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China Film Group Co., Ltd.
Corporate Value and Return Enhancement Action Plan
2025 Assessment Report and 2026 Action Plan

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In order to actively respond to and implement the initiative of the Shanghai Stock Exchange's (hereinafter referred to "SSE") *Corporate Value and Return Enhancement Action* (hereinafter referred to "the Action"), China Film Group Co., Ltd. (hereinafter referred to "the Company" or "China Film Group") released the "*China Film Group Co., Ltd. Corporate Value and Return Enhancement Action Plan 2024 Assessment Report and 2025 Action Plan*" on July 1, 2025. The Company regularly reviewed the progress and effectiveness of the plan's implementation, and released the "*China Film Group Co., Ltd. Corporate Value and Return Enhancement Action Plan 2025 Interim Evaluation Report*" on August 27, 2025.

In 2025, the Company thoroughly implemented the spirit of the 20th National Congress of the Communist Party of China and the guiding principles from the plenary sessions of the 20th Central Committee, promoting the implementation of the Action, achieving good results in all areas of work. Based on a comprehensive assessment of the 2025 execution, and considering the Company's development stage, industry characteristics, and investor demands, the Company has formulated *China Film Group Co., Ltd the Corporate Value and Return Enhancement Action Plan in 2026* as follows.

Part I: Assessment Report of Corporate Value and Return Enhancement Action Plan in 2025

I. Deepening Reforms and Innovations to Improving Operational Quality

1. Focusing on Film Creation and Production

In 2025, the Company produced and released 39 films, accounting for 35.37% of the total film box office of domestic films. The Company's productions occupied 5 spots in the annual top 10 box office rankings and won over 151 domestic and international awards, including China Film Huabiao Awards and China Film Golden Rooster Awards.

Released during the summer season, the film *Dead To Rights* commemorated the 80th anniversary of the victory of the Chinese People's War of Resistance Against Japanese Aggression and the World Anti-Fascist War. With a mournful yet restrained cinematic lens, it forged a national consensus of taking history as a mirror and creating the future and achieved a domestic box office of over RMB 3 billion and an overseas box office of nearly US\$5.5 million, winning the summer box office championship. The film *The Volunteers: Peace at Last* fully demonstrated the indomitable faith and courage of the Chinese people, making historical memory deeply moving. The film won the National Day holiday box office championship, topped the audience satisfaction survey and brought the "Volunteers" trilogy to a perfect conclusion.

2. Strengthening Distribution Advantages

The Company advanced reforms to its distribution mechanism and reinforced its professional competitive strengths through a renewed distribution matrix. The Company established a new branch, CFG Imported Distribution, to further invigorate the market for imported films. It also strengthened coordination between content development and distribution, improving the precision and effectiveness of release and publicity campaigns. At the same time, it enhanced the CFG network transmission and built a highly efficient and responsive distribution platform to support full-chain distribution across multiple scenarios. In

addition, it integrated its non-theatrical distribution business to develop new market segments. In 2025, the Company distributed a total of 616 films, with settled box office reaching RMB 36.6 billion, representing 78% of the national box office. The film *Zootopia 2* set a new record with 109 million admissions. The CFG network transmission covered nearly 10,000 cinemas nationwide, with delivery time for each film kept within two hours. Screenings at campuses, communities and military units also achieved positive results.

3.Promoting Transformation from Cinema Investment to Cinema Management

To enhance the comprehensive competitiveness of its controlled cinemas, the Company comprehensively reviewed their assets and operation systems, strengthened unified management, and innovated characteristic operations. In adherence to terminal quality upgrading strategy, the Company comprehensively promoted the special hall transformation of controlled cinemas through the adoption of the CINITY system, thereby providing a superior viewing experience. Furthermore, the Company developed a range of distinctive exhibits, merchandise, and activities. These initiatives not only created differentiated competitive advantages but also provided audiences with diversified experiences, contributing to a more robust and varied business model.

