The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in **[REDACTED]** *Circulars issued by the Hong Kong Institute of Certified Public Accountants.*

[To insert letterhead] ***[Draft]***

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF STAR PLUS LEGEND HOLDINGS LIMITED AND CMBC INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Star Plus Legend Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-95, which comprises the consolidated statements of financial position as at December 31, 2019, 2020, 2021 and 2022, the statements of financial position of the Company as at December 31, 2020, 2021 and 2022, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2019, 2020, 2021 and 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-[95] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "Document") in connection with the initial **[REDACTED]** shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2020, 2021 and 2022 and the consolidated financial position of the Group as at December 31, 2019, 2020, 2021 and 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 32 to the Historical Financial Information which contains information about dividends declared or paid by Star Plus Legend Holdings Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers Zhong Tian LLP in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,			
		2019	**2020**	**2021**	**2022**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	5	86,585	456,944	365,345	344,157
Cost of revenue	7	(29,972)	(224,155)	(137,963)	(121,329)
Gross profit		56,613	232,789	227,382	222,828
Selling and marketing expenses	7	(14,393)	(94,914)	(93,809)	(72,447)
General and administrative expenses	7	(10,330)	(31,563)	(65,091)	(64,094)
Reversal of/(provision for) impairment losses on financial assets	3.1(b)	73	(4,452)	922	(745)
Other income	6	151	1,692	234	21,844
Other expense	6	–	–	–	(5,798)
Other (losses)/gains, net	6	(114)	10,254	3,956	(9,553)
Operating profit		32,000	113,806	73,594	92,035
Finance income/(costs), net	9	(160)	35	(8,942)	1,103
Profit before income tax		31,840	113,841	64,652	93,138
Income tax expense	10	(9,121)	(38,210)	(21,761)	(28,240)
Profit for the year		22,719	75,631	42,891	64,898
Profit attributable to:					
– Owners of the Company		23,559	78,064	43,649	60,389
– Non-controlling interests		(840)	(2,433)	(758)	4,509
		22,719	75,631	42,891	64,898

		Year ended December 31,			
		2019	**2020**	**2021**	**2022**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit for the year		22,719	75,631	42,891	64,898
Other comprehensive (loss)/income:					
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		(27)	(1,150)	(1,044)	1,803
Total comprehensive income for the year		22,692	74,481	41,847	66,701
Total comprehensive income attributable to:					
– Owners of the Company		23,539	76,954	42,585	62,105
– Non-controlling interests		(847)	(2,473)	(738)	4,596
		22,692	74,481	41,847	66,701
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share):					
– Basic and Diluted	11	0.05	0.16	0.09	0.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,			
		2019	2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,314	3,247	58,975	69,086
Right-of-use assets	13	2,469	2,786	3,893	1,878
Intangible assets	14	10	80	625	3,878
Deferred income tax assets	29	3,650	3,965	3,031	4,186
Trade and other receivables	18	–	2,421	–	–
Other non-current assets	15	1,891	54,511	50,416	59,638
		9,334	67,010	116,940	138,666
Current assets					
Inventories	21	15,510	24,107	24,490	28,828
TV program rights	16	77,247	–	13,594	89,602
Trade and other receivables	18	39,617	71,760	52,538	62,066
Prepayment and other current assets	19	16,601	31,278	53,677	53,070
Restricted bank deposits	20	–	11,008	–	–
Cash and cash equivalents	20	29,298	120,962	211,873	182,633
		178,273	259,115	356,172	416,199
Total assets		187,607	326,125	473,112	554,865
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	22	–	36	38	38
Reserves	24	(2,197)	33,583	24,970	33,343
Retained earnings	25	28,726	104,690	144,213	200,161
		26,529	138,309	169,221	233,542
Non-controlling interests		(862)	(3,289)	(4,027)	569
Total equity		25,667	135,020	165,194	234,111

		As at December 31,			
		2019	**2020**	**2021**	**2022**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Lease liabilities	26	1,484	1,409	1,035	220
Contract liabilities	28	686	–	45	38
Deferred income tax liabilities	29	–	2,200	–	–
Borrowings	31	–	–	15,000	10,000
		2,170	3,609	16,080	10,258
Current liabilities					
Trade and other payables	27	130,975	79,314	45,576	69,010
Contract liabilities	28	12,850	64,533	59,308	31,385
Current income tax liabilities		14,932	42,076	15,153	24,575
Lease liabilities	26	1,013	1,573	3,281	1,872
Financial instrument with redemption rights	30	–	–	163,520	178,654
Borrowings	31	–	–	5,000	5,000
		159,770	187,496	291,838	310,496
Total liabilities		161,940	191,105	307,918	320,754
Total equity and liabilities		187,607	326,125	473,112	554,865
Net current assets		18,503	71,619	64,334	105,703
Total assets less current liabilities		27,837	138,629	181,274	244,369

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
		2020	**2021**	**2022**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Amounts due from subsidiaries	36(e)	30,571	161,134	99,895
Investments in subsidiaries	1.2	25,507	29,076	23,667
		56,078	190,210	123,562
Current assets				
Prepayments and other current assets	19	445	5,514	13,867
Cash and cash equivalents		–	18,744	85,950
		445	24,258	99,817
Total assets		56,523	214,468	223,379
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	22	36	38	38
Reserves	24	57,113	44,821	48,029
Accumulated losses	25	(3,441)	(13,497)	(39,137)
Total equity		53,708	31,362	8,930
LIABILITIES				
Current liabilities				
Amounts due to subsidiaries	36(e)	653	16,758	30,562
Financial instrument with redemption rights	30	–	163,520	178,654
Trade and other payables	27	2,162	2,828	5,233
Total liabilities		2,815	183,106	214,449
Total equity and liabilities		56,523	214,468	223,379

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company					
		Share capital	Reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2019		–	(8,910)	7,900	(1,010)	(15)	(1,025)
Comprehensive income							
Profit for the year		–	–	23,559	23,559	(840)	22,719
Other comprehensive loss							
– Currency translation differences		–	(20)	–	(20)	(7)	(27)
Total comprehensive income		–	(20)	23,559	23,539	(847)	22,692
Transactions with shareholders in their capacity as shareholders							
Appropriation to statutory reserves	24	–	2,733	(2,733)	–	–	–
Deemed contribution from shareholders	24	–	4,000	–	4,000	–	4,000
Total transactions with shareholders in their capacity as shareholders		–	6,733	(2,733)	4,000	–	4,000
Balance at December 31, 2019		–	(2,197)	28,726	26,529	(862)	25,667

		Attributable to owners of the Company					
		Share capital	Reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2020		–	(2,197)	28,726	26,529	(862)	25,667
Comprehensive income							
Profit for the year		–	–	78,064	78,064	(2,433)	75,631
Other comprehensive loss							
– Currency translation differences		–	(1,110)	–	(1,110)	(40)	(1,150)
Total comprehensive income		–	(1,110)	78,064	76,954	(2,473)	74,481
Transactions with shareholders in their capacity as shareholders							
Issuance of ordinary shares	22	36	32,950	–	32,986	–	32,986
Non-controlling interests on disposal of subsidiaries	35	–	–	–	–	46	46
Equity-settled share-based payment transactions	23	–	1,840	–	1,840	–	1,840
Appropriation to statutory reserves	24	–	2,100	(2,100)	–	–	–
Capital injection to Star Plus Cultural (Kunshan) Investment Company Limited from shareholders	24	–	2,000	–	2,000	–	2,000
Deemed distribution to shareholders	24	–	(2,000)	–	(2,000)	–	(2,000)
Total transactions with shareholders in their capacity as shareholders		36	36,890	(2,100)	34,826	46	34,872
Balance at December 31, 2020		36	33,583	104,690	138,309	(3,289)	135,020

		Attributable to owners of the Company					
		Share capital	Reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2021		36	33,583	104,690	138,309	(3,289)	135,020
Comprehensive income							
Profit for the year		–	–	43,649	43,649	(758)	42,891
Other comprehensive loss							
– Currency translation differences		–	(1,064)	–	(1,064)	20	(1,044)
Total comprehensive income		–	(1,064)	43,649	42,585	(738)	41,847
Transactions with shareholders in their capacity as shareholders							
Issuance of ordinary shares	22	2	159,841	–	159,843	–	159,843
Recognition of redemption liability	30	–	(158,180)	–	(158,180)	–	(158,180)
Equity-settled share-based payment transactions	23	–	3,568	–	3,568	–	3,568
Appropriation to statutory reserves	24	–	4,126	(4,126)	–	–	–
Dividends declared and payable by the Company	32	–	(16,904)	–	(16,904)	–	(16,904)
Total transactions with shareholders in their capacity as shareholders		2	(7,549)	(4,126)	(11,673)	–	(11,673)
Balance at December 31, 2021		38	24,970	144,213	169,221	(4,027)	165,194

		Attributable to owners of the Company					
		Share capital	Reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2022		38	24,970	144,213	169,221	(4,027)	165,194
Comprehensive income							
Profit for the year		–	–	60,389	60,389	4,509	64,898
Other comprehensive income							
– Currency translation differences		–	1,716	–	1,716	87	1,803
Total comprehensive income		–	1,716	60,389	62,105	4,596	66,701
Transactions with shareholders in their capacity as shareholders							
Equity-settled share-based payment transactions	23	–	2,216	–	2,216	–	2,216
Appropriation to statutory reserves	24	–	4,441	(4,441)	–	–	–
Total transactions with shareholders in their capacity as shareholders		–	6,657	(4,441)	2,216	–	2,216
Balance at December 31, 2022		38	33,343	200,161	233,542	569	234,111

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended December 31,			
		2019	2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities					
Cash generated from operations	33	2,819	338,982	39,417	23,025
Interest received		62	479	1,248	2,443
Income tax paid		(1,245)	(11,008)	(49,950)	(19,973)
Net cash inflow/(outflow) from operating activities		1,636	328,453	(9,285)	5,495
Cash flows from investing activities					
Payments for property, plant and equipment		(1,217)	(56,028)	(53,860)	(6,339)
Payments for intangible assets		–	(83)	(584)	(3,397)
Payments for other non-current assets		–	–	–	(15,127)
Increase in restricted bank deposits		–	(112,966)	(124,838)	–
Decrease in restricted bank deposits		–	101,958	135,846	–
Payments for purchase of wealth management products		–	–	(80,000)	–
Proceeds from redemption of wealth management products		–	–	80,435	–
Payments for financial assets at amortised cost		–	–	(25,000)	–
Proceeds from disposal of other financial assets at amortised cost		–	–	25,000	–
Investment income		–	–	58	–
Loans to related parties		(11,040)	–	–	–
Loans repaid by related parties		4,433	10,468	–	–
Loans repaid by third parties		–	100	–	–
Payments of deposit for purchase of property, plant and equipment		(10,000)	–	–	–
Refund of deposit for purchase of property, plant and equipment		–	10,000	–	–
Disposal of subsidiaries, net of cash of disposed subsidiaries	35	–	(151,171)	–	–
Net cash outflow from investing activities		(17,824)	(197,722)	(42,943)	(24,863)

		Year ended December 31,			
		2019	2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	22	–	–	166,120	–
Capital injections from shareholders	24	–	2,000	–	–
Payment of transaction costs for issuance of ordinary shares	22	–	–	(5,932)	–
Cash paid to shareholders for reorganisation	24	–	(12,000)	–	–
Cash received from shareholders for reorganisation	24	–	4,000	–	–
Dividends paid to shareholders		–	–	(16,661)	–
Payment for **[REDACTED]** expenses		–	–	(4,998)	(2,230)
Proceeds from borrowings		–	–	25,000	–
Repayments of borrowings		–	–	(5,000)	(5,000)
Loans from a third party		–	–	13,160	–
Repayment of loans to a third party		–	–	(14,000)	–
Proceeds from related parties	36	34,592	–	916	–
Repayment of loans to related parties		(20,154)	(18,999)	(11,470)	–
Interest paid		–	–	(1,245)	(1,035)
Lease payments		(996)	(2,031)	(2,275)	(3,122)
Proceeds from investors for investment of TV program	6	15,000	–	–	–
Settlement of financial liabilities in relation to investment of TV program	6	–	(12,000)	–	–
Net cash inflow/(outflow) from financing activities		28,442	(39,030)	143,615	(11,387)
Net increase/(decrease) in cash and cash equivalents		12,254	91,701	91,387	(30,755)
Cash and cash equivalents at beginning of the year	20(a)	17,044	29,298	120,962	211,873
Effect of exchange rate changes on cash and cash equivalents		–	(37)	(476)	1,515
Cash and cash equivalents at end of the year	20(a)	29,298	120,962	211,873	182,633

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Star Plus Legend Holdings Limited (formerly known as Star Plus (Group) Limited, the "Company") was incorporated in the Cayman Islands on January 3, 2020 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company is an investment holding company. The Company and the companies shown in Note 1.2 below now comprising the Group (together, the "Group") are principally engaged in new retail business and IP creation and operation business (the "**[REDACTED]** Business") in the People's Republic of China (the "PRC").

