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

OVERVIEW

We are the largest variety program IP creator and operator in China in terms of revenue in 2021, with a market share of 1.6%. We also own and operate a large library of Chinese film IPs and are a music IP creator and operator in China.

We have a broad spectrum and a number of popular variety program IPs in diverse genres, including music variety programs, dance variety programs, talent shows, talk shows, outdoor/cultural variety programs and other variety programs. We are one of the few companies that can create and operate variety program IPs in various major program genres. In 2012, we launched "Sing! China" (中國好聲音), one of the most popular singing competition shows in China. We created and operated other variety program IPs with long-lasting popularity, such as "Guess the Singer!" (蒙面唱將猜猜猜) "Sing My Song" (中國好歌曲) and "Brilliant Chinese — Path to Glory" (出彩中國人). We cooperated with Youku, one of the Top Three Online Video Platforms in China, and jointly produced "Street Dance of China" (這！就是街舞), a made-for-internet dance competition show, which became an instant hit after its launch in 2018. We also produced programs in other genres, such as "The Great Wall" (了不起的長城), a cultural variety program released in 2020.

We are a music IP creator and operator in China. As of June 30, 2022, we had a music library of 8,549 IPs, consisting of 3,546 live music recordings produced during the creation of our music variety programs, 3,158 songs we produced for our managed artists, and 1,845 lyrics and music compositions.

We own and operate a large library of Chinese film IPs. As of June 30, 2022, we owned 757 popular Chinese films produced in Hong Kong in the past few decades. We own the right of rerun of all of our film IPs, as well as the rights of remastering and remake of some of our film IPs. In addition, in October 2020, we concluded the filming of the drama series "Reading Class" (閱讀課), our first drama series production.

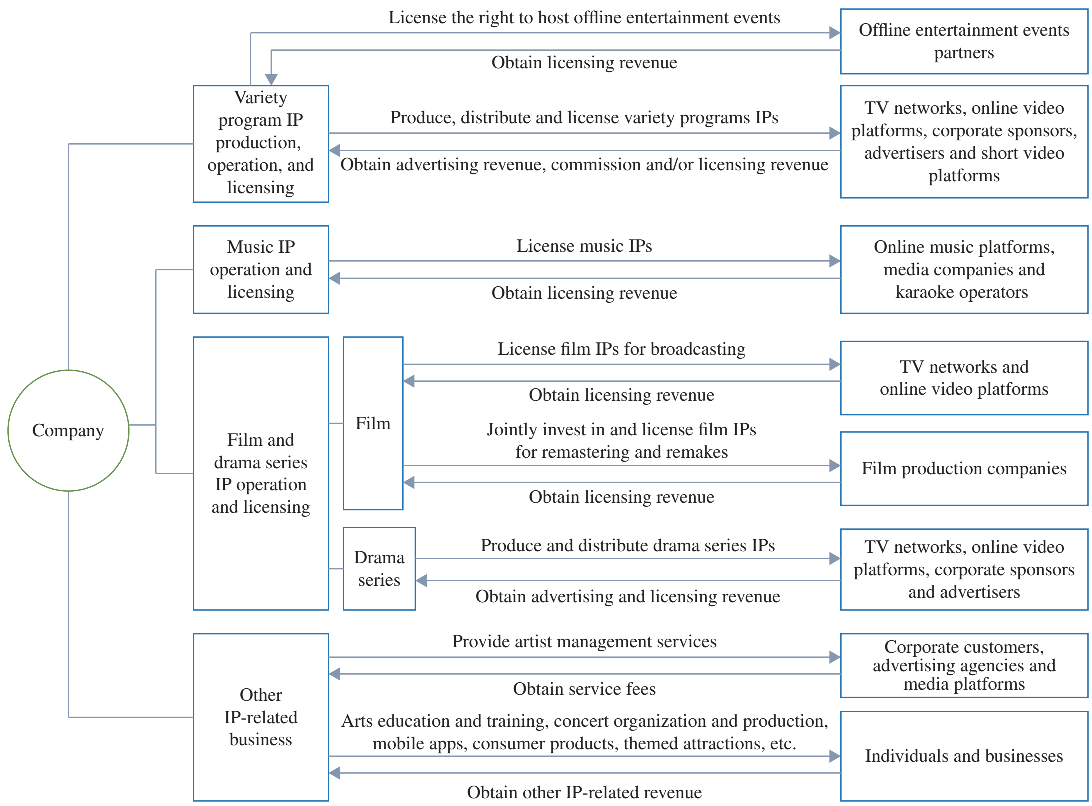
The entertainment IPs that we have created, owned and operated have reached a wide audience through diverse broadcasting channels. As of June 30, 2022, we had close cooperation with four of the Big Five Satellite TV Networks in China, the Top Three Online Video Platforms in China and two major online music platforms in China to distribute our IP content worldwide.

For more details about our businesses, see "Business."

OUR BUSINESS AND REVENUE MODEL

We have built a business model consisting of four business segments:

- variety program IP production, operation, and licensing;
- music IP operation and licensing;
- film and drama series IP operation and licensing; and
- other IP-related business. Below is an illustration of our business model.



The following table sets out a breakdown of our revenue by business line in both absolute terms and as a percentage of our revenue for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)						*(unaudited)*			
Variety program IP production, operation, and licensing	1,340.5	74.2%	1,090.1	69.9%	879.5	78.0%	72.5	46.9%	136.5	74.7%
Music IP operation and licensing	239.1	13.2%	217.3	13.9%	118.3	10.5%	45.2	29.2%	19.5	10.7%
Film and drama series IP operation and licensing	115.0	6.4%	174.2	11.2%	86.4	7.7%	22.4	14.5%	13.7	7.5%
Other IP-related business	112.0	6.2%	78.3	5.0%	42.5	3.8%	14.5	9.4%	12.9	7.1%
Total revenue	**1,806.6**	**100.0%**	**1,559.9**	**100.0%**	**1,126.7**	**100.0%**	**154.6**	**100.0%**	**182.6**	**100.0%**

The following table sets out a breakdown of our gross profit and gross profit margin by business line for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2019	2020	2021	2021	2022
	(RMB in millions, except for percentages)			*(unaudited)*	
Gross Profit					
Variety program IP production, operation, and licensing	369.5	203.8	116.2	17.0	29.0
Music IP operation and licensing	201.9	182.8	85.3	27.3	12.5
Film and drama series IP operation and licensing	80.9	157.5	56.0	7.4	8.2
Other IP-related business	52.6	43.3	16.8	5.0	6.8
Total gross profit	**704.9**	**587.4**	**274.3**	**56.7**	**56.5**

	For the year ended December 31,			For the six months ended June 30,	
	2019	2020	2021	2021	2022
	(RMB in millions, except for percentages)			*(unaudited)*	
Gross Profit Margin	**39.0%**	**37.7%**	**24.3%**	**36.7%**	**30.9%**
Variety program IP production, operation, and licensing	27.6%	18.7%	13.2%	23.4%	21.2%
Music IP operation and licensing	84.4%	84.1%	72.1%	60.4%	64.1%
Film and drama series IP operation and licensing	70.3%	90.4%	64.8%	33.0%	59.9%
Other IP-related business	47.0%	55.3%	39.5%	34.5%	52.7%

Variety Program IP Production, Operation, and Licensing

We create and distribute variety programs on various media platforms, consisting of major TV networks and online video platforms. Under the revenue sharing model, we produce and jointly invest in variety programs with media platforms and share the advertising sales with the platforms. Under the commissioned production model, we are engaged by media platforms to produce variety programs for a fixed commission. We generate additional revenues from licensing the broadcasting rights of our variety programs to media platforms for reruns and from licensing the right to host offline entertainment events in association with our variety programs for licensing fees.

The following table sets out a breakdown of our revenue, gross profit and gross profit margin for variety program IP production, operation, and licensing by cooperation models for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)						*(unaudited)*			
Revenue										
Revenue sharing model	1,137.5	84.9%	665.8	61.1%	704.7	80.1%	56.3	77.7%	36.1	26.4%(1)
Commissioned production model	203.0	15.1%	424.3	38.9%	174.8	19.9%	16.2	22.3%	100.4	73.6%(1)
Total	**1,340.5**	**100.0%**	**1,090.1**	**100.0%**	**879.5**	**100.0%**	**72.5**	**100.0%**	**136.5**	**100.0%**

(1) The percentage of our revenue generated during the six months ended June 30, 2022 under the commissioned production model increased and that under the revenue sharing model decreased compared to the same period in 2021, primarily because (i) we recognized revenue of "Great Dance Crew" in the six months ended June 30, 2022, which was newly launched in 2022 and was produced under the commissioned production model, and (ii) we recognized revenue of "Guess the Singer! 2020" in the same period in 2021,which was produced under the revenue sharing model.

	For the year ended December 31,			For the six months ended June 30,	
	2019	2020	2021	2021	2022
	(RMB in millions, except for percentages)			*(unaudited)*	
Gross Profit(1)					
Revenue sharing model	323.4	113.9	95.0	31.3	12.8
Commissioned production model	64.0	108.5	39.4	3.9	16.2
Total gross profit(1)	**387.4**	**222.4**	**134.4**	**35.2**	**29.0**
Gross Profit Margin(1)	**28.9%**	**20.4%**	**15.3%**	**48.6%**	**21.2%**
Revenue sharing model	28.4%	17.1%	13.5%	55.6%	35.5%
Commissioned production model	31.5%	25.6%	22.5%	24.1%	16.1%

(1) Gross profits and gross profit margins in this table are calculated excluding equity-settled share award expenses in cost of sales, as equity-settled share award expenses cannot be allocated to a specific cooperation model.

