

稻草熊娱乐集团

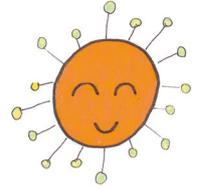
STRAWBEAR ENTERTAINMENT GROUP

於開曼群島註冊成立之有限公司

INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY

股份代號
STOCK CODE

2125



2023 INTERIM REPORT

中期報告



稻草熊
STRAWBEAR

彼之所乐. 我之所幸

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RELIABLE AND INNOVATIVE
令人放寬其目光
HIGH QUALITY CONTRACT
高質量的標品化選擇
CREATIVE AND DIVERSITY
創新性和多元化

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Liu Xiaofeng (*Chairman*)
Ms. Zhang Qiuchen (*resigned on May 4, 2023*)
Mr. Chen Chen
Ms. Zhai Fang

Non-Executive Directors

Mr. Wang Xiaohui
Ms. Liu Fan

Independent Non-executive Directors

Mr. Ma Zhongjun
Mr. Zhang Senquan
Mr. Chung Chong Sun

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. Zhai Fang
Ms. Zhang Xiao

AUTHORISED REPRESENTATIVES

Ms. Zhai Fang
Ms. Zhang Xiao

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

HONG KONG SHARE REGISTRAR

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COMPANY'S WEBSITE

www.strawbearentertainment.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is a major drama series producer and distributor in the PRC. Since its inception in 2014, the Group is principally engaged in the investment, development, production and distribution of TV series and web series.

In the first half of 2023, under the backdrop of ever-changing market environment of the film and television industry and with the continuous progress of achieving the goal of “carbon peak and carbon neutrality”, the Group strove to further explore the potential of the gathered quality resources through its platform operation model, and integrated the development concept of “enhanced quality and efficiency” and “focusing on high-quality content” into all processes of the business and operation of the Company. With its service spirit orienting the full process of production as a participant in the film and television industry, the Group was committed to providing professional business services to quality participants in each key stage during the creation of films and TV series. In addition, the Group actively promoted the application of industrial production and innovation in the film and television industry, improved the efficiency of project operation, and reduced the uncertainties in production processes. The Group has systematically integrated top industry resources, such as talented screenwriters, producers, directors and actors and actresses, shooting and production studios, as well as external quality control specialists, into a comprehensive ecosystem, achieving synergy effect and providing responsible film and television products to the public.

Moreover, the Group adhered to its development strategy of persevering in producing quality content as a long-termist. It always pursued the continuous and stable provision of high-quality content and put effort on establishing a full-cycle ecosystem under which content was developed and produced based on its self-sourced IP. In the first half of 2023, the Group has broadcast a number of high-quality drama series which achieved positive broadcasting results and received favorable market comments. As of June 30, 2023, the Group also had a pipeline of drama series with wide range of themes to be broadcast or under preparation.

In addition, in the first half of 2023, with the emergence of technologies such as algorithms application and AIGC, the use of artificial intelligence (hereinafter referred to as “AI”) sparked a revolution in the film and television industry. The Group fully understood the role of technological development and technology advancement in industry transformation and upgrading, and has begun to explore and gradually try the application direction of AI. The Group intended to continuously study when and where the new technology can be used for the production of film and drama series, so as to improve production efficiency and reduce production costs.

The Group will keep aiming for achieving its long-term goal of producing high-quality content, adhere to cultural inheritance and innovation, leverage the trend of technological development, and strive to create and produce more excellent works that appeal to the audience.

Continuing to Deepen the Platform Operation Model

With the gradual enhancement of single product output and corporate brand effect, the Group has established an efficient communication channel with various remarkable industry players through its platform operation model. On the one hand, the Group deeply explored the long-term value of existing high-quality resources. On the other hand, the Group welcomed and expected more like-minded talents to join. Through continuously improving the “comprehensive middle platform” with professional production management and quality control capabilities, the Group could effectively integrate its key resources, such as screenwriters, producers, directors and actors and actresses, production studios, quality control specialists and distribution channels, into its well-established ecosystem, providing comprehensive business services to talented participants in each production stage so as to more closely integrate and continuously optimize the content creation process, and realize more efficient content production for the purpose of achieving synergy effects and industrial production.

In the first half of 2023, the platform operation model of the Group was continuously improved in practice, and the internal organization structure and functional division of the middle platform became more clear and complete. The service capacity of the “comprehensive middle platform” has been further strengthened. Benefiting from these, in the first half of 2023, the Group continued to maintain stable and cooperative relationships with various industry partners in the industry chain and form a stable closed-loop ecosystem.



BUSINESS REVIEW AND PROSPECTS (CONT'D)

Persevering in Producing Quality Content as a Long-termist

The Group always perseveres in producing quality content as a long-termist and regards continuous and stable delivery of quality content as the goal of the Group. For the six months ended June 30, 2023, multiple diversified drama series with different genres were broadcast, including *The Forbidden Flower* (夏花), a metropolitan romance drama series starring Jerry Yan (言承旭) and Xu Ruohan (徐若瑄); *Never Give Up* (今日宜加油), an office comedy starring Zheng Kai (鄭愷), Chen Yuqi (陳鈺琪) and Wang Hedi (王鶴棣); *Hello Beautiful Life* (心想事成), a metropolitan emotion drama series starring Mao Xiaotong (毛曉彤), Zhang Li (張儷) and Li Zefeng (李澤鋒); *The Girl Who Sees Smells* (你好·我的對面男友), a metropolitan drama series starring Jia Yi (嘉羿) and Jin Zixuan (金子璇); *The White Castle* (白色城堡), a metropolitan medical drama series starring Peng Guanying (彭冠英) and Tu Songyan (涂松岩); and *Crazy Troupe* (瘋狂劇團), a metropolitan comedy starring Guo Xiaoting (郭曉婷) and Chen Xinzhe (陳信哲). As of the date of this report, *You are Desire* (白日夢我), a youthful romantic drama series starring Zhou Yiran (周翊然) and Zhuang Dafei (莊達菲), was broadcast on August 12, 2023.

Most of the aforesaid drama series have received positive broadcast effect. Among them, *Never Give Up* (今日宜加油) was broadcast on February 21, 2023, as the Group's innovative drama series in the sitcoms, it tells the ups and downs of ordinary people in the office in a relaxed, humorous and healing way, filling the vacancy of domestic office sitcoms at that time, and has achieved remarkable results in broadcasting ratings in various markets. *Hello Beautiful Life* (心想事成), which was broadcast on March 9, 2023, is a key project supported by the Beijing Municipal Radio and Television Bureau, and portrays sparks and warmth of the reality of the family life of ordinary urban people, which stimulates the audience to think about their life and pursuit of dreams. This drama series was selected into the 2023 "Big Drama Watching CMG (大劇看總台)" TV series list released by China Media Group and ranked top 8 in the "CCTV • Top 10 TV Dramas with Prime Time Closing Series Ratings (央視 • 黃金時段收官電視劇收視率 Top 10)" released by China Audio Video Big Data from January to May 2023. *The Girl Who Sees Smells* (你好·我的對面男友), which was broadcast on March 20, 2023, portrays a humorous and romantic journey of an ordinary girl and a "rejuvenated boss", achieving a breakthrough of the Group in D2C content segment. *The White Castle* (白色城堡) is a drama series about medical industry with the main story background in an emergency room. This drama series, invested and co-produced by the Group, was broadcast on May 31, 2023 and ranked top 1 in the TV network rating list 19 times during its broadcast period. Through its rich plot content and the focus on what young people are concerned about, this drama series allows the audience to not only understand how the medical industry operates in reality, but also feel a sense of frankness, easy-going, optimism and ambition from the leading roles in the drama series.

In addition, in the 28th Shanghai TV Festival held in the first half of 2023, *The Examination for Everyone* (大考) produced by the Group was nominated for the "Best Chinese Drama" of the Magnolia Awards. This drama series tells the story from a new perspective of the college entrance examination under the pandemic, showing the help and care given by all sectors of society to the college entrance examination candidates who "were born in the years of SARS and took the college entrance examination in the years of COVID-19", which fully demonstrates the vigorous and upward mentality in a new era. The drama series was repeatedly promoted as a key drama series at the project promotion meetings of the NRTA on "A Praise to the New Era, an Advance to a New Journey", and was also included in the key drama series projects under the theme of "Welcoming the Commencement of the Party's 20th National Congress". When the drama series was broadcast, it attracted wide attention and aroused strong resonance from the audience.

Maintaining Rich and Diversified IP Reserves

The Group always attaches great importance to the stockpiling and development of its IPs and keeps accumulating quality IPs while optimizing its IP structure. On the one hand, by leveraging on its resource advantage to search for quality resources, the Group actively and continuously enhances the evaluation dimension and market sensitivity of its content evaluation team, as well as attaching importance to the quality and stable quantity of IP development. On the other hand, the Group prioritizes IP development and strengthens original creation and research and development. The Group cooperates with top-notch screenwriting teams at the initial stages of IP development, laying a solid foundation for achieving serialized and branded operations of high-quality IPs.

Currently, the Group has rich and diversified IP content reserves covering a wide range of drama genres such as teen drama, metropolitan mystery, period/metropolitan romance, period legend, spy war, courtroom story and office, which the Group believes can provide sufficient content support for the Group's subsequent production of high-quality dramas.

In addition, while maintaining a relatively stable number of IP reserves, the Group also continues to keep track on the improvement of the quality of IP development content and the enhancement of conversion efficiency.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Actively Exploring on and Attempting for Industrial Innovation

In order to achieve the goal of sustainable development, the Group proactively embraces new technologies, closely follows the trend of relevant development and actively explores the future application of AI technology in the film and television industry. For example, AIGC products and technologies are appropriately used in the production and research and development of drama series, including assisting on screenplay creation, producing high-quality virtual scenes, special effects, and producing soundtracks, subtitles, and promotional materials. The Group expects to improve quality and efficiency by promoting the organic integration of technological advancement and drama series production and conducting studies on its assistance to content creation and the development of emerging business formats.

While actively exploring the application of AI technology, the Group has experimented with the use of virtual filming technology for filming. For example, for the metropolitan drama *Hello Beautiful Life* (心想事成), which was broadcast in the first half of 2023, some of the filming scenes were virtually produced by LED screens. This filming method involves all aspects of film and television production such as process re-designing, cost reduction and efficiency, and visual experience upgrading, which not only provides more realistic scenes and atmosphere for actors and actresses to act, but also brings a more immersive viewing experience to the audience. In the future, the Group will actively devise more efficient production methods and cost control systems in conjunction with this type of filming method, such as parallel filming of multiple projects of the same type of drama series under the cost management system for the production of the dramas on revenue-sharing basis, identifying the junction and time control points of various stages in film and television production and realizing simultaneous production of multiple projects by means of sharing of project coordination and AI-smart switching of filming scenes in order to further shorten the production cycle and reduce the cost of the projects.

Facilitating Future Diversification of the Revenue Streams

Currently, the Group's revenue is mainly generated from the licensing fees obtained from licensing of broadcasting rights of drama series to TV channels, online video platforms and third party distributors, as well as the production fees received from production of made-to-order drama series per online video platforms' orders. The Group believes that the monetization of quality IPs will not be limited to the monitors. In the first half of 2023, the Group commenced the research and study on domestic offline live interactive projects produced based on quality IPs. While the Group was fully aware that the success of a single project may not necessarily be replicable, the Group still holds an optimistic view and expects to expand the integrated development of film, television and culture and tourism consumption by leveraging on its quality IPs, and to create online and offline interactive projects, so as to release the value gained from the competitive edges of its quality IPs and to promote the diversification of the Group's revenue streams in the future.

In addition, the Group also plans to effectively leverage on local policies and measures of promoting the development of the film and television and cultural industries, and will attempt to enter into cooperation with local governments on cultural projects and film and television projects, and obtain industry support funds based on its quality projects. As of June 30, 2023, the Group has established regional business headquarters for strategic development in various regions such as Sichuan, Hainan and Shanghai, so as to obtain more geographical resources and gain an in-depth understanding of the life styles of people in different regions. The Group actively responds to the call of national policies and is committed to producing film and television programs that reflect the positive outlook of people's lives.

In the future, the Group will continue to seek ways to monetize its quality IPs that are relevant to the Group's business and/or may create synergy effect. This will help diversify the Group's revenue streams and promote the long-term and stable development of the Group.



