This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a major drama series producer and distributor in the PRC, covering the investment, development, production and distribution of TV series and web series. According to the Frost & Sullivan Report, we ranked fourth among all drama series producers and distributors in the PRC in terms of the number of the first-run broadcast TV series in 2019, representing a market share of 6.0%. We also ranked sixth among all drama series producers and distributors in the PRC in 2019 in terms of (i) the revenue generated from drama series and (ii) the number of episodes of drama series distributed for the first-run and re-run broadcast, representing a market share of 1.8% and 2.1%, respectively, according to the same source.

We generate revenue primarily from (i) licensing the broadcasting rights of our self-produced drama series to TV channels, online video platforms or third party distributors; (ii) licensing the broadcasting rights of outright-purchased drama series from online video platforms or drama series producers to TV channels, third party distributors or online video platforms; and (iii) production services for made-to-order drama series per online video platforms' orders. In respect of licensing of broadcasting rights of our self-produced drama series business, we charge TV channels and online video platforms for broadcasting, and third party distributors for sub-licensing, our self-produced drama series, while we pay (i) IP costs to IP owners or screenwriters for their copyrights; (ii) service fees to third party production services providers and talents; and (iii) marketing and promotion fees to marketing agencies. Regarding licensing of broadcasting rights of our outright-purchased drama series business, we charge TV channels, third party distributors and online video platforms a fixed-amount licensing fee of each episode, while pay licensing fees to online video platforms or drama series producers. In addition, with regards to our business of made-to-order drama series production, we charge online video platforms production fees for provision of the overall production services, while pay IP costs to screenwriters for their screenplays, talent costs to directors and actors for their performance services, and production costs to third party production services providers.

We were one of the 73 holders of Television Drama Production Permit (Class A) (《電視劇製作許可證(甲種)》) in the PRC, and the only one in Jiangsu Province, as of December 31, 2019. In recognition of our achievements in business innovation and rapid growth, we received various awards, including the Cultural and Technology Enterprise of Nanjing (南京市重點文化科技企業) in 2017 and Gazelle Enterprise of Nanjing (南京市瞪羚企業) granted by Nanjing Municipal People's Government in 2018 in honor of fast growing innovation enterprise. In addition, the drama series that we produced and distributed also won a variety of awards from TV channels and online video platforms as well as the government.

To satisfy our demand for drama series production, we generally maintain 20 to 30 IP reserves simultaneously in accordance with our internal policy. As of the Latest Practicable Date, in addition to our drama series that had been broadcast and to be broadcast, we had reserved in aggregate 31 IPs, consisting of six original screenplays based on our own initial ideas and 25 adapted screenplays based on licensed IPs. In the meantime, some of our IPs are also high ranking stories on leading online literature platforms.

We believe our platform business model gives us a competitive advantage over industry peers and empowers us to effectively integrate premium industry resources, such as well-recognized screenwriters, producers, directors and actors, filming and production studios as well as external quality control specialists, into our well-established ecosystem to achieve synergies. Our industry resource integration capability also ensures the quality and success of our drama series, which is evidenced by their audience reception. For example, our self-produced drama series, The Impossible Mission (不可能完成的任務) won the Jiangsu Province Government Television Award (江蘇省新聞出版廣電政府獎電視劇獎) from Jiangsu Provincial Administration of Radio and Television. Treasure Adventure (國寶奇旅) won the First Prize of the 2019 Jiangsu Province Outstanding Copyright Award (2019年江蘇省優秀版權作品一等獎) from Copyright Administration of Jiangsu Province, and Five-one Project Award of Jiangsu Province (江蘇省五個一工程獎) from the Standing Committee of Jiangsu Provincial Committee of the Communist Party of China. Second Time Is A Charm (第二次也很美) was the Annual Viewership Ratings Champion during the prime time of Dragon TV in 2019 (二零一九年東方衛視黃金時段年度收視率冠軍).

Our quality control of drama series, comprising both internal and external seasoned quality control staff, is one of our core competencies that distinguishes us from other drama series producers and distributors. We invite industry-recognized producers and/or directors to conduct quality control through the entire process of drama series production, from IP selection to filming and further to post-production. To better serve and continue to benefit from online video platforms as one of our strategies, we have established four in-house content production studios to serve our major online video platform partners. We provide diversified content developed by ourselves or licensed from our content partners to different online video platforms according to their preferences and specific demands.

We place high value on the investment in drama series. Our management and project initiation committee keep track of, continuously seek for, and make cautious selection in investment opportunities in drama series. As of June 30, 2020, we had invested in an aggregate of 16 drama series that had completed production, among which 11 are our self-produced drama series. We were the sole or largest investor in eight out of 11 of our self-produced drama series that had completed production as of the same date. We have strong distribution capability and have maintained well-established relationships with the top five TV channels and top three online video platforms in the PRC. According to the Frost & Sullivan Report, we were the only drama series producer and distributor that distributed new drama series on all of the aforementioned eight dominant distribution channels in 2019. Leveraging our strong distribution capability, we are from time to time approached by other developers or producers to assist with the distribution of their drama series. As of the Latest Practicable Date, we had 32 drama series that had been broadcast, and three drama series to be broadcast by the fourth quarter of 2021, including one self-produced drama series and two made-to-order drama series.

We experienced stable growth during the Track Record Period. Our revenue increased from RMB542.9 million in 2017 to RMB679.1 million in 2018 and further increased to RMB765.1 million in 2019. According to the Frost & Sullivan Report, the size of the drama series market in the PRC in terms of licensing or distribution revenue and advertising revenue is expected to further grow from RMB99.1 billion in 2019 to RMB121.3 billion in 2024. As a major player in this market, we believe that we will continue to be well positioned and benefit from the stable and continuous market growth potential.

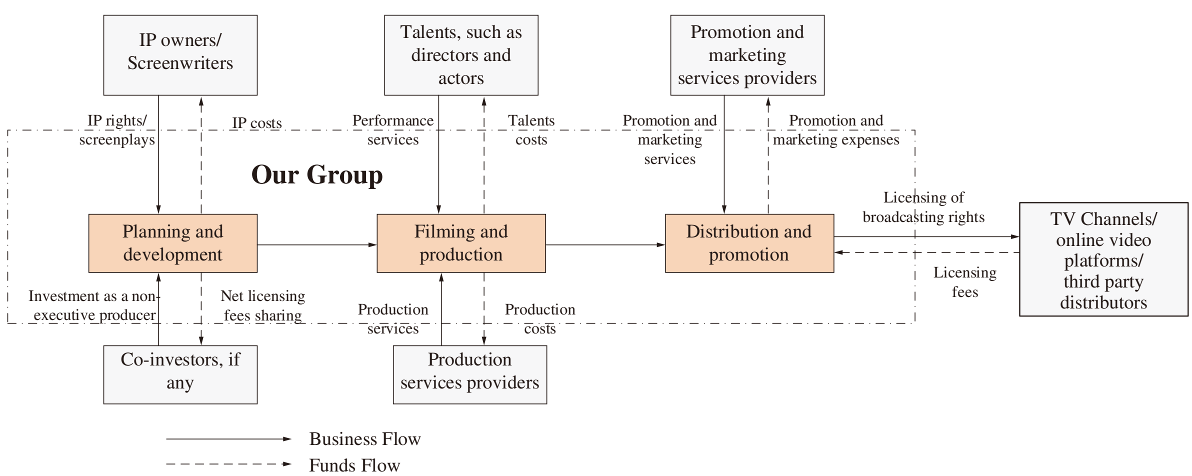
OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from (i) licensing of broadcasting rights of self-produced drama series; (ii) licensing of broadcasting rights of outright-purchased drama series; and (iii) production services for made-to-order drama series.