Under the revenue sharing model, we price a program primarily based on our expected total advertising sales of the program and our expected production cost. Under the commissioned production model, we price a program primarily based on our estimated production cost and our target profit margin.

Our overall gross profit margins under revenue sharing model were higher than that under commissioned production model in the six months ended June 30, 2021 and 2022. This was primarily because our revenue generated from "Sing! China" programs made under the revenue sharing model in the first half of 2021 and 2022 mainly consisted of revenue from licensing the right to host offline entertainment events, which had a relatively high gross profit margin.

Our overall gross profit margin of programs produced under the commissioned production model for 2019, 2020 and 2021 was higher than that of the programs under the revenue sharing model for the corresponding period. This was primarily because, during the Track Record Period, we did not provide certain production services such as stage setting and guest invitation for some of the programs made under the commissioned production model, which were provided by the investing media platforms instead. Our gross profit margin for these programs was relatively high. In comparison, we provided stage setting and guest invitation for almost all of our programs made under the revenue sharing model during the Track Record Period. In addition, as the gross profit margin under the revenue sharing model depends not only on the actual production cost incurred, but also on the actual advertising sales of the programs, the gross profit margin under the revenue sharing model is more susceptible to decreases in the advertising budget of corporate customers during the Track Record Period, reflecting the negative impact of COVID-19 pandemic, as well as policy or economic changes that adversely affected certain industries. In comparison, when we select the programs to be produced under the commissioned production model, we can decide to turn down the programs whose estimate profit margins are lower than our targets. However, compared to the commissioned production model, we can enjoy the upside under the revenue sharing model. When the actual advertising sales of a program made under the revenue sharing model turns out to be higher than our estimate, our gross profit margin of the program would also increase.

Because of the foregoing reasons, a shift in the cooperation model of multi-season variety programs may cause the gross profit margin of different seasons to fluctuate. During the Track Record Period, there was no shift in the cooperation model of our multi-season variety programs other than the "Let's Dance!" (師父!我要跳舞了) programs. "Let's Dance!" shifted from the commissioned production model in 2020 to the revenue sharing model in 2021, and its gross profit margin decreased in 2021 as compared to 2020. Since "Let's Dance! 2020" (師父!我要跳舞了2020) and "Let's Dance! 2021" (師父!我要跳舞了2021) are not our major programs, the decrease in the gross profit margin of "Let's Dance!" in 2021 did not materially affect our overall gross profit margin in 2021.

The following table sets out a breakdown of our revenue generated from variety program IP production, operation, and licensing by sources by media platforms for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)						*(unaudited)*			
Advertising sales	**948.2**	**70.7%**	**571.4**	**52.4%**	**604.5**	**68.7%**	**20.5**	**28.3%**	**23.6**	**17.3%**
TV networks	638.8	47.6%	367.5	33.7%	255.7	29.1%	20.5	28.3%	–	–
Online video platforms	309.4	23.1%	203.0	18.6%	348.9	39.6%	–	–	23.6	17.3%
Others(1)	–	–	0.9	0.1%	–	–	–	–	–	–
Commissioned programs	**203.0**	**15.1%**	**424.3**	**38.9%**	**174.8**	**19.9%**	**16.2**	**22.4%**	**100.4**	**73.6%**
TV networks	43.1	3.2%	198.8	18.2%	0.8	0.1%	0.2	0.3%	2.1	1.5%
Online video platforms	151.4	11.3%	222.4	20.4%	171.5	19.5%	16.0	22.1%	98.3	72.0%
Others(1)	8.5	0.6%	3.1	0.3%	2.5	0.3%	–	–	–	–

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)						*(unaudited)*			
Licensing of broadcasting rights	**121.0**	**9.0%**	**69.9**	**6.4%**	**52.1**	**5.9%**	**4.0**	**5.5%**	**0.1**	**0.1%**
TV networks	4.1	0.3%	2.1	0.2%	3.3	0.4%	0.1	0.1%	0.1	0.1%
Online video platforms	116.9	8.7%	67.8	6.2%	48.8	5.5%	3.9	5.4%	–	–
Licensing of offline entertainment events	**68.3**	**5.1%**	**24.5**	**2.3%**	**48.1**	**5.5%**	**31.8**	**43.8%**	**12.4**	**9.1%**
Total	**1,340.5**	**100.0%**	**1,090.1**	**100.0%**	**879.5**	**100.0%**	**72.5**	**100.0%**	**136.5**	**100.0%**

(1) Comprising customers other than TV networks and online video platforms.

Among our revenue generated from variety program IP production, operation, and licensing, our revenue generated from TV networks decreased from RMB686.0 million in 2019 to RMB568.4 million in 2020, primarily due to a decrease of RMB271.3 million in our revenue from TV networks for advertising sales, because (i) our revenue in connection with "Sing! China 2020" decreased due to the negative impact of the COVID-19 pandemic, and (ii) we did not produce the subsequent season for "China's Got Talents 2019" in 2020, resulting from changes in the investing media platform's production budget and broadcasting plan and schedules. The decrease was partially offset by an increase in our commission fee from TV networks, due to the recognition of a majority of our revenue from "The Great Wall" in 2020. Our revenue from TV networks further decreased from RMB568.4 million in 2020 to RMB259.8 million in 2021, primarily due to (i) a decrease of RMB198.0 million in our commission from TV networks, because we did not produce the subsequent season for "The Great Wall" in 2021, resulting from changes in the investing media platform's production budget and broadcasting plan and schedules, and (ii) a decrease of RMB111.9 million in our revenue from TV networks for advertising sales in connection with "Sing! China 2021," mainly due to a decrease in the advertising budget of corporate customers, which reflected the negative impact of COVID-19 pandemic on the economic environment, and policy or economic changes that adversely affected certain industries such as after-school tutoring, an enterprise in which was an advertising client of "Sing! China 2020." Our revenue from TV networks decreased from RMB20.8 million for the six months ended June 30, 2021 to RMB2.2 million for the six months ended June 30, 2022, primarily due to a decrease of RMB20.5 million in our revenue from TV networks for advertising sales, because we recognized part of the revenue from "Guess the Singer! 2020" in the first half of 2021, while we did not recognize any revenue from "Guess the Singer!" program in the first half of 2022.

Among our revenue generated from variety program IP production, operation, and licensing, our revenue generated from online video platforms decreased from RMB577.7 million in 2019 to RMB493.2 million in 2020. The decrease was primarily due to a decrease of RMB106.4 million in our revenue from online video platforms for advertising sales, because we did not produce the subsequent season for "CHUANG" in 2020, resulting from changes in the investing media platform's production budget and broadcasting plan and schedules. The decrease was partially offset by an increase in our commission fee of RMB71.0 million from online video platforms, primarily due to an increase of our revenue from "Arrival of the Best-Seller!" program in 2020 as compared to 2019. Our revenue from online video platforms increased from RMB493.2 million in 2020 to RMB569.2 million in 2021, primarily due to an increase of RMB145.9 million in our revenue from online video platforms for advertising sales, primarily because we produced "Likes! Talent" under the revenue sharing model. Our revenue from online video platforms increased from RMB19.9 million for the six months ended June 30, 2021 to RMB121.9 million for the six months ended June 30, 2022, primarily due to an increase of RMB82.3 million in our commission from online video platforms, mainly because we produced "Great Dance Crew" under the commissioned production model.

Fluctuations in Financial Performance of Variety Program IP Production, Operation, and Licensing

The revenue, gross profit and gross profit margin of our variety programs are affected by multiple factors, including but not limited to (i) the cooperation model we adopt for programs, (ii) our negotiation with investing media platforms, (iii) overall economic environment, and (iv) shifts in audience preferences. Therefore, our revenue, gross profit and gross profit margin vary from program to program. As a result, our financial performance may fluctuate from year to year due to the inherent risk in the business model of our variety program IP production, operation and licensing. For further details, see "Risk Factors — Risks Relating to Our Business and Industries — We may be unable to adapt to changing trends in the entertainment content market in China," "Risk Factors — Risks Relating to Our Business and Industries — The production and distribution of new variety programs and drama series are subject to uncertainties" and "Risk Factors — Risks Relating to Our Business and Industries — Our business depends on the continual release of successful programs and our operating results may be affected by changes in schedule or mix of our program portfolio" in this document.

We have experienced, and expect to continue to experience, seasonal fluctuations in our revenue and results of operations. Being affected by numerous factors, such as viewer's preferences and broadcasting platforms' schedules, the broadcasting of our variety programs are subject to seasonal fluctuations. Typically, the level of our variety program development, production and distribution activities starts to increase in the second quarter and peaks in the second half of a year. In general, we expect our revenue, gross profit and net profit to be higher in the second half of a year than in the first half. As a result, it may not be meaningful to project our full year results from our interim results. For details, see "Risk Factors — Risks Relating to Our Business and Industries — Our operating results are subject to seasonal fluctuations" and "Financial Information — Key Factors Affecting Our Results of Operations — Seasonality."