BUSINESS REVIEW AND PROSPECTS (CONT'D)

The Group's Drama Series to be Broadcast and the Group's Pipeline Drama Series Projects

As of June 30, 2023, the Group has produced and/or distributed but yet to broadcast nine TV series and two web series. The table below sets forth certain details of such drama series:

Name of the Drama Series	Genre	Director(s) and Major Cast Members	Role	Production Type	Status as of June 30, 2023	Expected Broadcasting Time
TV Series						
<i>Never Too Late</i> (我的助理六十歲)	Metropolitan	Ding Pei (丁培), Wang Ziwen (王子文), Deng Jie (鄧婕), Bai Jingting (白敬亭)	Production and distribution	Original	To be broadcast	2023
<i>Cat & Thief</i> (門賊)	Crime	Gong Zhaohui (龔朝輝), Huang Jingyu (黃景瑜), Xiu Rui (修睿)	Production and distribution	Adaptation	Post-production	2023
<i>Legend of Bikini</i> (乘風踏浪)	Metropolitan	Zhang Silin (張思麟), Qiao Shan (喬杉), Yang Zishan (楊子珊)	Production and distribution	Original	To be broadcast	2023
<i>The Lost</i> (孤戰)	Modern Spy War	Xie Ze (謝澤), Huang Jingyu (黃景瑜), Xin Zhilei (辛芷蕾)	Production and distribution	Original	To be broadcast	2023
<i>You are Desire</i> (白日夢我)	Metropolitan	Deng Ke (鄧珂), Zhou Yiran (周翊然), Zhuang Dafei (莊達菲)	Production and distribution	Adaptation	To be broadcast	2023
<i>Breaking the Shadows</i> (烏雲之上)	Crime	Hua Jing (花菁), Sun Li (孫儷)	Production and distribution	Original	Under filming	2024
<i>Early Spring</i> (哈爾濱1944) ⁽¹⁾	Classic Spy War	Zhang Li (張黎), Qin Hao (秦昊), Yang Mi (楊冪)	Production and distribution	Original	Under filming	2024
<i>The Trident 2</i> (三叉戟2)	Crime	Liu Haibo (劉海波), Chen Jianbin (陳建斌), Dong Yong (董勇), Hao Ping (郝平)	Production and distribution	Original	Under filming	2024
<i>Light My Way</i> (偷走他的心) ⁽²⁾	Teen drama with hot-blooded rescue	Wu Qiang (吳強), Ma Sichao (馬思超), Wan Peng (萬鵬)	Production and distribution	Adaptation	Post-production	2024
Web Series						
<i>No One but You</i> (也許這就是愛情)	Metropolitan	Wu Qiang (吳強), Chen Yuqi (陳鈺琪), Fang Yilun (方逸倫)	Production and distribution	Adaptation	Post-production	2024
<i>Reborn for Love</i> (四海重明) ⁽³⁾	Period Other	Wen Deguang (溫德光), Jing Tian (景甜), Zhang Linghe (張凌赫)	Production and distribution	Adaptation	Under filming	2024

(1) The name of the drama series *Early Spring* (沒有我的城) had been changed to *Early Spring* (哈爾濱1944). The name of the drama series is subject to final approval of the NRTA.

(2) The translation name of the drama series *Steal His Heart* (偷走他的心) had been changed to *Light My Way* (偷走他的心).

(3) The name of the drama series *Four Seas Song* (四海顏歌) had been changed to *Reborn for Love* (四海重明). The name of the drama series is subject to final approval of the NRTA.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

The Group's Drama Series to be Broadcast and the Group's Pipeline Drama Series Projects (cont'd)

As of June 30, 2023, the Group had three TV series and two 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 of the Drama series	Genre	Copyright Ownership	Status as of June 30, 2023	Time of Public Record
TV Series				
<i>Ordinary Life, Ordinary Love</i> (勸你趁早喜歡我) ⁽¹⁾	Metropolitan	The Group	Pre-production	2022
<i>On The Silent And Lonely Stream</i> (在寂與寞的川流上)	Metropolitan	The Group	Pre-production	2021
<i>In The Name Of Handsome</i> (以英俊之名)	Metropolitan	The Group	Pre-production	2021
Web Series				
<i>Cloud Lovers</i> (雲端戀人)	Period Legend	The Group	Pre-production	2022
<i>Diary on Wage Hike</i> (加薪日記)	Metropolitan	The Group	Pre-production	2020

Business Analysis by Business Line

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

In the first half of 2023, the Group broadcast multiple diversified drama series, including, among others, *Never Give Up* (今日宜加油), *Hello Beautiful Life* (心想事成) and *The Girl Who Sees Smells* (你好·我的對面男友). The revenue generated from the Group's licensing of the broadcasting rights of drama series decreased from approximately RMB461.6 million for the six months ended June 30, 2022 to approximately RMB377.6 million for the six months ended June 30, 2023. This was mainly due to the fact that the Group's revenue from this business line comes from multiple-round releases (including first-run and re-run broadcast) broadcast by the Group, while the industry has a trend of reducing costs and increasing efficiency, which caused various broadcasting platforms to shrink their budgets for purchasing drama series, thus resulting in a decrease in revenue per drama series.

Most of the Group's drama series broadcast previously have achieved good broadcasting results. For example, *Hello Beautiful Life* (心想事成), as a key project supported by the Beijing Municipal Radio and Television Bureau, was selected into the 2023 "Big Drama Watching CMG (大劇看總台)" TV series list released by China Media Group.

As of June 30, 2023, the Group had a number of drama series to be broadcast with diversified genres, including, among others, *Cat & Thief* (鬥賊), a crime comedy starring Huang Jingyu (黃景瑜) and Xiu Rui (修睿); *The Lost* (孤戰), a modern spy war drama series starring Huang Jingyu (黃景瑜) and Xin Zhilei (辛芷蕾); *Legend of Bikini* (乘風踏浪), a contemporary metropolitan drama series starring Qiao Shan (喬杉) and Yang Zishan (楊子姍); *Never Too Late* (我的助理六十歲), starring Wang Ziwen (王子文), Deng Jie (鄧婕) and Bai Jingting (白敬亭); and *You are Desire* (白日夢我), a youthful romantic drama series starring Zhou Yiran (周翊然) and Zhuang Dafei (莊達菲). In addition, the filming of *No One but You* (也許這就是愛情), a metropolitan drama series starring Chen Yuqi (陳鈺琪) and Fang Yilun (方逸倫) had also completed and the drama series was in its post-production stage.

(1) The name of the drama series *Ordinary Life, Ordinary Love* (人間煙火和你) had been changed to *Ordinary Life, Ordinary Love* (勸你趁早喜歡我). The name of the drama series is subject to final approval of the NRTA.



BUSINESS REVIEW AND PROSPECTS (CONT'D)

Business Analysis by Business Line (cont'd)

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

As of the date of this report, *You are Desire* (白日夢我), a youthful romantic drama series starring Zhou Yiran (周翊然) and Zhuang Dafei (莊達菲), was broadcast on August 12, 2023 and August 30, 2023 on Mango TV and Hunan Satellite TV's prime time slot, respectively. With the impressive broadcasting results, this drama series once again realised the innovative broadcasting model of "Online first, TV next (先網後台)". *You are Desire* (白日夢我) is a milestone for the Group after it joined the Mango TV's 2023 "New Mango S Plan (新芒S計劃)" as a strategic partner.

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

In the first half of 2023, the Group provided made-to-order production services of two drama series, including *The Forbidden Flower* (夏花), a metropolitan romance drama series about the love story between a young girl and a middle-aged man starring Jerry Yan (言承旭) and Xu Ruohan (徐若晗). The drama series was broadcast on February 13, 2023 and achieved good broadcasting results.

The Group's made-to-order drama series *The Examination for Everyone* (大考), starring Chen Baoguo (陳寶國), Wang Qianyuan (王千源) and Hu Xianxu (胡先煦) was broadcast in 2022, which was listed on the "2022 China TV Drama Anthology (2022中國電視劇選集)" released by NRTA and has been shortlisted for the "Best Chinese Drama" of Magnolia Awards at the 28th Shanghai TV Festival in the first half of 2023.

(iii) *Others*

The Group's other business primarily includes acting as a distribution agent of TV series.

OUTLOOK

The Group will as always act as a long-termist and strive to win the popularity among the viewers with quality content. Looking forward, quality drama series and their IPs will remain the core and the driver of the growth of the Group's business. The Group will keep putting more efforts on the creation of premium original drama series, continuously improve its know-how and capability for drama series production, and enhance the influence of its single product and its brand. It will also maintain stable IP reserve, keep enhancing its capacity on IP operation and management, seek for more types of IP operations and endeavor to the creation of collections of drama series. The Group will closely keep abreast of the development of AI technology and study whether there is more room for development in film and television industry with a view to improving production efficiency, shortening production cycle and reducing production costs through the application of new technologies. It will also attempt to build a more diversified revenue streams and realize revenue contribution from IP derivatives in addition to revenues generated from licensing of drama series broadcasting rights and drama series production.

In the long run, the Board remains prudent and optimistic on the prospects of the Group's core business. As a witness and participant of the historical changes in China's films and drama series, the Group has witnessed the transformation and changes of the industry. The "14th Five-Year Plan" period remains an important strategic opportunity for the development of China's TV drama series, which will bring both opportunities and challenges to the industry. The Group will endeavour to capture any opportunities arising therefrom and continue to leverage on its competitive edges to meet the challenges ahead, and work hand in hand with competent partners in the industry to jointly promote sustainable development of the industry.

Management Discussion and Analysis

INTERIM PERIOD REVIEW

Condensed Consolidated Statement of Profit or Loss

	Six months ended June 30,	
	2022	2023
	(RMB in thousands)	
REVENUE	463,599	462,097
Cost of sales	(320,673)	(379,286)
Gross profit	142,926	82,811
Other income and gains	17,904	11,989
Selling and distribution expenses	(16,498)	(48,761)
Administrative expenses	(28,177)	(31,239)
Reversal of impairment of trade receivables, net	–	3,451
Other expenses	(188)	(190)
Finance costs	(7,823)	(7,556)
Share of profits and losses of joint ventures	(1,246)	(814)
Share of profits and losses of associates	(187)	445
PROFIT BEFORE TAX	106,711	10,136
Income tax expense	(33,436)	(6,278)
PROFIT FOR THE PERIOD	73,275	3,858
Attributable to:		
Owners of the parent	73,518	1,333
Non-controlling interests	(243)	2,525
	73,275	3,858
NON-HKFRS MEASURE⁽¹⁾		
Adjusted net profit ⁽²⁾	85,701	13,899





INTERIM PERIOD REVIEW (CONT'D)

Condensed Consolidated Statement of Profit or Loss (cont'd)

Notes:

- (1) To supplement its financial information which are presented in accordance with HKFRS, the Group also uses adjusted net profit as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with, HKFRS. The Group believes that this non-HKFRS measure facilitates comparisons of operating performance from 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 profit may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS.
- (2) The Group defines adjusted net profit as profit 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 remained relatively stable at approximately RMB462.1 million for the six months ended June 30, 2023 as compared with approximately RMB463.6 million for the same period in 2022, primarily attributable to the increase in revenue generated from production of made-to-order drama series in line with its business development in such business line, which was partially offset by the decrease in revenue generated from licensing of the broadcasting rights of drama series. The following table sets forth the Group's revenue by business line in the first half of 2022 and 2023.

	Six months ended June 30,			
	2022		2023	
	Revenue	% of total	Revenue	% of total
	(RMB in thousands, except percentages of revenue)			
Licensing of the broadcasting rights of drama series	461,647	99.6%	377,600	81.7%
Made-to-order drama series production	–	–	84,481	18.3%
Others	1,952	0.4%	16	–
Total	463,599	100.0%	462,097	100.0%

Licensing of the broadcasting rights of drama series

The Group's revenue generated from licensing of broadcasting rights of drama series decreased from approximately RMB461.6 million for the six months ended June 30, 2022 to approximately RMB377.6 million for the six months ended June 30, 2023, primarily due to the fact that the Group's revenue from this business line comes from multiple-round releases (including first-run and re-run broadcast) broadcast by the Group, while the industry has a trend of reducing costs and increasing efficiency, which caused various broadcasting platforms to shrink their budgets for purchasing drama series, thus resulting in a decrease in revenue per drama series.

Made-to-order drama series production

The Group's revenue generated from production of made-to-order drama series was approximately RMB84.5 million for the six months ended June 30, 2023 as compared to nil for the six months ended June 30, 2022. The Group provided made-to-order production services of two drama series in the first half of 2023, including *The Forbidden Flower* (夏花).

Management Discussion and Analysis

INTERIM PERIOD REVIEW (CONT'D)

Revenue (cont'd)

Others

Others primarily comprise revenue from the distribution fee for acting as a distribution agent of TV series in the first half of 2023.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased from approximately RMB142.9 million for the six months ended June 30, 2022 to approximately RMB82.8 million for the six months ended June 30, 2023. The Group's gross profit margin decreased to 17.9% for the six months ended June 30, 2023 from 30.8% for the six months ended June 30, 2022, primarily due to the decrease in gross profit margin of licensing of the broadcasting rights of drama series for the fact that the Group's revenue from this business line comes from multiple-round releases (including first-run and re-run broadcast) broadcast by the Group, while the industry has a trend of reducing costs and increasing efficiency, which caused various broadcasting platforms to shrink their budgets for purchasing drama series, thus resulting in a decrease in revenue per drama series.

The following table sets forth the Group's gross profit and gross profit margin by business line in the first half of 2022 and 2023.