The Company is controlled by Ms. Ma, Hsin-Ting ("Ms. Ma"), Mr. Yang, Chun-Jung ("Mr. Yang"), Ms. Yeh, Hui-Mei ("Ms. Yeh"), Mr. Chen, Chung ("Mr. Chen") through their investment holding companies.

Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen have entered into a concert party agreement and therefore are collectively referred as the controlling shareholders of the Company (the "Controlling Shareholders").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") for the purpose of preparation for the **[REDACTED]** of shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited as described below, the **[REDACTED]** Business was carried out by Star Plus Cultural (Kunshan) Investment Company Limited ("Star Plus (Kunshan)"), Secret Music (HK) Limited ("Secret Music (HK)"), Star Plus Action (HK) Limited ("Star Plus Action (HK)"), Star Plus Development Limited ("Star Plus Development"), Star Plus J Movie (HK) Limited ("Star Plus J Movie"), Star Plus Entertainment (HK) Limited ("Star Plus Entertainment") and their subsidiaries (collectively, the "Operating Companies").

The Reorganisation mainly involved the following steps:

(i) On January 3, 2020, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. Upon incorporation, the Company issued one ordinary share at par value to the initial subscriber and transferred such share to Star Media Global Ltd. ("Star Media"), a company incorporated in British Virgin Islands ("BVI") and wholly owned by Mr. Lai, Kwok Fai Franki ("Mr. Lai"). On the same day, Mr. Lai was entrusted to hold 70% and 15% of the Company's beneficial interest on behalf of the Controlling Shareholders and Mr. Ho Chi Sing Simon ("Mr. Ho"), respectively, with the remaining 15% equity interest belongs to Mr. Lai.

(ii) On February 5, 2020, the Company acquired the entire equity interest of Star Plus Development at cash considerations of US$1 from Great Essence Holdings Limited ("Great Essence"). Mr. Lai was entrusted to hold 70% and 15% of Great Essence's beneficial interest on behalf of the Controlling Shareholders and Mr. Ho, respectively, and the remaining 15% equity interest belongs to Mr. Lai.

(iii) On February 5, 2020, the Company acquired the entire equity interest of Star Plus Entertainment at cash considerations of Hong Kong Dollar ("HK$") 1 from Great Essence.

(iv) On February 18, 2020, the Company acquired the entire equity interest of Star Plus Action (HK) from Star Media at a cash consideration of HK$1.

(v) On February 18, 2020, Star Plus Action (HK) agreed to acquire the entire equity interest of Kunshan Star Plus Action E-Commerce Company Limited at a cash consideration of RMB10,000,000 from Star Plus (Kunshan).

(vi) On February 28, 2020, the Company acquired 50% of the equity interest in Secret Music (HK) at a cash consideration of HK$50 from Great Essence.

(vii) On March 19, 2020, the Company acquired the entire equity interest of Star Plus J Movie at a consideration of HK$1 from Great Essence.

(viii) On February 28, 2020, a wholly-owned subsidiary of Star Plus Entertainment acquired the entire equity interest of Star Plus (Kunshan) from companies owned and controlled by the Controlling Shareholders (as to 70%) and an independent third party on behalf of Mr. Lai and Mr. Ho (as to 30%) at a consideration of RMB2,000,000. Since then Star Plus (Kunshan) becomes a wholly owned subsidiary of Star Plus Entertainment.

Upon completion of the above steps, each of the Controlling Shareholders of the Operating Companies became the shareholders of the Company with substantially the same shareholding percentages in the Operating Companies before and after the Reorganisation and the Company became the holding company of the companies now comprising the Group and has direct or indirect interests in the subsidiaries of the Group.

On July 29, 2020, the authorised shares of the Company were subdivided from 50,000 shares of US$1 each into 5,000,000,000 shares of US$0.00001 each. The one subscriber share of US$1 issued on incorporation became 100,000 shares of US$0.00001 each. On August 4, 2020, the Company allotted and issued an aggregate of 499,900,000 ordinary shares at par value to the investment holding companies owned by the Controlling Shareholders. Upon completion of such issue, the Company is owned as to 30%, 30% and 10%, by Legend Key International Limited (a wholly owned company by Mr. Yang and Ms. Yeh), Best Million Holdings Limited (a wholly owned company by Ms. Ma) and Max One Ltd (a wholly owned company by Mr. Chen), respectively. The remaining 15% and 15% of the Company's equity interests are owned by Mr. Lai and Mr. Ho, respectively.

On September 30, 2020 and February 17, 2021, the Company allotted and issued 12,820,512 ordinary shares at a consideration of HK$37,500,000 and 30,094,112 ordinary shares at a consideration of HK$200,000,000 to two **[REDACTED]** investors, namely Long Precise Limited ("Long Precise") and Bradbury Private Investment III Inc. ("Bradbury"), respectively. Please see Note 22 for further details.

As at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Company name	Place of incorporation and kind of legal entity	Date of incorporation	Registered capital	Principal activities and place of operation	Attributable equity interest of the Group — As at December 31, 2019	2020	2021	2022	As at the date of this report	Notes
Directly held by the Company:										
Star Plus Development Limited	British Virgin Islands, limited liability company	December 31, 2017	US$1	IP planning, management and licensing at the offshore level, Hong Kong ("HK")	100%	100%	100%	100%	100%	(x)
Star Plus Action (HK) Limited	HK, limited liability company	December 5, 2019	HK$1	Investment holdings, HK	100%	100%	100%	100%	100%	(xi)
Star Plus Entertainment (HK) Limited	HK, limited liability company	November 3, 2015	HK$1	Investment holdings, HK	100%	100%	100%	100%	100%	(iii)
Star Plus J Movie (HK) Limited	HK, limited liability company	July 26, 2018	HK$1	Investment holdings, HK	100%	100%	100%	100%	100%	(iii)
Secret Music (HK) Limited	HK, limited liability company	July 4, 2018	HK$100	Trading of pianos and online music learning materials, HK	50%	50%	50%	50%	100%	(iii), (vi)

					Attributable equity interest of the Group					
					As at December 31,				As at the date of this report	
Company name	Place of incorporation and kind of legal entity	Date of incorporation	Registered capital	Principal activities and place of operation	2019	2020	2021	2022		Notes
Indirectly held by the Company:										
Beijing Star Plus Master Cultural Communication Company Limited (北京巨星精湛文化傳播有限公司)[i]	The PRC, limited liability company	November 6, 2017	RMB3,000,000	Planning of television, online programs and concerts, the PRC	70%	70%	70%	70%	70%	(ii)
Beijing Secret Music Cultural Development Company Limited (北京秘密音樂文化發展有限公司)[i]	The PRC, limited liability company	May 6, 2019	RMB10,000,000	Investment holdings, the PRC	50%	50%	50%	50%	50%	(ii), (vi)
Kunshan Secret Music Cultural Development Company Limited (昆山秘密音樂文化發展有限公司)[i]	The PRC, limited liability company	August 19, 2018	RMB10,000,000	Trading of pianos and online music learning materials, the PRC	50%	50%	50%	50%	50%	(ii), (vi)
Beijing Star Plus Legend Cultural Development Company Limited (北京巨星傳奇文化發展有限公司)[i]	The PRC, limited liability company	June 2, 2020	RMB10,000,000	IP creation and operation, the PRC	N/A	100%	100%	100%	100%	(ii)
Beijing Star Plus Action E-Commerce Company Limited (北京巨星行動電子商務有限公司)[i]	The PRC, limited liability company	July 13, 2020	RMB10,000,000	Investment holdings, the PRC	N/A	100%	100%	100%	100%	(iv)
Kunshan Star Plus Action E-Commerce Company Limited (昆山巨星行動電子商務有限公司)[i]	The PRC, limited liability company	March 17, 2016	RMB100,000,000	Product development, customer service and order fulfilment for new retail business, the PRC	100%	100%	100%	100%	100%	(v)
Talent Planet (HK) Limited (天賦星球香港有限公司)[i]	HK, limited liability company	November 26, 2021	HK$10,000	Planning of online program and concerts, HK	N/A	N/A	100%	100%	100%	(ii)
Star Plus IP (Shanghai) Creative Cultural Company Limited (上海星創智權創意文化有限公司)[i]	The PRC, limited liability company	November 26, 2021	RMB500,000	Media and TV programme production management, the PRC	N/A	N/A	100%	100%	100%	(ii)
Talent Planet (Hangzhou) Limited (杭州天賦星球文化傳媒有限公司)[i]	The PRC, limited liability company	January 14, 2022	RMB3,000,000	Planning of television, online programmes and concerts, HK	N/A	N/A	N/A	100%	100%	(ii)
Kunshan JST One Management Centre (Limited Partnership) (昆山杰申企業管理中心(有限合夥))[i]	The PRC, limited partnership	September 28, 2017	RMB1,000,000	Media and TV program production management, the PRC	99.25%	99.25%	99.25%	99.25%	99.25%	(ii), (vii)
Kunshan JST Two Management Centre (Limited Partnership) (昆山杰未企業管理中心(有限合夥))[i]	The PRC, limited partnership	January 6, 2020	RMB1,000,000	Media and TV program production management, the PRC	N/A	99.25%	99.25%	99.25%	99.25%	(ii)
Star Plus Cultural (Kunshan) Investment Company Limited (巨室文創(昆山)投資有限公司)[i]	The PRC, limited liability company	November 4, 2015	RMB2,000,000	IP planning, management and licensing at the onshore level, the PRC	100%	100%	100%	100%	100%	(ix)