Fluctuations in Revenue, Gross Profit, and Gross Profit Margin by Program

The following table sets out a breakdown of our revenue generated from variety program IP production, operation, and licensing by programs for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)						*(unaudited)*			
Sing! China (中國好聲音)	490.5	36.6%	324.5	29.8%	251.6	28.6%	–	–	–	–
Street Dance of China (這!就是街舞)	184.0	13.7%	210.5	19.3%	239.1	27.2%	–	–	–	–
China's Got Talent 2019 (中國達人秀2019)	182.9	13.6%	–	–	–	–	–	–	–	–
CHUANG (這!就是原創)	140.3	10.5%	–	–	–	–	–	–	–	–
Guess the Singer! (蒙面唱將猜猜猜)	132.8	9.9%	65.1[1]	6.0%	23.8[1]	2.7%	23.8[1]	32.8%	–	–
Let's Band (一起樂隊吧)	70.1	5.2%	–	–	–	–	–	–	–	–
The Great Wall (了不起的長城)	34.6[2]	2.6%	158.2[2]	14.5%	–	–	–	–	–	–
Guess the Dancer! (蒙面舞王)	–	–	80.1	7.3%	79.9	9.1%	–	–	–	–
Arrival of the Best-Seller! 2020 (爆款來了2020)	–	–	76.9	7.1%	–	–	–	–	–	–
Sing Along the Way (街頭音浪2020)	–	–	54.7	5.0%	–	–	–	–	–	–
King Cross 2020 (跨界歌王2020)	–	–	41.5	3.8%	–	–	–	–	–	–
Shifu Go Go Go! (出發吧,師傅!)	–	–	23.5	2.2%	–	–	–	–	–	–
Likes! Talent (點讚!達人秀)	–	–	–	–	110.3[3]	12.5%	–	–	24.1[3]	17.7%
Shine! Super Brothers (追光吧!)	–	–	–	–	68.4[4]	7.8%	–	–	17.1[4]	12.5%
IN China (中國潮音)	–	–	–	–	52.7[5]	6.0%	–	–	8.8[5]	6.5%
Great Dance Crew (了不起!舞社)	–	–	–	–	–	–	–	–	53.3	39.0%
Others[6]	105.3	7.9%	55.1	5.0%	53.7	6.1%	48.7	67.2%	33.2	24.3%
Total	**1,340.5**	**100.0%**	**1,090.1**	**100.0%**	**879.5**	**100.0%**	**72.5**	**100.0%**	**136.5**	**100.0%**

(1) Representing the revenue we recognized in 2020 and 2021 for "Guess the Singer! 2020," whose initial broadcast started in the end of 2020 and lasted until 2021.

(2) Representing the revenue we recognized in 2019 and 2020 for "The Great Wall," which was produced under the commissioned production model. Though the program was initially broadcast in 2020, we started the production process in 2019. We recognized a portion of the revenue for "The Great Wall" in 2019 as our revenue for commissioned production is recognized overtime during the production process, in accordance with our revenue recognition policy.

(3) Representing the revenue we recognized in 2021 and the six months ended June 30, 2022 for "Likes! Talent," whose initial broadcast started in the end of 2021 and lasted until 2022.

(4) Representing the revenue we recognized in 2021 and the six months ended June 30, 2022 for "Shine! Super Brothers 2021, " whose initial broadcast started in the end of 2021 and lasted until 2022.

(5) Representing the revenue we recognized in 2021 and the six months ended June 30, 2022 for "IN China," whose initial broadcast started in the end of 2021 and lasted until 2022.

(6) For each of 2019, 2020 and 2021, others comprised of variety programs other than our major programs, consisting of non-seasonal variety programs, variety programs of which we only involved in post-production and variety programs whose revenue is less than two percent of our total revenue generated from variety program IP production, operation, and licensing in the year it was initially broadcast. For the six months ended June 30, 2021, others comprised of variety programs other than our major programs and programs which had not been initially broadcast as of June 30, 2021. For the six months ended June 30, 2022, others comprised of variety programs other than our major variety programs, programs expected to be our major variety programs, and programs which had not been initially broadcast as of June 30, 2022.

The following table sets out a breakdown of our gross profit and gross profit margin by variety programs for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	Gross profit[1]	Gross profit margin[1]	Gross profit[1]	Gross profit margin[1]	Gross profit[1]	Gross profit margin[1]	Gross profit[1]	Gross profit margin[1]	Gross profit[1]	Gross profit margin[1]
		(%)		(%)		(%)		(%)		(%)
	(RMB in millions, except for percentages)									
							(unaudited)			
Sing! China (中國好聲音)	228.8	46.6%	54.4	16.8%	5.6	2.2%	–	–	–	–
Street Dance of China (這!就是街舞)	38.2	20.8%	58.0	27.6%	83.5	34.9%	–	–	–	–
China's Got Talent 2019 (中國達人秀2019)	35.7	19.5%	–	–	–	–	–	–	–	–
CHUANG (這!就是原創)	18.3	13.0%	–	–	–	–	–	–	–	–
Guess the Singer! (蒙面唱將猜猜猜)[2]	17.9	13.5%	1.2	1.8%	1.5	6.3%	1.5	6.3%	–	–
Let's Band (一起樂隊吧)	26.6	37.9%	–	–	–	–	–	–	–	–
The Great Wall (了不起的長城)[3]	–	–	29.1	18.4%	–	–	–	–	–	–
Guess the Dancer! (蒙面舞王)	–	–	19.2	24.0%	9.8	12.3%	–	–	–	–
Arrival of the Best-Seller! 2020 (爆款來了2020)	–	–	35.6	46.3%	–	–	–	–	–	–
Sing Along the Way (街頭音浪2020)	–	–	16.6	30.3%	–	–	–	–	–	–
King Cross 2020 (跨界歌王2020)	–	–	6.3	15.2%	–	–	–	–	–	–
Shifu Go Go Go! (出發吧,師傅!)	–	–	0.2	0.9%	–	–	–	–	–	–
Likes! Talent (點讚!達人秀)[4]	–	–	–	–	2.0	1.8%	–	–	0.4	1.7%
Shine! Super Brothers (追光吧!)[5]	–	–	–	–	13.7	20.0%	–	–	3.5	20.5%
IN China (中國潮音)[6]	–	–	–	–	8.9	16.9%	–	–	1.5	17.0%
Great Dance Crew (了不起!舞社)	–	–	–	–	–	–	–	–	11.3	21.2%
Others[7]	21.9	20.8%	1.8	3.3%	9.4	17.5%	33.7	69.2%	12.3	37.0%
Total	**387.4**	**28.9%**	**222.4**	**20.4%**	**134.4**	**15.3%**	**35.2**	**48.6%**	**29.0**	**21.2%**

(1) Gross profits and gross profit margins in this table are calculated excluding equity-settled share award expenses in cost of sales, as equity-settled share award expenses cannot be allocated to a specific program.

(2) The overall gross profit margin of "Guess the Singer! 2020" was 3.0% after including the revenue generated and cost of sales incurred in both 2020 and 2021.

(3) We recorded gross profit of nil for "The Great Wall" in 2019 because the revenue we recognized for "The Great Wall" in 2019 was fully offset by the cost of sales we incurred in the same year. The overall gross profit margin of "The Great Wall" was 15.1% after including the revenue generated and cost of sales incurred in both 2019 and 2020.

(4) The overall gross profit margin of "Likes! Talent" was 1.8% after including the revenue generated and cost of sales incurred in both 2021 and the six months ended June 30, 2022.

(5) The overall gross profit margin of "Shine! Super Brothers 2021" was 20.1% after including the revenue generated and cost of sales incurred in both 2021 and the six months ended June 30, 2022.

(6) The overall gross profit margin of "IN China" was 16.9% after including the revenue generated and cost of sales incurred in both 2021 and the six months ended June 30, 2022.

(7) For each of 2019, 2020 and 2021, others comprised of variety programs other than our major programs, consisting of non-seasonal variety programs, variety programs of which we only involved in post-production and variety programs whose revenue is less than two percent of our total revenue generated from variety program IP production, operation, and licensing in the year it was initially broadcast. For the six months ended June 30, 2021, others comprised of variety programs other than our major programs and programs which had not been initially broadcast as of June 30, 2021. For the six months ended June 30, 2022, others comprised of variety programs other than our major variety programs, programs expected to be our major variety programs, and programs which had not been initially broadcast as of June 30, 2022.

The revenue of "Sing! China" program decreased from RMB490.5 million in 2019 to RMB324.5 million in 2020, and further decreased to RMB251.6 million in 2021, and the gross profit margin of "Sing! China" program decreased from 46.6% in 2019 to 16.8% in 2020, and further decreased to 2.2% in 2021, primarily due to (i) a decrease in the advertising budget of corporate customers, reflecting high economic and business uncertainty under the negative impact of COVID-19 pandemic, as well as policy or economic changes that adversely affected certain industries such as after-school tutoring, an enterprise in which was an advertising client of "Sing! China 2020," and (ii) a decrease in licensing revenue from online media platforms, also reflecting the negative impact of COVID-19 pandemic on the economic environment.