	Six months ended June 30,			
	2022		2023	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
				(RMB in thousands, except gross profit margin)
Licensing of the broadcasting rights of drama series	142,919	31.0%	69,103	18.3%
Made-to-order drama series production	–	–	13,692	16.2%
Others	7	0.4%	16	100.0%
Total	142,926	30.8%	82,811	17.9%

Other Income and Gains

Other income and gains decreased by 33.0% to approximately RMB12.0 million for the six months ended June 30, 2023 from approximately RMB17.9 million for the six months ended June 30, 2022, primarily due to the decrease in government grants of approximately RMB6.0 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses substantially increased to approximately RMB48.8 million for the six months ended June 30, 2023 from approximately RMB16.5 million for the six months ended June 30, 2022, primarily due to the combined effect of: (i) the substantial increase in the number of drama series under multiple-round releases (including first-run and re-run broadcast) broadcast by the Group in the first half of 2023, and (ii) the intensified marketing competition in drama series market on the wave of market recovery.

Administrative Expenses

The Group's administrative expenses increased by 10.9% to approximately RMB31.2 million for the six months ended June 30, 2023 from approximately RMB28.2 million for the six months ended June 30, 2022, primarily due to the increase in employee benefit expense of approximately RMB4.2 million, and partially offset by the decrease in equity-settled share award expense of approximately RMB2.5 million.



INTERIM PERIOD REVIEW (CONT'D)

Finance Costs

The Group's finance costs remained relatively stable at approximately RMB7.6 million for the six months ended June 30, 2023, as compared with approximately RMB7.8 million for the six months ended June 30, 2022, primarily due to the decrease in interest on other borrowings of approximately RMB1.0 million, which was offset by the increase in interest on bank loan of approximately RMB1.1 million.

Income Tax Expense

The Group's income tax expense decreased by 81.2% to approximately RMB6.3 million for the six months ended June 30, 2023 from approximately RMB33.4 million for the six months ended June 30, 2022, primarily due to the decrease in taxable profit made in the first half of 2023.

Non-HKFRS Measure

To supplement its historical financial information which are presented in accordance with HKFRS, the Group also uses adjusted net profit as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with, HKFRS. The Group believes that this non-HKFRS measure facilitates comparisons of operating performance from 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 profit may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS measure has its limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS.

The Group defines adjusted net profit as profit 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 profit for the periods presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is the net profit for the period:

	Six months ended June 30,	
	2022	2023
	(RMB in thousands)	
Reconciliation of net profit to adjusted net profit		
Net profit for the period	73,275	3,858
Add:		
Equity-settled share award expense	12,426	10,041
Adjusted net profit	85,701	13,899

Management Discussion and Analysis

OTHER FINANCIAL INFORMATION

Consolidated Statement of Financial Position (Selected Items)

	As of December 31, 2022	As of June 30, 2023
	(RMB in thousands)	
Total non-current assets	134,372	129,117
Total current assets	2,358,191	2,434,002
Total current liabilities	661,772	684,161
Net current assets	1,696,419	1,749,841
Total non-current liabilities	5,185	36,737
Net assets	1,825,606	1,842,221

Inventories

	As of December 31, 2022	As of June 30, 2023
	(RMB in thousands)	
Raw materials	178,178	155,377
Work in progress	157,453	501,424
Finished goods	773,802	558,112
Total	1,109,433	1,214,913

The Group's inventories increased by 9.5% to approximately RMB1,214.9 million as of June 30, 2023 from approximately RMB1,109.4 million as of December 31, 2022, primarily due to the increase in work in progress of approximately RMB344.0 million since the drama series under preparation as of June 30, 2023 increased from that as of December 31, 2022. The increase was partially offset by the decrease in finished goods of approximately RMB215.7 million since the Group broadcast several drama series in the first half of 2023, such as *Never Give Up* (今日宜加油), *The Forbidden Flower* (夏花), *Hello Beautiful Life* (心想事成) and *The Girl Who Sees Smells* (你好·我的對面男友).

Goodwill

The Group's goodwill was approximately RMB108.3 million as of June 30, 2023 and December 31, 2022.



INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2023.

CAPITAL STRUCTURE, LIQUIDITY AND CAPITAL RESOURCES

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

As at June 30, 2023, the Company had 700,394,200 ordinary shares of US\$0.000025 each.

On May 12, 2023, 3,764,800 new Shares, representing approximately 0.54% of the total number of Shares in issue of the Company as of the date of this report, were allotted and issued upon the exercise of share options by a Director under the Pre-IPO Share Option Scheme. For details, please refer to the announcement of the Company dated May 12, 2023. There has been no movement in the issued Shares of the Company since then.

The Company maintained a healthy financial position in the first half of 2023. The Group's total assets increased from approximately RMB2,492.6 million as of December 31, 2022 to approximately RMB2,563.1 million as of June 30, 2023, and the Group's total liabilities increased from approximately RMB667.0 million as of December 31, 2022 to approximately RMB720.9 million as of June 30, 2023. The Group's liabilities-to-assets ratio increased from 26.8% as of December 31, 2022 to 28.1% as of June 30, 2023.

Historically, the Group financed its capital expenditure and working capital requirements mainly through cash generated from operations, bank and other borrowings, net proceeds received from the global offering and capital contributions from Shareholders. As of June 30, 2023, the Group maintained a sufficient working capital (current assets less current liabilities) and cash and cash equivalents amounted to approximately RMB1,749.8 million and approximately RMB210.2 million, respectively, as compared to approximately RMB1,696.4 million and approximately RMB208.0 million, respectively, as of December 31, 2022.

As of June 30, 2023, all of the cash and cash equivalents of the Group were denominated in RMB and HK\$.

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

As of June 30, 2023, the Group's total interest-bearing bank borrowings were approximately RMB310.1 million, all of which were at fixed interest rate and denominated in RMB.

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

Contingent Liabilities

As of June 30, 2023, the Group did not have any significant contingent liabilities.

Management Discussion and Analysis

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

Capital Expenditure

The Group's capital expenditures primarily included purchase of property, plant and equipment. The Group's capital expenditures decreased to approximately RMB0.1 million in the first half of 2023 from approximately RMB2.1 million in the first half of 2022. The Group plans to fund its planned capital expenditures using cash generated from operations as well as the net proceeds from the global offering.

Financial Ratio

Current Ratio

The Group's current ratio as of June 30, 2023 remained relatively stable as compared to that as of December 31, 2022, both of which were approximately 3.56.

Debt to Equity Ratio¹

The Group's debt to equity ratio was 3.9% as of June 30, 2023 and 4.0% as of December 31, 2022.

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, 2023. As of June 30, 2023, 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, 2023.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

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

MATERIAL LITIGATION

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

PLEDGE OF ASSETS

As of June 30, 2023, the Group's trade receivables, which had an aggregate net carrying value of approximately RMB54,395,000 (December 31, 2022: RMB211,384,000), the pledged deposit amounting to approximately RMB61,935,000 (December 31, 2022: RMB61,493,000), and the restricted cash amounting to nil (December 31, 2022: RMB43,200,000) were pledged to secure the interest-bearing bank and other borrowing granted to the Group.

¹ Debt to equity ratio is calculated based on net debt (of which net debt is defined as interest-bearing bank and other borrowings, lease liabilities, due to a joint venture and due to a related party deduct cash and cash equivalents) divided by total equity as of the relevant dates multiplied by 100%.



RISK MANAGEMENT

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.

To manage its credit risk arising from financial asset at fair value through profit or loss and cash deposits, the Group mainly trades with recognised and creditworthy third parties. Receivable balances are monitored on an on-going 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.

Liquidity Risk

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

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2023, the Group had 65 employees, including 22 based in Jiangsu Province, 30 based in Beijing, 3 based in Xinjiang Uygur Autonomous Region, 2 based in Zhejiang Province and 8 based in Hainan Province. The following table shows a breakdown of the employees by function as of June 30, 2023:

Functions	Number of Employees	% of Total Employees
Management	3	4.6%
Development Strategic Management	6	9.2%
Operation and Project Coordination	8	12.3%
Production	2	3.1%
IP Development	2	3.1%
Business Operation	3	4.6%
Production Management	6	9.2%
Financing and Investment	1	1.5%
Distribution	3	4.6%
Casting and Talents Management	1	1.5%
Marketing and Promotion	2	3.1%
Government Affairs	1	1.5%
Finance and Legal	15	23.1%
Corporate Compliance	2	3.1%
Human Resources and Administrative	9	13.8%
Overseas Development	1	1.5%
Total	65	100.0%

EMPLOYEES AND REMUNERATION POLICIES (CONT'D)

For the six months ended June 30, 2023, total staff remuneration expenses (including Directors' remuneration) amounted to approximately RMB21.9 million, as compared to approximately RMB19.4 million for the same period in 2022. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other employee benefits primarily include social insurance and housing provident contributions made by the Group, performance-based compensation, discretionary bonus, RSUs granted to selected employees and supplemental medical insurances. The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

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

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

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



CORPORATE GOVERNANCE AND OTHER INFORMATION



COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions as set out in Part 2 of Appendix 14 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 14 to the Listing Rules, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu is currently serving as the Chairman as well as the chief executive officer of the Company. As Mr. Liu is the founder of the Group and has been managing the Group's business and overall strategic planning since its establishment, the Directors consider that vesting the roles of chairman and chief executive officer in Mr. Liu is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group. Taking into account all the corporate governance measures that the Group implemented, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company had not segregated the roles of its Chairman and chief executive officer. The Board will continue to review and consider splitting the roles of Chairman and the chief executive officer of the Company at an appropriate time if necessary, taking into account the circumstances of the Group as a whole.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

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

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has, together with the management of the Company, reviewed the accounting principles and policies adopted by the Group and the unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2023, 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, 2023 has not been reviewed by the external auditor of the Company.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

On September 15, 2021, the Board has 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), *My Mr. Cat* (我的猫先生)⁽¹⁾, *Steal His Heart* (偷走他的心)⁽²⁾, *The Wind Catcher* (捕風者) and *Two Capitals* (兩京十五日) (the "**Original Drama Series**") was re-allocated to funding the production of *Cat & Thief* (鬥賊), *Legend Of Bikini* (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 have 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 "**Announcement**").

(1) The name of the drama series *My Mr. Cat* (我的猫先生) had been changed to *No One but You* (也許這就是愛情). The name of the drama series is subject to final approval of the NRTA.

(2) The translation name of the drama series *Steal His Heart* (偷走他的心) had been changed to *Light My Way* (偷走他的心).



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

The following table sets out (i) the original allocation of Net Proceeds as set out in the Prospectus; (ii) the revised allocation of the unutilised Net Proceeds as set out in the Announcement; (iii) the utilised amount of Net Proceeds during the six months ended June 30, 2023; (iv) the utilised and unutilised amount of Net Proceeds as of June 30, 2023; and (v) the latest expected timeline for utilisation.

	Net proceeds from the global offering and utilisation					Expected timeline for utilisation ⁽¹⁾
	Original allocation of Net Proceeds HK\$ in million	Revised allocation of Net Proceeds HK\$ in million	Utilised amount of Net Proceeds during the six months ended June 30, 2023 HK\$ in million	Utilised amount of Net Proceeds as of June 30, 2023 HK\$ in million	Unutilised amount of Net Proceeds as of June 30, 2023 HK\$ in million	
Funding the drama series production of the Group						
<i>Unchained Love</i> (浮圖緣)	76.5	76.5	–	76.5	–	–
<i>Song of the Moon</i> (月歌行)	100.8	100.8	–	100.8	–	–
<i>Your Sensibility My Destiny</i> (公子傾城)	38.6	38.6	–	38.6	–	–
<i>Hello Baby</i> (你好寶貝)	57.0	–	–	–	–	–
<i>No One but You</i> (也許這就是愛情) ⁽²⁾	68.6	4.1	–	4.1	–	–
<i>Light My Way</i> (偷走他的心) ⁽³⁾	68.6	0.1	–	0.1	–	–
<i>The Wind Catcher</i> (捕風者)	87.1	1.1	–	1.1	–	–
<i>Two Capitals</i> (兩京十五日)	252.6	–	–	–	–	–
<i>Cat & Thief</i> (鬥賊)	–	110.0	–	110.0	–	–
<i>Legend Of Bikini</i> (乘風踏浪)	–	110.0	–	110.0	–	–
<i>Never Too Late</i> (我的助理六十歲)	–	145.0	–	145.0	–	–
<i>Thousand Years For You</i> (請君)	–	163.6	–	163.6	–	–
Sub-total	749.8	749.8	–	749.8	–	
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	107.1	107.1	–	–	107.1	By the end of 2025 ⁽⁴⁾
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	33.2	98.0	9.1	By the end of 2023
Working capital and general corporate purposes	107.1	107.1	–	107.1	–	–
Total	1,071.1	1,071.1	33.2	954.9	116.2	

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

Notes:

- (1) The expected timeline for the usage of the remaining 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.
- (2) The name of the drama series *My Mr. Cat* (我的貓先生) had been changed to *No One but You* (也許這就是愛情). The name of the drama series is subject to final approval of the NRTA.
- (3) The translation name of the drama series *Steal His Heart* (偷走他的心) had been changed to *Light My Way* (偷走他的心).
- (4) Due to the prolonged influence of pandemic to the industry over the past few years and the significant differences in the understanding of the value of potential investment target, the Group required additional time to shortlist and select suitable investment target, thus leading to a delay in the expected timeline for utilisation of Net Proceeds planned for such purpose.

