss of approximately RMB0.4 million for the same period in 2025.

Net assets as of June 30, 2026 amounted to approximately RMB1,708.6 million, representing a decrease of 2.8% from approximately RMB1,758.7 million as of December 31, 2025.

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

* 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 Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2026 together with the comparative figures for the same period in 2025 as follows:

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		**(6,885)**	(7,406)
Share of profits and losses of:			
Joint ventures		**(143)**	76
Associates		**(25)**	(9)
LOSS BEFORE TAX	6	**(43,603)**	(1,879)
Income tax expense	7	**(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)	9	**(7.6) cents**	(0.8) cents
Diluted (RMB)	9	**(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		**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		**1,071**	1,214
Investments in associates		**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	*10*	**1,448,736**	1,081,135
Trade and notes receivables	*11*	**454,584**	606,967
Prepayments, other receivables and other assets	*12*	**512,776**	616,906
Pledged deposits		**100,026**	101,083
Cash and cash equivalents		**72,950**	158,225
Total current assets		**2,589,072**	2,564,316
CURRENT LIABILITIES			
Trade and notes payables	*13*	**320,657**	361,261
Other payables and accruals	*14*	**431,057**	315,104
Interest-bearing bank borrowings	*15*	**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 (continued)
30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	15	–	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		115	115
Treasury shares		(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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The Company is an investment holding company. The 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

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

	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		**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. 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 Mainland China is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law. Certain PRC subsidiaries are recognised as Small and Low-profit Enterprises, and the assessable profits less than RMB3,000,000 (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.

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 – Mainland China		
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

8. DIVIDENDS

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

9. 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.

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.

10. INVENTORIES

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	*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

11. 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.

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.

12. 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).

13. 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

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.

14. 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 fixed-return 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).

15. 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 – current			311,601

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
	RMB'000	*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.

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.

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 (朱鋭斌), 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 announcement, the scheduling and broadcast arrangements for the Group's episodic content are progressing orderly.

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 announcement, 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 announcement, 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.

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 announcement, 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 Global 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".

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	2027

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

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.

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 announcement, *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), is under filming.

(*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.

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	100.0%	**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.

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, 11 and 12 to the financial statements.

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.

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 rate 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.

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.

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%.

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.

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.

FINANCIAL RISKS

Credit Risk

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

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

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

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

Liquidity Risk

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

INTERIM DIVIDEND

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

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%**

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 announcement, the Group did not experience any strikes or any labor disputes with its employees which have had or are likely to have a material effect on its business.

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

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

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

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

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

The following table sets out (i) the original allocation of Net Proceeds as set out in the Prospectus; (ii) the revised allocation of the unutilised Net Proceeds as set out in the Announcements; (iii) the utilised amount of Net Proceeds during the 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**	
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.

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 announcement. The Group will gradually utilise the remaining Net Proceeds in accordance with the intended purposes set out in the Prospectus and the Announcements.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares 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.

MATERIAL LITIGATION

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

AUDIT COMMITTEE

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

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has, together with the management 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.

EVENTS AFTER THE REPORTING PERIOD

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

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

This interim results announcement is published on "HKEXnews" of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.strawbearentertainment.com). The interim report for the six months ended June 30, 2026 containing all the information required by the Listing Rules will be published on the respective websites of "HKEXnews" of the Stock Exchange and the Company in due course.

APPRECIATION

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

DEFINITIONS AND GLOSSARIES

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

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"broadcasting rights"	(i) the right of broadcasting (廣播權), in terms of drama series broadcast via TV channels; and (ii) the right to network dissemination of information (信息網絡傳播權), in terms of drama series and films broadcast via online video platforms, for the purpose of this announcement
"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 announcement and for geographical reference only, references herein to "China" and the "PRC" do not apply to Taiwan Province, Hong Kong and the Macau Special Administrative Region of the People's Republic of China

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

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

"Nanjing Strawbear"	Nanjing Strawbear Business Consulting Co., Ltd. (南京稻草熊商務諮詢有限公司), a limited liability company established in the PRC on September 17, 2018 and an indirectly wholly-owned subsidiary of the Company
"NRTA"	National Radio and Television Administration of the PRC (中華人民共和國國家廣播電視總局), the successor of the State Administration of Press, Publication, Radio, Film, and Television of the PRC (中華人民共和國國家新聞出版廣電總局)
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by the Company on May 11, 2020, the principal terms of which are summarised in "Appendix IV – Statutory and General Information – D. Other Information – (1) Pre-IPO Share Option Scheme" in the Prospectus
"Prospectus"	the prospectus of the Company published on December 31, 2020
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six-month period from January 1, 2026 to June 30, 2026
"RMB" or "Renminbi"	the lawful currency of the PRC
"RSU(s)"	restricted share unit(s) granted under the RSU Schemes, each of which represents one underlying Share, and represent a conditional right granted to any Selected Participant under the RSU Schemes to obtain the corresponding economic value of the underlying Shares, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion
"RSU Schemes"	(i) the restricted share unit scheme adopted by the Company on September 15, 2021, as amended from time to time, and/or (ii) the 2022 restricted share unit scheme adopted by the Company on April 28, 2022, as amended from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of US$0.000025 each
"Shareholder(s)"	holder(s) of the Shares

"short-form series"	continuous horizontal screen series with a total of 2 to 19 episodes aired independently or in a single season, each episode lasting 30 to 45 minutes
"TV"	television
"TV series"	a series of scripted episodes that needs to obtain a distribution license from NRTA, which are broadcast on TV channels and/or new media channels such as online video platforms
"US$"	United States dollars, the lawful currency for the time being of the United States
"web series"	a series of scripted episodes which can only be broadcast on new media channels such as online video platforms

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

By order of the Board
Strawbear Entertainment Group
Liu Xiaofeng
Chairman

Nanjing, PRC, August 26, 2026

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