The revenue of "Street Dance of China" program increased from RMB184.0 million in 2019 to RMB210.5 million in 2020, and further increased to RMB239.1 million in 2021, and the gross profit margin of "Street Dance of China" program increased from 20.8% in 2019 to 27.6% in 2020, and further increased to 34.9% in 2021, primarily because there have been few similar programs focusing on street dance since the launch of "Street Dance of China" as a hit dance competition show in 2018.

The revenue of "Guess the Singer!" decreased from RMB132.8 million for "Guess the Singer! 2019" to RMB88.9 million for "Guess the Singer! 2020," and gross profit margin of "Guess the Singer!" decreased from 13.5% for "Guess the Singer! 2019" to 3.0% for "Guess the Singer! 2020," primarily due to a decrease in the advertising budget of corporate customers, reflecting high economic and business uncertainty under the negative impact of the COVID-19 pandemic.

The revenue of "Guess the Dancer!" program remained stable at RMB79.9 million in 2021 as compared to RMB80.1 million in 2020. The gross profit margin of "Guess the Dancer!" program decreased from 24.0% in 2020 to 12.3% in 2021, primarily due to an increase in cost of sales of RMB9.2 million as corporate customers required us to increase spending on show setting and guest invitation in 2021.

"Likes! Talent," a talent show we produced under the revenue sharing model in 2021, recorded a relatively low gross profit margin of 1.8%, primarily because it is a newly launched program and the advertising revenue is relatively modest.

Music IP Operation and Licensing

We produce music recordings and music compositions during the production of our music variety programs and for our managed artists. We license the music IPs we produced to music service providers such as online music platforms, media companies and karaoke operators for licensing fees and/or royalties.

Film and Drama Series IP Operation and Licensing

As of June 30, 2022, we had a library of 757 films and owned the rights to license all the films in our film IP library for reruns, as well as the rights to produce remakes and remastered copies of some of the films. We generally license our broadcasting rights of the films for a fixed licensing fee during a specified term. We also set up a drama series development team in 2018 and produced "Reading Class" (閱讀課), a drama series based on our original screenplays. We are in the process of negotiating with different media platforms for the licensing of its broadcasting rights.

Other IP-Related Business

We have spanned our business to various IP-related fields, such as artist management, arts education and training, concert organization and production, mobile apps, consumer products and themed attractions. With respect to artist management business, we receive fixed service fees from our customers who engage our artists for concerts, tours, in-person appearances and endorsement deals and share such fees with our managed artists according to the percentages set out in the artist management contracts. We also organize concerts and generate revenue from ticket sales. With respect to arts education, the tuition fee for enrolling in the Pop Music School is set by Shanghai Institute of Visual Arts, or SIVA, an independent third party. With respect to arts training, we typically charge a fixed fee for each course or a fixed monthly fee. For audience who take online singing classes on our "Sing! China" app, we generally charge a fixed fee for each course taken. For licensing our IPs to consumer products brands, we usually charge our licensing partners a fixed licensing fee.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

- Leading creator, owner and operator of entertainment IPs in China;
- Strong IP creation capabilities;
- Vibrant entertainment ecosystem benefited from efficient IP operation;
- Diversified distribution channels centered on IP promotion;
- An audience base attracted by our popular IPs;
- Global entertainment IP presence; and
- Visionary and experienced management team.

For further details, please refer to the section headed "Business — Our Strengths" in this document.

OUR STRATEGIES

We plan to continue to maintain our market leading position and expand our business outreach. To achieve our goals, we plan to execute the following strategies:

- Further strengthen our IP creation and operation capabilities;
- Further expand our audience outreach and brand influence to enhance our monetization capabilities;
- Further expand our business through mergers and acquisitions; and
- Continue to attract talents and build our team.

For further details, please refer to the section headed "Business — Our Strategies" in this document.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks, which are set out in "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks that we face include:

- we rely on our major variety programs and a potential decline in popularity of these programs may materially and adversely affect our business and results of operations;

- the PRC government regulates entertainment industry, the video content market and internet industry extensively, and we are subject to laws, regulations and government actions based on the business we operate;
- we may be unable to adapt to changing trends in the entertainment content market in China;
- the production and distribution of new variety programs are subject to uncertainties. There is no guarantee that the production or distribution of our variety programs can generate profit;
- the performance of the advertising market will affect the ability of our customers to pay for our variety programs;
- we rely on a limited number of major customers in our business. Any interruption in our cooperation with them could materially and adversely impact our business, financial condition and results of operations; and
- our business operations and financial performance have been affected by the COVID-19 outbreak.

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Ultimate Controlling Shareholders, namely CMC (Shanghai), CMC (Tianjin) (general partner of CMC (Shanghai)), Mr. Tian, Mr. Jin and Mr. Xu, through various intermediary entities, will be interested in and jointly control an aggregate of approximately [**REDACTED**]% of the total issued Shares held by Unionstars in our Company. In addition, Mr. Tian, our executive Director and chief executive officer, will through Harvest Sky (a company wholly owned by Mr. Tian) be interested in and control the exercise of [**REDACTED**]% of the total issued Shares held by Harvest Sky in our Company. The Ultimate Controlling Shareholders and their various intermediary entities have entered into the Joint Control Agreement pursuant to which they agree to exercise joint control over the Group. Accordingly, the parties to the Joint Control Agreement constitute a group of Controlling Shareholders under the Listing Rule and will collectively control the exercise of an aggregate of [**REDACTED**]% of voting rights in our Company upon [**REDACTED**]. See "Relationship with the Controlling Shareholders" for further details.

[REDACTED] INVESTMENTS

We have undertaken several rounds of [**REDACTED**] Investments since our establishment to raise funds for the development of our business and to bring in new shareholders. For further details of the identity and background of the [**REDACTED**] Investors, see "History, Reorganization and Corporate Structure — [**REDACTED**] Investments — Information about the [**REDACTED**] Investors."

CONTRACTUAL ARRANGEMENTS

Certain businesses currently operated by our Consolidated Affiliated Entities, Canxing Culture and its subsidiaries, in the PRC are subject to foreign investment restrictions and license requirements. In order to comply with these laws, we control our Consolidated Affiliated Entities through the Contractual Arrangements. Through the Contractual Arrangements, we would gain effective control over the financial and operational matters of the Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the businesses currently operated by our Consolidate Affiliated Entities. See "Contractual Arrangements" for further details.

IMPAIRMENT OF MXQY GOODWILL

We have conducted impairment test of goodwill on an annual basis during the Track Record Period in accordance with IFRS and recognized an impairment loss of RMB386.8 million in 2020 and an impairment loss of RMB380.7 million in 2021 in connection with the MXQY Goodwill resulting from the MXQY Acquisition in 2016. See "Financial Information — Critical Accounting Policies and Estimates — Business Combinations and Goodwill" and "Financial Information — Description of Key Statement of Profit or Loss Items — Impairment of Goodwill" and Note 16 of the Accountants' Report in Appendix I to this document.

During the process of Canxing Culture's previous A-share Application, Canxing Culture retrospectively recognized an impairment loss of approximately RMB347.6 million as at December 31, 2016 for the MXQY Goodwill in 2020. In February 2021, the Shenzhen Stock Exchange issued a termination notice in relation to the A-share application on the grounds that, among the others, such retrospective accounting adjustment with respect to the MXQY Goodwill did not reflect the actual financial position of Canxing Culture at the relevant time. As our consolidated financial statements have been prepared in accordance with IFRS for the [**REDACTED**] for which the Reporting Accountants would issue an unqualified opinion, our Directors believe that the above issue with respect to the MXQY Goodwill is not applicable to the Accountants' Report set out in Appendix I to this document. Our Directors considered that there are no matters which may affect their suitability under Rules 3.08 and 3.09 of the Listing Rules in relation to the above incident, and were not aware of any material relating to the A-share Application which may affect the Company's suitability for the [**REDACTED**]. See "History, Reorganization and Corporate Structure — Previous Listing Attempt — Goodwill resulting from the MXQY Acquisition" for further details.

KEY OPERATING DATA

The number of our variety program IPs was 60, 70, 80 and 84 as of December 31, 2019, 2020, 2021 and June 30, 2022; the number of our music IPs was 7,070, 7,652, 8,522 and 8,549 as of December 31, 2019, 2020 and 2021, and June 30, 2022; the number of our film and drama series IP remained stable at 757 as of December 31, 2019 and 2020, respectively, increased to 758 after we concluded the production of our first drama series, "Reading Class," as of December 31, 2021 and remained stable at 758 as of June 30, 2022.