As of June 30, 2023, the Group has utilised Net Proceeds of HK\$954.9 million in accordance with the intended purposes set out in the Prospectus and the Announcement. The remaining Net Proceeds were deposited in banks as of the date of this report. The Group will gradually utilise the remaining Net Proceeds in accordance with the intended purposes set out in the Prospectus and the Announcement.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

Mr. Zhang Senquan resigned as an independent non-executive director of Sang Hing Holdings (International) Limited (生興控股(國際)有限公司) (Stock Code: 1472.HK) with effect from April 30, 2023 in order to devote more time to his other personal commitments and work arrangement.

Ms. Zhang resigned as an executive Director with effect from May 4, 2023 in order to devote more time to focus on her other business commitments.

Mr. Chung Chong Sun was appointed as an independent non-executive director of Zhong An Intelligent Living Service Limited (眾安智慧生活服務有限公司) (Stock code: 2271.HK, whose shares have been listed on the Stock Exchange since July 18, 2023) on December 14, 2021.

Save as disclosed above, there have been no changes in the information of Directors and chief executive of the Company since the publication of the 2022 annual report up to the date of this report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.





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

As of June 30, 2023, the interests or short position of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange are as follows:

Interests in the Shares and underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares ⁽¹⁾	Number of underlying Shares	Approximate percentage of shareholding ⁽¹⁾
Mr. Liu	Founder of a discretionary trust ⁽²⁾ Interest held through voting powers entrusted by other persons ⁽³⁾	296,127,200	32,000,800	
		109,520,000		
		437,648,000		62.49%
Ms. Zhai	Founder of a discretionary trust ⁽⁴⁾	32,000,000		4.57%

Notes:

- (1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue as of June 30, 2023, being 700,394,200 Shares (without taking into account the Shares which may be allotted and issued upon the exercise of the outstanding Pre-IPO Share Options).
- (2) Leading Glory is owned as to (i) 99% by Master Genius, the holding vehicle used by Family Trust Singapore, the trustee of the LXF Family Trust which is a discretionary trust established by Mr. Liu as the settlor and protector and Mr. Liu's wholly-owned holding company Master Sagittarius as the beneficiary; and (ii) 1% by Master Sagittarius which is wholly owned by Mr. Liu. Accordingly, each of Master Sagittarius, Master Genius and Mr. Liu is deemed to be interested in all the Shares held by Leading Glory.

Gorgeous Horizon, being the beneficial owner of the outstanding Pre-IPO Share Options, is wholly owned by Success Tale which is wholly owned by Employee Trust Hong Kong, the trustee of the Strawbear Employee Trust. The Strawbear Employee Trust is a discretionary trust established by Mr. Liu as the settlor and protector and Mr. Liu's wholly-owned holding company Master Sagittarius as the beneficiary. On May 12, 2022 and May 12, 2023, 1,882,400 Shares and 3,764,800 Shares were issued to Gorgeous Horizon, respectively, upon the exercise of the Pre-IPO Share Options by Mr. Liu under the Pre-IPO Share Option Scheme. As of June 30, 2023, the number of Shares underlying the outstanding Pre-IPO Share Options held by Gorgeous Horizon is 32,000,800 Shares.
- (3) Pursuant to the Voting Arrangement Agreements, Mr. Liu, Master Sagittarius and Leading Glory are able to exercise voting rights entrusted from the other signing parties and are therefore deemed to be interested in the shareholding interest in the Company held by the other signing parties by virtue of the SFO. For further details, see "History, Reorganization and Corporate Development – Voting Arrangement and Lock-up Arrangements" in the Prospectus.
- (4) Golden Basin is owned as to (i) 99% by Smart Century, the holding vehicle used by Family Trust Singapore, the trustee of the Gold Fish Trust which is a discretionary trust established by Ms. Zhai as the settlor and protector and Ms. Zhai's wholly-owned holding company Gold Fish as the beneficiary; and (ii) 1% by Gold Fish which is wholly owned by Ms. Zhai. Accordingly, each of Gold Fish, Smart Century and Ms. Zhai is deemed to be interested in all the Shares held by Golden Basin.

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

Interests in the associated corporation

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

Notes:

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

Save as disclosed above, as of June 30, 2023, so far as it was known to the Directors or chief executive of the Company, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.





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

As of June 30, 2023, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held	Approximate percentage of shareholding ⁽¹⁾
Master Sagittarius	Beneficiary of trust ⁽²⁾	328,128,000	46.85%
Master Genius	Interest in a controlled corporation ⁽²⁾	290,480,000	41.47%
Leading Glory	Beneficial interest ⁽²⁾⁽³⁾	290,480,000	41.47%
Gorgeous Horizon	Beneficial interest ⁽²⁾	37,648,000	5.38%
Success Tale	Interest in a controlled corporation ⁽²⁾	37,648,000	5.38%
Employee Trust Hong Kong	Trustee ⁽²⁾	37,648,000	5.38%
Ms. Liu	Founder of a discretionary trust ⁽⁴⁾	73,600,000	10.51%
Gold Pisces	Beneficiary of trust ⁽⁴⁾	73,600,000	10.51%
Beyond Vast	Interest in a controlled corporation ⁽⁴⁾	73,600,000	10.51%
Glesason Global	Beneficial interest ⁽⁴⁾	73,600,000	10.51%
Taurus Holding	Beneficial interest ⁽⁵⁾	97,320,000	13.90%
iQIYI	Interest in a controlled corporation ⁽⁵⁾	97,320,000	13.90%
Baidu Holdings Limited	Interest in a controlled corporation ⁽⁵⁾	97,320,000	13.90%
Baidu, Inc.	Interest in a controlled corporation ⁽⁵⁾	97,320,000	13.90%
Li Yanhong	Interest in a controlled corporation ⁽⁵⁾	97,320,000	13.90%
Family Trust Singapore	Trustee ⁽²⁾	290,480,000	
	Trustee ⁽⁴⁾	73,600,000	
	Trustee ⁽⁶⁾	32,000,000	
		396,080,000	56.55%

Notes:

- (1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue as of June 30, 2023, being 700,394,200 Shares (without taking into account the Shares which may be allotted and issued upon the exercise of the outstanding Pre-IPO Share Options).
- (2) Leading Glory is owned as to (i) 99% by Master Genius, the holding vehicle used by Family Trust Singapore, the trustee of the LXF Family Trust which is a discretionary trust established by Mr. Liu as the settlor and protector and Mr. Liu's wholly-owned holding company Master Sagittarius as the beneficiary; and (ii) 1% by Master Sagittarius which is wholly owned by Mr. Liu. Accordingly, each of Master Sagittarius, Master Genius and Mr. Liu is deemed to be interested in all the Shares held by Leading Glory.

Gorgeous Horizon, being the beneficial owner of the outstanding Pre-IPO Share Options, is wholly owned by Success Tale which is wholly owned by Employee Trust Hong Kong, the trustee of the Strawbear Employee Trust. The Strawbear Employee Trust is a discretionary trust established by Mr. Liu as the settlor and protector and Mr. Liu's wholly-owned holding company Master Sagittarius as the beneficiary. On May 12, 2022 and May 12, 2023, 1,882,400 Shares and 3,764,800 Shares were issued to Gorgeous Horizon, respectively, upon the exercise of the Pre-IPO Share Options by Mr. Liu under the Pre-IPO Share Option Scheme. As of June 30, 2023, the number of Shares underlying the outstanding Pre-IPO Share Options held by Gorgeous Horizon is 32,000,800 Shares.

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

Notes: (cont'd)

- (3) Pursuant to the Voting Arrangement Agreements, Leading Glory is able to exercise voting rights entrusted from the other signing parties and is therefore deemed to be interested in the shareholding interest in the Company held by the other signing parties by virtue of the SFO. For further details, see "History, Reorganization and Corporate Development – Voting Arrangement and Lock-up Arrangements" in the Prospectus.
- (4) Glesason Global is owned as to (i) 99% by Beyond Vast, the holding vehicle used by Family Trust Singapore, the trustee of the LSS Family Trust which is a discretionary trust established by Ms. Liu as the settlor and protector and Ms. Liu's wholly-owned holding company Gold Pisces as the beneficiary; and (ii) 1% by Gold Pisces which is wholly owned by Ms. Liu. Accordingly, each of Gold Pisces, Beyond Vast and Ms. Liu is deemed to be interested in all the Shares held by Glesason Global.
- (5) Taurus Holding is wholly owned by iQIYI, whose voting power is owned as to 89.3% by Baidu Holdings Limited, a wholly-owned subsidiary of Baidu, Inc. Baidu, Inc. is owned as to 57.6% by Li Yanhong. Therefore, each of iQIYI, Baidu Holdings Limited, Baidu, Inc. and Li Yanhong is deemed to be interested in the Shares directly held by Taurus Holding by virtue of the SFO.
- (6) Golden Basin is owned as to (i) 99% by Smart Century, the holding vehicle used by Family Trust Singapore, the trustee of the Gold Fish Trust which is a discretionary trust established by Ms. Zhai as the settlor and protector and Ms. Zhai's wholly-owned holding company Gold Fish as the beneficiary; and (ii) 1% by Gold Fish which is wholly owned by Ms. Zhai. Accordingly, each of Smart Century, Gold Fish and Ms. Zhai is deemed to be interested in all the Shares held by Golden Basin.

Save as disclosed above, as of June 30, 2023, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

PRE-IPO SHARE OPTION SCHEME

The Company approved and adopted the Pre-IPO Share Option Scheme on May 11, 2020 to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Pre-IPO Share Option Scheme shall be valid and effective for a period commencing on May 11, 2020 and ending on December 21, 2020, being the latest practicable date prior to the printing of the Prospectus for the purpose of ascertaining certain information contained in the Prospectus, after which no further options shall be offered or granted, but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme. For more details of the Pre-IPO Share Option Scheme, please refer to "D. Other Information – (1) Pre-IPO Share Option Scheme" of Appendix IV of the Prospectus of the Company and Note 23 to the financial statements.





PRE-IPO SHARE OPTION SCHEME (CONT'D)

On May 11, 2020, an aggregate of 37,648,000 Pre-IPO Share Options, representing approximately 5.68% of the total number of Shares in issue as of the Listing Date and approximately 5.38% of the total number of Shares in issue as of the date of this report, had been conditionally granted to Mr. Liu, the founder of the Company, an executive Director and the chief executive officer of the Company, to recognise his significant contribution to the Group.

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

Name of grantee	Date of grant	Outstanding as of January 1, 2023	Exercise price (per Share)	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as of June 30, 2023
Mr. Liu	May 11, 2020	35,765,600 ⁽¹⁾	US\$0.000025	3,764,800 ⁽²⁾⁽³⁾	–	–	32,000,800

Notes:

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

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

- (2) The exercise period of the Pre-IPO Share Options shall be within 10 years from May 11, 2020.
- (3) The closing price of the Shares immediately before the date on which the 3,764,800 Pre-IPO Share Options were exercised (being May 12, 2023) was HK\$0.97.

RSU SCHEMES

2021 RSU Scheme

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

Purpose

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

Eligibility

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

Duration

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

The remaining life of the 2021 RSU Scheme is approximately 8.0 years.

Grant and acceptance

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

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



RSU SCHEMES (CONT'D)

2021 RSU Scheme (cont'd)

Maximum number of underlying Shares

The total number of Shares underlying the RSUs which can be granted pursuant to the 2021 RSU Scheme (excluding RSUs that have lapsed or been cancelled in accordance with the terms of the 2021 RSU Scheme) shall not exceed 20,639,010 Shares, representing approximately 3.00% of the total number of Shares in issue as of the date of adoption of the 2021 RSU Scheme (i.e. September 15, 2021) and approximately 2.95% of the total number of Shares in issue as of the date of this report.

Vesting of RSUs

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

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

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

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

RSU SCHEMES (CONT'D)

2021 RSU Scheme (cont'd)

Details of the RSUs granted under the 2021 RSU Scheme

On November 4, 2021, the Board resolved to grant an aggregate of 16,780,000 RSUs, representing 16,780,000 underlying Shares, to 59 Selected Participants (including employees of the Company, senior management of subsidiaries of the Company and business partners of the Group) at nil consideration pursuant to the 2021 RSU Scheme, all of which were accepted by the Grantees. On April 19, 2022, the Board resolved to further grant an aggregate of 3,859,000 RSUs, representing 3,859,000 underlying Shares, to 6 Selected Participants, who are business partners of the Group, at nil consideration pursuant to the 2021 RSU Scheme, all of which were accepted by the Grantees. For details, please refer to the announcements of the Company dated November 4, 2021 and April 19, 2022.