Licensing of Broadcasting Rights of Self-produced Drama Series Business

We commenced producing our own drama series and licensing the related broadcasting rights to major TV channels, top online video platforms and sometimes third party distributors since our inception. Substantially all of our self-produced drama series are broadcast on both TV channels and online video platforms. We charge TV channels and online video platforms for broadcasting, and third party distributors for sub-licensing, our self-produced drama series, while we pay (i) IP costs to IP owners or screenwriters for their copyrights, (ii) service fees to talents, such as directors and actors, and to third party production services providers, such as filming and production studios; and (iii) marketing and promotion fees to marketing agencies for the relevant promotional services they provide. Our self-produced drama series are developed either solely by ourselves or jointly with Independent Third Party investors under a co-investment arrangement where we act as the executive producer. We take lead in the production and distribution of such drama series, while our co-investors generally have a passive role.

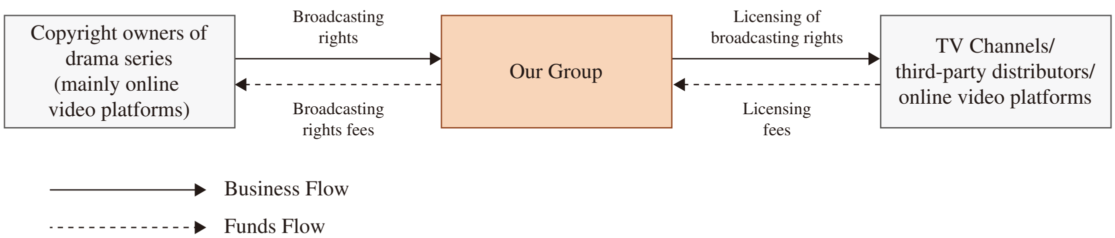
The chart below illustrates the business model of our business of licensing of broadcasting rights of self-produced drama series:



Licensing of Broadcasting Rights of Outright-purchased Drama Series Business

We purchase the broadcasting rights of drama series from copyright owners which are mainly online video platforms or sometimes drama series producers, and license such broadcasting rights of these drama series to TV channels, third-party distributors or sometimes online video platforms. We charge TV channels, third-party distributors or online video platforms a fixed-amount licensing fee of each episode for their broadcasting of our outright-purchased drama series, and pay a fixed-amount licensing fee of each episode to online video platforms or drama series producers for the broadcasting rights licensed to us.

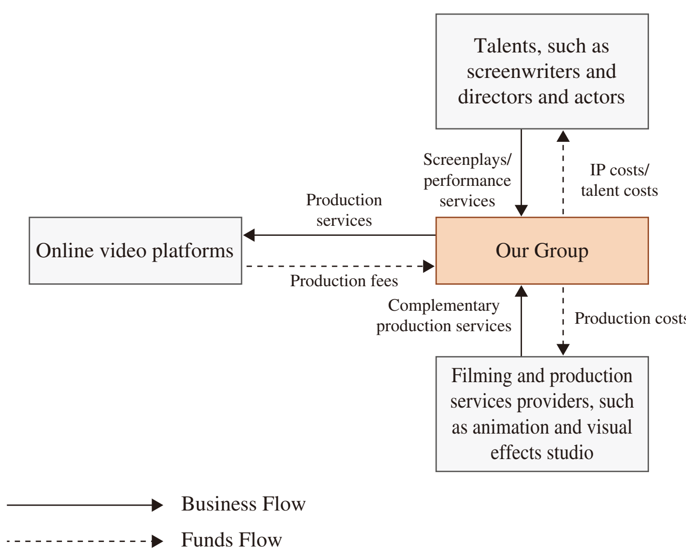
The chart below illustrates the business model of our business of licensing of broadcasting rights of outright-purchased drama series:



Made-to-order Drama Series Production Business

We produce made-to-order drama series for online video platforms since 2017. We charge online video platforms production fees for provision of the overall production services, including cast talents and filming and production crew assembling, production management and quality control, as well as post-production editing; while we pay IP costs to screenwriters for their screenplays, talent costs to directors and actors for their performance services, and production costs to third party production services providers, such as animation and visual effects studios, for their complementary production services.

The chart below illustrates the business model of our made-to-order drama series production business:



During the Track Record Period, we also generated revenue from other business, such as investment in drama services as a non-executive producer, IP derivatives, and product placement opportunities for advertisers.

OUR DRAMA SERIES

Since our inception and up to the Latest Practicable Date, we had broadcast a total of 32 drama series, including (i) 30 drama series broadcast during the Track Record Period and up to the Latest Practicable Date, (ii) one drama series broadcast both prior to and during the Track Record Period, and (iii) one drama series broadcast prior to the Track Record Period. See "Business — Our Business Model — Overview" and "Business — Our Drama Series — Our Broadcast Drama Series Projects." The table below sets forth the number of our broadcast drama series by category and business line for the periods indicated:

	Year ended December 31,			Subsequent to December 31, 2019 and up to the Latest Practicable Date
	2017	**2018**	**2019**	
TV series				
Self-produced drama series	2	2	3	3
Outright-purchased drama series	3	3	2	5
Made-to-order drama series	–	–	–	3
Others[(1)]	1	2	–	1
Sub-total	6	7	5	12
Web series				
Made-to-order drama series	–	1	–	–
Total	**6**	**8**	**5**	**12**

Note:

(1) Others represent three co-financed drama series where we act as a non-executive producer and one drama series where we act as a distribution agent.

The table below sets forth certain details of our drama series under production or to be broadcast as of the Latest Practicable Date:

	Status	Our Role	Production Type	Expected Broadcasting Channel	Expected Broadcasting Time
Self-produced drama series					
My Bargain Queen (我的砍價女王)	Post-production	Production and distribution	Adaptation	Youku	In the fourth quarter of 2021
Made-to-order drama series					
Breath Of Destiny (一起深呼吸)	Post-production	Production and distribution	Original	iQIYI	In the first quarter of 2021
Spirit Realm (靈域)	Post-production	Production	Adaptation	iQIYI	In the first quarter of 2021
Handsome Young Master (公子傾城)	Under production	Production	Adaptation	iQIYI	In the fourth quarter of 2021
Flying To The Moon (月歌行)	Under production	Production	Adaptation	iQIYI	In the first quarter of 2022

OUR CUSTOMERS AND SUPPLIERS

Our Customers

During the Track Record Period, our customers primarily include (i) TV channels to which we license our self-produced and outright-purchased drama series; (ii) online video platforms that we license self-produced and outright-purchased drama series to and produce made-to-order drama series for; and (iii) third party distributors that we license our self-produced and outright-purchased drama series to. We had had relationships with our five largest customers for approximately one to six years as of June 30, 2020. We generally settle with our five largest customers by wire transfer or banker's acceptance and grant to them credit terms ranging from 15 to 365 days.

For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, revenue from our five largest customers accounted for approximately 83.3%, 95.5%, 83.5% and 99.1%, respectively, of our total revenue, and revenue from our largest customer accounted for approximately 22.4%, 36.0%, 27.2% and 69.2%, respectively, of our total revenue for the same periods. Our five largest customers comprise major TV channels, top online video platforms and third party distributors. Except iQIYI, all of our five largest customers during the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, except iQIYI, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period. See "Business — Our Customers."