The table below sets forth the average viewership ratings of our major TV variety programs released during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,
	2019	2020	2021	2022[(1)]
		(%)		
Sing! China (中國好聲音)	1.75%	2.52%	2.32%	–
China's Got Talent 2019 (中國達人秀2019)	1.30%	–	–	–
Guess the Singer! (蒙面唱將猜猜猜)	1.20%	1.45%	–	–
"A Class" (同一堂課)	0.25%	–	–	–
The Great Wall 2020 (了不起的長城2020)	–	1.16%	–	–
King Cross 2020 (跨界歌王2020)	–	1.02%	–	–
Guess the Dancer! (蒙面舞王)	–	0.86%	1.42%	–

(1) We did not have any TV variety program which was initially broadcast in the six months ended June 30, 2022.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables 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 document. The summary of consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Summary of Key Statements of Profit or Loss Items

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

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in millions, except for percentages)									
							(unaudited)			
Revenue	1,806.6	100.0%	1,559.9	100.0%	1,126.7	100.0%	154.6	100.0%	182.6	100.0%
Cost of sales	(1,101.7)	(61.0%)	(972.5)	(62.3%)	(852.4)	(75.7%)	(97.9)	(63.3%)	(126.1)	(69.1%)

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in millions, except for percentages)									
							(unaudited)			
Gross profit	704.9	39.0%	587.4	37.7%	274.3	24.3%	56.7	36.7%	56.5	30.9%
Impairment of goodwill	–	–	(386.8)	(24.8%)	(380.7)	(33.8%)	–	–	–	–
Profit/(loss) before tax	441.5	24.4%	26.5	1.7%	(327.4)	(29.1%)	(18.2)	(11.8%)	(12.3)	(6.7%)
Income tax expense	(61.3)	(3.4%)	(64.4)	(4.1%)	(24.3)	(2.2%)	(7.2)	(4.7%)	(1.1)	(0.6%)
Profit/(loss) for the year/period	380.2	21.0%	(37.9)	(2.4%)	(351.7)	(31.2%)	(25.4)	(16.4%)	(13.4)	(7.3%)
Attributable to:										
Owners of the parent	323.4	17.9%	(16.5)	(1.1%)	(345.0)	(30.6%)	(21.8)	(11.9%)	(11.9)	(6.5%)
Non-controlling interests	56.8	3.1%	(21.4)	(1.4%)	(6.8)	(0.6%)	(3.6)	(2.0%)	(1.5)	(0.8%)
	380.2	21.0%	(37.9)	(2.4%)	(351.7)	(31.2%)	(25.4)	(13.9%)	(13.4)	(7.3%)

Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net profit/(loss) (non-IFRS measures) and adjusted net profit/(loss) margin (non-IFRS measures) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit/(loss) (non-IFRS measures) and adjusted net profit/(loss) margin (non-IFRS measures) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit/(loss) (non-IFRS measures) as profit/(loss) for the year/period adjusted for (i) equity-settled share award expense and (ii) [**REDACTED**] expenses. Equity-settled share award expenses, which are non-cash in nature, consist of expenses arising from granting restricted stock units to eligible individuals under our share award scheme. [**REDACTED**] expenses mainly include professional fees paid to legal advisors and the Reporting Accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. We define adjusted net profit/(loss) margin (non-IFRS measures) as adjusted net profit/(loss) (non-IFRS measures) divided by revenue. The table below sets forth our adjusted net profit/(loss) (non-IFRS measures) and adjusted net profit/(loss) margin (non-IFRS measures) for the periods indicated.

	For year ended December 31,			For the six months ended June 30,	
	2019	2020	2021	2021	2022
	(RMB in millions, except for percentages)				
				(unaudited)	
Profit/(loss) for the year/ period	380.2	(37.9)	(351.7)	(25.4)	(13.4)
Adjusted for:					
Equity-settled share award expense	26.0	27.5	27.4	27.4	–
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted net profit/(loss) (non-IFRS measures)	406.2	(10.4)	(304.3)	11.2	(6.3)
Adjusted net profit/(loss) margin (non-IFRS measures)	22.48%	(0.67%)	(27.01%)	7.24%	(3.45%)

Revenue

Our revenue increased by 18.1% from RMB154.6 million for the six months ended June 30, 2021 to RMB182.6 million for the same period in 2022, primarily due to an increase in revenue generated from variety program IP production, operation, and licensing, mainly attributable to the increase in the number of episodes of the new variety programs we launched in the six months ended June 30, 2022 as compared to the same period in 2021. Our revenue decreased by 27.8% from RMB1,559.9 million in 2020 to RMB1,126.7 million in 2021, primarily due to (i) a decrease in revenue generated from variety program IP production, operation, and licensing, primarily because the number of super large variety programs we produced decreased from eight in 2020 to seven in 2021, and our revenue generated from "Sing! China" decreased; (ii) a decrease in revenue generated from music IP operation and licensing, primarily because we produced less music IPs in association with "Guess the Singer!" program in 2021 than in 2020; and (iii) a decrease in revenue generated from film and drama series IP operation and licensing. Our revenue decreased by 13.7% to RMB1,559.9 million in 2020 from RMB1,806.6 million in 2019, mainly due to a decrease in our revenue generated from variety program IP production, operation, and licensing, primarily reflecting the negative effect of COVID-19 and an industry-wide decrease in the size of China's variety program market. For details, see "Financial Information — Period to Period Comparison of Results of Operations" in this document.

Profit/(loss) for the year/period

Our net losses decreased from RMB25.4 million for the six months ended June 30, 2021 to RMB13.4 million for the six months ended June 30, 2022, primarily due to the recognition of equity-settled share award expenses during the six months ended June 30, 2021. Our net losses increased from RMB37.9 million in 2020 to RMB351.7 million in 2021, primarily due to a decrease in our revenue generated from variety program IP production, operation, and licensing and impairment of goodwill. We recorded net loss of RMB37.9 million in 2020, while we recorded net profit of RMB380.2 million in 2019, primarily due to (i) the impairment of goodwill of RMB386.8 million we recorded in 2020, and (ii) a decrease in revenue generated from variety programs under the revenue sharing model from RMB948.2 million in 2019 to RMB571.4 million in 2020. For details, see "Financial Information — Period to Period Comparison of Results of Operations" in this document.

We incurred a higher selling and distribution expenses and administration expenses as a percentage of revenue in the six months ended June 30, 2021 and 2022, mainly due to the seasonal factors affecting the entertainment industry and as a result, most of our revenue is recognized in the second half of each year. See "Financial Information — Key Factors Affecting Our Results of Operations — Seasonality."

Our adjusted net profit/(loss) (non-IFRS measure) was RMB406.2 million, RMB(10.4) million, RMB(304.3) million and RMB(6.3) million in 2019, 2020 and 2021 and for the six months ended June 30, 2022, respectively, and our adjusted net profit/(loss) margin was 22.48%, (0.67%), (27.01%) and (3.45%) in the same periods, respectively. For more details about the fluctuations of our adjusted net profit/(loss) and adjusted net profit/(loss) margin, see "Financial Information — Description of Key Statement of Profit or Loss Items — Non-IFRS Measures."

Selected Consolidated Balance Sheet Items

The following table sets forth selected information from our consolidated balance sheet as of the dates indicated:

	As of December 31,			As of June 30,
	2019	2020	2021	2022
		(RMB in millions)		
Total non-current assets	2,978.2	2,548.0	2,722.7	2,885.1
Total current assets[1]	2,303.9	2,558.8	1,821.8	1,559.4
Total assets	5,282.1	5,106.8	4,544.5	4,444.5
Total non-current liabilities	16.0	18.3	13.5	66.8
Total current liabilities	620.5	507.6	483.1	355.5
Total liabilities	636.5	525.9	496.6	422.3

	As of December 31,			As of June 30,
	2019	2020	2021	2022
		(RMB in millions)		
Equity attributable to owners of the parent	3,936.1	3,891.1	3,989.1	4,001.9
Non-controlling interests	709.5	689.7	58.8	20.2
Total equity	4,645.6	4,580.8	4,047.9	4,022.1
Net current assets	1,683.4	2,051.2	1,338.7	1,203.9

(1) Including the amount due from related parties of RMB335.6 million, RMB315.4 million, RMB183.8 million and RMB189.1 million as of December 31, 2019, 2020, 2021 and June 30, 2022. The amount due from related parties as of June 30, 2022 comprises solely of our amount due from Mengxiang Qi'an Culture Development (Shanghai) Co., Ltd. (夢響啟岸文化發展(上海)有限公司) ("Mengxiang Qi'an"), which is the portion of our investment in Mengxiang Qi'an that is surplus to its registered capital. We do not plan to settle this amount due from Mengxiang Qi'an prior to or upon the [**REDACTED**]. For more details about our material related party transactions, see "Financial Information — Material Related Party Transactions" and Note 38 to the Accountants' Report included in Appendix I to this document.

Our net current assets slightly decreased from RMB1,338.7 million as of December 31, 2021 to approximately RMB1,203.9 million as of June 30, 2022, mainly due to (i) a decrease in trade and notes receivables, and (ii) a decrease in our cash and cash equivalents. Our net current assets decreased from approximately RMB2,051.2 million as of December 31, 2020 to approximately RMB1,338.7 million as of December 31, 2021, mainly due to (i) a decrease in our cash and cash equivalents, and (ii) a decrease in trade and notes receivables. Our net current assets increased from approximately RMB1,683.4 million as of December 31, 2019 to approximately RMB2,051.2 million as of December 31, 2020, mainly due to (i) an increase in cash and cash equivalents, (ii) a decrease in interest-bearing bank borrowings, and (iii) a decrease in other payables and accruals. See "Financial Information — Discussion of Certain Balance Sheet Items" for further details.