As of the date of this report, the number of Shares underlying the outstanding RSUs granted under the 2021 RSU Scheme is 15,818,000 Shares, representing approximately 2.26% of the total number of Shares in issue. The number of RSUs available for grant under the 2021 RSU Scheme was 192,010 as of January 1, 2023 (without taking into account the RSUs lapsed on January 1, 2023) and 734,010 as of June 30, 2023, respectively.

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

Name/category of Grantee	Date of grant ⁽¹⁾	Number of Shares underlying the RSUs as of the date of grant	Vesting date and vesting condition	Closing price of the Shares immediately before the date on which the RSUs were granted	Number of Shares underlying the RSUs as of January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Number of Shares underlying the RSUs outstanding as of June 30, 2023
Employees	November 4, 2021	3,680,000	Note 5	HK\$2.47	1,104,000	-	-	42,000	-	1,062,000
Service Providers	November 4, 2021	13,100,000	Note 6	HK\$2.47	13,100,000 ⁽²⁾	-	1,450,000 ⁽³⁾	500,000 ⁽²⁾	-	11,150,000
	April 19, 2022	3,859,000	Note 7	HK\$4.03	3,859,000	-	253,000 ⁽⁴⁾	-	-	3,606,000





RSU SCHEMES (CONT'D)

2021 RSU Scheme (cont'd)

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

Notes:

- (1) All the RSUs were granted to the Grantees at nil consideration.
- (2) With respect to the RSUs granted to the Service Providers on November 4, 2021, (i) the number of Shares underlying such RSUs outstanding as of January 1, 2023 does not take into account the RSUs lapsed on January 1, 2023; and (ii) the number of RSUs lapsed during the Reporting Period includes the number of RSUs lapsed on January 1, 2023.
- (3) The closing price of the Shares immediately before the date on which the RSUs were vested was HK\$1.02 per Share.
- (4) The closing price of the Shares immediately before the date on which the RSUs were vested was HK\$1.00 per Share.
- (5) 3,680,000 RSUs granted to the employees of the Group on November 4, 2021 shall vest in the Grantees in accordance with the below vesting schedule, subject to satisfaction of the vesting condition that the relevant Grantees remain Eligible Participants on the respective vesting dates:
 - i. in relation to 1,600,000 RSUs granted: the RSUs shall vest on November 11, 2021; and
 - ii. in relation to 2,080,000 RSUs granted: 20% of the RSUs shall vest on November 11, 2021, 20% of the RSUs shall vest on November 11, 2022, 30% of the RSUs shall vest on November 11, 2023, and 30% of the RSUs shall vest on November 11, 2024.
- (6) 13,100,000 RSUs granted to the Service Providers on November 4, 2021 shall vest in the Grantees in accordance with the below vesting schedule:
 - i. in relation to 800,000 RSUs granted: 25% of the RSUs shall vest on January 25, 2023, January 25, 2024, January 25, 2025, and January 25, 2026, respectively, subject to satisfaction of the vesting condition that the profit of the company, for which the relevant Grantees were engaged as agents, remains at certain level;
 - ii. in relation to 3,000,000 RSUs granted: 25% of the RSUs shall vest on January 1, 2024, January 1, 2025, January 1, 2026, and January 1, 2027, respectively, subject to satisfaction of the vesting condition that the relevant Grantee procures top actors to participate in the production of drama series of the Company;
 - iii. in relation to 4,800,000 RSUs granted: one-third of the RSUs shall vest on January 1, 2023, January 1, 2024, and January 1, 2025, respectively, subject to satisfaction of the vesting condition that certain drama series, for which the Grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates; and
 - iv. in relation to 4,500,000 RSUs granted: one-third of the RSUs shall vest on January 1, 2024, January 1, 2025, and January 1, 2026, respectively, subject to satisfaction of the vesting condition that certain drama series, for which the Grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates.
- (7) 3,859,000 RSUs granted to the Service Providers on April 19, 2022 shall vest in the Grantees in accordance with the below vesting schedule, subject to satisfaction of the vesting condition that certain drama series, for which the Grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates:
 - i. in relation to 759,000 RSUs granted: one-third of the RSUs shall vest on May 1, 2023, May 1, 2024, and May 1, 2025, respectively; and
 - ii. in relation to 3,100,000 RSUs granted: one-third of the RSUs shall vest on May 1, 2024, May 1, 2025, and May 1, 2026, respectively.

RSU SCHEMES (CONT'D)

2022 RSU Scheme

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

Purpose

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

Eligibility

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

Duration

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

The remaining life of the 2022 RSU Scheme is approximately 8.6 years.

Grant and acceptance

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

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

Maximum number of underlying Shares

The total number of Shares underlying the RSUs which can be granted pursuant to the 2022 RSU Scheme (excluding RSUs that have lapsed in accordance with the terms of the 2022 RSU Scheme) shall not exceed 20,842,410 Shares, representing 3.00% of the total number of Shares in issue as of the date of adoption of the 2022 RSU Scheme (i.e. April 28, 2022) and approximately 2.98% of the total number of Shares in issue as of the date of this report.

RSU SCHEMES (CONT'D)

2022 RSU Scheme (cont'd)

Vesting of RSUs

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

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

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

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

Details of the RSUs granted under the 2022 RSU Scheme

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

As of the date of this report, the number of Shares underlying the outstanding RSUs granted under the 2022 RSU Scheme is 5,172,800 Shares, representing approximately 0.74% of the total number of Shares in issue. The number of RSUs available for grant under the 2022 RSU Scheme was 14,391,410 as of January 1, 2023 and 14,551,410 as of June 30, 2023, respectively.

RSU SCHEMES (CONT'D)

2022 RSU Scheme (cont'd)

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

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

Name/category of Grantee	Date of grant ⁽¹⁾	Number of Shares underlying the RSUs as of the date of grant	Vesting date and vesting condition	Closing price of the Shares immediately before the date on which the RSUs were granted	Number of Shares underlying the RSUs outstanding as of January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Number of Shares underlying the RSUs outstanding as of June 30, 2023
Employees	April 28, 2022	6,141,000	Note 3	HK\$3.90	5,332,800	-	-	160,000	-	5,172,800
Service Provider	November 14, 2022	310,000	Note 4	HK\$0.66	310,000	-	310,000 ⁽²⁾	-	-	-

Notes:

- (1) All the RSUs were granted to the Grantees at nil consideration.
- (2) The closing price of the Shares immediately before the date on which the RSUs were vested is HK\$1.00.
- (3) 6,141,000 RSUs granted to the employees of the Group on April 28, 2022 shall vest in the Grantees in accordance with the below vesting schedule, subject to satisfaction of the vesting condition that the relevant Grantees remain Eligible Participants on the respective vesting dates:
 - i. in relation to 668,200 RSUs granted: the RSUs shall vest on May 20, 2022;
 - ii. in relation to 140,000 RSUs granted: the RSUs shall vest on November 11, 2022;
 - iii. in relation to 948,200 RSUs granted: the RSUs shall vest on November 11, 2023;
 - iv. in relation to 1,422,300 RSUs granted: the RSUs shall vest on November 11, 2024;
 - v. in relation to 1,562,300 RSUs granted: the RSUs shall vest on November 11, 2025;
 - vi. in relation to 700,000 RSUs granted: the RSUs shall vest on November 11, 2026; and
 - vii. in relation to 700,000 RSUs granted: the RSUs shall vest on November 11, 2027.
- (4) The 310,000 RSUs granted to such Service Provider shall vest on May 1, 2023, subject to satisfaction of the vesting condition that certain drama series, for which the Grantee engaged by the Group to act as the screenwriter, shall be broadcast before May 1, 2023.





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 during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

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

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

For the six months ended 30 June 2023

	<i>Notes</i>	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
REVENUE	5	462,097	463,599
Cost of sales		(379,286)	(320,673)
Gross profit		82,811	142,926
Other income and gains	5	11,989	17,904
Selling and distribution expenses		(48,761)	(16,498)
Administrative expenses		(31,239)	(28,177)
Reversal of impairment of trade receivables, net		3,451	–
Other expenses		(190)	(188)
Finance costs	7	(7,556)	(7,823)
Share of profits and losses of:			
Joint ventures		(814)	(1,246)
Associates		445	(187)
PROFIT BEFORE TAX	6	10,136	106,711
Income tax expense	8	(6,278)	(33,436)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,858	73,275
Attributable to:			
Owners of the parent		1,333	73,518
Non-controlling interests		2,525	(243)
		3,858	73,275
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	10	0.2 cents	10.9 cents
Diluted (RMB)	10	0.2 cents	10.4 cents



UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023



	<i>Notes</i>	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	3,849	4,408
Right-of-use assets		4,304	6,160
Goodwill		108,341	108,341
Other intangible assets	12	9	11
Investments in joint ventures	13	1,147	1,312
Investments in associates	14	5,381	7,197
Deferred tax assets		6,086	6,943
Total non-current assets		129,117	134,372
CURRENT ASSETS			
Inventories	15	1,214,913	1,109,433
Trade and notes receivables	16	577,414	545,355
Prepayments, other receivables and other assets	17	358,179	379,259
Financial assets at fair value through profit or loss		11,402	11,402
Restricted cash		–	43,200
Pledged deposits	18	61,935	61,493
Cash and cash equivalents	18	210,159	208,049
Total current assets		2,434,002	2,358,191
CURRENT LIABILITIES			
Trade payables	19	280,239	215,307
Other payables and accruals	20	121,843	158,177
Interest-bearing bank and other borrowings	21	278,078	275,973
Lease liabilities		1,726	3,051
Tax payable		2,275	9,264
Total current liabilities		684,161	661,772
NET CURRENT ASSETS		1,749,841	1,696,419
TOTAL ASSETS LESS CURRENT LIABILITIES		1,878,958	1,830,791

Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	<i>Notes</i>	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	21	32,000	–
Lease liabilities		1,826	2,248
Deferred tax liabilities		2,911	2,937
Total non-current liabilities		36,737	5,185
Net assets		1,842,221	1,825,606
EQUITY			
Equity attributable to owners of the parent			
Share capital	22	114	113
Treasury shares	22	(40,181)	(42,651)
Reserves		1,880,749	1,869,170
		1,840,682	1,826,632
Non-controlling interests		1,539	(1,026)
Total equity		1,842,221	1,825,606



UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023



	Attributable to owners of the parent									
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Treasury shares	Share award and option reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 22)	RMB'000 (note 22)	RMB'000	RMB'000	RMB'000 (note 22)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (audited)**	113	1,383,391	10,096	14,931	(42,651)	94,571	366,181	1,826,632	(1,026)	1,825,606
Total comprehensive income for the period	-	-	-	-	-	-	1,333	1,333	2,525	3,858
Equity-settled share award and option arrangements	-	-	-	-	-	13,005	-	13,005	-	13,005
Share options vested	1	7,715	-	-	-	(7,715)	-	1	-	1
Repurchase of shares	-	-	-	-	(289)	-	-	(289)	-	(289)
Restricted shares units vested**	-	2,519	-	-	2,759	(5,278)	-	-	-	-
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	40	40
At 30 June 2023 (unaudited)	114	1,393,625*	10,096*	14,931*	(40,181)	94,583*	367,514*	1,840,682	1,539	1,842,221

	Attributable to owners of the parent									
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Treasury shares	Share award and option reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 22)	RMB'000 (note 22)	RMB'000	RMB'000	RMB'000 (note 22)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (audited)	112	1,375,145	10,096	13,320	(17,053)	74,853	316,859	1,773,332	(100)	1,773,232
Total comprehensive income for the period	-	-	-	-	-	-	73,518	73,518	(243)	73,275
Equity-settled share award and option arrangements	-	-	-	-	-	15,441	-	15,441	-	15,441
Share options vested	1	3,858	-	-	-	(3,858)	-	1	-	1
Repurchase of shares	-	-	-	-	(28,128)	-	-	(28,128)	-	(28,128)
Restricted shares units vested	-	4,446	-	-	1,741	(6,187)	-	-	-	-
At 30 June 2022 (unaudited)	113	1,383,449	10,096	13,320	(43,440)	80,249	390,377	1,834,164	(343)	1,833,821

* These reserve accounts comprise the consolidated reserves of RMB1,880,749,000 in the unaudited interim condensed consolidated statement of financial position as at 30 June 2023.