Business Relationship with iQIYI

iQIYI has been our substantial shareholder since November 2018, was one of our five largest customers and suppliers during the Track Record Period with our revenue generated from iQIYI in the six months ended June 30, 2020 accounting for approximately 69.2% of our total revenue for the same period, and has designated two Directors in our Board.

During the Track Record Period, iQIYI was our second largest customer in 2017 and single largest customer in 2018, 2019 and the six months ended June 30, 2020, as well as our third largest supplier in 2018 and the largest supplier in 2019. We license our self-produced and outright-purchased drama series to iQIYI and provide production services for its made-to-order drama series. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our revenue from iQIYI amounted to RMB116.2 million, RMB244.7 million, RMB208.5 million and RMB401.3 million, respectively, accounting for approximately 21.4%, 36.0%, 27.2% and 69.2% of our total revenue for the same periods, respectively. The significant increase in our revenue generated from iQIYI for the six months ended June 30, 2020 is primarily due to our exclusive licensing of The Love Lasts Two Minds (兩世歡) to iQIYI in the first half of 2020, which contributed a large amount of revenue of RMB237.7 million. Recently, other than iQIYI, we have also strengthened our relationships with existing customers and explored new business opportunities with other market players. See "Business — Our Customers — Top Customers — Business Relationship with iQIYI."

Our Suppliers

During the Track Record Period, our suppliers primarily consist of (i) IP owners who sell the copyrights of creative works or license the broadcasting rights of the drama series to us; and (ii) third-party service providers in relation to (a) drama series production, including screenwriters, directors and actors, filming and production studios as well as external post-production studios; and (b) marketing and promotional activities, such as marketing agencies. We had had relationships with our five largest suppliers for approximately one to four years as of June 30, 2020. Our five largest suppliers generally settle with us within 90 to 365 days by wire transfer.

During the Track Record Period, purchases from our five largest suppliers collectively accounted for approximately 80.0%, 79.6%, 58.6% and 78.5% of our total purchases for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, and purchases from our largest supplier accounted for approximately 42.5%, 25.4%, 15.8% and 41.7% of our total purchases for the same periods, respectively. Our five largest suppliers primarily comprise online video platforms, third party distributors, filming and production studios as well as post-production studios. Except iQIYI and Nova Film, all of our five largest suppliers during the Track Record Period are Independent Third Parties. Nova Film was our fifth largest supplier and an Independent Third Party in 2017, which was acquired by us in June 2020. To the best of the knowledge of our Directors, except iQIYI, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period. See "Business — Our Suppliers."

Overlapping of Customers and Suppliers

Due to the nature of our business, some of our customers or suppliers during the Track Record Period were also our suppliers or customers, respectively, during the same period, which is an industry norm in the drama series industry, as advised by Frost & Sullivan. Our Directors confirmed that the transactions with these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm's length basis. For details, see "Business — Overlapping of Customers and Suppliers."

PRICING

In determining the licensing fee of our self-produced drama series, we generally consider the total investment, the genre, the distribution channels (TV channels or online video platforms) and their reputation and relationships with us, the broadcasting schedules (first-run or re-run broadcast and the broadcasting time slot), the prevailing market price, the target audience base, the expected level of popularity, as well as our target profit margin. See "Financial Information — Description of Key Statement of Profit or Loss Items — Revenue." Generally, the amount charged for first-run broadcasting rights is much higher than subsequent distributions, and we normally target to cover our total investment by the licensing fees received from first-run broadcast. During the Track Record Period, except for Treasure Adventure (國寶奇旅) which was broadcast in February 2019, all of the total investments of our self-produced drama series were covered by revenue generated from their respective first-run broadcasting right. The shortfall not covered by the first-run licensing revenue of Treasure Adventure (國寶奇旅) was approximately RMB10.4 million, primarily as a result of (i) the lower licensing fees as online video platforms generally reduced their purchase prices of TV series per episode in 2019, which was in line with the market trend, and drama series of war/spy genre and theme are relatively less popular among online video platforms; and (ii) the higher actors' remuneration as it was produced before actors' remuneration had been substantially reduced pursuant to relevant government policies. Such shortfall is expected to be compensated by a total of (i) revenue of RMB4.5 million generated from re-run broadcast; (ii) investment income contributed by a co-investor of RMB4.1 million; and (iii) expected revenue to be generated of RMB5.6 million for the years ending December 31, 2020 and 2021. During the Track Record Period, the licensing fees of the first-run broadcasting rights of our self-produced drama series ranged (i) from RMB1.0 million to RMB2.6 million per episode for TV channels; and (ii) from RMB0.4 million to RMB7.0 million per episode for online video platforms. According to Frost & Sullivan, the licensing fees of the first-run of self-produced drama series normally range from RMB0.8 million to RMB4.0 million per episode for TV channels.

In determining the licensing fee of our outright-purchased drama series, we generally consider the costs of purchases of the relevant broadcasting rights, the broadcasting time slot (prime time or otherwise), the video views, the prevailing market price, and our target profit margin. During the Track Record Period, the licensing fees of the first-run broadcasting rights of our outright-purchased drama series generally ranged from RMB0.5 million to RMB3.4 million per episode. According to Frost & Sullivan, the licensing fees of the first-run of outright-purchased drama series normally range from RMB0.1 million to RMB3.0 million per episode.

For made-to-order drama series, we charge online video platforms a pre-determined fixed fee based on negotiations between the parties on a cost-plus basis, taking into consideration our target profit margin for the production services we provide. During the Track Record Period, our pre-determined fixed fees of made-to-order drama series generally ranged from RMB2.5 million to RMB7.5 million per episode. According to Frost & Sullivan, pre-determined fixed fees of made-to-order drama series normally range from RMB0.5 million to RMB5.0 million per episode.

During the Track Record Period, the licensing fees of the re-run of our drama series generally ranged from RMB800 to RMB0.2 million per episode for TV channels; while according to Frost & Sullivan, the licensing fees of the re-run of drama series normally range from RMB50,000 to RMB0.6 million per episode for TV channels.

For further details, see "Business — Pricing."

OUR COMPETITIVE STRENGTHS

We believe our previous success is attributable to the following competitive strengths: (i) a major drama series producer and distributor; (ii) a large and diversified pool of IP rights; (iii) our platform business model enables us to effectively integrate premium industry resources; (iv) capture the opportunities offered by the rise of online video platforms and produce diversified quality drama series; (v) strong investment and distribution capability; and (vi) visionary and experienced management team.

OUR STRATEGIES

We plan to continue to maintain our major market position, further take advantage of our platform business model, and explore business innovations. To achieve our goals, we plan to execute the following strategies: (i) continue to deepen our platform business model and enhance our production and distribution capabilities; (ii) further expand our business through selective investments, mergers and acquisitions; (iii) continue to further discover potential opportunities from online video platforms and explore business innovation; and (iv) continue to attract and retain talented professionals.