Our net assets slightly decreased from RMB4,047.9 million as of December 31, 2021 to RMB4,022.1 million as of June 30, 2022, mainly due to our capital reduction by non-controlling shareholders of RMB19.6 million in the six months ended June 30, 2022. Our net assets decreased from RMB4,580.8 million as of December 31, 2020 to RMB4,047.9 million as of December 31, 2021, mainly due to our total comprehensive loss of RMB364.3 million in 2021 and our dividends declared to the then shareholders of a subsidiary of RMB194.8 million in 2021. Our net assets decreased from RMB4,645.6 million as of December 31, 2019 to RMB4,580.8 million as of December 31, 2020, primarily due to our total comprehensive loss of RMB94.0 million in 2020.

Summary of Consolidated Statements of Cash Flows

The table below sets forth a summary of our cash flows for the Track Record Period:

	For the year ended December 31,			For the six months ended June 30,	
	2019	2020	2021	2021	2022
			(RMB in millions)		
				(unaudited)	
Net cash flows from operating activities	516.3	398.2	409.2	231.0	80.1
Net cash flows used in investing activities	(43.9)	(16.0)	(584.8)	(556.1)	(167.9)
Net cash flows used in financing activities	(98.3)	(100.3)	(176.9)	(84.6)	(24.1)
Net increase/(decrease) in cash and cash equivalents	374.1	281.9	(352.5)	(409.7)	(111.9)
Cash and cash equivalents at the beginning of the year	275.1	651.7	903.4	903.4	547.2
Effect of foreign exchange rate changes, net	2.5	(30.2)	(3.7)	(0.3)	2.6
Cash and cash equivalents at the end of the year/period	651.7	903.4	547.2	493.4	437.9

We recorded net operating cash inflows of RMB516.3 million, RMB398.2 million and RMB409.2 million in 2019, 2020 and 2021, respectively, and RMB231.0 million and RMB80.1 million for the six months ended June 30, 2021 and 2022, respectively. 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:

	For the year ended December 31,			For the six months ended June 30,	
	2019	2020	2021	2021	2022
				(unaudited)	
Profitability ratios					
Gross profit margin	39.0%	37.7%	24.3%	36.7%	30.9%
Net profit/(loss) margin	21.0%	(2.4%)	(31.2%)	(16.4%)	(7.3%)

	As of December 31,			As of June 30,
	2019	2020	2021	2022
Liquidity ratios				
Current ratio(1)	3.7	5.0	3.8	4.4
Quick ratio(2)	3.7	4.8	3.5	4.0
Capital adequacy ratio				
Debt to equity ratio(3)	N.A.	N.A.	N.A.	N.A.
Gearing ratio(4)	4.3%	2.5%	0.1%	0.5%

(1) Calculated based on total current assets divided by total current liabilities as of the dates indicated.

(2) Calculated based on total current assets less inventories and program copyrights divided by total current liabilities as of the dates indicated.

(3) Calculated based on net debt (consisting of interest-bearing bank loans, lease liabilities, amount due to related parties deducting restricted cash and cash and cash equivalents) divided by total equity as of the dates indicated multiplied by 100%. We had a net cash position as of December 31, 2019, 2020 and 2021, and June 30, 2022, respectively.

(4) Calculated based on total debt (consisting of interest-bearing bank loans, lease liabilities, and amount due to related parties) divided by total equity as of the dates indicated multiplied by 100%.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily included:

- TV networks and online video platforms that engage us to produce and distribute variety programs;
- music service providers that license our music IPs;
- TV networks and online video platforms that license our films or engage us to produce and distribute drama series;
- corporate customers, advertising agencies and media platforms that engage us and our managed artists for concerts, tours, and in-person appearances;
- students who enroll in our arts education program or attend our arts training classes; and
- consumer products brands that license our IPs.

The following table sets out a breakdown of our revenue by customer type for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)									
							(unaudited)			
TV networks(1)	686.0	38.0%	568.4	36.4%	259.8	23.1%	20.8	13.5%	2.2	1.2%
Online video platforms(2)	577.7	32.0%	493.2	31.6%	569.2	50.5%	19.9	12.9%	121.9	66.7%

	For the year ended December 31,						For the six months ended June 30,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)						(unaudited)			
Music service providers[3]	239.1	13.2%	217.3	13.9%	118.3	10.5%	45.2	29.2%	19.5	10.7%
Customers of our films and drama series IP operation and licensing business	115.0	6.4%	174.2	11.2%	86.4	7.7%	22.4	14.5%	13.7	7.5%
Customers of our artist management service	51.7	2.9%	42.7	2.7%	15.0	1.3%	5.6	3.6%	6.4	3.5%
Others[4]	137.1	7.6%	64.2	4.1%	78.0	6.9%	40.6	26.3%	18.8	10.3%
Total	1,806.6	100.0%	1,559.9	100.0%	1,126.7	100.0%	154.6	100.0%	182.6	100.0%

(1) Represents revenue from TV networks and revenue from payments directly paid by advertising clients for TV variety programs.

(2) Represents revenue from online video platforms and revenue from payments directly paid by advertising clients for made-for-internet variety programs.

(3) Represents revenue from online music platforms, karaoke operators, mobile value-added services providers and other companies that provide cultural or media service who license our music IPs.

(4) Represents revenue from companies that license our variety program IPs for offline entertainment events, students who enroll in our arts education program or attend our arts training classes, consumer products bands that license our IPs, and other customers of our other IP-related business.

For details, see "Financial Information — Description of Key Statement of Profit or Loss Items — Revenue — Revenue by Customer Type."

For the years ended December 31, 2019, 2020 and 2021, and the six months ended June 30, 2022, our revenues attributable to our five largest customers in each year/period during the Track Record Period were RMB1,366.1 million, RMB1,087.9 million, RMB867.1 million and RMB142.4 million, respectively, which accounted for approximately 75.6%, 69.7%, 77.0% and 78.0% of our total revenue for the corresponding periods, respectively. For details, see "Business — Our Customers."

During the Track Record Period, our suppliers primarily consisted of (i) media platforms and advertising agencies that provide us with time slots for commercials; (ii) third-party service providers providing production services for our variety programs; (iii) talent coordination companies or media platforms for program casting; and (iv) composers and lyricists who license their rights to us. For the years ended December 31, 2019, 2020 and 2021, and the six months ended June 30, 2022, our purchases attributable to our five largest suppliers in each year/period during the Track Record Period were RMB172.3 million, RMB176.3 million, RMB174.8 million and RMB40.0 million, respectively, which accounted for approximately 16.3%, 18.4%, 22.1% and 32.4% of our total purchase for the corresponding periods, respectively. For details, see "Business — Our Suppliers."

IMPACT OF COVID-19

Since the outbreak of COVID-19 in early 2020, China has implemented, among other measures, restrictions on mobility and travel and cancellation of public activities, to contain the spread of the virus. Due to such measures, the growth rate of China's pan-entertainment market decreased from 40.4% between 2018 to 2019, to 8.2% between 2019 to 2020.

During the COVID-19 pandemic in 2020, social and work gatherings were banned, mandatory quarantine requirements were imposed and public transportation was suspended in certain cities where our offices and facilities were located. Our operations in those regions have been interrupted to the extent that onsite services of our employees were required. The ongoing business and travel restrictions have also impacted the availability of participants of our variety programs, which in turn affected the production and broadcasting schedules of our pipeline programs.

In response to the outbreak, we took a series of measures to protect our employees and program participants, which incurred additional production cost. In addition, the decline of the global entertainment market and the hampered business operation of advertising clients led to a decrease in their advertising budget, which had a negative impact on our revenue from variety program IP production, operation, and licensing. We had also adjusted the expected revenue generated from MXQY partly due to the outbreak of COVID-19 and its adverse impact on our revenue from licensing of the right to host offline entertainment events and organizing of concerts.

Recently, there has been a resurgence of COVID-19 cases in certain parts of China due to the Delta and Omicron variants, which has caused local governments to tighten COVID-19-related restrictions and led to additional uncertainties in our business environment. Despite our efforts, the production and broadcasting schedules for at least five of our pipeline variety programs have been affected to various degrees. For more details about the impact of COVID-19 on our operations and financial results, see "Financial Information — Impact of COVID-19."

There remain significant uncertainties surrounding the COVID-19 outbreak and its resurgence. Our Directors are of the view that the COVID-19 pandemic had a temporary adverse impact on our business operations and our financial performance in the short run, but is not expected to bring any permanent or material interruption to our operations. However, there can be no assurance that our business operations and financial performance will not be adversely affected, particularly if the COVID-19 pandemic continues for an extended period or gets worse in China. For more details, see "Risk Factors — Risks Relating to Our Business and Industries — Our business operations and financial performance have been affected by the COVID-19 outbreak."

COMPLIANCE AND LITIGATION

We may be subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. As of the Latest Practicable Date, we were the defendant in two material pending litigations with an aggregate claim amount of approximately RMB140.9 million.

Ongoing Litigation with Munhwa Broadcasting Corporation

In February 2016, we entered into an agreement with Munhwa Broadcasting Corporation ("MBC") (the "February 2016 Agreement"), under which MBC agreed to provide program licensing services in exchange for a program licensing fee of US$2.8 million per season to jointly produce seasons two to four of a variety program, "King of Mask Singer (蒙面歌王)," with us.