					Attributable equity interest of the Group					
					As at December 31,				As at the date of this report	
Company name	Place of incorporation and kind of legal entity	Date of incorporation	Registered capital	Principal activities and place of operation	2019	2020	2021	2022		Notes
Star Plus JST Cultural Development Company Limited (星創杰影昆山文化發展有限公司)	The PRC, limited liability company	July 1, 2021	RMB10,000,000	Media and TV program production management, the PRC	N/A	N/A	100%	100%	100%	(ii)
Talent Planet (Kunshan) Limited (昆山天賦星球文化傳媒有限公司)(i)	The PRC, limited liability company	May 26, 2022	RMB10,000,000	Media and TV program production management, the PRC	N/A	N/A	N/A	100%	100%	(ii)
Star Plus Entertainment (Hangzhou) Creative Culture Company Limited (杭州星創藝創想文娛有限公司)	The PRC, limited liability company	March 11, 2022	RMB10,000,000	Media and TV program production management, the PRC	N/A	N/A	N/A	100%	100%	(ii)
Star Plus Creative Cultural Company Limited (巨星創意文化股份有限公司)	Taiwan, limited liability company	March 2, 2023	NT20,000,000	IP creation and operation, Taiwan	N/A	N/A	N/A	N/A	100%	(ii)
Star Plus Aiyou (Kunshan) E-Commerce Company Limited (星創愛優(昆山)電子商務有限公司)(i)	The PRC, limited liability company	September 29, 2022	RMB5,000,000	Media and TV program production management, the PRC	N/A	N/A	N/A	100%	100%	(ii)
Star Plus Meishang (Kunshan) E-Commerce Company Limited (星創美尚(昆山)電子商務有限公司)(i)	The PRC, limited liability company	December 1, 2022	RMB5,000,000	On-line trading management, the PRC	N/A	N/A	N/A	100%	100%	(ii)
Star Plus Meiyou (Kunshan) E-Commerce Company Limited (星創美優(昆山)電子商務有限公司)(i)	The PRC, limited liability company	December 1, 2022	RMB5,000,000	On-line trading management, the PRC	N/A	N/A	N/A	100%	100%	(ii)
Star Plus Aijia (Kunshan) E-Commerce Company Limited (星創愛嘉(昆山)電子商務有限公司)(i)	The PRC, limited liability company	December 1, 2022	RMB5,000,000	On-line trading management, the PRC	N/A	N/A	N/A	100%	100%	(ii)
Star Plus IP (HK) Limited	HK, limited liability company	August 2, 2018	HK$1	Inactive, HK	100%	100%	100%	100%	100%	(iii)
Star Plus Entertainment (Kunshan) Company Limited (星創藝(昆山) 文娛有限公司)(i)	The PRC, limited liability company	June 29, 2021	RMB1,000,000	Inactive, the PRC	N/A	N/A	100%	100%	100%	(ii)
Star Plus Excellence (Kunshan) E-Commerce Company Limited (星創優選(昆山)電子商務有限公司)(i)	The PRC, limited liability company	June 7, 2021	RMB1,000,000	Inactive, the PRC	N/A	N/A	100%	100%	100%	(ii)
Star Plus IP (Kunshan) Creative Cultural Company Limited (星創智權(昆山)創意文化有限公司)(i)	The PRC, limited liability company	June 30, 2021	RMB1,000,000	On-line trading management, the PRC	N/A	N/A	100%	100%	100%	(ii)
Horgos Star Plus Creative Information Consulting Company Limited (霍爾果斯巨室明創資訊諮詢有限公司)(i)	The PRC, limited liability company	December 19, 2017	RMB2,000,000	TV program production advisory, the PRC	100%	100%	N/A	N/A	N/A	(viii)

Notes:

(i) The official names of these subsidiaries are in Chinese. The English names are for identification purpose only.

(ii) No statutory financial statements have been prepared for those subsidiaries during the Track Record Period, as they are not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation, unless otherwise required by tax bureau.

(iii) The statutory financial statements of these subsidiaries for the year ended December 31 2019 were audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong. The statutory financial statements for the years ended December 31, 2020 and 2021 were audited by D & Partners CPA Limited.

(iv) The statutory financial statement of Beijing Star Plus Action E-Commerce Company Limited for the year ended December 31, 2020 was audited by Beijing ZhongLinChengNuo Certified Public Accountants Co., Ltd.

(v) The statutory financial statements of Kunshan Star Plus Action E-Commerce Company Limited for the years ended December 31, 2019, 2020 and 2021 were audited by Beijing JinHaiLanTian Certified Public Accountants (General Partnership).

(vi) The other 50% equity shares of Secret Music (HK) Limited were held by Sapphire Prismatic, which is wholly owned by Mr. Chan, Yu-Hao. Since the Group owns more than half of the voting rights in Secret Music (HK) Limited, the Group can control Secret Music (HK) and its subsidiaries, Beijing Secret Music Cultural Development Company Limited and Kunshan Secret Music Cultural Development Company Limited.

(vii) During the Track Record Period, the Group acted as the general partner and appointed the managing partner of Kunshan JST One Management Centre (Limited Partnership). The Group had control over this entity throughout the Track Record Period.

(viii) The entity was deregistered on 15 December 2021.

(ix) The statutory financial statement of Star Plus Cultural (Kunshan) Investment Company Limited for the years ended December 31, 2019 and 2020 were audited by Beijing ZhongLinChengNuo Certified Public Accountants Co., Ltd.

(x) The statutory financial statements of Star Plus Development Limited for the years ended December 31, 2019, 2020 and 2021 were audited by D & Partners CPA Limited.

(xi) The statutory financial statements of Star Plus Action (HK) Limited were audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong for the year ended December 31, 2019 and D & Partners CPA Limited for the years ended December 31, 2020 and 2021.

All subsidiaries have adopted December 31 as their fiscal year end date.

Investments in subsidiaries of the Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted shares	25,507	29,076	23,667

Investments in subsidiaries of the Company represent the investments in the Company's directly held subsidiaries which are set out above, measured at their carrying values at the date of the completion of reorganisation.

1.3 Basis of presentation

The companies now comprising the Group, engaging in the new retail business and the IP creation and operation business, were under common control of the Controlling Shareholders, immediately before and after the Reorganisation. Accordingly, the Reorganisation is regarded as a business combination under common control, and for the purpose of this report, the Historical Financial Information has been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants.

The Historical Financial Information has been prepared by including the historical financial information of the companies now comprising the Group, under the common control of the Controlling Shareholders immediately before and after the Reorganisation and now comprising the Group as if the current group structure had been in existence throughout the periods presented, or since the date when the combining companies first came under the control of the Controlling Shareholders, whichever is a shorter period.

The net assets of the combining companies were combined using the existing book values from the Controlling Shareholders' perspective. No amount is recognized in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the controlling party's interest.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of the Historical Financial Information. These policies have been consistently applied to all the years presented, unless otherwise stated. The Historical Financial Information is for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The Historical Financial Information of the Company has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") are set out below. The Historical Financial Information has been prepared on a historical cost basis unless otherwise stated.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period, including HKFRS 9 Financial Instruments ("HKFRS 9"), HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") and HKFRS 16 Leases ("HKFRS 16").

New standards and amendments to existing standards not yet adopted

The following new standards, amendments and interpretation to existing standards that have been issued but not yet effective for the Track Record Period and have not been early adopted by the Group:

		Effective for reporting periods beginning on or after
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	January 1, 2024
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	January 1, 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	January 1, 2024
HKAS 1 (Amendments)	Non-current Liabilities with Governments	January 1, 2024
HKAS 8 (Amendments)	Definition of Accounting Estimates	January 1, 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	January 1, 2023
HKFRS 17	Insurance Contracts	January 1, 2023
Hong Kong Interpretation 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new standards and amendments to standards when they become effective. The Group has commenced an assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these new standards and amendments to standards.

2.2 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations not under common control by the Group (refer to Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Historical Financial Information.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

(c) Disposal of subsidiaries

When the Group creases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations (other than business combinations under common control), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers ("CODMs"). The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Directors that make strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the Historical Financial Information of each of the companies comprising the Group are measured using the currency of the primary economic environment in which these companies operate (the "functional currency"). The functional currency of the Company and the companies outside of PRC is Hong Kong dollar ("HK$"). The functional currency of the companies in PRC is RMB. The Historical Financial Information are presented in RMB which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income within "other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land and buildings	30 years
Computers	5 years
Furniture, fixture and equipment	5–10 years
Leasehold improvements	Over the shorter of their expected useful lives and the lease terms

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/(losses), net" in the consolidated statement of comprehensive income.

2.8 Intangible assets

Acquired software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line method over their estimated useful lives of 10 years. Based on the current functionalities equipped by the acquired computer software and the Group's daily operation needs, the Group considers useful lives of 10 years are the best estimation under the current financial reporting needs.

2.9 Impairment of non-financial assets

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "finance income" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other (losses)/gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses)/gains, net" and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented net in the consolidated statements of comprehensive income within "Other (losses)/gains, net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in "other (losses)/gains, net" in the consolidated statements of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets, see Note 3.1(b) for details.

In addition, management also reviews the credit risk of individual debtors by considering the relationship with customers and their financial position to assess whether further provision was needed at the end of the reporting period.

Impairment of other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime expected credit losses.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expense.

2.13 TV program rights

TV program rights are stated at the lower of cost and net realisable value. Cost of TV program rights under production includes all direct costs associated with the production of TV program rights. TV program rights under production are transferred to "TV program rights completed" upon completion of production. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expense.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets, except for those with maturities greater than twelve months after the financial position date are classified as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.15 Cash and cash equivalents and time deposits

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and deposits held with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits represent deposits placed with banks with original maturities more than three months but less than one year.

For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Financial instrument with redemption rights

Redemption rights issued to investor represents an obligation by the Company to buy back the shares upon occurrence of certain future events at a fixed redemption amount. Such redemption rights will be automatically cancelled with the closing of a qualified **[REDACTED]** of the Company's shares.

The potential cash payments related to the redemption right are accounted for as a financial liability. Such liability is initially recognized at the present value of the redemption amount and would result in decrease of the Company's equity. The financial liability shall be subsequently measured at amortised cost.

If the redemption rights expire without delivery, the carrying amount of the financial liability is reclassified to equity. The financial liability is classified as a non-current liability if the redemption happens at least 12 months after the end of the reporting period.

2.19 Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.20 Current and deferred income tax

The tax expense for the Track Record Period comprises current and deferred tax. Tax is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the country where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognized if they arise from initial recognition of goodwill, the deferred income tax is not accounted for if it is from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(b) Post-employment obligations

A defined contribution plan is a pension plan under which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group's subsidiaries operating in the PRC have to make contribution to staff retirement scheme managed by local government authorities in accordance with the relevant rules and regulations. The Group has no further payment obligations once the contributions have been paid. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Housing funds, medical insurances and other social insurances

PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other social insurance plan. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds, medical insurances and other social insurance are expensed as incurred.

(d) Equity-settled share-based payment

The fair value of the share options granted to employees is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

– including any market performance conditions (e.g. the entity's share price)

– excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

– including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.22 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost expense.

2.23 Revenue recognition

Revenue is recognized when or as the control of goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, revenue may be recognized over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

– provides all of the benefits received and consumed simultaneously by the customer;

– creates or enhances an asset that the customer controls as the Group performs; or

– does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of the performance obligation is measured based on time-based measure of progress that best depicts the Group's performance in satisfying the performance obligation.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due from the customer).

The following is a description of the accounting policy for the principal revenue streams of the Group:

(a) Revenue from new retail business

Sales of health management and skincare products

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally upon the acceptance of the products. The Group recognizes revenue in an amount equal to the contract sales prices less value-added tax, estimated sales allowances for sales returns, volume discounts and incentives paid to distributors. Estimated sales allowances for sales returns, volume discounts and incentives paid to distributors are made based on contract terms and historical patterns.

The Group is regarded as the principal since in combination, that (a) the Group is the primary obligator to provide the specified good or service to distributors; (b) the Group keeps all the inventory risk and is responsible for delivery of products; (c) the Group has discretion in establishing the pricing policy for the health management and skincare products and pre-determine the discounts, incentives and fees required to promote the sales. Thus revenue from sales of health management and skincare products is recognized on a gross basis.

(b) Revenue from IP creation and operation

Revenue from production of TV programs

Where the Group undertook the role of investor for the production of TV programs, it either:

- licenses the copyright and ancillary rights to such TV programs to the customers for fixed fees in a period of time in designated geographical region. Revenue is recognized at the point in time upon delivery and acceptance of the final product by the customers as control of the TV programs is transferred so that the customers can direct the use and obtain the associated benefits; or

- sells the copyright and ancillary rights of such TV programs to customers in exchange for cash consideration calculated based on an agreed mechanism, e.g. advertisement income for each episodes in designated geographical region. This constitutes a variable consideration and such revenue is only recognized to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved.