RISK FACTORS

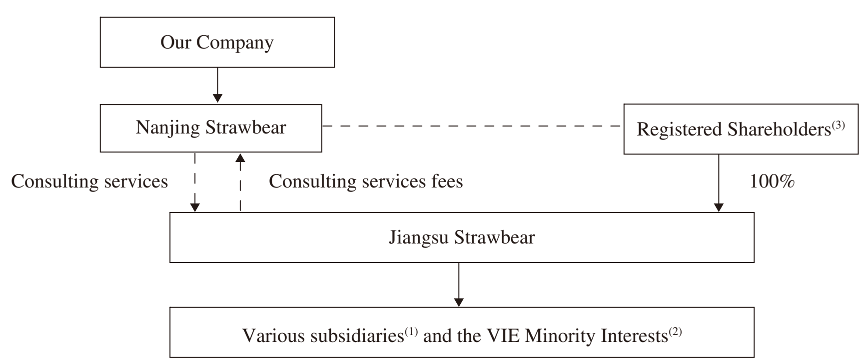
Our business faces risks including those set out in "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in our Offer Shares. Some of the major risks that we face include: (i) our success depends, in a significant part, on the general prosperity and development of China's overall entertainment industry, and factors affecting the entertainment industry, especially the development of the drama series market, could have a material and adverse effect on our business, financial condition and results of operations; (ii) iQIYI was our single largest customer in 2018, 2019 and the six months ended June 30, 2020. If we fail to maintain our business relationship with iQIYI or if iQIYI loses its leading market position or popularity, our business, financial condition and results of operations could be materially and adversely affected; (iii) our income is generally project-based and non-recurring in nature and a failure to obtain new contracts could materially affect our financial performance; (iv) the production and distribution of drama series are extensively regulated in the PRC, and our production and distribution of drama series are subject to various PRC laws, rules and regulations. Our failure to comply with existing laws, rules and regulations as well as evolving laws, rules and regulations could materially and adversely affect our business, financial condition and results of operations; (v) we rely on major TV channels and top online video platforms for the distribution and broadcast of our drama series, with which we have limited bargaining power, and the loss of any one of them would materially and adversely affect our business, financial conditions, results of operations and prospects; (vi) we are exposed to liquidity risk arising from the mismatch between our cash inflow received from customers and cash outflow paid to suppliers as a result of the long credit period we grant to our customers, as well as the long cash conversion cycle as a result of the increasing balances and turnover days of our inventories and trade receivables; and (vii) we recorded negative cash flow from operating activities during the Track Record Period and may be subject to liquidity risks, which could constrain our operational flexibility and materially and adversely affect our business, financial condition and results of operations.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon the exercise of the Pre-IPO Share Options), Mr. Liu, his wholly-owned holding company Master Sagittarius and Leading Glory which is controlled by Mr. Liu as it is owned as to (i) 99% by Master Genius, the holding vehicle used by Family Trust Singapore, the trustee of the LXF Family Trust that is a discretionary trust established by Mr. Liu as the settlor and protector and his wholly-owned holding company Master Sagittarius as the beneficiary; and (ii) 1% by Master Sagittarius which is wholly owned by Mr. Liu, will be able to exercise the voting rights attaching to approximately 60.32% of the total issued share capital of our Company. Therefore, Mr. Liu, Master Sagittarius and Leading Glory shall be regarded as our Controlling Shareholders. See "Relationship with Our Controlling Shareholders — Our Controlling Shareholders" for further details.

CONTRACTUAL ARRANGEMENTS

As the operations of our Consolidated Affiliated Entities are subject to various foreign ownership prohibitions under PRC laws and regulations, it was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. On November 20, 2018 we entered into the Contractual Arrangements with Jiangsu Strawbear and the Registered Shareholders, which were amended and restated on February 20, 2019, pursuant to which we are able to assert management control over the operations of the Consolidated Affiliated Entities and are entitled to all the economic benefits derived from their operations. The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



Notes:

⟶ denotes direct legal and beneficial ownership in the equity interest.

– → denotes contractual relationship.

– – – denotes the control by Nanjing Strawbear over our Consolidated Affiliated Entities through (i) powers of attorney to exercise all shareholders' rights in Jiangsu Strawbear, (ii) exclusive options to acquire all or part of the equity interests in Jiangsu Strawbear and (iii) equity pledges over the equity interest in Jiangsu Strawbear.

(1) These include Horgos Strawbear, Beijing Strawbear and Nova Film.

(2) These refer to the 18.31% partnership interests held by Jiangsu Strawbear in Nanjing Huawen.

(3) As of the Latest Practicable Date, Jiangsu Strawbear was held as to 100% by the Registered Shareholders, details of which are set out in "Contractual Arrangements."

PRE-IPO INVESTMENTS

On November 29, 2018 and May 21, 2020, we issued and allotted 1,765 Series A Preferred Shares of a par value of US$1.00 each and 26,720,000 Series A Preferred Shares of a par value of US$0.000025 each to Taurus Holding, respectively. As of the Latest Practicable Date, Taurus Holding held approximately 19.57% of the total issued share capital of our Company. Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon the exercise of the Pre-IPO Share Options), Taurus Holding will hold approximately 14.68% of the enlarged issued share capital of our Company. See "History, Reorganization and Corporate Development — Pre-IPO Investments" for further details.

PRE-IPO SHARE OPTION SCHEME

Following the adoption of the Pre-IPO Share Option Scheme and as of the Latest Practicable Date, an aggregate of 37,648,000 Pre-IPO Share Options, representing 5.68% of the issued share capital of our Company immediately after the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Pre-IPO Share Options), had been conditionally granted to Mr. Liu, our founder, an executive Director and the chief executive officer of our Company, to recognize his significant contribution to our Group. On November 18, 2020, Mr. Liu transferred all of his 37,648,000 Pre-IPO Share Options to Gorgeous Horizon which is indirectly wholly owned by Employee Trust Hong Kong, the trustee of the Strawbear Employee Trust which is a personal trust established by Mr. Liu as the settlor and protector and Mr. Liu's wholly-owned holding company Master Sagittarius as the beneficiary. Pursuant to the terms of the Pre-IPO Share Option Scheme, Mr. Liu shall not exercise the outstanding options granted to him under the Pre-IPO Share Option Scheme prior to the Listing. No further options may be granted under the Pre-IPO Share Option Scheme after the Listing. For details, see "Appendix IV — Statutory and General Information — D. Other Information — (1) Pre-IPO Share Option Scheme."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The tables below set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this prospectus. You should read this summary in conjunction with our consolidated financial information included in the Accountants' Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in "Financial Information."

Summary of Consolidated Statements of Profit or Loss

The table below sets forth selected consolidated statements of profit or loss items for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB in thousands)			*(Unaudited)*	
REVENUE	**542,864**	**679,109**	**765,097**	**647,745**	**579,832**
Cost of sales	(390,812)	(469,246)	(657,457)	(574,962)	(444,190)
Gross profit	152,052	209,863	107,640	72,783	135,642
Other income and gains	4,008	4,411	34,343	22,279	10,448
Selling and distribution expenses	(24,375)	(75,758)	(33,498)	(29,443)	(32,364)
Administrative expenses	(15,430)	(64,047)	(17,655)	(9,810)	(29,831)
Other expenses	(829)	(386)	(128)	(128)	–
Finance costs	(22,792)	(34,871)	(9,734)	(5,018)	(5,513)
Changes in fair value of financial liabilities at fair value through profit or loss	–	936	(14,996)	(4,328)	(3,720)
PROFIT BEFORE TAX	**92,634**	**40,148**	**65,972**	**46,335**	**74,662**
Income tax expense	(28,604)	(29,635)	(15,572)	(8,537)	(20,534)
PROFIT FOR THE YEAR/PERIOD	**64,030**	**10,513**	**50,400**	**37,798**	**54,128**
Attributable to:					
Owners of the parent	60,566	12,434	50,032	37,800	54,128
Non-controlling interests	3,464	(1,921)	368	(2)	–
	64,030	**10,513**	**50,400**	**37,798**	**54,128**

Our profit for the year decreased significantly by 83.6% to RMB10.5 million for the year ended December 31, 2018 from RMB64.0 million for the year ended December 31, 2017. Such decrease was primarily due to (i) the significant increase in selling and distribution expenses in 2018 as a result of the increase in advertising expenses because the number of drama series incurring advertising expenses of over RMB1.0 million increased by six from 2017 to 2018, most of which were distributed to TV channels where we undertook the promotion responsibility for such drama series; and (ii) the significant increase in administrative expenses as a result of the occurrence of the equity-settled share award expense of RMB42.0 million in 2018.