We and MBC subsequently entered into a supplemental agreement in October 2016 (the "Supplemental Agreement"). Pursuant to the Supplemental Agreement, among others, MBC would provide production consulting services to us and parties agreed to co-develop a music variety program in 2016, as well as two subsequent seasons. The obligations for both parties are conditional upon the issuance of written approval from competent government authorities. As such written approval was not issued in 2017 or 2018, we did not produce any subsequent seasons or pay production consulting services fee to MBC in this regard and MBC failed to provide the production consulting services for the music variety program as agreed.

From 2016 to 2018, we developed and produced "Guess the Singer! 2016," "Guess the Singer! 2017" and "Guess the Singer! 2018." In July 2020, MBC brought a lawsuit against us to the Primary People's Court of Xuhui District of Shanghai Municipality for breach of contract, claiming an aggregate amount of approximately RMB124.4 million from us. In January 2021, we filed a counterclaim against MBC, requesting MBC to return US$1.6 million that we paid for the music variety program to be co-developed in 2016, and to pay us US$480,000 in damages for breach of contract. The court rendered judgment on this case in November 2022 and awarded MBC an aggregate amount of approximately RMB11.9 million, less than one tenth of the amount claimed by MBC. We have fifteen days to appeal the judgment since we received it on December 2, 2022. We made a provision of RMB11.9 million for this lawsuit as of the Latest Practicable Date.

Our Directors are of the view that this ongoing lawsuit would not have a material impact on our operations or financial condition because as advised by our PRC Legal Advisor and our litigation counsel, (i) the claims of MBC only involve disputes regarding contract payments under the "February 2016 Agreement" and the "Supplemental Agreement," and do not involve our ownership of intellectual property rights in "Guess the Singer! 2016," "Guess the Singer! 2017," or "Guess the Singer! 2018;" we have the copyright in the trademarks, program scripts, and program settings in association with the three programs; (ii) the court awarded MBC an aggregate amount of approximately RMB11.9 million, less than one tenth of the amount claimed by MBC and accounts for only 2.7% of our cash and cash equivalents as of June 30, 2022; (iii) we do not have on-going cooperation arrangements with MBC since November 2016; (iv) the US$1.6 million we paid for the music variety program to be produced in 2016 was fully impaired in 2016; and (v) SH Xingtou, SH Zhouxing and Mr. Tian have provided an undertaking to jointly and severally indemnify us, with reference to their respective shareholding percentage in Canxing Culture, against any losses arising from this ongoing litigation with MBC to the extent of the amount awarded in the final judgment or settlement of this litigation.

Litigation with Hummingbird Music Ltd.

From May to June 2016, an artist participated in the production of three episodes of "Heroes of Remix (蓋世英雄)". In July 2022, the artist's then management company, Hummingbird Music Ltd. (蜂鳥音樂有限公司, or "Hummingbird"), brought a lawsuit against us at the Primary People's Court of Changning District of Shanghai, claiming performance service fee of RMB16.3 million and attorney's fee of RMB200,000. We are actively defending ourselves against Hummingbird's claims based on the argument that the parties did not reach an agreement and enter into a legally-binding contract. As of the Latest Practicable Date, the lawsuit was in the first instance and the court did not render judgment on this case.

Our Directors are of the view that this ongoing lawsuit would not have a material adverse impact on our operations or financial condition, because (i) as advised by our litigation counsel, the claims of Hummingbird are without merits; (ii) the claims of Hummingbird only involve dispute regarding contract payment and do not involve our ownership of intellectual property rights in the relevant variety program; (iii) even if the court awards any damages to Hummingbird in the final judgment, we would have sufficient resources to pay any damages related to the lawsuit considering our sizable revenue and sufficient cash on hand; (iv) we had not have on-going cooperation arrangements with Hummingbird since 2016; and (v) SH Xingtou, SH Zhouxing and Mr. Tian have provided an undertaking to jointly and severally indemnify us, with reference to their respective shareholding percentage in Canxing Culture, against any losses arising from this ongoing litigation with Hummingbird to the extent of the amount awarded in the final judgment or settlement of this litigation.

As advised by our litigation counsel, the claims by Hummingbird are without merits, the amount claimed by Hummingbird is unreasonably high and groundless, and the likelihood that the competent courts will support such amounts in full is remote. Based on the foregoing, we did not make any provision for this ongoing litigation as of the Latest Practicable Date.

For details of the above-mentioned two ongoing litigations and other legal proceedings, and the internal control measures and policies that we have adopted, see "Business — Legal Proceedings," "Business — Risk Management and Internal Control Systems — Regulatory Compliance Risk Management" and "Business — Risk Management and Internal Control Systems — Legal Risk Management."

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the Latest Practicable Date, other than the continued impact of the COVID-19 pandemic as described above, there has been no material adverse change in our financial or operational positions or prospects since June 30, 2022, being the date on which our latest audited consolidated financial statements were prepared, and there has been no event since June 30, 2022 which would materially affect the information in the Accountants' Report set out in Appendix I to this document.

Based on our unaudited management accounts, our revenue and gross profit for the period from June 30, 2022 to October 31, 2022 substantially increased compared to our revenue and gross profit for the first half of 2022, respectively. Therefore, we expect that our financial performance in the second half of 2022 would be substantially improved compared to that in the first half of 2022. The improvement is mainly because most of our super large variety programs in 2022 were broadcast in the second half of the year, in line with our historical pattern.

In 2022, there were five variety programs whose initial broadcast started after the Track Record Period and finished as of the Latest Practicable Date, including "E-POP of China (超感星電音)," "Sing! China 2022," "Guess the Dancer! 2022," "Street Dance of China 2022," and "HAHA A Day (百川可逗鎮)." Based on our unaudited management accounts, we recognized revenue of approximately RMB560 million for these five variety programs in the ten months ended October 31, 2022, and we expect the gross profit margin for "Sing! China 2022," "Street Dance of China 2022" and "Guess the Dancer! 2022" to increase compared to that for their respective previous season in 2021.

We expect that our revenue in 2022 would slightly decrease compared to that in 2021, but our gross profit would substantially improve in 2022, as we expect the gross profit of our variety program IP production, operation and licensing business to increase in 2022. The expected increase in the gross profit of our variety program IP production, operation and licensing business is primarily because we did not schedule subsequent season for certain programs with low gross profit margin in 2021, such as "Likes! Talent," and several of our multi-season, major programs broadcast in 2022, such as "Sing! China 2022," are expected to have substantially higher gross profit margin in 2022 compared to that of their previous season in 2021.

The table below sets forth the details of the five variety programs whose initial broadcast started after the Track Record Period and finished as of the Latest Practicable Date.

Genre	Program	Format	Release time	Completion time	Primary broadcasting platform	Cooperation model
Music Variety Program						
1.	E-POP of China (超感星電音)	Music variety program featuring electronic music	July 2022	September 2022	Youku	Revenue sharing model
2.	Sing! China 2022	Music competition show for singers	August 2022	October 2022	Zhejiang Satellite TV	Revenue sharing model
Dance Variety Program						
3.	Guess the Dancer! 2022	Guess the dancer challenge	July 2022	September 2022	Jiangsu Satellite TV	Revenue sharing model
4.	Street Dance of China 2022	Street dance competition show	August 2022	October 2022	Youku	Revenue sharing model
Talent Show						
5.	HAHA A Day (百川可逗鎮)	Variety program featuring talents	August 2022	September 2022	Douyin	Commissioned production model

As of the Latest Practicable Date, we had seven pipeline programs which we expect to release between the fourth quarter of 2022 and the second quarter of 2023. The table below sets forth the details of the programs.

Genre	Program	Format	Expected release time	Expected completion time	Planned primary broadcasting platform	Expected cooperation model
Music Variety Program						
1.	Remember Me (百川樂時空)	Music variety program featuring singers	4th quarter 2022	4th quarter 2022	A top online video platform	Commissioned production model
2.	Guess the Singer! 2023	Guess the singer challenge	1st or 2nd quarter 2023	2nd quarter 2023 or after	A leading satellite TV network	Revenue sharing model
3.	Program A	Outdoor music and culture variety program	4th quarter 2022	1st quarter 2023	A top online video platform	Commissioned production model
Dance Variety Program						
4.	Great Dance Crew 2023	Dance variety program	1st quarter 2023	1st quarter 2023	A top online video platform	Commissioned production model
Talent Show						
5.	China's Got Talent 2023	Talent show	1st quarter 2023	1st quarter 2023 or after	A leading satellite TV network	Revenue sharing model
6.	Program B	Outdoor variety program featuring talents	1st or 2nd quarter 2023	2nd quarter 2023 or after	A top online video platform	Commissioned production model
Talk Show						
7.	Program C	Talk show	4th quarter 2022 or 1st quarter 2023	1st quarter 2023 or after	A leading satellite TV network or a top online video platform	Revenue sharing model

As of the Latest Practicable Date, we were in active business negotiation with the investing media platforms with respect to the production and release of these pipeline programs. The program description, expected release date and other information related to our pipeline programs represent our best efforts to describe their status as of the Latest Practicable Date and are subject to changes. For details, see "Risk Factors — Risks Relating to Our Business and Industries — Information on our pipeline programs may not prove to be accurate or indicative of our future results of operations."

KEY REGULATORY DEVELOPMENTS

Regulations Relating to Our Businesses

A series of new regulations and policies were issued and promulgated from time to time during the past several years by relevant administrative authorities in the PRC, which were intended to encourage a healthy and orderly development of the entertainment market.