Revenue from production and licensing of entertainment videos

The Group produces and licenses entertainment videos for customers' specific events with fixed considerations. Revenue is recognized at the point in time when the videos are available to the customers, generally on delivery of the videos when the customers are provided with rights to use the videos.

Revenue from event planning and management

Revenue from event planning and management where the Group undertook the role of concert or Internet live broadcasting management, is recognized over the show or event period of a project as customers have simultaneously received and consumed the benefits provided by the Group's services. Revenue is recognized using a straight-line basis over the term of the contract.

Licensing and royalty income

The Group licenses proprietary celebrity intellectual properties and created media content to third parties. Any agreed upfront licensing fee is recognized on a straight-line basis over the period of the license agreement. Royalty income from the licensing arrangements is recognized in accordance with the terms of agreements.

Since the Group has the ability to determine the pricing of the TV programs and entertainment videos licensing and the concerts or internet live broadcasting, and negotiate the service terms, and bears the relevant costs including the self-production costs of TV programs, entertainment videos and concerts, and take responsibility for managing the licensed libraries, the Group is regarded as the principal and recognizes revenue from the above revenue streams on a gross basis and recognizes production costs and other applicable fulfillment costs as cost of revenue.

Celebrity IP management income

Revenue from celebrity IP management arises from the service fee earned by the Group by managing IP of certain celebrities and is recognized on a straight-line basis over the show or broadcasting period.

Considering that the celebrities whose IP currently is managed by the Group has the discretion to determine the basis of performances measurement and the service prices in the contract with advertisers and bear majority of the service costs, the Group is regarded as an agent in such an arrangement and, therefore, recognizes revenue from Celebrity IP management on a net basis.

2.24 Earning per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.25 Leases

The Group, as a lessee, leases offices premises with lease terms from 1 to 3 years. Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments, where applicable:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payment that are based on an index or a rate;

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.26 Dividend distribution

Dividend distribution to the equity holders of the companies comprising the Group is recognized as a liability in the Historical Financial Information during the period in which the dividends are approved by the equity holders or directors, where appropriate.

2.27 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognized in the consolidated statements of comprehensive income within "Other income" on a systematic basis in the same periods in which the expenses are recognized.

2.28 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

Interest income is calculated by applying the effective rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is carried out by the finance department under the supervision of the board of directors. The board provides principles for overall risk management.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates. Cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group did not have other significant exposure to foreign exchange risk.

The carrying amount of the Group's foreign currency denominated monetary assets at the respective dates of consolidated statements of financial position are as follows:

	As at December 31,			
	2019	2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
Assets				
RMB	–	–	105,753	109,558
USD	–	11,473	31,342	599
NTD	–	–	–	4,562
	–	11,473	137,095	114,719

As at December 31, 2019, 2020, 2021 and 2022, the Group's entities with functional currency of HK$ had aggregate USD net monetary assets of Nil, RMB11,473,000, RMB31,342,000 and RMB599,000, respectively. Under the Linked Exchange Rate System in Hong Kong, HK$ is pegged to USD, management therefore considers that there is no significant foreign exchange risk with respect to USD.

As at December 31, 2021 and 2022, if RMB had strengthened/weakened by 5% against HK$ with all other variables held constant, the pre-tax profit would have been approximately RMB5,288,000 and RMB5,478,000 higher/lower for the year ended December 31, 2021 and 2022, respectively.

As at December 31, 2022, if RMB had strengthened/weakened by 5% against NTD with all other variables held constant, the pre-tax profit would have been approximately RMB228,000 higher/lower for the year ended December 31, 2022.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets except for cash and cash equivalents and restricted bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. During the Track Record Period, the Group has not used any financial instrument to hedge its exposure to interest rate risk.

The Group's interest rate profile as monitored by management is set out as below:

	As at December 31,			
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial instruments with fixed rate				
Borrowings	–	–	20,000	15,000

(iii) Price risk

The Group is exposed to price risk in respect of the financial assets measured at fair value through profit or loss, including investments in wealth management products ("WMPs"). To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The sensitivity analysis is performed by management, see Note 3.3(a) for details.

(b) Credit risk

(i) Risk management

Credit risk is managed on a group basis. The credit risk of the Group mainly arises from financial assets, cash and cash equivalents, restricted bank deposits and trade and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to these assets.

In order to minimise the credit risk, management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new debtor, the Group assesses the potential debtor's credit quality and defines credit limits by debtor. Credit limits granted to debtors are reviewed regularly. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

As at December 31, 2019, 2020, 2021 and 2022, all the bank deposits are deposited in or managed by state-owned or reputable banks which are all high-credit-quality financial institutions without significant credit risk.

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model.

- Trade and bill receivables
- Other receivables

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the invoice dates.

Management has assessed the expected credit losses on individual basis or grouped based on shared credit risk characteristics and the days past due. The assessment is based on the background and reputation of the customers, historical settlement records and past experience. Management also considered the default rates and loss given default from external rating agency report and forward-looking information that may impact the customer's ability to repay the outstanding balances. Trade receivables with known financial difficulties or significant doubt on collection of receivables are considered to be subjected to higher risk of default and are tested individually.

On that basis, the loss allowance as at December 31, 2019, 2020, 2021 and 2022 was determined for trade receivables, and the expected credit losses below have incorporated forward-looking information.

	Not overdue	Overdue 1–30 days	Overdue 31–60 days	Overdue 61–90 days	Overdue 91–120 days	Overdue over 121 days	Total
Trade receivables							
At December 31, 2019							
Expected loss rate	0.69%	–	–	–	–	–	
Gross carrying amount *(RMB'000)*	254	–	–	–	–	–	254
Loss allowance provision *(RMB'000)*	(2)	–	–	–	–	–	(2)
At December 31, 2020							
Expected loss rate	1.85%	11.59%	–	–	–	46.43%	
Gross carrying amount *(RMB'000)*	40,214	630	–	–	–	252	41,096
Loss allowance provision *(RMB'000)*	(742)	(73)	–	–	–	(117)	(932)
At December 31, 2021							
Expected loss rate	0.86%	7.43%	–	13.40%	–	54.17%	
Gross carrying amount *(RMB'000)*	24,528	1,683	–	194	–	72	26,477
Loss allowance provision *(RMB'000)*	(210)	(125)	–	(26)	–	(39)	(400)
At December 31, 2022							
Expected loss rate	0.51%	5.80%	11.57%	16.43%	21.02%	26.09%	
Gross carrying amount *(RMB'000)*	26,630	9,365	2,144	414	628	23	39,204
Loss allowance provision *(RMB'000)*	(137)	(543)	(248)	(68)	(132)	(6)	(1,134)

As at December 31, 2022, the expected credit loss rate was lower because most of the trade receivables from the IP creation and operation business (as defined in note 5 below) had better credit ratings than prior years. In addition, the higher expected credit loss rates as at December 31, 2020 and 2021 were due to the adverse impact of COVID-19 to the macroeconomic environment on the forward-looking factor.

Impairment losses on trade receivables are separately presented as "Reversal of/(provision for) impairment losses on financial assets" in the consolidated statements of comprehensive income. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of severe financial difficulty.

Other receivables

Other receivables mainly include amounts due from related parties, deposits receivables, loans to third parties and staff advances. The management of the Group makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experiences. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD") for deposits and other receivables. This is the approach used for the purposes of measuring Expected Credit Loss ("ECL") under HKFRS.

- Other receivables that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.

- If a significant increase in credit risk (specifically, when the debtors is more than 30 days past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

  - the debtor is more than 90 days past due on its contractual payments,
  - actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations,
  - actual or expected significant changes in the operating results of individual property owner or the borrower.

The average loss rate applied as at the December 31, 2019, 2020, 2021 and 2022 was 0.22%, 10.13%, 0.70% and 0.84% respectively.

As at December 31, 2019, 2020, 2021 and 2022, the loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables	**Other receivables**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2019	121	40	161
(Reversal of)/provision for impairment losses on financial assets	(119)	46	(73)
At December 31, 2019	2	86	88
At January 1, 2020	2	86	88
Provision for impairment losses on financial assets	930	3,522	4,452
At December 31, 2020	932	3,608	4,540
At January 1, 2021	932	3,608	4,540
Reversal of impairment losses on financial assets	(532)	(390)	(922)
Receivables written off as uncollectable	–	(3,032)	(3,032)
At December 31, 2021	400	186	586
At January 1, 2022	400	186	586
Provision for impairment losses on financial assets	734	11	745
At December 31, 2022	1,134	197	1,331

(c) Liquidity risk

To manage the liquidity risk, management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flow. The Group expects to fund the future cash flow needs through internally generated cash flows from operations.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2019					
Trade and other payables*	–	122,416	–	–	122,416
Lease liabilities	–	1,125	665	980	2,770
	–	123,541	665	980	125,186
As at December 31, 2020					
Trade and other payables*	–	53,856	–	–	53,856
Lease liabilities	–	1,843	981	377	3,201
	–	55,699	981	377	57,057
As at December 31, 2021					
Trade and other payables*	–	30,378	–	–	30,378
Borrowing and interest payables	–	6,023	5,734	10,603	22,360
Lease liabilities	–	3,694	1,203	–	4,897
Financial instrument with redemption rights	163,520	–	–	–	163,520
	163,520	40,095	6,937	10,603	221,155
As at December 31, 2022					
Trade and other payables*	–	45,952	–	–	45,952
Borrowing and interest payables	–	5,734	5,447	5,156	16,337
Lease liabilities	–	2,059	231	–	2,290
Financial instrument with redemption rights	178,654	–	–	–	178,654
	178,654	53,745	5,678	5,156	243,233

* Excluding salaries and staff welfare payable and other taxes payable.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, financial instrument with redemption rights, lease liabilities, amounts due to related parties and amounts due to third parties less cash and cash equivalents and restricted bank deposits. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at December 31, 2019, 2020, 2021 and 2022 were as follows:

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net debt/(cash)	35,702	(118,434)	(24,037)	13,113
Total capital	61,369	16,586	141,157	247,224
Gearing ratio	58.18%	N/A	N/A	5.30%

3.3 Fair value estimation

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has categorised its financial instruments into three levels as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in certain WMPs without observable market data.

(a) Financial assets and liabilities

(i) Fair value measurements using significant unobservable inputs (Level 3)

During the year ended December 31, 2021, the Group purchased certain wealth management products with floating returns from state-owned or reputable national banks in the PRC, all of which were included in Level 3. As of December 31, 2021, all these WMPs have been redeemed.

The fair value assessment methods and related key assumptions and judgments adopted by the Group's management is income approach (specifically, discounted cash flow method): Uses valuation techniques to convert future amounts (specifically, cash flows based on the expected rate of return) to a present amount.

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
At beginning of the year	–	–	–	–
Purchase of financial assets at FVPL	–	–	80,000	–
Redemption	–	–	(80,435)	–
Change in fair value through profit or loss *(Note 6)*	–	–	435	–
At the end of the year	–	–	–	–

(ii) Valuation inputs and relationships to fair value

Description	**Fair value as at December 31, 2021**	**Significant unobservable inputs**	**Range of inputs as at December 31, 2021**	**Relationship of unobservable inputs to fair value**
	RMB'000			
Investment in WMPs	–	Expected rate of return	3.30%–3.54%	The higher the expected rate of return, the higher the fair value
		Discount rate	3.85%	The higher the discount rate, the lower the fair value

A change in the expected rate of return or the discount rate by 1% does not have significant impact on the fair value as at December 31, 2019, 2020, 2021 and 2022.