By the end of 2025, the cinema chains and theaters in which the Company held controlling or minority stakes covered 25,818 screens and over 3.1946 million seats nationwide, with a market share of 31.26% in screen numbers. The Company operated 121 controlled cinemas with 914 screens. In 2025, it achieved an average per-screen revenue of RMB 824,100, a performance that ranked among the industry leaders.

II. Promoting Technological Innovation and Driving Industrial Upgrading

1. Advancing the Integration of Production, Research, and Application

The Company has completed multiple key tasks under the National

Key R&D Program, *Systematic Research, Development, and Application of Key Technologies in the Whole Cinema Industrial Chain for High-Format Films*. The project outcomes were awarded the First Prize of the Science and Technology Progress Award by the China Society of Motion Picture and Television Engineers in 2025. As of the reporting date, the Company has accumulated a total of 540 film technology-related intellectual property rights.

2. Accelerating the Pace of Technological Product Innovation

The newly launched CLED products in the 10-meter, 20-meter, and 23-meter formats have obtained the latest DCI certification, achieving a number of world-first milestones in the field of high-end film projection. Within the domain of giant-screen LED acoustically transparent screens, the Company's products feature the industry's highest aperture ratio and thinnest panel thickness, delivering faithful restoration of cinema-grade audio quality through LED screens. The CINITY Camera — the Company's proprietary cinematographic camera — has completed R&D and testing. Supporting native 4K, a base frame rate of 120fps, and a CINITY-exclusive color space, the camera is now ready for deployment in on-set production of major motion pictures.

3. Advancing the Commercialization of Scientific and Technological Achievements

As of the end of 2025, a total of 248 CINITY cinema halls had commenced operations domestically, including 67 CLED cinema halls, while 26 CINITY cinema halls had either opened or were under construction overseas. Cumulatively, a total of 466 films had been produced in the CINITY version, of which 72 were high-frame-rate titles. During the theatrical run of *Avatar: Fire and Ash*, CLED cinema halls ranked first among all premium large-format venues nationwide, recording an average of 128 patrons per screening and an occupancy rate of 40.6%. CINITY Science has been installed and made operational in five science and technology museums across the country. Notably, the CLED giant-

screen cinema hall at the Shanghai Science and Technology Museum, which opened in January 2026, is now recognized as the world's largest CLED giant-screen cinema.

III. Improving Corporate Governance and Strengthening Performance Responsibilities

1. Improving the Governance Systems

The Company continuously improved the modern enterprise system with distinctive Chinese features, consolidating the foundation of governance systems. In 2025, actively implementing the requirements of the China Securities Regulatory Commission (hereinafter referred to "CSRC") and the SSE, the Company completed the revisions to 25 governance policies including *the Articles of Association* and *the China Film Group Information Disclosure Management System* in accordance with the new *Company Law*, the newly revised *Information Disclosure Management System* and supporting rules. The Company formulated and disclosed specialized policies such as the *Public Opinion Management Rules* to further improve the standardization, systematicness, and effectiveness of the Company's governance system framework.

2. Improving SOE Corporate Governance

In 2025, the Company completed board election and formed the fourth session of the Board of Directors through legal procedures. The new board achieved an organic balance and complementary advantages in terms of industry experience, professional background, and diverse perspectives, providing solid support and guarantee for the scientific decision-making of the board. Having thoroughly implemented the spirit of the new *Company Law*, the company completed the governance mechanism reform, systematically integrating the various supervisory responsibilities corresponding to the Board of Supervisors into the actual workflow and daily operating norms of the Audit Committee. In order to implement the governance requirements of Central Cultural Enterprises, the company established the Art Committee for the first time, which provides high-end intellectual resources and professional support into films creation and

talent pipeline development.