** The balance of equity accounts do not take into account the RSUs vested on January 1, 2023; and the restricted shares units vested during the Reporting Period includes the movement of RSUs vested on January 1, 2023.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	<i>Notes</i>	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		10,136	106,711
Adjustments for:			
Depreciation of property, plant and equipment	11	652	506
Depreciation of right-of-use assets	6	1,856	1,645
Amortisation of other intangible assets	12	2	2
Interest income from loans receivable	5	(4,126)	(3,187)
Interest income from amount due from a joint venture	5	–	(709)
Share of profits and losses of joint ventures		814	1,246
Share of profits and losses of associates		(445)	187
Finance costs		7,556	7,823
Equity-settled share award and option expenses		10,041	12,426
Net foreign exchange differences		178	188
Reversal of impairment of trade receivables, net	6	(3,451)	–
		23,213	126,838
Increase in inventories		(100,904)	(211,959)
(Increase)/decrease in trade and notes receivables		(30,210)	78,101
Decrease in prepayments, other receivables and other assets		18,456	58,267
Increase/(decrease) in trade payables		64,932	(85,283)
Decrease in other payables and accruals		(36,334)	(10,153)
Cash used in operations		(60,847)	(44,189)
Income tax paid		(5,674)	(33,217)
Net cash flows used in operating activities		(66,521)	(77,406)

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023



	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Net cash flows used in operating activities	(66,521)	(77,406)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(105)	(2,111)
Interest received from loans receivable	–	1,810
Repayment of advances of loans to third parties	–	56,000
Advances of loans to third parties	–	(90,000)
Increase in pledged deposits	–	(982)
Net cash flows used in investing activities	(105)	(35,283)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling interests	40	–
Proceeds from share options vested	1	1
Share issue expenses	–	(2,793)
New bank loans	160,000	140,600
Decrease in pledged time deposits	42,758	–
Repayment of borrowing from a third party	(3,000)	–
Repayment of bank loans	(122,600)	(40,000)
Interest paid	(6,249)	(4,737)
Principal portion of lease payments	(1,747)	(1,590)
Repurchase of shares	(289)	(28,128)
Net cash flows from financing activities	68,914	63,353
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,288	(49,336)
Effect of foreign exchange rate changes, net	(178)	72
Cash and cash equivalents at beginning of period	208,049	302,796
CASH AND CASH EQUIVALENTS AT END OF PERIOD	210,159	253,532
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	210,159	253,532
Cash and cash equivalents as stated in the consolidated statements of cash flows and consolidated statement of financial position	210,159	253,532

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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 Company’s subsidiaries and Consolidated Affiliated Entities were principally involved in the production, distribution and licensing of broadcasting rights of TV/Web series (“**drama series**”).

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.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 January 2021.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022.

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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSS**”) for the first time for the current period’s financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>





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

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Mainland China	462,097	463,574
Others	–	25
	462,097	463,599

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 Mainland China.

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	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Customer 1	184,275	249,056
Customer 2	81,559	190,566
Customer 3	53,567	N/A*
Customer 4	51,820	N/A*

* 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	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue from contracts with customers	462,097	463,599

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Type of goods or services		
Licensing of the broadcasting rights of drama series	377,600	461,647
Made-to-order drama series production	84,481	–
Others	16	1,952
Total revenue from contracts with customers	462,097	463,599
Geographical markets		
Mainland China	462,097	463,574
Others	–	25
Total revenue from contracts with customers	462,097	463,599

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

Revenue from contracts with customers (cont'd)

(i) Disaggregated revenue information (cont'd)

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Timing of revenue recognition		
Goods transferred at a point in time	377,616	463,599
Services transferred over time	84,481	–
Total revenue from contracts with customers	462,097	463,599

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Government grants (<i>note</i>)	6,315	12,321
Bank interest income	1,478	1,514
Interest income from loans receivable	4,126	3,187
Interest income from amount due from a joint venture	–	709
Others	70	173
	11,989	17,904

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. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cost of inventories sold		379,286	320,673
Depreciation of property, plant and equipment	11	652	506
Depreciation of right-of-use assets		1,856	1,645
Amortisation of other intangible assets*	12	2	2
Government grants	5	(6,315)	(12,321)
Bank interest income	5	(1,478)	(1,514)
Interest income from loans receivable	5	(4,126)	(3,187)
Interest income from amount due from a joint venture	5	–	(709)
Lease payments not included in the measurement of lease liabilities		98	33
Net foreign exchange differences		178	188
Auditor's remuneration		800	800
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		8,651	4,660
Equity-settled share award expense		2,744	4,084
Pension scheme contributions		745	354
Staff welfare expenses		174	300
		12,314	9,398
Share of profits and losses of joint ventures		814	1,246
Share of profits and losses of associates		(445)	187
Reversal of impairment of trade receivables, net		(3,451)	–

* The amortisation of other intangible assets is included in "Cost of sales" and "Administrative expenses" in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest on bank loans	5,695	4,569
Interest on other borrowings from third parties	142	1,111
Interest on discounted notes receivable	1,602	1,975
Interest on lease liabilities	117	168
	7,556	7,823

8. INCOME TAX

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

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

The statutory tax rate for the subsidiary in Hong Kong is 16.5%. 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 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. Hainan Yiming is recognised as Small and Low-profit Enterprises, and the profits less than RMB3,000,000 are entitled to a preferential tax rate of 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	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current – Mainland China		
Charge for the period	5,447	32,751
Deferred tax	831	685
Total tax charge for the period	6,278	33,436

9. DIVIDENDS

The Board did not declare any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares for the period ended 30 June 2023, as adjusted to reflect the shares repurchased under the restricted share unit scheme adopted by the Company in 2021 (“**2021 RSU Scheme**”) and restricted share unit scheme adopted by the Company in 2022 (“**2022 RSU Scheme**”) during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect changes in fair value of financial liabilities at fair value through profit or loss 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 earnings per share are based on:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	1,333	73,518
	Number of shares For the six months ended 30 June	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	675,595,483	677,516,769
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	–	7,234,333
Share options	2,472,708	23,421,961
	678,068,191	708,173,063

11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Carrying amount at beginning of period/year	4,408	2,898
Additions	93	2,643
Depreciation provided during the period/year	(652)	(1,133)
Carrying amount at end of period/year	3,849	4,408

12. OTHER INTANGIBLE ASSETS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Carrying amount at beginning of period/year	11	14,514
Amortisation provided during the period/year	(2)	(14,503)
Carrying amount at end of period/year	9	11

13. INVESTMENTS IN JOINT VENTURES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Share of net assets	1,147	1,312

The Group's balances and transactions with the joint ventures are disclosed in note 25 to the financial statements.



13. INVESTMENTS IN JOINT VENTURES (CONT'D)

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Share of the joint ventures' profits and losses for the period/year	(814)	(4,357)
Share of the joint ventures' total comprehensive income and loss for the period/year	(814)	(4,357)
Aggregate carrying amount of the Group's investments in joint ventures	1,147	1,312

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

14. INVESTMENTS IN ASSOCIATES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Share of net assets	5,381	7,197

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Share of the associates' profits and losses for the period/year	445	(225)
Share of the associates' total comprehensive income and loss for the period/year	445	(225)
Aggregate carrying amount of the Group's investments in associates	5,381	7,197

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

15. INVENTORIES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Raw materials	155,377	178,178
Work in progress	501,424	157,453
Finished goods	558,112	773,802
	1,214,913	1,109,433

16. TRADE AND NOTES RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables	475,962	449,956
Notes receivable	116,440	113,838
	592,402	563,794
Impairment	(14,988)	(18,439)
	577,414	545,355

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.



16. TRADE AND NOTES RECEIVABLES (CONT'D)

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 3 months	204,542	64,355
3 to 6 months	71,802	66,971
6 to 12 months	39,013	150,510
1 to 2 years	141,086	141,199
2 to 3 years	4,531	8,482
	460,974	431,517

Included in the Group's trade and notes receivables were amounts due from the Group's related parties of RMB238,826,000 (31 December 2022: RMB320,529,000), 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 RMB54,395,000 (31 December 2022: RMB211,384,000), were pledged to secure the bank loans granted to the Group.

As at 30 June 2023, notes receivable of RMB15,150,000 (31 December 2022: RMB21,888,000), whose fair values approximate to their carrying values, were classified as financial assets through other comprehensive income under HKFRS 9, and the remaining notes receivable of RMB101,290,000 (31 December 2022: RMB91,950,000) were measured at amortised cost.

As at 30 June 2023, the Group endorsed certain notes receivable accepted by banks in Mainland China (the "**Endorsed Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**") with a carrying amount in aggregate of RMB35,900,000 (31 December 2022: RMB78,200,000). In addition, as at 30 June 2023, the Group discounted certain notes receivable accepted by certain banks in Mainland China (the "**Discounted Notes**") with a carrying amount in aggregate of RMB114,300,000 (31 December 2022: RMB49,500,000). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes and the Discounted Notes have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**").

16. TRADE AND NOTES RECEIVABLES (CONT'D)

In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain Endorsed Notes and Discounted Notes accepted by large and reputable banks with an amount of RMB14,650,000 and RMB64,800,000 (31 December 2022: RMB44,000,000 and nil) as at 30 June 2023, (the “**Derecognised Notes**”). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables settled by the Endorsed Notes.

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

At 30 June 2023, the Group continued to recognise the full carrying amount of the remaining Endorsed Notes and the associated trade payables settled with an amount of RMB21,250,000 (31 December 2022: RMB34,200,000), and to recognise the proceeds received from the discount of the remaining Discounted Notes with an amount of RMB49,500,000 (31 December 2022: RMB49,500,000) as short-term loan because the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed and Discounted Notes. During the period, the Group recognised the interest expense on the discounted notes receivable amounting to RMB1,602,000 (six months ended 30 June 2022: RMB1,975,000).

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Prepayments	144,188	118,980
Prepayments under the co-investment arrangements	53,097	97,957
Loans receivable	103,515	99,389
Deductible input value-added tax	26,398	26,074
Deposits and other receivables	23,660	22,776
Prepaid income tax	14,305	21,067
	365,163	386,243
Impairment	(6,984)	(6,984)
	358,179	379,259

Included in the prepayments are prepayments to the Group’s related parties of RMB1,210,000 (31 December 2022: nil).





18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Cash and bank balances	179,679	177,889
Time deposits	92,415	91,653
Restricted cash	–	43,200
	272,094	312,742
Less: Pledged time deposits:		
Pledged for short term bank loans	61,935	61,493
Less: Restricted cash	–	43,200
Cash and cash equivalents	210,159	208,049
Denominated in:		
RMB	207,940	186,771
HK\$	2,219	21,278
Total cash and cash equivalents	210,159	208,049

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

19. TRADE PAYABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade payables	280,239	215,307

19. TRADE PAYABLES (CONT'D)

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

	June 30 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 3 months	150,560	77,551
3 to 6 months	26,904	27,168
6 to 12 months	45,081	2,400
1 to 2 years	35,470	84,549
2 to 3 years	19,196	22,194
Over 3 years	3,028	1,445
	280,239	215,307

Included in the trade payables were trade payables of RMB115,107,000 (31 December 2022: RMB34,972,000), due to the Group's related parties which were repayable within 120 days, which represented credit terms similar to those offered by the related parties to their major customers.

The trade payables are non-interest-bearing and are normally settled on 90 to 365 days' terms.

20. OTHER PAYABLES AND ACCRUALS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Contract liabilities	114,830	137,039
Other payables	4,183	14,327
Other tax payables	2,463	6,264
Payroll and welfare payable	367	547
	121,843	158,177

Included in contract liabilities are advances received from the Group's related parties of RMB57,971,000 (31 December 2022: RMB48,251,000).



21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	30 June 2023 (Unaudited) RMB'000
Current			
Bank loan – secured (<i>note (a)</i>)	5.20	2023	100,509
Bank loan – secured (<i>note (a)</i>)	5.20	2024	50,000
Bank loan – secured (<i>note (b)</i>)	3.65	2024	10,000
Bank loan – secured (<i>note (c)</i>)	5.22	2024	8,000
Bank loan – unsecured	4.40	2023	10,011
Bank loan – unsecured	4.00	2023	20,024
Bank loan – unsecured	4.75	2024	10,013
Bank loan – unsecured	3.90	2024	10,011
Bank loan – unsecured	4.65	2024	10,010
Discounted notes receivable – secured (<i>note (f)</i>)	5.00	2023	49,500
			278,078
Non-current			
Bank loan – secured (<i>note (c)</i>)	5.22	2025	32,000
			310,078

	Effective interest rate (%)	Maturity	31 December 2022 (Audited) RMB'000
Current			
Bank loan – secured (<i>note (a)</i>)	5.20	2023	150,768
Bank loan – secured (<i>note (d)</i>)	5.22	2023	12,622
Bank loan – secured (<i>note (e)</i>)	4.60	2023	40,056
Discounted notes receivable – secured (<i>note (f)</i>)	5.00	2023	49,500
Bank loan – unsecured	4.40	2023	10,013
Bank loan – unsecured	4.85	2023	10,014
Other borrowing – unsecured	5.00	2023	3,000
			275,973

21. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONT'D)

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	278,078	272,973
In the second year	32,000	–
Other borrowing repayable:		
Within one year	–	3,000
	310,078	275,973

Notes:

- (a) The Group's bank loan is secured by the pledge of certain of the Group's trade receivables amounting to RMB54,395,000 (31 December 2022: RMB138,584,000) and short term deposits amounting to RMB31,454,000 (31 December 2022: RMB31,333,000) and are guaranteed by the Company.
- (b) The Group's bank loan is guaranteed by a subsidiary.
- (c) The Group's bank loan is secured by the pledge of the future collection rights of a drama and is guaranteed by subsidiaries.
- (d) The Group's bank loan was secured by the pledge of certain of the Group's trade receivables amounting to RMB36,000,000 and is guaranteed by subsidiaries.
- (e) The Group's bank loan was secured by the pledge of certain of the Group's trade receivables amounting to RMB36,800,000 and restricted cash amounting to RMB43,200,000.
- (f) The Group's discounted notes receivable are secured by the pledge of short term deposits amounting to RMB30,481,000 (31 December 2022: RMB30,160,000).