All of these WMPs are sponsored and managed by state-owned or reputable national banks in the PRC. These WMPs are short-term investments which are denominated in RMB and redeemable within three months. The expected rate of return of the WMPs are updated by the security companies and banks periodically on a quarterly or more frequent basis. Management uses the expected rate of return for approximation for cash flow assessment in evaluating the fair values of the WMPs.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of financial assets at amortised cost

The Group management determine the provision for impairment of trade and other receivables based on an assessment of the expected credit losses of these receivables. The assessment is based on the historical loss experience, adjusted to reflect the effects of current market conditions and forward-looking information, which requires the use of judgements and estimates. Management reassess the provision at each reporting date.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in consumer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimations by each of the balance sheet date.

(c) Net realisable value of TV program rights

The Group's management determines the impairment for the Group's TV programs rights with reference to the estimated future economic benefits derived from the use of these assets. These estimates are based on the current market condition and the historical experience of the economic benefits derived from the assets of similar nature. The Group takes into consideration both internal and external market information, for example, the sales forecasts, sales and distribution costs budget and the general economic condition of the relevant markets. Management reassesses these estimations by each of the balance sheet date.

(d) Current and deferred income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(e) Recognition of share-based compensation expenses

The fair value of options is determined using the Binomial option-pricing model at the grant date, and is expected to be expensed over the respective vesting period.

(f) Financial instrument with redemption rights

As mentioned in Note 30, the Company has issued ordinary shares with redemption rights to a **[REDACTED]** investor. The potential cash payments relating to the redemption rights are accounted for as a financial liability. The liability is initially recognized at present value of the redemption amount, which is determined by management in accordance with the terms under the investment agreement. Significant judgements and estimates are involved in making assumptions, including discount rates, in determining the present value of the redemption amount.

5 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board of Directors of the Company. Management has determined the operating segments based on the information reviewed by the Board of Directors of the Company for the purposes of allocating resources and assessing performance.

The Board of Directors of the Company considers the business from perspective of types of goods or services delivered or provided. During the Track Record Period, the Group's operating and reportable segments are as follows:

– New retail of healthcare and other products in the PRC ("New retail"); and

– IP creations, media content creation, event planning and Celebrity IP management ("IP creation and operation").

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

For the year ended December 31, 2019

	New retail	IP creation and operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue			
– recognized at a point in time	80,797	353	81,150
– recognized over time	–	5,435	5,435
Total segment revenue	80,797	5,788	86,585

For the year ended December 31, 2020

	New retail	IP creation and operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue			
– recognized at a point in time	365,175	83,348	448,523
– recognized over time	–	8,421	8,421
Total segment revenue	365,175	91,769	456,944

For the year ended December 31, 2021

	New retail	IP creation and operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue			
– recognized at a point in time	301,395	29,390	330,785
– recognized over time	–	34,560	34,560
Total segment revenue	301,395	63,950	365,345

For the year ended December 31, 2022

	New retail	IP creation and operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue			
– recognized at a point in time	240,099	2,600	242,699
– recognized over time	–	101,458	101,458
Total segment revenue	240,099	104,058	344,157

(a) Segment revenue and results

For the year ended December 31, 2019

	New retail	IP creation and operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	80,797	5,788	86,585
Segment results	55,136	1,477	56,613
Selling and marketing expenses			(14,393)
General and administrative expenses			(10,330)
Reversal of impairment losses on financial assets			73
Other income			151
Other gains/(losses), net			(114)
Finance income/(costs), net			(160)
Profit before income tax			31,840

For the year ended December 31, 2020

	New retail	IP creation and operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	365,175	91,769	456,944
Segment results	254,488	(21,699)	232,789
Selling and marketing expenses			(94,914)
General and administrative expenses			(31,563)
Provision for impairment losses on financial assets			(4,452)
Other income			1,692
Other gains/(losses), net			10,254
Finance income/(costs), net			35
Profit before income tax			113,841

For the year ended December 31, 2021

	New retail	IP creation and operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	301,395	63,950	365,345
Segment results	205,470	21,912	227,382
Selling and marketing expenses			(93,809)
General and administrative expenses			(65,091)
Reversal of impairment losses on financial assets			922
Other income			234
Other gains/(losses), net			3,956
Finance income/(costs), net			(8,942)
Profit before income tax			64,652

For the year ended December 31, 2022

	New retail	IP creation and operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	240,099	104,058	344,157
Segment results	150,746	72,082	222,828
Selling and marketing expenses			(72,447)
General and administrative expenses			(64,094)
Provision for impairment losses on financial assets			(745)
Other income			21,844
Other expense			(5,798)
Other gains/(losses), net			(9,553)
Finance income/(costs), net			1,103
Profit before income tax			93,138

During the years ended December 31, 2019, 2020, 2021 and 2022, all of the segment revenue reported above was from external customers and there were no inter-segment sales.

Segment results represent the gross profit/(loss) generated by each segment. This is the measure reported to the Board of Directors of the Company for the purpose of resource allocation and performance assessments.

Segment assets and liabilities are not regularly reported to the Board of Directors of the Company and therefore information of separate segment assets and liabilities is not presented.

(b) Geographical information

Most of the Group's segment revenues are derived from the PRC except certain revenue from the IP creation and operation segment.

The amount of the Group's revenue from external customers broken down by geographical locations and revenue presented based on the location of the operations of the relevant business units are detailed below:

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue				
China mainland	86,232	437,533	365,345	344,157
Others	353	19,411	–	–
	86,585	456,944	365,345	344,157

(c) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service is as follows:

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sales of health management products and skincare products	75,377	361,209	296,535	232,308
Revenue from production of TV programs	–	81,590	–	–
Revenue from production and licensing of entertainment videos	–	–	24,867	5,660
Revenue from event planning and management	4,761	4,977	29,532	47,658
Revenue from celebrity IP management	–	–	–	41,708
Licensing and royalty income	674	3,444	4,485	8,473
Sales of other products	5,773	5,724	9,926	8,350
	86,585	456,944	365,345	344,157

(d) Information about major customers

The major customers which contributed more than 10% of the total revenue for the years ended December 31, 2019, 2020, 2021 and 2022 are listed as below:

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Customer A	N/A*	62,409	N/A*	N/A*

* Such amounts did not exceed 10% of the total revenue for the years ended December 31, 2019, 2021 and 2022.

6 OTHER INCOME, EXPENSE AND OTHER GAINS/(LOSSES) – NET

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other income				
Forfeited deposit	–	1,600	–	–
Government grants *(Note (a))*	123	1	116	16,471
Additional deduction of input VAT	28	91	118	289
Income from other activities *(Note (b))*	–	–	–	5,084
	151	1,692	234	21,844
Other expense				
Expenses from other activities *(Note (b))*	–	–	–	5,798
Other gains/(losses) – net				
Settlement of *J-Style Trip*'s investment *(Note (c))*	–	9,400	–	–
Net foreign exchange gains/(losses)	–	34	3,558	(9,855)
Fair value change on financial assets at FVPL	–	–	435	–
Gains on disposal of subsidiaries *(Note 35)*	–	829	–	–
Losses on deregistration of a subsidiary	–	–	(54)	–
Others	(114)	(9)	17	302
	(114)	10,254	3,956	(9,553)

Notes:

(a) Governments grants received in January and December 2022 primarily comprised financial subsidies received from Kunshan Huaqiao Economic Development Zone Economic Development promotion Bureau for the Group's efforts in maintaining stability of employees and business during the pandemic. These grants were recognized in the consolidated statement of comprehensive income upon receipt. There are no unfulfilled conditions or other contingencies attached to the grants.

(b) The Group awarded smartphones as incentives to their customers who achieved a certain level of orders of specific products during the period from February 10, 2022 to March 31, 2022. Such arrangement with the customers were identified as separate performance obligations in the relevant sales transactions. Accordingly, a portion of the proceeds received from the customers was allocated as other income based on the relative standalone market selling price of the smartphones with the related costs being recognized as other expenses.

(c) In March 2018 and April 2019, an independent third party paid RMB21,400,000 to the Group as investment in one of the Group's TV programs, *J-Style Trip* (周遊記). Under the agreement, the independent third party would enjoy a return on investment representing 13.375% of the net profit to be derived from this TV program. The fund from the third party was recorded as an other payable as at December 31, 2019 (Note 27). In April 2020, in view of the uncertainty in the timing of the launch of the program due to the outbreak of COVID-19, the independent third party and the Group reached a consensus to early terminate the agreement with an agreed settlement of RMB12,000,000. The difference between funding receipt and settlement payment amounting to RMB9,400,000 was recognized as gain during the year ended December 31, 2020.

7 EXPENSES BY NATURE

Expenses included in cost of revenue, selling and marketing expenses and general and administrative expenses are analysed as follows:

	Year ended December 31,			
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of goods sold	24,239	102,223	86,504	76,590
Cost of TV program rights *(Note 16)*	–	106,024	–	–
Advertising and marketing expenses	4,423	41,564	35,657	17,655
Employee benefit expense *(Note 8)*	9,074	23,856	42,732	51,504
Commissions	3,290	38,026	40,122	32,309
Travelling and entertainment expenses	2,558	3,604	4,920	4,176
Legal and professional fees	1,721	6,029	9,663	6,202
Cost of event planning and management services	3,901	5,414	36,311	29,529
Office expenses	1,067	3,470	2,583	3,252
Other tax and surcharges	749	3,273	2,374	2,008
Provision for impairment of inventories *(Note 21)*	–	3,029	6,189	6,725
Transportation and logistics expenses	818	2,250	6,238	5,039
Depreciation of right-of-use assets *(Note 13)*	793	1,755	2,278	2,608
Donations	–	1,494	–	500
[REDACTED] expenses	–	2,893	15,535	10,059
Depreciation of property, plant and equipment *(Note 12)*	94	591	1,554	3,606
Rental expenses for short-term leases *(Note 26)*	304	423	655	1,011
Auditor's remuneration	49	55	91	–
Amortisation of intangible assets *(Note 14)*	1	13	39	144
Others	1,614	4,646	3,418	4,953
	54,695	350,632	296,863	257,870

8 EMPLOYEE BENEFIT EXPENSE

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	7,133	19,241	30,012	37,694
Share-based compensation expenses *(Note 23)*	–	1,840	3,568	2,216
Pension costs – defined contribution plans *(Note (a))*	999	108	3,222	4,486
Other social security costs, housing benefits and other employee benefits	942	2,667	5,930	7,108
	9,074	23,856	42,732	51,504

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

According to policies issued by the Ministry of Human Resources and Social Security and local municipal departments, affected by Coronavirus Disease 2019 (COVID-19), social security relief policies have been successively implemented by local authorities. As such, the social insurance expenses for the period from February 2020 to December 2020 have been reduced or exempted accordingly.

Also, the Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a monthly cap of HK$1,500 and thereafter contributions are voluntary.

No forfeited contributions is available to reduce the contributions payable in future years.