3. Strengthening Responsibility of the "Key Few"

In 2025, the controlling shareholder expressed confidence in the Company's future development prospects and, in support thereof, did not reduce its shareholding in 2025 in any way, sharing risks and benefits with the company and small and medium-sized shareholders. Meanwhile, the Company strictly implemented *the Guideline on Performance Review for the Heads of State-Owned Enterprises* and related rules, and established and improved salary mechanisms and asset management accountability in a scientific and reasonable way. The annual salary and performance bonus are linked to the annual performance evaluation results, and the salary changes match the company's operating performance. The long-term interests of the Company's board of directors, management, and shareholders are aligned.

IV. Strengthening Communication and Convey Company Value

1. Maintaining Regular Communication

The Company actively engaged in investor communication. In 2025, the Company received over 10 investor research surveys, participated in 5 analyst meetings, handled over 530 calls on the IR hotline and maintained a 100% response rate on the SSE E-Interactive inquiries. In 2025 the Company was selected as the "Best Practice Case in Investor Relations Management for Listed Companies".

2. Regular Performance Briefings

In 2025, the Company held 3 performance briefings alongside periodic reports. Led by the Chairman and attended by the Board Secretary, CFO, independent directors and relevant directors and vice presidents, these sessions facilitated communications with investors and media through video Q&A, live streaming, and text interaction. The Company was selected the "Best Practice Award for Annual Report Performance Briefings of Listed Companies" for four consecutive years.

3. Innovating Investor Communication Methods

In 2025, the Company's annual general meeting and extraordinary general meeting utilized the online voting reminder service provided by the SSE, facilitating small and medium-sized shareholders participation in corporate governance. In October 2025, the Company participated in the “I’m a Shareholder” activities hosted by the SSE and invited over 40 small and medium-sized shareholders to site visits and face-to-face discussions with company’s directors that investors could intuitively experience and understand the company's business progress, cultural atmosphere, and technological innovation achievements that enhance recognition of the Company's value.

V. Optimizing Return Mechanisms and Sharing Development Dividends

1. Insisting on Distributing Stable and Reasonable Cash Dividends

The Company insists on rewarding investors with pragmatic and effective measures, sharing long-term development dividends with shareholders. In July 2025, the Company implemented the 2024 cash dividend (the interim profit distribution was completed in January 2025), distributing a total cash dividend of RMB 85.882 million (inclusive of tax), accounting for 61.14% of the net profit attributable to listed company shareholders for the period. Since listing, the Company has cumulatively distributed cash dividends of RMB 2.418 billion¹, accounting for 54.05% of the cumulative net profit attributable to listed company shareholders, a relatively high level in the market.

2. Continuously Optimizing Shareholder Return Mechanisms

The China Film Group Shareholder Return Plan for the Next Three Years (2023-2025) was fully implemented by the end of 2025, with all planned matters properly executed. To maintain the consistency, reasonableness, and stability of the dividend policy, based on a comprehensive review of past implementation, the Board of Directors has

¹ In 2020 and 2022, the conditions for dividend distribution were not met, and therefore no dividends were issued.

formulated *the China Film Group Shareholder Return Plan for the Next Three Years (2026-2028)*, which specifies the conditions for cash dividend implementation, specific ratios, and decision-making procedures. It was disclosed on the Shanghai Stock Exchange website in April 2026.

Part II: Corporate Value and Return Enhancement Action Plan in 2026

I. Focusing on High-Quality Creation and Contributing to Market Prosperity

1. Focusing on High-Quality Creation

Adhering to the principle of balancing guidance with innovation, and historical depth with genre exploration, the Company is committed to creating high-quality works that unify both social benefits and economic returns. The sci-fi blockbuster *The Wandering Earth 3* is about to wrap up filming and will be released in two parts, with Part 1 scheduled for the 2027 Chinese New Year. *Infinite War*, a film centered on the theme of the 100th anniversary of the founding of the People's Liberation Army, will start shooting soon, using futuristic war anticipation to showcase the spirit of the people's army in overcoming difficulties. Centering on the 50th anniversary of the country's reform and opening-up, the Company will develop *I Am Not Van Gogh* and *The Genius Translator*, which explore the resonance between individuals and their times against the backdrop of the reform and opening-up era and the ongoing struggle of the new age. Furthermore, the Company will step up efforts in creating films of diverse genres, such as biopics, workplace comedies, and suspense thrillers.