Revenue

The table below sets forth a breakdown of our revenue by business line for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	(RMB in thousands, except percentages of revenue)									
							(Unaudited)			
Licensing of broadcasting rights of self-produced drama series	95,804	17.6%	445,295	65.6%	571,412	74.7%	459,388	70.9%	480,848	83.0%
Licensing of broadcasting rights of outright-purchased drama series	423,061	77.9%	224,174	33.0%	183,272	24.0%	183,272	28.3%	2,288	0.4%
Made-to-order drama series production	5,178[(2)]	1.0%	–	–	–	–	–	–	84,906	14.6%
Others[(1)]	18,821	3.5%	9,640	1.4%	10,413	1.3%	5,085	0.8%	11,790	2.0%
Total	**542,864**	**100.0%**	**679,109**	**100.0%**	**765,097**	**100.0%**	**647,745**	**100.0%**	**579,832**	**100.0%**

Notes:

(1) Others primarily comprise revenues from (i) net licensing fees received from investment in drama series as a non-executive producer; and (ii) IP derivatives, such as online games, and product placements for advertisers.

(2) Represented production service fees we charged for made-to-order drama series A Legend Of A Modern Man Gets Back To Qin Dynasty (尋秦記), the revenue of which was recognized over time until completion of the production in 2017. See "Financial Information — Description of Key Statement of Profit or Loss Items — Gross Profit and Gross Profit Margin — Made-to-order Drama series."

Our revenue increased from RMB542.9 million for the year ended December 31, 2017 to RMB679.1 million for the year ended December 31, 2018 and further increased to RMB765.1 million for the year ended December 31, 2019, primarily attributable to the increase in revenue generated from licensing of broadcasting rights of self-produced drama series from RMB95.8 million to RMB445.3 million and further to RMB571.4 million for the same years as a result of the broadcast of our self-produced drama series over the years, such as the broadcast of Legend Of Zu Mountain 2 (蜀山戰紀2踏火行歌) and Mr. Nanny (月嫂先生) in 2018, as well as Treasure Adventure (國寶奇旅), Second Time Is A Charm (第二次也很美) and Love Journey (一場遇見愛情的旅行) in 2019, which was partially offset by the decrease in revenue generated from licensing of broadcasting rights of outright-purchased drama series from RMB423.1 million to RMB224.2 million and further to RMB183.3 million for the same years, primarily due to (i) the significantly higher revenue generated from Lost Love in Times (醉玲瓏) in 2017 as it was distributed to all of the top three online video platforms; and (ii) the decrease in number of outright-purchased drama series broadcast from 2018 to 2019, as this business line was highly depending on the market opportunities that we could identify and seize, namely, once we find premium and suitable drama series that needs to be distributed as well as matching distribution channels, we will seize the opportunity to match the distribution channel with the copyright owner of such drama series. The decrease of our revenue from RMB647.7 million for the six months ended June 30, 2019 to RMB579.8 million for the same period in 2020 was primarily due to the significant decrease in revenue generated from licensing of broadcasting rights of outright-purchased drama series of RMB181.0 million as the revenue generated from the licensing fees of The Legends (招搖) and Detective Ke Chen (神探柯晨) recognized in the first half of 2019 was much higher than that of A Sword Across The Sky (一劍横空) recognized in the first half of 2020, which was partially offset by (i) the increase in revenue generated from made-to-order drama series of RMB84.9 million primarily attributable to the broadcast of Customer First (獵心者) in the first half of 2020 while we did not broadcast any made-to-order drama series in the same period in 2019; and (ii) the slight increase in revenue generated from licensing of broadcasting rights of self-produced drama series of RMB21.5 million primarily attributable to the slightly higher licensing fees of The Love Lasts Two Minds (兩世歡) and Inside Man (局中人) broadcast in the first half of 2020 than that of Treasure Adventure (國寶奇旅) and Love Journey (一場遇見愛情的旅行) broadcast in the first half of 2019.

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB in thousands, except gross profit margin)									
							(unaudited)			
Licensing of broadcasting rights of self-produced drama series	54,899	57.3%	107,790	24.2%	63,779	11.2%	34,138	7.4%	114,511	23.8%
Licensing of broadcasting rights of outright-purchased drama series	76,504	18.1%	99,110	44.2%	34,339	18.7%	34,339	18.7%	1,991	87.0%
Made-to-order drama series production	5,178	100.0%	–	–	–	–	–	–	14,151	16.7%
Others	15,471	82.2%	2,963	30.7%	9,522	91.4%	4,306	84.7%	4,989	42.3%
Total	**152,052**	**28.0%**	**209,863**	**30.9%**	**107,640**	**14.1%**	**72,783**	**11.2%**	**135,642**	**23.4%**

Our overall gross profit margin decreased significantly from 30.9% for the year ended December 31, 2018 to 14.1% for the year ended December 31, 2019, primarily due to the decrease in gross profit margins for the business lines of licensing of broadcasting rights of self-produced and outright-purchased drama series in 2019, mainly due to the lower gross profit margins of self-produced drama series Treasure Adventure (國寶奇旅) and Love Journey (一場遇見愛情的旅行) and lower gross profit margins of outright-purchased drama series Detective Ke Chen (神探柯晨) and The Legends (招搖) broadcast in 2019. The lower gross profit margins of Treasure Adventure (國寶奇旅) and Love Journey (一場遇見愛情的旅行) were as a result of (i) the higher actors' remuneration as these two drama series were produced before actor remuneration had been substantially reduced according to relevant government policies; while (ii) relatively lower licensing fees as online video platforms generally reduced their purchase prices of TV series per episode in 2019, which was in line with the market trend. The lower gross profit margins of Detective Ke Chen (神探柯晨) and The Legends (招搖) were mainly because they were distributed to third party distributors, which generally resulted in lower gross profit margin, and the procurement cost of The Legends (招搖) was higher than that of the outright purchased drama series broadcast in 2018. Our overall profit margin increased from 11.2% for the six months ended June 30, 2019 to 23.4% for the same period in 2020, primarily attributable to the increase in gross profit margin for licensing of broadcasting rights of self-produced drama series which was mainly attributable to the higher gross profit margin of The Love Lasts Two Minds (兩世歡) broadcast in the first half of 2020, as a result of the higher licensing fees for such drama series partially determined by its innovative and scarce genre and theme, and its lower production cost which was mainly because the actors for such drama series were freshman actors with relatively lower remuneration.