(b) Five highest paid individuals

For the years ended December 31, 2019, 2020, 2021 and 2022, the five individuals whose emoluments were the highest in the Group included nil, nil, 3 and 3 directors, respectively and their emoluments are reflected in the analysis presented in directors' emoluments. The emoluments payable to the remaining 5, 5, 2 and 2 individuals among the top five highest paid individuals were as follows:

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	1,669	2,766	1,496	2,609
Share-based compensation expenses *(Note 23)*	–	549	899	477
Pension costs – defined contribution plans *(Note (a))*	204	9	114	106
Other social security costs, housing benefits and other employee benefits	258	185	144	129
	2,131	3,509	2,653	3,291

The five highest paid individuals fell within the following bands:

	Year ended December 31,			
	2019	2020	2021	2022
Emolument band				
Less than HK$1,000,000	5	4	–	–
HK$1,000,001–HK$1,500,000	–	1	1	–
HK$1,500,001–HK$2,000,000	–	–	1	2
	5	5	2	2

(c) Directors' emoluments

No remuneration was paid or payable to the directors of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) during the years ended December 31, 2019, 2020, 2021 and 2022, except for the follows:

Name	Salaries, wages and bonuses	Share-based compensation expenses	Pension costs – defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2020					
Executive directors					
Ms. Ma *(Note (i))*	–	371	–	–	371
Year ended December 31, 2021					
Executive directors					
Ms. Ma *(Note (i))*	1,254	720	–	–	1,974
Dr. Qian, Sam Zhongshan *(Note (i))*	1,354	–	15	–	1,369
Mr. Lai *(Note (i))*	1,439	–	11	–	1,450
Year ended December 31, 2022					
Executive directors					
Ms. Ma *(Note (i))*	1,119	447	–	35	1,601
Dr. Qian, Sam Zhongshan *(Note (i))*	1,334	–	15	–	1,349
Mr. Lai *(Note (i))*	1,497	–	15	–	1,512

Notes:

(i) The board of directors of the Company comprised:

Ms. Ma, Dr. Qian Sam Zhongshan and Mr. Lai were appointed as executive directors of the Company on September 13, 2021.

Mr. Yang and Mr. Chen were appointed as non-executive directors of the Company on September 13, 2021.

(ii) Directors' retirement benefits

During the Track Record Period, no retirement benefits were paid to or receivable by any director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

(iii) Directors' termination benefits

No payment was made to directors as compensation for early termination of the appointment during the Track Record Period.

(iv) Consideration provided to third parties for making available directors' services

No payment was made to third parties for making available directors' services during the Track Record Period.

(v) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by, and entities connected with, such directors

Save as disclosed in Note 36, there were no other loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(vi) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

9 FINANCE (COSTS)/INCOME, NET

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finance income:				
Interest income from time deposits	–	–	58	–
Interest income on bank deposits	62	479	1,248	2,443
	62	479	1,306	2,443
Finance costs:				
Interest expense on lease liabilities *(Note 26)*	(222)	(444)	(224)	(305)
Interest expense on bank borrowings	–	–	(1,245)	(1,035)
Interest expense on loan from a third party *(Note)*	–	–	(840)	–
Interest expense on financial instrument with redemption rights *(Note 30)*	–	–	(7,939)	–
	(222)	(444)	(10,248)	(1,340)
Finance (costs)/income, net	(160)	35	(8,942)	1,103

Note: On May 24, 2021, the Group entered into a loan agreement with an independent third party and obtained a six-months loan of RMB14,000,000. The loan carried a fixed interest rate at 12% per annum. In August 2021, the loan was fully repaid by the Group.

10 INCOME TAX EXPENSE

The income tax expenses of the Group for the Track Record Period are analysed as follows:

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current income tax				
– PRC corporate income tax	12,611	43,661	15,303	23,662
– Hong Kong profits tax	–	–	7,724	5,733
	12,611	43,661	23,027	29,395
Deferred income tax *(Note 29)*				
– PRC corporate income tax	(3,490)	(3,238)	(3,475)	(1,158)
– Hong Kong profits tax	–	(2,213)	2,209	3
	(3,490)	(5,451)	(1,266)	(1,155)
Income tax expense	9,121	38,210	21,761	28,240

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the standard tax rate applicable to profit to the respective companies of the Group as follows:

(a) Cayman Islands

Under the prevailing laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, no Cayman Islands withholding tax will be imposed on dividend payments by the Company to its shareholders.

(b) Hong Kong

The Group's entities incorporated in Hong Kong are subject to Hong Kong profits tax of 8.25% for the first HK$2 million of the estimated assessable profits for one of the Group's Hong Kong subsidiaries for the year and 16.5% on the remaining estimated assessable profits during the Track Record Period.

(c) PRC Corporate Income Tax ("PRC CIT")

PRC CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowance. The general PRC CIT rate is 25% during the Track Record Period.

(d) PRC withholding tax

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on December 6, 2007, dividends distributed from the profits generated by the PRC companies after January 1, 2008 to their foreign investors shall be subject to a withholding income tax of 5% or 10%. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those foreign invested subsidiaries established in the PRC.

(e) The taxation of the Group's profit before taxation differs from the theoretical amount that would arise using the rates prevailing in the jurisdictions in which the Group operates as follows:

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Profit before income tax	31,840	113,841	64,652	93,138
Tax calculated at domestic tax rate applicable to profits in PRC (25%)	7,960	28,460	16,163	23,285
Tax effects of:				
– Effect of different tax rate	363	3,132	(1,211)	(1,789)
– Expenses not deductible for taxation purposes	179	3,074	5,878	6,412
– Income not subject to tax	–	(207)	–	(280)
– Tax losses not recognized for deferred income tax	616	1,522	931	596
– Temporary differences not recognized for deferred income tax	3	29	–	16
– Withholding income tax on undistributed profits	–	2,200	–	–
	9,121	38,210	21,761	28,240

11 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the Track Record Period.

In determining the weighted average number of ordinary shares in issue during the Track Record Period, 500,000,000 shares were deemed to have been in issue on January 1, 2019 as if the Company had been incorporated and the share subdivision (Note 22) had been effective by then.

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
Profit attributable to equity owners of the Company *(RMB'000)*	23,559	78,064	43,649	60,389
Weighted average number of ordinary shares in issue	500,000,000	503,231,472	512,820,512	512,820,512
Basic earnings per share *(in RMB/share)*	0.05	0.16	0.09	0.12

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming the conversion of all dilutive potential ordinary shares.

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive potential ordinary shares outstanding during the Track Record Period.

12 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Computers	Furniture, fixture and equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019					
Cost	–	160	36	–	196
Accumulated depreciation	–	–	(4)	–	(4)
Net book amount	–	160	32	–	192
Year ended December 31, 2019					
Opening net book value	–	160	32	–	192
Additions	–	105	1,112	–	1,217
Depreciation	–	(20)	(74)	–	(94)
Exchange difference	–	–	(1)	–	(1)
Closing net book amount	–	245	1,069	–	1,314
At December 31, 2019					
Cost	–	265	1,148	–	1,413
Accumulated depreciation	–	(20)	(79)	–	(99)
Net book amount	–	245	1,069	–	1,314
Year ended December 31, 2020					
Opening net book value	–	245	1,069	–	1,314
Additions	–	312	399	1,849	2,560
Depreciation	–	(51)	(197)	(343)	(591)
Exchange difference	–	–	(36)	–	(36)
Closing net book amount	–	506	1,235	1,506	3,247
At December 31, 2020					
Cost	–	577	1,500	1,849	3,926
Accumulated depreciation	–	(71)	(265)	(343)	(679)
Net book amount	–	506	1,235	1,506	3,247

	Land and buildings	Computers	Furniture, fixture and equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2021					
Opening net book value	–	506	1,235	1,506	3,247
Additions	55,444	61	1,171	626	57,302
Depreciation	(409)	(117)	(271)	(757)	(1,554)
Exchange difference	–	–	(20)	–	(20)
Closing net book amount	55,035	450	2,115	1,375	58,975
At December 31, 2021					
Cost	55,444	638	2,652	2,475	61,208
Accumulated depreciation	(409)	(188)	(537)	(1,100)	(2,233)
Net book amount	55,035	450	2,115	1,375	58,975
Year ended December 31, 2022					
Opening net book value	55,035	450	2,115	1,375	58,975
Additions	1,695	475	1,380	10,070	13,620
Depreciation	(1,681)	(166)	(644)	(1,115)	(3,606)
Exchange difference	–	–	97	–	97
Closing net book amount	55,049	759	2,948	10,330	69,086
At December 31, 2022					
Cost	57,139	1,113	4,128	12,545	74,925
Accumulated depreciation	(2,090)	(354)	(1,180)	(2,215)	(5,839)
Net book amount	55,049	759	2,948	10,330	69,086

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Selling and marketing expenses	35	52	50	104
General and administrative expenses	59	539	1,504	3,502
	94	591	1,554	3,606

13 RIGHT-OF-USE ASSETS

Office premises

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening net book value	814	2,469	2,786	3,893
Additions	2,448	2,072	3,385	1,448
Depreciation charge	(793)	(1,755)	(2,278)	(2,608)
Early termination	–	–	–	(855)
Closing net book amount	2,469	2,786	3,893	1,878
At the end of the year				
Cost	3,476	5,548	8,933	10,381
Accumulated depreciation	(1,007)	(2,762)	(5,040)	(7,748)
Early termination	–	–	–	(855)
Net book amount	2,469	2,786	3,893	1,878

The Group leased office premises in Kunshan, Guangzhou, Shanghai and Beijing under lease term of 2 to 4 years. Depreciation expenses of right-of-use assets were charged to selling and marketing expenses and general and administrative expenses in the consolidated statements of comprehensive income (Note 26).

14 INTANGIBLE ASSETS

Software

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening net book value	11	10	80	625
Additions	–	83	584	3,397
Amortisation	(1)	(13)	(39)	(144)
Closing net book amount	10	80	625	3,878
At the end of the year				
Cost	12	95	679	4,076
Accumulated amortisation	(2)	(15)	(54)	(198)
Net book amount	10	80	625	3,878

Amortisation expenses of intangible assets were charged to general and administrative expenses in the consolidated statements of comprehensive income.

15 OTHER NON-CURRENT ASSETS

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for staff quarter and office premises (a)	–	53,468	50,026	50,421
Prepayment for leasehold improvement	–	–	–	1,044
Prepayment to a related party *(Note 36)*	–	–	–	1,376
Prepayment for software development (b)	–	–	–	4,800
Others	1,891	1,043	390	1,997
	1,891	54,511	50,416	59,638

(a) In October 2020 and February 2021, the Group entered into agreements with Kunshan Jiabao Wangshang Culture Investment Co., Ltd. (昆山嘉寶網尚文化投資有限公司) ("Kunshan Jiabao"), a related party of the Group up to August 16, 2021, for the purchase of staff quarter and office premises at considerations of RMB53,468,000 and RMB50,026,000, respectively. The staff quarter had been delivered to the Group in September 2021 (Note 12) and the office premises are expected to be delivered in mid year of 2023.

(b) In March 2022, the Group entered into an agreement with a third party vendor for the development of certain mobile phone applications at a consideration of RMB4,800,000 which has been fully paid to this vendor in September 2022.

16 TV PROGRAM RIGHTS

	TV program rights under production	TV program rights completed	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2019	42,047	–	42,047
Additions	35,200	–	35,200
At December 31, 2019	77,247	–	77,247
At January 1, 2020	**77,247**	**–**	**77,247**
Additions	28,777	–	28,777
Transfer upon completion	(106,024)	106,024	–
Recognized in cost of revenue *(Note 7)*	–	(106,024)	(106,024)
At December 31, 2020	–	–	–
At January 1, 2021	–	–	–
Additions	13,594	–	13,594
At December 31, 2021	13,594	–	13,594
At January 1, 2022	13,594	–	13,594
Additions	74,750	–	74,750
Exchange differences	1,258	–	1,258
At December 31, 2022	89,602	–	89,602

As at December 31, 2019, the TV program rights represented *J-Style Trip* (周遊記). The rights were fully recognized in cost of revenue in 2020 when *J-Style Trip* was broadcast. As at December 31, 2021, the rights represented the production cost of *J-Style Trip II* (周遊記2). As at December 31, 2022, the rights mainly represented the production cost of *J-Style Trip II* (周遊記2) and *Yue Lai Yue Kuai Le* (樂來樂快樂).