2. Promoting the China Film Group Youth Talents Initiative

The Company will integrate film creation and talent pipeline development. Based on the practice of the first round of China Film Group Youth Talents Initiative, the company will launch the second round investment plan. Adhering to the principles of low-budget, high-quality, and distinctive features, the company will establish a number of niche-focused and differentiated studios and nurture original projects. Furthermore, the company will actively explore the application of AI across the entire creative field, gathering proficient AI practitioners among the new generation.

II. Adhering to Innovation-Driven Development and Leading Industrial Development

1. Promoting the Application of Technological Innovation

In alignment with the National Key R&D Program, the Company will advance the research and development of technologies and processes related to high-format films, promoting the deep integration of scientific and technological innovation with industrial innovation. The Company will continuously refine its CINITY product series, strengthening the competitiveness of its industrial and supply chain. The Company will further expand the market share of CINITY and CLED systems in both domestic and international exhibition markets, while enriching the supply of CINITY-exclusive versions of domestic and imported films. The Company will drive the research, development, and commercialization of the CINITY-X system to meet audience needs across diverse sectors and application scenarios. In addition, the Company will advance its AI R&D initiatives and accelerate their market-oriented commercialization.

2. Accelerating the Development of New Forms and Models

The Company will not only explore and deepen the main distribution channels but also establish specialized distribution mechanism, which focus on science popularization, re-releases, and youth talents, in order to cultivate niche markets by differentiated strategies. The Company will continuously enhance the digital service capabilities of the Company's network transmission, providing robust support for the expansion, innovation, and efficiency improvement of the film market. The Company will enrich the supply of Pre-Booked Screenings and Cinema Live Streaming and diversify screening scenarios, such as in secondary film market or in Film-Integrated Market Tour. The Company will implement characteristic cinema operations, enrich multi-service offerings, and promote the transformation of cinemas into diverse cultural and entertainment consumption spaces.

III. Improving Corporate Governance and Strengthening

Performance Responsibilities

1. Improving the Governance Systems

The Company continuously improves the modern enterprise system with distinctive Chinese features, consolidating the foundation of governance systems. First, actively implementing *Code of Corporate Governance for Listed Companies* by CSRC, the Company revised *the Remuneration Management Rules for Directors and Senior Management*, clarifying remuneration structure, performance assessment, remuneration payment, and clawback provisions that to better ensure the Company's sustainable development and long-term value creation. Second, for improving the internal control system and enhancing risk prevention and control capabilities, the Company revised specialized policies such as *the Regulation on External Guarantees*. Third, the Company officially implemented *the Public Opinion Management Rules* that improve mechanisms for consultation, judgment, and coordinated response and enhance reputation management and public opinion response capabilities.

2. Improving SOE Corporate Governance

The Company's board of directors proactively plays the core role of "setting strategy, making decisions and preventing risks" to build a solid foundation for high-quality development. First, the Company optimizes specialized committee, establishing the Science and Technology Advisory Committee, and improve the differentiated positioning of specialized committees for prior study and professional advisory committees for promoting development that better support the scientific and effective operation of the Board. Second, the Company improves the synergy mechanism of internal control, compliance, and risk control, strengthening the respective responsibilities and collaboration of business units, risk control departments, and audit departments. The Audit Committee and Independent Directors play supervisory roles to build three robust lines of defense for major risk management. Third, the Company strengthens brand reputation management, promotes the integrated deployment and simultaneously implementation of brand strategy and corporate strategy, and deepens understanding and recognition of the company across all

sectors of society.