22. SHARE CAPITAL

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Authorised: 2,000,000,000 (31 December 2022: 2,000,000,000) ordinary shares of US\$0.000025 each	50	50
Issued and fully paid: 700,394,200 (31 December 2022: 696,629,400) ordinary shares of US\$0.000025 each	18	17

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

	Number of shares in issue	Share capital RMB'000	Shares premium RMB'000	Treasury shares RMB'000	Total RMB'000
At 1 January 2023 and 31 December 2022 (<i>note (a)</i>)	696,629,400	113	1,383,391	(42,651)	1,340,853
Share options exercised (<i>note (b)</i>)	3,764,800	1	7,715	–	7,716
Repurchase of shares (<i>note (c)</i>)	–	–	–	(289)	(289)
Restricted share units vested (<i>note (a)(d)</i>)	–	–	2,519	2,759	5,278
At 30 June 2023	700,394,200	114	1,393,625	(40,181)	1,353,558

Notes:

- (a) The balance of equity accounts do not take into account the RSUs vested on January 1, 2023; and the restricted shares units vested during the Reporting Period includes the movement of RSUs vested on January 1, 2023.
- (b) On 12 May 2023, 3,764,800 share options were exercised at the subscription price of US\$0.000025 per share (note 23), resulting in the issue of 3,764,800 shares for a total cash consideration, before expenses, of US\$94.12 (equivalent to RMB1,000). An amount of RMB7,715,000 was transferred from the share award and option reserve to share premium upon the exercise of the share options.
- (c) During the period from 17 April 2023 to 20 April 2023, 310,000 shares were repurchased for the trustee under the 2022 RSU Scheme to hold on trust for the grantees of the restricted share units at a total cash consideration of RMB289,000.
- (d) On 1 January 2023 and 1 May 2023, 1,450,000 and 563,000 restricted share units were vested, respectively. An amount of RMB5,278,000 was transferred from the share award and option reserve to share premium and treasury shares of RMB2,519,000 and RMB2,759,000, respectively, upon the vesting of restricted share units.

23. SHARE AWARD AND SHARE OPTION SCHEMES

(a) Pre-IPO Share Option Scheme

On 11 May 2020, the Company adopted the Pre-IPO Share Option Scheme. Following the adoption of the Pre-IPO Share Option Scheme, 37,648,000 Pre-IPO Share Options, representing approximately 8% equity interests in the Company, were granted to Mr. Liu Xiaofeng, an executive director and the chief executive officer of the Company, to recognise his significant contribution to the Group. The Pre-IPO Share Options required no performance target except that Mr. Liu Xiaofeng remains as an employee of the Group during the vesting period.

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

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

	Weighted average exercise price US\$ per share	Number of options
At 31 December 2022, and 1 January 2023	0.000025	35,765,600
Exercised during the period	0.000025	(3,764,800)
At 30 June 2023	0.000025	32,000,800

The fair value of the Pre-IPO Share Options granted in 2020 was approximately RMB77,152,000, of which the Group recognised a share option expense of RMB7,297,000 during the period (six months ended 30 June 2022: RMB8,342,000).

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

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





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

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

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

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

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

On 14 November 2022, the board of directors resolved to amend the vesting conditions of certain RSUs granted to employees and business partners under the 2021 RSU Scheme. The revised vesting schedule of the RSUs granted to the grantees under the 2021 RSU Scheme shall be as follows:

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

- (i) in relation to 1,600,000 RSUs granted, the RSUs shall vest on 11 November 2021;
- (ii) in relation to 2,080,000 RSUs granted, 20% of the RSUs shall vest on 11 November 2021, 20% of the RSUs shall vest on 11 November 2022, 30% of the RSUs shall vest on 11 November 2023, and 30% of the RSUs shall vest on 11 November 2024;

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

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

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

- (i) in relation to 4,800,000 RSUs granted to suppliers, one-third of the RSUs shall vest on 1 January 2023, 1 January 2024 and 1 January 2025, subject to satisfaction of the vesting condition that certain drama series, for which the relevant grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates;
- (ii) in relation to 4,500,000 RSUs granted to suppliers, one-third of the RSUs shall vest on 1 January 2024, 1 January 2025 and 1 January 2026, subject to satisfaction of the vesting condition that certain drama series, for which the relevant grantees engaged by the Group to act as the screenwriter, producer or director shall be broadcast or start shooting by certain dates;
- (iii) in relation to 800,000 RSUs granted to employees of a joint venture, 25% of the RSUs shall vest on 25 January 2023, 25 January 2024, 25 January 2025 and 25 January 2026, subject to satisfaction of the vesting condition that the profit of the company, for which the relevant grantees were engaged as agents, remains at certain level; and
- (iv) in relation to 3,000,000 RSUs granted to an employee of a joint venture, 25% of the RSUs shall vest on 1 January 2024, 1 January 2025, 1 January 2026 and 1 January 2027, subject to satisfaction of the vesting condition that the relevant Grantee procures top actors to participate in the production of drama series of the Company.

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

- (i) in relation to 759,000 RSUs granted, one-third of the RSUs shall vest on 1 May 2023, 1 May 2024 and 1 May 2025; and
- (ii) in relation to 3,100,000 RSUs granted, one-third of the RSUs shall vest on 1 May 2024, 1 May 2025 and 1 May 2026.



23. SHARE AWARD AND SHARE OPTION SCHEMES (CONT'D)**(b) 2021 Restricted Share Unit (“RSU”) Scheme (cont’d)**

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

	Number of shares held for the 2021 RSU Scheme	Number of awarded shares
Outstanding at 1 January 2022	–	14,764,000
Repurchase of shares	3,859,000	–
Granted during the year	(3,859,000)	3,859,000
Forfeited	192,000	(192,000)
Vested during the year	–	(368,000)
Outstanding at 31 December 2022, and 1 January 2023 <i>(note (i))</i>	192,000	18,063,000
Forfeited <i>(note (ii))</i>	542,000	(542,000)
Vested during the year <i>(note (ii))</i>	–	(1,703,000)
Outstanding at 30 June 2023	734,000	15,818,000

Notes:

- (i) The number of Shares underlying such RSU outstanding as of January 1, 2023 does not take into account the RSUs forfeited and vested on January 1, 2023.
- (ii) The number of RSUs forfeited and vested during the Reporting Period includes the number of RSUs forfeited and vested on January 1, 2023.

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

	As at 19 April 2022	As at 30 June 2023	As at 31 December 2022
Liquidity discount (%)	20%	18%	18%

During the period, the Group recorded share-based compensation of RMB3,276,000 (six months ended 30 June 2022: RMB3,791,000), of which RMB572,000 was recognised to profit or loss, RMB2,599,000 was recognised in inventories and RMB105,000 was recognised in share of profits and losses of a joint venture.

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

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

(c) 2022 RSU Scheme

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

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

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

On 14 November 2022, the Company granted an aggregate of 310,000 RSUs, representing 310,000 underlying shares, to 1 grantee, who is a top screenwriter and a business partner of the Group, at nil consideration pursuant to the 2022 RSU Scheme, all of which were accepted by the grantee. The grant of an aggregate of 310,000 RSUs to the grantees shall be satisfied by the existing shares to be acquired by the Trustee on the market. The Company will provide sufficient funds through its internal resources to the Trustee to enable the Trustee to satisfy its obligations in connection with the vesting of RSUs granted to the grantees. The exercise price of the RSUs is nil. There are performance targets required.

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

- (i) in relation to the 2,800,000 RSUs granted, 5% of the RSUs shall vest on 11 November 2022, 10% of the RSUs shall vest on 11 November 2023, 15% of the RSUs shall vest on 11 November 2024, 20% of the RSUs shall vest on 11 November 2025, 25% of the RSUs shall vest on 11 November 2026, and 25% of the RSUs shall vest on 11 November 2027; and
- (ii) in relation to the the 3,341,000 RSUs granted, 20% of the RSUs shall vest on 20 May 2022, 20% of the RSUs shall vest on 11 November 2023, 30% of the RSUs shall vest on 11 November 2024, and 30% of the RSUs shall vest on 11 November 2025.





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

(c) 2022 RSU Scheme (cont'd)

The 310,000 RSUs granted to such business partner shall vest on 1 May 2023, subject to satisfaction of the vesting condition that certain drama series, for which the grantee engaged by the Group to act as the screenwriter, shall be broadcast before 1 May 2023.

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

	Number of shares held for the 2022 RSU Scheme	Number of awarded shares
Outstanding at 1 January 2022	–	–
Repurchase of shares	6,141,000	–
Granted during the year	(6,451,000)	6,451,000
Vested during the year	–	(808,200)
Outstanding at 31 December 2022, and 1 January 2023	(310,000)	5,642,800
Repurchase of shares	310,000	–
Forfeited	160,000	(160,000)
Vested during the year	–	(310,000)
Outstanding at 30 June 2023	160,000	5,172,800

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

During the year, the Group recorded a share-based compensation of RMB2,432,000 (six months ended 30 June 2022: Nil) and recognised to profit or loss.

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

24. COMMITMENTS

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Contracted, but not provided for: Drama series	374,971	371,810

25. RELATED PARTY TRANSACTIONS

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

Company	Relationship with the Company
Zhejiang Dongyang Chestnutbear Film and Television Culture Co., Ltd. (" Dongyang Chestnutbear ")	An associate of the Group
Wuxi Wuyi Culture Media Co., Ltd (" Wuxi Wuyi ")	An associate of the Group
Xiangshan Xingyu Yinyue Culture Media Co., Ltd (" Xingyu Yinyue ")	A joint venture of the Group
Beijing Honeybear Entertainment Cultural Media Co., Ltd (" Beijing Honeybear ")	A joint venture of the Group
Beijing iQIYI Technology Co., Ltd. (" Beijing iQIYI ")	An entity controlled by a shareholder
Hainan iQIYI Information Technology Co., Ltd. (" Hainan iQIYI ")	An entity controlled by a shareholder
Shanghai Shaoyin Music Entertainment Co., Ltd. (" Shanghai Shaoyin ")	An entity controlled by shareholders



25. RELATED PARTY TRANSACTIONS (CONT'D)

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

	Notes	For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Sales of goods to:			
Beijing iQIYI	(i)	184,275	203,773
Hainan iQIYI	(i)	–	45,283
Purchases of goods from:			
Beijing iQIYI	(ii)	113,036	–
Wuxi Wuyi	(ii)	12,913	–
Dongyang Chestnutbear	(ii)	5,711	38,735
Beijing Honeybear	(ii)	2,327	–
Interest income from:			
Xingyu Yinyue	(iii)	–	709

Notes:

- (i) The sales to related parties were made according to the published prices and conditions offered to the major customers of the Group.
- (ii) The purchases from related parties were made according to the published prices and conditions offered by the related parties to their major customers.
- (iii) The Group provided a loan to Xingyu Yinyue in 2021, and the loan is unsecured and bears interest at 5% per annum and repayable within one year.

25. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Outstanding balances with related parties:

(i) Trade and notes receivables

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Beijing iQIYI	197,968	279,671
Hainan iQIYI	40,858	40,858
	238,826	320,529

(ii) Prepayments, other receivables and other assets

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Wuxi Wuyi	1,210	–

(iii) Trade payables

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Beijing iQIYI	113,618	31,542
Dongyang Chestnutbear	1,489	2,830
Shanghai Shaoyin	–	600
	115,107	34,972





25. RELATED PARTY TRANSACTIONS (CONT'D)

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

(iv) Other payables and accruals

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Beijing iQIYI	57,221	3,081
Hainan iQIYI	–	45,170
Wuxi Wuyi	750	–
	57,971	48,251

(v) Due from a joint venture

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Xingyu Yinyue	31,028	31,028
Impairment loss recognised	(31,028)	(31,028)
	–	–

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

Except for the loan to Xingyu Yinyue stated in note (a)(iii) above and transactions detailed elsewhere in notes 16, 17, 19 and 20, the balances with related parties are unsecured, interest-free and repayable on demand.

Except for the amounts stated in (b)(v) above, the balances with related parties are trade in nature.