The Directors assessed the net realisable amount of the TV program rights as at each balance sheet date in order to determine whether any impairment provision is required to be made. The net realisable amount is estimated by reference to the advertising and other related income to be generated from the broadcast of the TV program based on confirmed order and/or letter of intent received by the Group less cost of completion of the TV program. Based on the Directors' best estimate, as at each balance sheet date, the TV program rights are profit generating with income exceeding related production cost, indicating that the net realisable amount should exceed the carrying value of the relevant rights. Accordingly, no provision for impairment has been made.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets – amortised cost				
– Trade and other receivables	39,617	74,181	52,538	62,066
– Restricted bank deposits	–	11,008	–	–
– Cash and cash equivalents	29,298	120,962	211,873	182,633
	68,915	206,151	264,411	244,699
Financial liabilities – amortised cost				
– Trade and other payables (excluding salaries and staff welfare payable and other taxes payable)	122,416	53,856	30,378	45,952
– Lease liabilities	2,497	2,982	4,316	2,092
– Financial instrument with redemption rights	–	–	163,520	178,654
– Borrowings	–	–	20,000	15,000
	124,913	56,838	218,214	241,698

18 TRADE AND OTHER RECEIVABLES

The Group

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets:				
Trade receivables *(Note (a))*				
– related parties *(Note 36)*	–	28,708	38	38
– third parties	254	918	26,439	39,166
– third parties (current portion of long-term receivables)	–	9,023	–	–
	254	38,649	26,477	39,204
Less: provision for impairment of trade receivables	(2)	(906)	(400)	(1,134)
Trade receivables – net	252	37,743	26,077	38,070
Bill receivables	–	2,000	–	1,000
Other receivables				
– Amounts due from related parties *(Note 36)*	29,219	4,087	–	3
– Deposits *(Note (c))*	6,230	463	895	12,443
– Staff advances	553	1,020	50	200
– Amount due from third parties *(Note (b))*	–	26,758	25,702	–
– Other receivables in respect of the celebrity IP management business *(Note (d))*	–	–	–	10,145
– Loan to third parties *(Note (e))*	3,135	3,035	–	–
– Others	314	262	–	402
	39,451	35,625	26,647	23,193
Less: provision for impairment of other receivables	(86)	(3,608)	(186)	(197)
Other receivables – net	39,365	32,017	26,461	22,996
	39,617	71,760	52,538	62,066
Non-current assets:				
Trade receivables due from third parties (long-term receivables)	–	11,470	–	–
Less: current portion of long-term receivables	–	(9,023)	–	–
	–	2,447	–	–
Less: provision for impairment of long-term receivables	–	(26)	–	–
	–	2,421	–	–

Notes:

(a) Trade receivables

For the sales of the Group's new retail business products made to distributors through Kunshan Tingshe E-Commerce Company Limited ("Kunshan Tingshe"), the Group receives advances from distributors and no trade receivables were derived during the Track Record Period. Trade receivables mainly arise from the Group's new retail business products directly sold to Wei Peng Trading Limited and other distributors and IP management business. The normal credit period granted to these customers are generally ranging from 5 days to 2 years.

The following is an ageing analysis of trade receivables based on revenue recognition date:

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	–	26,115	23,909	27,802
31–90 days	–	210	1,127	10,161
91–120 days	254	3,301	179	768
121–365 days	–	11,470	1	473
Over 365 days	–	–	1,261	–
	254	41,096	26,477	39,204

The Group applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9. Movements in the provision for impairment of trade receivables during the Track Record Period are disclosed in Note 3.1(b).

The carrying amounts of trade receivables are denominated in the following currencies:

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	254	29,626	25,216	39,204
USD	–	11,470	1,261	–
	254	41,096	26,477	39,204

(b) The amount due from third parties mainly represents receivables due from Kunshan Tingshe in relation to customers' advanced payments received by Kunshan Tingshe on behalf of the Group. Kunshan Tingshe acts as the distributor of the major new retail business of the Group and receives payments from customers on behalf of the Group. As at December 31, 2019, 2020, 2021 and 2022, the balance due from Kunshan Tingshe amounted to nil, RMB26,758,000, RMB25,702,000 and nil.

(c) As at December 31, 2022, a deposit amounted to RMB11,200,000 was paid to a service provider in relation to the commencement of production of a music talk show, *Yue Lai Yue Kuai Le* (樂來樂快樂).

(d) This represents other receivables from a multi-channel networking company and other brand owners for the live broadcasting activities performed by Mr. Liu Keng-hung and W&V Limited, the artiste management company of Mr. Liu Keng-hung, in relation to the celebrity IP management business of the Group. The Group has the obligation to collect payments from the brand owners and the multi-channel networking company on behalf of Mr. Liu Keng-hung and W&V Limited.

(e) This represents the balance due from a third party collection agent of the Group which was interest-free and had been settled in 2021.

(f) As at December 31, 2019, 2020, 2021 and 2022, the carrying values of the trade and other receivables approximated to their fair values.

19 PREPAYMENTS AND OTHER CURRENT ASSETS

The Group

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments to related parties *(Note 36)*	838	905	–	1,501
Prepayments to suppliers	15,012	28,997	47,444	40,216
Prepaid **[REDACTED]** expenses	–	445	5,079	8,260
Value-added tax recoverable	751	931	1,154	3,093
	16,601	31,278	53,677	53,070

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Prepaid **[REDACTED]** expenses	445	5,079	8,260
Prepayments to suppliers	–	435	5,607
	445	5,514	13,867

20 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash on hand	–	3	17	5
Cash at banks	29,298	120,959	211,856	182,628
	29,298	120,962	211,873	182,633

(b) Restricted bank deposits

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted bank deposits – current	–	11,008	–	–

In June 2020, due to the dispute with an ex-marketing agency, certain bank accounts of the Group were frozen by Guangzhou People's Court. As at December 31, 2020, the balance of the frozen funds was RMB11,008,000 which was subsequently released in January 2021.

In May 2021, Xianning Municipal Administration for Market Regulation and Xianan People's Court (collectively, the "Xianan Authorities") froze the bank accounts of the Group for suspected pyramid selling which is prohibited under the Regulation on the Prohibition of Pyramid Selling (禁止傳銷條例), with total funds amounting to RMB144,838,000, comprising restricted bank deposits of RMB124,838,000 and financial assets at FVPL of RMB20,000,000. In late July 2021, all of the funds frozen by the Xianan Authorities were released.

(c) Cash on hand and at banks (including restricted bank deposits of the Group) are denominated in the following currencies:

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	29,292	130,823	158,496	174,614
HK$	6	1,144	23,296	2,858
US$	–	3	30,081	599
NTD	–	–	–	4,562
	29,298	131,970	211,873	182,633

The carrying amounts of cash on hand and at banks approximated their fair values.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

21 INVENTORIES

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw and packaging materials	682	3,967	6,137	5,140
Finished goods	14,828	23,169	27,571	23,688
	15,510	27,136	33,708	28,828
Less: provision for impairment	–	(3,029)	(9,218)	–
	15,510	24,107	24,490	28,828

(a) The cost of inventories recognized as cost of goods sold amounted to approximately RMB24,239,000, RMB102,223,000, RMB86,504,000, and RMB76,590,000 for the years ended December 31, 2019, 2020, 2021 and 2022, respectively.

(b) Provision for impairment was recognized for the amount by which the carrying amount of the inventories exceeds the net realisable value and was recorded in "cost of revenue" in the consolidated statements of comprehensive income. The provision for impairment of inventory recognized in cost of revenue amounted to nil, RMB3,029,000, RMB6,189,000 and RMB6,725,000, for the years ended December 31, 2019, 2020, 2021 and 2022, respectively.

Movement of the provision for impairment of inventories is as follows:

	Year ended December 31,			
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year	–	–	3,029	9,218
Provision for impairment of inventories charged to profit or loss *(Note 7)*	–	3,029	6,189	6,725
Provision written-off	–	–	–	(15,943)
At the end of the year	–	3,029	9,218	–

22 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Share capital	Share premium	Total
		USD	*RMB'000*	*RMB'000*	*RMB'000*
Authorised:					
Ordinary shares on January 3, 2020 (date of incorporation) (i)	50,000	50,000	–	–	–
Effect of the share subdivision on July 29, 2020 (i)	4,999,950,000	–	–	–	–
At December 31, 2020, 2021 and 2022	5,000,000,000	50,000	–	–	–
Issued:					
At January 3, 2020 (incorporation date of the Company)	1	1	–	–	–
Share subdivision on July 29, 2020 (i)	99,999	–	–	–	–
Issuance of ordinary shares on August 4, 2020 (ii)	499,900,000	4,999	35	–	35
Issuance of ordinary shares to Long Precise Limited (iii)	12,820,512	128	1	32,950	32,951
At December 31, 2020	512,820,512	5,128	36	32,950	32,986
At January 1, 2021	512,820,512	5,128	36	32,950	32,986
Issuance of ordinary shares to **[REDACTED]** investor (iv)	30,094,112	301	2	159,841	159,843
Dividends (v)	–	–	–	(16,904)	(16,904)
At December 31, 2021	542,914,624	5,429	38	175,887	175,925
At January 1 and December 31, 2022	542,914,624	5,429	38	175,887	175,925

(i) The Company was incorporated in the Cayman Islands on January 3, 2020 with an authorised share capital of USD50,000 divided into 50,000 shares with a par value of US$1 each. On July 29, 2020, the authorised shares of the Company subdivided from 50,000 shares with a par value of US$1 each into 5,000,000,000 shares with a par value of US$0.00001.

(ii) Upon incorporation, the Company issued one ordinary share at a par value of US$1 to the initial subscriber. On July 29, 2020, the one subscriber share of US$1 par value was subdivided into 100,000 shares at a par value of US$0.00001. On August 4, 2020, the Company allotted and issued an aggregated of 499,900,000 ordinary shares to the investment holding companies, owned by the Controlling Shareholders, Mr. Lai and Mr. Ho (Note 1.2).

(iii) On September 30, 2020, the Company allotted and issued 12,820,512 ordinary shares to Long Precise, a **[REDACTED]** investor (Note 1.2), at a consideration of HK$37,500,000.

(iv) On February 17, 2021, the Company allotted and issued 30,094,112 ordinary shares to Bradbury, a **[REDACTED]** investor (Note 1.2), at a consideration of HK$200,000,000 with a transaction cost of HK$7,500,000 (Note 30).

(v) Pursuant to Section 34 of the Cayman Companies Act (2023 Revision) and the Articles of Association of the Company, share premium of the Company is available for distribution to shareholders subject to a solvency test on the Company and the provision of the Articles of Association of the Company. Details of the dividend declared are set out in Note 32.

23 SHARE-BASED PAYMENTS

The share-based compensation expenses recognized are as follows:

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share options *(Note (a))*	–	1,840	3,568	2,216

Note:

(a) Share options

In 2020, the Company adopted a 2020 share incentive plan (the "2020 Plan"), which allows selected employees, directors of the Company, and consultants with certain vesting conditions being fulfilled, to acquire ordinary shares of the Company pursuant to options granted. The maximum number of ordinary shares that subject to the awards granted under the 2020 Plan was 25,000,000. On August 3, 2020 and November 16, 2020, the Group granted 24,800,000 and 200,000 share options under the 2020 Plan to certain employees, a director, and certain consultants of the Group. The exercise price of all options granted was HK$1.9 per share (to be adjusted to HK$1.47 per share after the **[REDACTED]**). The options granted would vest in equal annual installments over a four-year period or upon an earlier change in control of the Company. The expiration date is 10 years after the grant date.

The following table summarizes information with respect to share options outstanding as of December 31, 2020, 2021 and 2022 and the weighted average exercise prices ("WAEP").