3. Strengthening Responsibility of the "Key Few"

When drafting this plan, the Company asked the controlling shareholder about its shareholding intention and reduction plan. The controlling shareholder expressed that based on the confidence in the company's future development prospects and high recognition of the company's long-term value, as well as in order to safeguard the rights and interests of investors and maintain the stability of the capital market, the controlling shareholder will NOT reduce its shareholding in 2026 in any way and will hold shares for a long time, sharing risks and benefits with the company and small and medium-sized shareholders. The company will promote the controlling shareholder's awareness of compliance and enhance the performance capabilities of directors and senior management, promptly conveying the latest regulatory policies and compliance requirements, effectively building a solid foundation for the company's standardized operation and scientific decision-making.

IV. Strengthening Communication and Conveying Company Value

1. Maintaining Regular Communication

The Company always respects and protects investors as the starting point and goal of investor relations work. Proceeding from investor needs, the Company continuously improves communication mechanisms. In 2026, the Company plans to receive no less than 20 investor research surveys, organize or participate in no less than 4 analyst meetings, and ensure a 100% response rate for the IR hotline/email and SSE E-Interactive inquiries.

2. Regular Performance Briefings

The Company actively implements *the Opinions for Further Improving the Quality of Listed Companies*, establishing a good communication mechanism between the board of directors and investors. In 2026, the Company plans to hold no less than 3 performance briefings. Led by the chairman or president and attended by directors and vice

presidents, the Company will communicate with investors through video Q&A, text and other online and offline ways, widely soliciting suggestions and opinions from all sectors of society.

3. Innovating Investor Communication Methods

While standardizing information disclosure obligations, the Company will continuously improve investor communication channels and formats to actively convey Company value. In 2026, the Company's will utilize the online voting reminder service provided by the SSE, facilitating minority investor participation in corporate governance. The Company will further enrich the forms of activities such as “China Film Group Open Day” and collaborate with financial media to produce special programs, allowing investors to gain timely and in-depth insight into the Company.

V. Optimizing Return Mechanisms and Sharing Development Dividends

1. Insisting on Distributing Stable and Reasonable Cash Dividends

The Company insists on rewarding investors with pragmatic and effective measures, sharing long-term development dividends with shareholders. As of the announcement date of this action plan, the Board of Directors has submitted matters related to the 2025 dividend distribution to the general meeting of shareholders for approval, proposing to distribute a cash dividend of RMB 59.744 million (including tax), accounting for 51.26% of the Company's net profit attributable to shareholders of the listed company for the current period. In 2026, the board of directors will fully consider the characteristics of the industry of the company, the stage of development, strategic planning, profitability level, and major capital arrangements for the next year and draw up a dividend plan with an annual dividend payout rate of no less than 40% (including interim and annual dividends) as the benchmark.

2. Continuously Optimizing Shareholder Return Mechanisms

The Company actively implements the spirit of *the Several Opinions*

on strengthen supervision, forestall risks, and promote high-quality development of the capital market, enhancing the stability, continuity, and predictability of dividends distributions. The Company strictly will implement the China Film Group Shareholder Return Plan for the Next Three Years (2026-2028). During the formulation of profit distribution plans, the Company strengthened communication with small and medium-sized shareholders, fully listening to their opinions and demands. When conditions for cash dividends are met, the company will prioritize cash dividends for profit distribution, ensuring the continuity and stability of the dividend policy and safeguarding the legitimate rights and interests of shareholders and investors.

The board of directors of China Film Group will continuously promote Corporate Value and Return Enhancement Action Plan, regularly evaluate the implementation of relevant measures, and promptly fulfill the information disclosure obligations.

This action plan is the judgment and working idea formed by the board of directors based on the actual situation of the company at present. In the future implementation, it may be affected by factors such as macroeconomic, industry policies and market environment, and there is a degree of uncertainty. The business plans involved in the action plan are not fait accompli but forward-looking statements that do not constitute a substantial commitment by the company and the board of directors to investors. Investors are advised to pay attention to relevant risks.