Non-HKFRS Measure

To supplement our historical financial information which are presented in accordance with HKFRS, we also use adjusted net profit as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with, HKFRS. We believe that this non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our 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 you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

We define adjusted net profit as profit for the period adjusted by adding back changes in fair value of financial liabilities at fair value through profit or loss, equity-settled share award expense. We eliminate the potential impacts of these items that our management does not consider to be indicative of our operating performance, as they are either non-operating or one-off expenses. Changes in fair value of financial liabilities at fair value through profit or loss and equity-settled share award expense are also non-cash items and unrelated to our principal business, and therefore are not indicative of our profit from operations post-completion of our Listing. In particular, changes in fair value of financial liabilities at fair value through profit or loss refer to redeemable preferred shares, which will be converted into ordinary shares immediately prior to the Listing and are not expected to recur after such conversion. Listing expenses are one-off expenses relating to the Listing.

The table below reconciles our 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 year/period:

	Year ended December 31,			**Six months ended June 30,**	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB in thousands)				
				(Unaudited)	
Reconciliation of net profit to adjusted net profit					
Net profit for the year/period	64,030	10,513	50,400	37,798	54,128
Add:					
Changes in fair value of financial liabilities at fair value through profit or loss	–	(936)	14,996	4,328	3,720
Equity-settled share award expense	–	41,951	–	–	2,146
Listing expenses	–	–	–	–	12,087
Adjusted net profit	**64,030**	**51,528**	**65,396**	**42,126**	**72,081**

Summary of Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Current assets:				
Inventories	314,509	536,664	919,119	681,121
Trade and notes receivables	289,851	180,344	485,396	776,634
Prepayments, other receivables and other assets	83,981	244,498	340,906	254,012
Due from a related party	–	–	3,000	–
Financial assets at fair value through profit or loss	20,000	–	–	–
Cash and cash equivalents	153,258	97,255	52,349	83,295
Restricted cash	–	–	54,312	18
Total current assets	**861,599**	**1,058,761**	**1,855,082**	**1,795,080**
Total non-current assets	**11,398**	**21,126**	**197,173**	**198,641**
Current liabilities:				
Trade payables	189,570	236,863	449,190	425,521
Other payables and accruals	177,894	177,497	734,535	602,808
Interest-bearing bank and other borrowings	43,000	66,000	125,000	140,500
Lease liabilities	1,493	907	509	896
Due to a joint venture	–	–	51,000	71,260
Tax payable	19,585	16,648	6,604	7,999
Due to a related party	–	81,013	105,926	–
Dividend payable	–	80,000	81,507	80,000
Total current liabilities	**431,542**	**658,928**	**1,554,271**	**1,328,984**
Net current assets	**430,057**	**399,833**	**300,811**	**466,096**
Total non-current liabilities	**247,957**	**274,997**	**303,533**	**413,041**
Net assets	**193,498**	**145,962**	**194,451**	**251,696**
Equity:				
Share capital	–	–	–	–
Reserves	190,034	144,419	194,451	250,822
Non-controlling interests	3,464	1,543	–	874
Total equity	**193,498**	**145,962**	**194,451**	**251,696**

As of December 31, 2017, 2018 and 2019 and June 30, 2020, our net assets was RMB193.5 million, RMB146.0 million, RMB194.5 million and RMB251.7 million, respectively. The decrease in our net assets from December 31, 2017 to December 31, 2018 was mainly due to the dividends declared of RMB100.0 million in 2018. See "— Dividends" for details.

During the Track Record Period, we recorded significant amounts of certain items of assets and liabilities, such as goodwill, other intangible assets and financial liabilities at fair value through profit or loss. Our goodwill represents the excess of (i) the aggregate of the fair value of consideration transferred over and (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date. Our goodwill was nil, nil, RMB108.3 million and RMB113.0 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. Our other intangible assets represent identifiable intangible assets including software, trademarks, backlog and patents, among of which, we obtained backlog and patents through our acquisition of Hangzhou Yide and Nova Film. We recorded other intangible assets of RMB28.0 thousands, RMB24.0 thousands, RMB42.9 million and RMB27.2 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. Our financial liabilities at fair value through profit or loss primarily represent preferred shares held by iQIYI. We recorded financial liabilities at fair value through profit or loss of nil, RMB274.5 million, RMB289.5 million and RMB401.5 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively.

See "Financial Information — Discussion of Certain Balance Sheet Items" for further details.

Summary of Consolidated Statements of Cash Flows

The table below sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,			**Six months ended June 30,**	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB in thousands)				
				(Unaudited)	
Profit before tax	92,634	40,148	65,972	46,335	74,662
Adjustments	27,100	88,878	17,504	5,895	38,953
Change in working capital	(148,679)	(150,718)	(6,824)	21,761	(73,583)
Income tax paid	(27,757)	(42,294)	(37,518)	(29,922)	(28,206)
Net cash (used in)/generated from operating activities	(56,702)	(63,986)	39,134	44,069	11,826
Net cash generated from/(used in) investing activities	131,671	(89,666)	(186,570)	(68,291)	20,139
Net cash generated from/(used in) financing activities	62,431	97,649	102,530	(20,352)	(1,019)
Net increase/(decrease) in cash and cash equivalents	137,400	(56,003)	(44,906)	(44,574)	30,946
Cash and cash equivalents at the beginning of the year/period	15,858	153,258	97,255	97,255	52,349
Cash and cash equivalents at the end of the year/period	**153,258**	**97,255**	**52,349**	**52,681**	**83,295**

Our cash used in operating activities of RMB56.7 million for the year ended December 31, 2017 was primarily due to the decrease in working capital mainly as a result of the significant increase in inventories of RMB262.2 million and the increase in trade and notes receivables of RMB176.6 million in 2017. The increase in inventories in 2017 was primarily due to the commencement of production of Mr. Nanny (月嫂先生) and Legend of Zu Mountain 2 (蜀山戰紀2踏火行歌) in 2017, and the increase in trade and notes receivables in 2017 was primarily because certain of our drama series, such as Starry April (繁星四月), Lost Love in Times (醉玲瓏) and My! P.E. Teacher (我的！體育老師), were broadcast and the revenues were recognized in 2017. Our cash used in operating activities of RMB64.0 million for the year ended December 31, 2018 was primarily due to the decrease in working capital mainly as a result of the significant increase in inventories of RMB236.0 million in 2018. The increase in inventories in 2018 was primarily due to the increase in our work in progress attributable to the commencement of production of Love Journey (一場遇見愛情的旅行), Inside Man (局中人) and Spirit Realm (靈域).

We have adopted and will continue to adopt the following measures to improve our cash flow position and working capital sufficiency:

- *Deepening our cooperation with online video platforms to produce more made-to-order drama series to expand our pipeline programs, which will allow us to obtain upfront funding.* Under made-to-order business model, normally, we are invited by online video platforms to produce web series, while they are responsible for investing in, developing and distributing such web series. As a result, we are able to secure the distribution of such web series and receive a portion of the production fees in installments at an early stage, which helps us to maintain our liquidity and lower the risks of unsuccessful distribution. See "Business — Our Business Process — Made-to-order Drama Series;"

- *Closely monitoring and managing, among other things, the collection status of our trade and notes receivables and the level of our prepayments.* We will continue to exercise a stringent credit control policy and closely follow up with our customers, especially TV channels, on our trade and notes receivables by performing aging analysis of our trade and notes receivables regularly and take appropriate actions according to the length of the overdue period. In addition, we will continue to develop and enhance our business relationships with first-tier satellite TV channels which generally have stronger ability to repay and lower credit and default risks as compared to other TV stations; and

- *Implementing annual budget planning and periodical financial reporting mechanism to ensure our cash flow to remain healthy.* Our annual budgeting planning shall be reviewed and approved by our Board. At the operational level, we have assigned our finance staff to monitor the financial status of our Group such as the management accounts, and our financial department will report to our Board and senior management in relation to our Group's financial performance and cash flow status periodically.