- In 2021, the PRC government authorities issued Notice on Further Strengthening the Regulation on Chaos in the "Fan Circle" (《關於進一步加強"飯圈"亂象治理的通知》), and the Circular on Further Strengthening the Management of Cultural and Entertainment Programs and Industry Participants (《關於進一步加強文藝節目及其人員管理的通知》). For details of these two regulations, see "Regulations – Regulations in Relation to Production and Distribution of Television Programs – Content Review and Regulation" and "Business — Compliance Matters — Regulations Relating to Cultural and Entertainment Content."

- On October 31, 2018, the NRTA issued the Notice on Further Strengthening the Administration of Radio, Television and Online Audio-Visual Cultural and Art Programs (《關於進一步加強廣播電視和網路視聽文藝節目管理的通知》) (the "Maximum Wage Order"). For details, see "Regulations – Regulations in Relation to Restriction of Wages" and "Business — Compliance Matters — Regulations Relating to Restriction of Wages."

- On February 8, 2022, the NRTA issued the Notice of the NRTA Printing and Distributing the 14th Five-year Plan for the Development of Chinese TV Series (《國家廣播電視總局關於印發<"十四五"中國電視劇發展規劃>的通知》). For details, see "Regulation — Regulations in Relation to Production and Distribution of Television Programs — Content Review and Regulation."

- On May 20, 2022, the NRTA issued the Administrative Measures for Performance Agencies in the Field of Radio, Television and Online Audiovisual Platforms (《廣播電視和網絡視聽領域經紀機構管理辦法》). For details, see "Regulation –– Regulations in Relation to Production and Distribution of Television Programs –– Artist Management" and "Business — Compliance Matters — Regulations Relating to Artists Management."

- In February 2021, the State Administration for Market Regulation of the PRC (the "SAMR") promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms (《關於平台經濟領域的反壟斷指南》). On July 24, 2021, the SAMR issued an administrative decision to a certain online music platform, requiring it to relinquish its exclusive music licensing contracts held with its suppliers, which encourages distribution of music works on a wider selection of platforms. On January 6, 2022, the National Copyright Administration ("NCAC") held a regular talk with influential market players in the digital music industry, emphasizing that, among other things, online music platforms shall not sign exclusive music licensing contracts except under a limited number of special circumstances (collectively, with the Guidelines to Anti-Monopoly in the Field of Internet Platforms and the administrative decision issued by SAMR on July 24, 2021, the "Anti-trust Control Measures"). For more details, see "Business — Compliance Matters — Regulations Relating to Anti-trust Control."

- On December 28, 2021, the Cyberspace Administration of China (the "CAC") jointly issued the Cybersecurity Review Measures with other government authorities, which became effective on February 15, 2022 ("Review Measures"). For details, see "Regulations — Regulations in Relation to Data Privacy and Protection

Regulation." As of the Latest Practicable Date, we were not identified as a "critical information infrastructure operator" by any governmental authorities. On November 14, 2021, the CAC issued the "Regulations on the Administration of Cyber Data Security (Draft for Comments)" ("Draft Regulations") for public comment. For details, see "Regulations — Regulations in Relation to Data Privacy and Protection." As of the Latest Practicable Date, the Draft Regulations have not yet been formally promulgated and therefore not become effective. For more details, see "Business — Compliance Matters — Data Privacy and Protection Regulation."

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge and belief of our Directors, we were in compliance with the requirements under the above-mentioned regulations in all material aspects and had not been the subject of any review, inquiry, investigation or penalty by any PRC regulatory authority with respect to the above-mentioned regulations. Our Directors believe that these regulations did not and will not materially affect our Group's operations and financial performance.

Based on the confirmation of our Company and the public search, our PRC Legal Advisor is of view that we had substantially complied with the above-mentioned regulations since they were implemented and up to the Latest Practicable Date.

Having taken into account the grounds as set out above and based on the due diligence work conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to disagree with the Directors' view above in any material aspect.

Regulations Relating to Overseas Listing

On December 24, 2021, the CSRC issued the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》), and the Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (the "Draft Overseas Listing Filing Measures", collectively, the "Draft Regulations on Listing"). As of the Latest Practicable Date, the Draft Regulations on Listing were in draft form and had not come into effect. According to our PRC Legal Advisor, as of the Latest Practicable Date, there are no laws, regulations or regulatory documents cited by the CSRC in effect that would explicitly subject us to filing procedures for our [**REDACTED**] in Hong Kong. For details, see "Regulations — Regulations in Relation to Overseas Listing."

According to the definition in the Draft Regulations on Listing, our proposed [**REDACTED**] is an indirect overseas [**REDACTED**]. In addition, during the Track Record Period, there have not been any material non-compliance incidents of our Company discovered from the review of the compliance status in relation to foreign investment, cybersecurity, and data security in all material aspects and we have duly performed our duty of safeguarding national security. As of the Latest Practicable Date, we had not received any inquiries, comments, instructions, guidance, notices, warnings, sanctions or other concerns regarding the overseas [**REDACTED**] plan or our Contractual Arrangements from the CSRC or any other PRC government authorities in terms of our compliance with the proposed filing requirement under the Draft Regulations on Listing. Therefore, our Directors, as advised by our PRC Legal Advisor, are of the view that the Draft Regulations on Listing will not have a material and adverse impact on our business operations and the [**REDACTED**] if they are implemented in their current forms, and our Contractual Arrangements will not constitute a legal obstacle to [**REDACTED**] under the Draft Regulations on Listing. And based on above and the due diligence work conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to disagree with the Directors' view above in any material aspect.

[**REDACTED**]

[**REDACTED**]

[REDACTED] EXPENSES

Our [**REDACTED**] expenses mainly include [**REDACTED**], professional fees paid to legal advisors and the Reporting Accountants for their services and other fees incurred in connection with the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] expenses (based on the mid-point of our indicative [**REDACTED**] for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, excluding any [**REDACTED**] which may be payable by us) for the [**REDACTED**] are approximately RMB[**REDACTED**], representing [**REDACTED**]% of the [**REDACTED**]. The estimated total [**REDACTED**] expenses consist of (i) [**REDACTED**] expenses of RMB[**REDACTED**] (approximately HK$[**REDACTED**]), including [**REDACTED**] of RMB[**REDACTED**] (approximately HK$[**REDACTED**]) and sponsors fee of RMB[**REDACTED**] (approximately HK$[**REDACTED**]), and (ii) non-[**REDACTED**] expenses of RMB[**REDACTED**] (approximately HK$[**REDACTED**]), of which the professional fees paid to legal advisors and the Reporting Accountants amounted to RMB[**REDACTED**] (approximately HK$[**REDACTED**]) and other fees and expenses amounted to RMB[**REDACTED**] (approximately HK$[**REDACTED**]). During the Track Record Period, we incurred [**REDACTED**] expenses of RMB[**REDACTED**] which was charged to the consolidated statements of profit or loss for the year ended December 31, 2021 and the six months ended June 30, 2022 as administrative expenses. We expect to incur additional [**REDACTED**] expenses of approximately RMB[**REDACTED**] which is expected to be recognized as administrative expenses subsequent to the Track Record Period. Approximately RMB[**REDACTED**] of the estimated [**REDACTED**] expenses is directly attributable to the [**REDACTED**] of Shares and will be recognized as a deduction in equity directly upon the [**REDACTED**]. 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, 2022.

DIVIDEND POLICY

In 2021, our subsidiary, Fortune Star Media, declared dividends of US$30.0 million (equivalent to RMB194.8 million) to its then shareholder, CMC Asia, which had been fully paid by December 31, 2021. In the same year, our then subsidiary, Shanghai Canteng Culture & Media Co., Ltd. (currently known as Shanghai Heilai Music Co., Ltd.), declared dividends of RMB1.9 million to its non-controlling shareholders, which had been fully paid by December 31, 2021. See Note 11 to the Accountants' Report set forth in Appendix I to this document. Other than the above, no dividend was proposed, paid or declared by our Company or any of our subsidiaries during the Track Record Period.

According to our Articles of Association and applicable laws and regulations, the decision on whether to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flows, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a pre-determined dividend payout ratio. We will evaluate our dividend policy in light of our financial condition and the prevailing economic environment. For further details of our dividend policy, please refer to the section headed "Financial Information — Dividend Policy" in this document.

USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting estimated [**REDACTED**], fees and expenses payable by us in connection with the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, and assuming the [**REDACTED**] is not exercised. We currently intend to apply the [**REDACTED**] from the [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund our IP production and operation. In particular, (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund our variety program IP creation and operation; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund our music IP production and operation; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund our film and drama series IP production and operation; and (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the purchase and upgrade of equipment, hardware and software.
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand our audience reach to provide better customer service and build on our established entertainment IP industry value chain. In particular, (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in the construction of one "Star Movie Digital Interactive Experience Hall", one "Canxing Music Digital Interactive Experience Hall", one electronic music and street dance center and one live streaming center; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] of [**REDACTED**] will be used to continue to invest in establishing Canxing bootcamp and academy to provide online and offline art trainings services; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in the field of consumer products; and (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in investing and operating offline activities.

For further details, see "Future Plans and Use of [**REDACTED**]."