25. RELATED PARTY TRANSACTIONS (CONT'D)

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Fees	315	–
Salaries, allowances and benefits in kind	1,940	1,623
Equity-settled share award expense	7,297	8,342
Pension scheme contributions	84	85
Total compensation paid to key management personnel	9,636	10,050

26. FINANCIAL INSTRUMENTS BY CATEGORY

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

30 June 2023 (unaudited)

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Total RMB'000
	Designated as such upon initial recognition RMB'000	Debt investments RMB'000	Financial assets at amortised cost RMB'000	
Financial asset at fair value through profit or loss	11,402	–	–	11,402
Notes receivable	–	15,150	101,290	116,440
Trade receivables	–	–	460,974	460,974
Financial assets included in prepayments, other receivables and other assets	–	–	120,191	120,191
Pledged deposits	–	–	61,935	61,935
Cash and cash equivalents	–	–	210,159	210,159
	11,402	15,150	954,549	981,101

26. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

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

30 June 2023 (unaudited) (cont'd)

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	280,239	280,239
Lease liabilities	3,552	3,552
Interest-bearing bank and other borrowings	310,078	310,078
Financial liabilities included in other payables and accruals	4,183	4,183
	598,052	598,052

31 December 2022 (audited)

Financial assets

	Financial assets at fair value through profit or loss Designated as such upon initial recognition RMB'000	Financial assets at fair value through other comprehensive income Debt investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial asset at fair value through profit or loss	11,402	-	-	11,402
Notes receivable	-	21,888	91,950	113,838
Trade receivables	-	-	431,517	431,517
Financial assets included in prepayments, other receivables and other assets	-	-	115,181	115,181
Restricted cash	-	-	43,200	43,200
Pledged deposits	-	-	61,493	61,493
Cash and cash equivalents	-	-	208,049	208,049
	11,402	21,888	951,390	984,680

26. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

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

31 December 2022 (audited) (cont'd)

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	215,307	215,307
Lease liabilities	5,299	5,299
Interest-bearing bank and other borrowings	275,973	275,973
Financial liabilities included in other payables and accruals	14,327	14,327
	510,906	510,906

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

The fair values of the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for lease liabilities as at 30 June 2023 were assessed to be insignificant.

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

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONT'D)**Fair value hierarchy**

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

Assets measured at fair value:

As at 30 June 2023 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Notes receivable	–	15,150	–	15,150
Financial assets at fair value through profit or loss	–	–	11,402	11,402
	–	15,150	11,402	26,552

As at 31 December 2022 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Notes receivable	–	21,888	–	21,888
Financial assets at fair value through profit or loss	–	–	11,402	11,402
	–	21,888	11,402	33,290

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

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

28. EVENTS AFTER THE REPORTING PERIOD

There was no event causing significant impact on the Group since 30 June 2023.

DEFINITIONS AND GLOSSARIES

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

“2021 RSU Scheme”	the restricted share unit scheme adopted by the Company on September 15, 2021, as amended from time to time
“2022 RSU Scheme”	the 2022 restricted share unit scheme adopted by the Company on April 28, 2022, as amended from time to time
“AIGC”	Artificial Intelligence Generated Content
“Audit Committee”	the audit committee of the Board
“Beyond Vast”	BEYOND VAST LIMITED, a BVI business company incorporated under the laws of the BVI on August 12, 2020 and wholly owned by Family Trust Singapore, the trustee of the LSS Family Trust
“Board” or “Board of Directors”	the board of Directors of the Company
“broadcasting rights”	refers to (i) the right of broadcasting (廣播權), in terms of drama series broadcast via TV channels; and (ii) the right to network dissemination of information (信息網絡傳播權), in terms of drama series and films broadcast via online video platforms, for the purpose of this report
“CG Code”	the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules
“Chairman”	the Chairman of the Board
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only, references herein to “China” and the “PRC” do not apply to Taiwan Province, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China
“Committee”	a committee established and delegated with the power and authority by the Board to administer the RSU Schemes
“Company” or “the Company”	Strawbear Entertainment Group (稻草熊娛樂集團), an exempted company with limited liability incorporated under the laws of Cayman Islands on January 3, 2018, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Consolidated Affiliated Entities”	the entities the Company controls through the Contractual Arrangements, namely Jiangsu Strawbear and its subsidiaries, further details of which are set out in “Contractual Arrangements” in the Prospectus



“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Nanjing Strawbear, Jiangsu Strawbear and its registered shareholders, details of which are described in “Contractual Arrangements” in the Prospectus
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context otherwise requires, refers to Mr. Liu, Master Sagittarius and Leading Glory
“COVID-19”	novel coronavirus pneumonia
“D2C”	direct-to-consumer, a business model that manufacturers selling directly to their end-customers
“Director(s)”	director(s) of the Company
“drama series”	refers to the content produced for broadcast via TV channels or the internet, which is usually released in episodes that follow a narrative, consisting of TV series and web series
“Eligible Participant(s)”	include the (i) employees of the Company; (ii) senior management of subsidiaries of the Company; and (iii) business partners of the Group (including top artists such as directors, screenwriters, etc.) who the Board or its delegate(s) considers, in their sole discretion, have contributed or will contribute to the Group, and who are not Excluded Persons
“Employee Trust Hong Kong”	Vistra Trust (Hong Kong) Limited, an Independent Third Party professional trust company established in Hong Kong
“Environmental, Social and Governance Committee”	the environmental, social and governance committee of the Board
“Excluded Person”	(i) at the time of the proposed grant of a RSU, any connected person or core connected person of the Company, or (ii) any Eligible Participant who is a resident in a place where the award of the RSUs and/or the vesting and transfer of the Shares underlying the vested RSUs pursuant to the terms of the RSU Schemes is not permitted under the laws and regulations of such place such that in the view of the Board or the Committee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participant
“first-run”	the first round broadcast of a drama series on the TV channel or online video platform
“Family Trust Singapore”	Vistra Trust (Singapore) Pte. Limited, an Independent Third Party professional trust company established in Singapore

Definitions and Glossaries

“Glesason Global”	GLESASON GLOBAL LIMITED, a BVI business company incorporated under the laws of the BVI on May 5, 2020 and owned as to 99% by Beyond Vast and 1% by Gold Pisces
“Gold Fish”	Gold Fish Management Holding Limited, a BVI business company incorporated under the laws of the BVI on January 30, 2018 and wholly owned by Ms. Zhai
“Gold Fish Trust”	the discretionary trust established by Ms. Zhai as the settlor and the protector, with Family Trust Singapore as the trustee, details of which are set out in the section headed “History, Reorganization and Corporate Development” in the Prospectus
“Gold Pisces”	Gold Pisces Holding Limited, a BVI business company incorporated under the laws of the BVI on December 19, 2017 and wholly owned by Ms. Liu
“Golden Basin”	GOLDEN BASIN GLOBAL LIMITED, a BVI business company incorporated under the laws of the BVI on April 1, 2020 and owned as to 99% by Smart Century and 1% by Gold Fish
“Gorgeous Horizon”	GORGEOUS HORIZON LIMITED, a BVI business company incorporated under the laws of the BVI on August 28, 2020 and wholly owned by Success Tale
“Grant Date”	the date (which shall be a business day) on which the grant of a RSU is made to a Selected Participant, being the date of the Grant Letter
“Grant Letter”	the letter pursuant to which RSUs are granted to a Selected Participant
“Grantee(s)”	any Eligible Participant(s) who accepts or is deemed to have accepted a grant of RSUs in accordance with the terms of the RSU Schemes
“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)
“Hainan Yiming”	Hainan Yiming Media Culture Co.,Ltd. (海南翼鳴文化傳媒科技有限公司), a limited liability company established in the PRC on November 1, 2021 and indirectly controlled by the Company through the Contractual Arrangements
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards, which collectively include Hong Kong Accounting Standards and related interpretations, promulgated by the Hong Kong Institute of Certified Public Accountants



“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	an individual or a company which, to the best of the Director’s knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“IP(s)”	intellectual properties such as existing films, drama series or other literary or artistic works, concepts, stories and expressions that can be used or considered, entirely or partially, to create and/or produce new drama series or films
“IP reserve(s)”	a reserve of IPs for future production of drama series or films
“iQIYI”	iQIYI, Inc. (Stock Code: IQ. NASDAQ) and its subsidiaries and consolidated affiliated entities, one of the largest Chinese online video platforms listed in the U.S. with approximately 476.0 million average MAUs in 2019
“Jiangsu Strawbear”	Jiangsu Strawbear Film Co., Ltd. (江蘇稻草熊影業有限公司), a limited liability company established in the PRC on June 13, 2014 and indirectly controlled by the Company through the Contractual Arrangements
“Leading Glory”	LEADING GLORY INVESTMENTS LIMITED, a BVI business company incorporated under the laws of the BVI on April 1, 2020 and owned as to 99% by Master Genius and 1% by Master Sagittarius, one of the Group’s Controlling Shareholders
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on January 15, 2021
“Listing Date”	the date, namely January 15, 2021, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“LSS Family Trust”	the discretionary trust established by Ms. Liu as the settlor and the protector, with Family Trust Singapore as the trustee
“LXF Family Trust”	the trust established by Mr. Liu as the settlor and the protector, with Employee Trust Hong Kong as the trustee and Master Sagittarius as the beneficiary

Definitions and Glossaries

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Master Genius”	MASTER GENIUS GLOBAL LIMITED, a BVI business company incorporated under the laws of the BVI on August 28, 2020 and wholly owned by Family Trust Singapore, the trustee of the LXF Family Trust
“Master Sagittarius”	Master Sagittarius Holding Limited, a BVI business company incorporated under the laws of the BVI on December 18, 2017 and wholly owned by Mr. Liu, one of the Group’s Controlling Shareholders
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Liu”	Mr. Liu Xiaofeng (劉小楓), Chairman, an executive Director, the chief executive officer of the Company, one of the Group’s Controlling Shareholders and one of the registered shareholders of Jiangsu Strawbear
“Ms. Liu”	Ms. Liu Shishi (劉詩施), one of the Group’s substantial Shareholders and one of the Registered Shareholders of Jiangsu Strawbear
“Ms. Zhai”	Ms. Zhai Fang (翟芳), an executive Director, the chief operating officer of the Company and one of the Registered Shareholders of Jiangsu Strawbear
“Ms. Zhang”	Ms. Zhang Qiuchen (張秋晨), an executive Director, the chief marketing officer of the Company and one of the Registered Shareholders of Jiangsu Strawbear
“Ms. Zhao”	Ms. Zhao Liying (趙麗穎), one of the Group’s Shareholders and one of the Registered Shareholders of Jiangsu Strawbear
“Nanjing Strawbear”	Nanjing Strawbear Business Consulting Co., Ltd. (南京稻草熊商務諮詢有限公司), a limited liability company established in the PRC on September 17, 2018 and an indirectly wholly-owned subsidiary of the Company
“Nomination Committee”	the nomination committee of the Board
“NRTA”	National Radio and Television Administration of the PRC (中華人民共和國國家廣播電視總局), the successor of the State Administration of Press, Publication, Radio, Film, and Television of the PRC (中華人民共和國國家新聞出版廣電總局)
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Company on May 11, 2020, the principal terms of which are summarised in “Appendix IV – Statutory and General Information – D. Other Information – (1) Pre-IPO Share Option Scheme” in the Prospectus



“Pre-IPO Share Options”	the share options granted under the Pre-IPO Share Option Scheme
“Prospectus”	the prospectus of the Company published on December 31, 2020
“re-run broadcast” or “re-run”	the rebroadcast of a drama series that has previously been broadcast on the TV channel or online video platform, including second-run broadcast and all subsequent broadcasts on any channel
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six-month period from January 1, 2023 to June 30, 2023
“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 Scheme(s)”	2021 RSU Scheme and/or 2022 RSU Scheme
“Selected Participant(s)”	any Eligible Participant approved by the Board for participation in the RSU Schemes on the relevant Grant Date
“Service Provider(s)”	any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.000025 each
“Shareholder(s)”	holder(s) of the Shares
“Smart Century”	SMART CENTURY VENTURES LIMITED, a BVI business company incorporated under the laws of the BVI on June 24, 2020 and wholly owned by Family Trust Singapore, the trustee of the Gold Fish Trust

Definitions and Glossaries

“Success Tale”	SUCCESS TALE ENTERPRISES LIMITED, a BVI business company incorporated under the laws of the BVI on August 28, 2020 and wholly owned by Employee Trust Hong Kong, the trustee of the Strawbear Employee Trust
“Taurus Holding”	Taurus Holding Ltd., a BVI business company incorporated under the laws of the BVI on November 28, 2018, one of the Group’s substantial shareholders
“Trustee(s)”	the trustee (which is independent of and not connected with the Company) appointed by the Company for the administration of the RSU Scheme(s), which initially will be Futu Trustee Limited
“TV”	television
“TV series”	a series of scripted episodes that needs to obtain a distribution license from the NRTA, which are broadcast on TV channels and/or new media channels such as online video platforms
“US\$”	United States dollars, the lawful currency for the time being of the United States
“Voting Arrangement Agreements”	the agreement and supplemental agreement thereof dated November 1, 2018 entered into by, among others, Mr. Liu, Ms. Liu, Ms. Zhai, Ms. Zhao, Ms. Zhang and their respective wholly-owned holding companies (where applicable) regarding certain arrangements for the voting rights in the members of the Group, details of which are set out in “History, Reorganization and Corporate Development – Voting Arrangement and Lock-up Arrangements” in the Prospectus
“web series”	a series of scripted episodes which can only be broadcast on new media channels such as online video platforms

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