See "Financial Information — Liquidity and Capital Resources — Cash Flows" for further details of our cash flows.

Key Financial Ratios

The table below sets forth certain of our key financial ratios as of the dates or for the periods indicated:

	Year ended/as of December 31,			Six months ended/as of June 30,
	2017	2018	2019	2020
Profitability ratios				
Gross profit margin	28.0%	30.9%	14.1%	23.4%
Net profit margin	11.8%	1.5%	6.6%	9.3%
Return on equity(1)	39.7%	6.2%	29.6%	N/A(2)
Return on assets(3)	9.7%	1.1%	3.2%	N/A(2)
Liquidity ratios				
Current ratio(4)	2.00	1.61	1.19	1.35
Quick ratio(5)	1.27	0.79	0.60	0.84
Capital adequacy ratio				
Debt to equity ratio(6)	71.9%	35.0%	118.3%	52.5%
Interest coverage ratio(7)	5.1	2.2	7.8	14.5

Notes:

(1) Return on equity is calculated based on profit for the period divided by the arithmetic mean of the opening and closing balances of total equity of the same period and multiplied by 100%.

(2) Denotes "not applicable" as the ratios are not meaningful given the recorded profit only represented the amount for the six months ended June 30, 2020.

(3) Return on assets is calculated based on profit for the period divided by the arithmetic mean of the opening and closing balances of total assets of the same period and multiplied by 100%.

(4) Current ratio is calculated based on total current assets divided by total current liabilities as of the dates indicated.

(5) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities as of the dates indicated.

(6) Debt to equity ratio is calculated based on net debt (of which net debt is defined as interest-bearing bank loans 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 dates indicated and multiplied by 100%.

(7) Interest coverage ratio is calculated based on the profit for the year/period before interest and tax divided by the interest expenses for the same period.

Both of our return on equity and return on assets experienced significant decreases from December 31, 2017 to December 31, 2018, mainly because of the decrease in our profit for the year primarily due to the significant increases in (i) selling and distribution expenses and (ii) administrative expenses in 2018. Such profitability ratios then increased as of December 31, 2019 and further increased as of June 30, 2020, primarily attributable to the significant increase in our profit for the year ended December 31, 2019 and the six months ended June 30, 2020, respectively.

Both of our current ratio and quick ratio experienced decreases from December 31, 2017 to December 31, 2018, and further decreased as of December 31, 2019, primarily because the increase in our current liabilities outpaced the increase in our current assets from the end of 2017 to the end of 2019, which is line with the expansion and growth of our business. Our current ratio and quick ratio rebounded as of June 30, 2020, primarily because the decrease in our total current liabilities was faster than the decrease in our total current assets from December 31, 2019 to June 30, 2020.

Our debt to equity ratio decreased from 71.9% as of December 31, 2017 to 35.0% as of December 31, 2018, primarily attributable to the repayment of other borrowings from an investor in August 2018. Our debt to equity ratio significantly increased from 35.0% as of December 31, 2018 to 118.3% as of December 31, 2019, primarily attributable to the increases in amount due to a joint venture. Our debt to equity ratio decreased from 118.3% as of December 31, 2019 to 52.5% as of June 30, 2020, primarily due to the decrease in amount due to a related party and the increase in cash and cash equivalent. The increase of cash and cash equivalent balance was attributable to the increase in net cash generated from investing activities as a result of the repayment from a drama series production company for our investment with fixed return in its drama series, My Unicorn Girl (穿盔甲的少女).

See "Financial Information — Key Financial Ratios" for more details of the above ratios and a detailed analysis of fluctuations of other ratios.

RECENT DEVELOPMENTS

There has been an outbreak of an infectious disease caused by a novel coronavirus (the "**COVID-19**"). The disease quickly spread within the PRC and globally and materially and adversely affected the global economy. The outbreak has endangered the health of many people residing in China and significantly disrupted travel and the local economy across the country. The development of such epidemic in China is beyond our control. We adopted a strict disease prevention scheme to reduce the risk of our employees from infection of COVID-19. The measures implemented include, among others, sterilizing our workplaces twice a day, ventilating the workplaces and monitoring the body temperature of employees twice a day. As of the Latest Practicable Date, all of our employees had returned to work.

We do not expect the outbreak of COVID-19 would have a significant impact on our business operations and financial condition primarily because our business activities mainly involve drama series production and the licensing of the broadcasting rights of drama series. Except for on-site filming of our self-produced and made-to-order drama series, our screenwriters, post-production partners and employees can work remotely and communicate with one another through mobile phones, the internet and other media tools to facilitate the progress of each project in a timely manner. Except for the costs in association with drama series production and procurement of the broadcasting rights of outright-purchased drama series, our monthly fixed costs, such as employee benefits expenses and rental expenses are relatively low.

Specifically, in addition to Breath Of Destiny (一起深呼吸), where our production was delayed for approximately 49 days and we incurred losses of approximately RMB1.1 million as a result of the spread of COVID-19, there has been no material adverse impact on the on-site filming and/or production of our self-produced and made-to-order drama series. As of the Latest Practicable Date, Breath Of Destiny (一起深呼吸) had completed filming and was in the process of post-production, and we had resumed the on-site filming and production of all of our pipeline drama series. Our outright-purchased drama series would not be adversely and materially affected as all of them have completed production before we procure their broadcasting rights. As the COVID-19 has almost been controlled in China, there had been no material adverse impact caused by COVID-19 on our operations and financial performance subsequent to the Track Record Period and up to the Latest Practicable Date.

In the event the COVID-19 continues to spread in the second half of 2020 or the PRC government authorities prohibit us from filming our self-produced or made-to-order drama series to avoid a new wave of infections, we have business contingency plans in place. In particular, (i) as of the Latest Practicable Date, we had in aggregate three drama series that had been distributed but were to be broadcast by the fourth quarter of 2021, including one self-produced drama series and two made-to-order drama series. See "Business — Our Drama Series — Our Drama Series to be Broadcast;" (ii) we would strive to work closely with our business partners seeking opportunities for more re-runs of our popular drama series. For example, post the Track Record Period and up to the Latest Practicable Date, we had entered into in aggregate 11 licensing agreements for three self-produced drama series and one production service agreement with a top online video platform to produce made-to-order drama series; and (iii) we would be expanding our business of licensing of broadcasting rights of outright-purchased drama series leveraging our strong distribution capability to maintain our results of operations and financial positions. Subsequent to the Track Record Period and up to the Latest Practicable Date, we also broadcast a total of eight drama series, including (i) one self-produced drama series, Unbending Will (石头開花); (ii) four outright-purchased drama series, Winter Begonia (鬢邊不是海棠紅), Get Married Or Not (誰説我結不了婚), We Are All Alone (怪你過分美麗) and Dear Missy (了不起的女孩); (iii) two made-to-order drama series, Dating In The Kitchen (我，喜歡你) and Marry Me (三嫁惹君心); and (iv) one drama series where we act as a distribution agent, Dear Myself (親愛的自己).

Based on our unaudited management accounts, our revenue and gross profit for the nine months ended September 30, 2020 increased by more than 20% and 100%, respectively, compared with our revenue and gross profit for the same period in 2019. Such increase in our revenue was primarily attributable to the higher revenue generated in the third quarter of 2020 as compared to the same period in 2019, which offset the decrease in our revenue from RMB647.7 million for the six months ended June 30, 2019 to RMB579.8 million for the same period in 2020. The higher revenue generated in the third quarter of 2020 was mainly attributable to the increase in revenue generated from all our three business lines: (i) the increases in revenue from both made-to-order drama series and outright-purchased drama series were primarily attributable to the above-mentioned two made-to-order drama series and two outright-purchased drama series broadcast in the third quarter of 2020, while we did not generate revenue from these two business lines in the same period in 2019; and (ii) the increase in revenue from our self-produced drama series was primarily as a result of an increase in the number of self-produced drama series that we licensed the re-run broadcasting rights of by two in the third quarter of 2020 as compared to the same period in 2019. Such increase in our gross profit was as a result of the higher gross profit for all our three business lines for the third quarter of 2020 as compared to the same period in 2019, mainly attributable to high gross profit of the aforementioned drama series licensed and broadcast in the third quarter of 2020.

Our Directors confirm that, up to the date of this prospectus, (i) there has been no material adverse change in our financial, operational and/or trading position since June 30, 2020; and (ii) there has been no material adverse change in our business, the industry in which we operate and/or market or regulatory environment to which we are subject.

In the worst case scenario, namely, when we are required to suspend our operations starting from November 2020, our available financial resources of approximately RMB963.7 million comprising as of October 31, 2020 (i) cash and cash equivalent of RMB191.0 million; (ii) bank and other borrowings of RMB170.5 million; (iii) trade and notes receivables of RMB535.7 million to be collected based on the average trade and notes receivables turnover days for the six months ended June 30, 2020; and (iv) 10% of net proceeds from the Global Offering for general working capital of RMB66.5 million (based on HK$5.10 per Share, being the low-end of the Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised), reduced by as of October 31, 2020 (i) trade payables of RMB357.9 million to be paid as of October 31, 2020 based on the average trade payables turnover days in the six months ended June 30, 2020; and (ii) commitments of RMB99.5 million can support the payment of our operating expenses for at least 12 months starting from November 1, 2020. The above estimate is based on the estimated operating expenses, which comprised (i) base salaries of employees and social insurance and housing provident fund contributions; (ii) average historical administrative expenses; and (iii) expected capital expenditure.

In addition, we may record net loss for the year ending December 31, 2020 primarily due to the expected loss on fair value changes of our financial liabilities at fair value through profit or loss which represent our convertible redeemable preferred shares held by iQIYI. Although our convertible redeemable preferred shares will be automatically converted to Shares upon the closing of the Listing, to the extent we need to revalue the preferred shares prior to the Listing, any changes in fair value of these convertible redeemable preferred shares will affect our financial positions and results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — The fair value measurement of our convertible redeemable preferred shares is subject to significant uncertainties and risks, and changes in such fair value may affect our financial performance." After the automatic conversion of all preferred shares into Shares upon the Listing, we do not expect to recognize any further loss or gain on fair value changes from preferred shares in the future.

OFFERING STATISTICS

	Based on an Offer Price of HK$5.10 per Offer Share	Based on an Offer Price of HK$6.16 per Offer Share
Market capitalization of Offer Shares[(1)]	HK$845.5 million	HK$1,021.2 million
Market capitalization of our Shares upon completion of the Global Offering[(2)]	HK$3,381.8 million	HK$4,084.7 million
Unaudited pro forma adjusted net tangible assets per Offer Share[(3)]	HK$2.12	HK$2.38

Notes:

(1) The calculation of market capitalization is based on 165,780,000 Offer Shares expected to be issued immediately upon completion of the Global Offering, without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the exercise of the options granted under the Pre-IPO Share Options.

(2) The calculation of market capitalization is based on 663,100,000 Offer Shares expected to be issued immediately upon completion of the Global Offering, without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the exercise of the options granted under the Pre-IPO Share Options.

(3) See "Financial Information — Unaudited Pro Forma Adjusted Net Tangible Assets" and "Appendix II — Unaudited Pro Forma Financial Information" for further details of the assumptions used and the calculation method.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions, professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised, excluding any discretionary incentive fee which may be payable by us) for the Global Offering are approximately RMB51.1 million, representing approximately 6.5% of the gross IPO proceeds. During the Track Record Period, we incurred listing expenses of RMB15.8 million, among which RMB12.1 million was charged to the consolidated statements of profit or loss for the six months ended June 30, 2020 as administrative expenses and approximately RMB3.7 million was capitalized as deferred expenses in the consolidated statements of financial position as of June 30, 2020 to be charged against equity upon successful Listing. We expect to incur additional listing expenses of approximately RMB35.3 million, of which approximately RMB15.6 million is expected to be recognized as administrative expenses and approximately RMB19.7 million is expected to be recognized as a deduction in equity directly upon the Listing. Our Directors do not expect that such expenses will have a material adverse effect on our results of operations for the year ending December 31, 2020.

DIVIDENDS

For the year ended December 31, 2018, a subsidiary of our Group, Jiangsu Strawbear, declared dividends of RMB100.0 million to its then shareholders, which had not been paid yet as of the Latest Practicable Date. Such dividends are expected to be paid to the relevant shareholders of Jiangsu Strawbear within about five years from 2020 in installments with our self-owned funds. For the year ended December 31, 2019, a subsidiary of our Group, Blue Boiling Point, declared dividends of RMB1.9

million to its then shareholders, which were paid in the first quarter of 2020. See Note 11 to the Accountants' Report set forth in Appendix I to this prospectus. Other than the above, no dividend has been proposed, paid or declared by our Company or our subsidiaries since its incorporation during the Track Record Period. We do not currently have a formal dividend policy or a fixed dividend payout ratio.

Subject to the Cayman Companies Act, through a general meeting, we may declare dividends, but no dividend may be declared unless out of either profit or share premium account and no dividend shall exceed the amount recommended by our Board. Any declaration of dividends will be at the absolute discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. Our Board may also from time to time pay interim dividends as our Board believes to be justified by the profits of our Company, as well as special dividends on shares of any class of such amounts and on such dates as it deems fit. See "Financial Information — Dividends."

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$872.9 million, assuming an Offer Price of HK$5.63 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), after deducting the underwriting commissions, and estimated expenses paid or payable by us in relation to the Global Offering and assuming that the Over-allotment Option is not exercised.

In line with our strategies, we intend to apply the net proceeds from the Global Offering for the following purposes and in the amounts set forth below:

Percentage of Net Proceeds	Future Plans	Approximately HK$ in millions
70%	To fund our drama series production.	611.0
10%	To fund potential investment in, or merger and acquisition of, companies that may enhance our market position and ramp up our drama series development, production and distribution, in particular, one downstream market player engaged in post-production.	87.3
10%	To secure more IPs to guarantee the stable development of our drama series production and distribution by acquiring at least one premium copyright company.	87.3
10%	Working capital and other general corporate purposes.	87.3

See "Future Plans and Use of Proceeds."