	December 31, 2020		**December 31, 2021**		**December 31, 2022**	
	Number	*WAEP*	*Number*	*WAEP*	*Number*	*WAEP*
Opening at beginning	–	N/A	25,000,000	HK$1.9	25,000,000	HK$1.9
Granted	25,000,000	HK$1.9	–	–	–	–
Outstanding at ending	25,000,000	HK$1.9	25,000,000	HK$1.9	25,000,000	HK$1.9
Exercisable at ending	–	N/A	–	N/A	–	N/A

The fair value of incentive interests on the grant dates, being August 3, 2020 and November 16, 2020 were determined by an external independent valuer using Binomial Option Pricing Model. The significant inputs into the model were listed below:

	Granted on August 3, 2020	**Granted on November 16, 2020**
Expected volatility	42.86%	42.86%
Risk-free interest rate	0.241%	0.241%
Forfeiture rate	27%	27%
Dividend yield	0.00%	0.00%
Exercise price	HK$1.9	HK$1.9

24 RESERVES

The Group

	Share Premium	**Capital reserves**	**Treasury stocks**	**Statutory reserves**	**Share-based payment reserves**	**Currency translation reserves**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note (a))	*(Note (b))*	*(Note (c))*	*(Note 23)*	*(Note (d))*	
Balance at January 1, 2019	–	(10,000)	–	1,098	–	(8)	(8,910)
Currency translation differences	–	–	–	–	–	(20)	(20)
Appropriation to statutory reserves	–	–	–	2,733	–	–	2,733
Deemed contribution from shareholders *(Note (a)(ii))*	–	4,000	–	–	–	–	4,000
Balance at December 31, 2019	–	(6,000)	–	3,831	–	(28)	(2,197)
Balance at January 1, 2020	–	(6,000)	–	3,831	–	(28)	(2,197)
Issuance of new shares *(Note 22(iii))*	32,950	–	–	–	–	–	32,950
Currency translation differences	–	–	–	–	–	(1,110)	(1,110)
Share-based payments	–	–	–	–	1,840	–	1,840
Appropriation to statutory reserves	–	–	–	2,100	–	–	2,100
Capital injection from shareholders *(Note (a)(iii))*	–	2,000	–	–	–	–	2,000
Deemed distribution to shareholders *(Note 1.2(viii))*	–	(2,000)	–	–	–	–	(2,000)
Balance at December 31, 2020	32,950	(6,000)	–	5,931	1,840	(1,138)	33,583

	Share Premium	Capital reserves	Treasury stocks	Statutory reserves	Share-based payment reserves	Currency translation reserves	Total
	RMB'000	*RMB'000* *(Note (a))*	*RMB'000* *(Note (b))*	*RMB'000* *(Note (c))*	*RMB'000* *(Note 23)*	*RMB'000* *(Note (d))*	*RMB'000*
Balance at January 1, 2021	32,950	(6,000)	–	5,931	1,840	(1,138)	33,583
Issuance of new shares *(Note 22(iv))*	159,841	–	–	–	–	–	159,841
Recognition of redemption liability *(Note 30)*	–	–	(158,180)	–	–	–	(158,180)
Currency translation differences	–	–	–	–	–	(1,064)	(1,064)
Share-based payments	–	–	–	–	3,568	–	3,568
Dividends declared and payable by the Company *(Note 32)*	(16,904)	–	–	–	–	–	(16,904)
Appropriation to statutory reserves	–	–	–	4,126	–	–	4,126
Balance at December 31, 2021	175,887	(6,000)	(158,180)	10,057	5,408	(2,202)	24,970
Balance at January 1, 2022	175,887	(6,000)	(158,180)	10,057	5,408	(2,202)	24,970
Currency translation differences	–	–	–	–	–	1,716	1,716
Share-based payments	–	–	–	–	2,216	–	2,216
Appropriation to statutory reserves	–	–	–	4,441	–	–	4,441
Balance at December 31, 2022	175,887	(6,000)	(158,180)	14,498	7,624	(486)	33,343

The Company

	Share Premium	Capital reserves	Treasury stock	Share-based payment reserves	Currency translation reserves	Total
	RMB'000 *(Note 22)*	*RMB'000*	*RMB'000* *(Note (b))*	*RMB'000* *(Note 23)*	*RMB'000* *(Note (d))*	*RMB'000*
Balance at January 3, 2020 (Date of incorporation)	–	–	–	–	–	–
Issuance of new shares *(Note 22(iii))*	32,950	–	–	–	–	32,950
Share-based payments	–	–	–	1,840	–	1,840
Currency translation differences	–	–	–	–	(1,344)	(1,344)
Completion of reorganisation *(Note (e))*	–	23,667	–	–	–	23,667
Balance at December 31, 2020	32,950	23,667	–	1,840	(1,344)	57,113
Balance at January 1, 2021	32,950	23,667	–	1,840	(1,344)	57,113
Issuance of new shares *(Note 22(iv))*	159,841	–	–	–	–	159,841
Share-based payments	–	–	–	3,568	–	3,568
Recognition of redemption liability *(Note 30)*	–	–	(158,180)	–	–	(158,180)
Dividends declared and payable by the Company *(Note 32)*	(16,904)	–	–	–	–	(16,904)
Currency translation differences	–	–	–	–	(617)	(617)
Balance at December 31, 2021	175,887	23,667	(158,180)	5,408	(1,961)	44,821
Balance at January 1, 2022	175,887	23,667	(158,180)	5,408	(1,961)	44,821
Share-based payments	–	–	–	2,216	–	2,216
Currency translation differences	–	–	–	–	992	992
Balance at December 31, 2022	175,887	23,667	(158,180)	7,624	(969)	48,029

Notes:

(a) Capital reserve

i. On September 30, 2018, in preparation of the Reorganisation (Note 1.2), Star Plus (Kunshan), now a subsidiary of the Group, acquired 100% of the equity shares of Kunshan Star Plus Action from Jushi Creative (Kunshan) Asset Management Company Limited ("Jushi Creative") at a consideration of RMB10,000,000, which was regarded as deemed distribution to owners and recorded in reserves.

ii. Jushi Creative was a subsidiary of Star Plus (Kunshan) and not related to the **[REDACTED]** Business. It was transferred out of the Group to the shareholders at a consideration of RMB4,000,000 on August 31, 2019, which was regarded as a deemed contribution from owners and recorded in reserves.

iii. In July 2020, Star Plus (Kunshan) received capital injection from shareholders, amounting to RMB2,000,000.

(b) Treasury stocks of the Group are related to the 30,094,112 ordinary shares issued to Bradbury with redemption rights. The details of redemption liability related to the redemption rights are disclosed in Note 30.

(c) In accordance with the relevant laws and regulations of the PRC, when distributing the net profit of each year, the subsidiaries in the PRC shall appropriate 10% of its profit after income tax (based on the PRC statutory financial statements and after offsetting accumulated losses from prior years) for the statutory reserve fund (except where the reserve balance has reached 50% of the paid-in capital). The subsidiaries in the PRC can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital and some of them have reached such ceilings.

Statutory reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities.

(d) Foreign currency translation reserve represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Group.

(e) As part of the Reorganisation, the Company acquired interests in subsidiaries from the shareholders. The difference between the consideration paid and the net book value of all the subsidiaries were recorded by the Company as investments in subsidiaries as capital reserves.

25 RETAINED EARNINGS

The Group

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	7,900	28,726	104,690	144,213
Profit for the year	23,559	78,064	43,649	60,389
Appropriation to statutory reserves	(2,733)	(2,100)	(4,126)	(4,441)
At the end of the year	28,726	104,690	144,213	200,161

The Company

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	(3,441)	(13,497)
Loss for the year	(3,441)	(10,056)	(25,640)
At the end of the year	(3,441)	(13,497)	(39,137)

26 LEASE LIABILITIES

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities				
– Current	1,013	1,573	3,281	1,872
– Non-current	1,484	1,409	1,035	220
	2,497	2,982	4,316	2,092

The Group leases office premises for its operations and lease liabilities were measured at the net present value of the lease payments during the lease terms that are not yet paid. The respective right-of-use assets were recognized and disclosed in Note 13 above.

The amounts of expenses recognized in the consolidated statement of comprehensive income in respect of leases are set out below:

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets *(Note 13)*				
– Selling and marketing expenses	357	800	1,157	1,597
– General and administrative expenses	436	955	1,121	1,011
	793	1,755	2,278	2,608
Interest expense (included in finance costs) *(Note 9)*	222	444	224	305
Short-term lease expenditure for office premises, dormitories and equipment *(Note 7)*	304	423	655	1,011
Cash outflow for lease payments	996	2,031	2,275	3,122
Cash outflow for short-term lease	282	567	981	1,011
	1,278	2,598	3,256	4,133

27 TRADE AND OTHER PAYABLES

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables *(Note (a))*				
– related parties *(Note 36)*	499	5,425	5,428	1,128
– third parties	8,130	5,241	16,072	8,556
	8,629	10,666	21,500	9,684
Other payables				
– Amounts due to related parties *(Note 36)*	72,788	11,307	–	15,946
– Amounts due to third parties *(Note (d))*	–	–	–	10,176
– Funding received for *J-Style Trip* TV Program *(Note 6)*	21,400	–	–	–
– Salaries and staff welfare payable	1,592	5,727	6,054	6,083
– Other taxes payables	6,967	19,731	9,144	16,975
– Accrued **[REDACTED]** expenses	–	1,780	781	3,580
– Accrued expenses	714	1,065	1,193	1,200
– Deposits from customers	11,553	5,829	6,815	4,328
– Sales commission payables	3,290	20,635	–	–
– Refund liability	2,742	–	–	–
– Others	1,300	2,574	89	1,038
	122,346	68,648	24,076	59,326
	130,975	79,314	45,576	69,010

Notes:

(a) Ageing analysis of the trade payables based on invoice date at the end of each reporting dates is as follows:

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	
0–60 days	7,710	2,510	19,927	8,190
60–120 days	107	6,947	753	43
121–365 days	186	372	753	66
Over 365 days	626	837	67	1,385
	8,629	10,666	21,500	9,684

(b) The carrying amounts of the Group's trade and other payables were denominated in the following currencies:

	As at December 31,			
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	94,246	76,280	41,441	48,059
HK$	36,729	3,034	4,135	20,951
	130,975	79,314	45,576	69,010

(c) As at December 31, 2019, 2020, 2021 and 2022, the carrying amounts of the trade and other payables of the Group approximated their fair values.

(d) This represents the other payables due to Mr. Liu Keng-hung, and a multi-channel networking company in relation to the live broadcasting activities performed by Mr. Liu Keng-hung to brand owners under the Group's celebrity IP management business.

The Company

	As at December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Accrued **[REDACTED]** expenses	1,780	781	3,580
Accrued other expenses	382	775	440
Salaries and staff welfare payable	–	1,272	1,213
	2,162	2,828	5,233

28 CONTRACT LIABILITIES

The Group has recognized the following revenue-related contract liabilities:

	As at December 31,			
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Sales of goods	11,559	63,056	54,863	24,414
Provision of IP creation and operation service	1,291	1,477	4,445	6,971
	12,850	64,533	59,308	31,385
Non-current liabilities				
Provision of IP creation and operation service	686	–	45	38
	13,536	64,533	59,353	31,423

(a) Significant changes in contract liabilities

Contract liabilities of the Group refer to the payments made by customers while the underlying goods or services are yet to be provided. The increase in the contract liabilities is resulted from the increase in sales orders.

(b) Revenue recognized in relation to contract liabilities

The following table shows the revenue recognized during the Track Record Period relates to carried-forward contract liabilities.

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue recognized that was included in the contract liabilities balance at the beginning of the year				
– Sale of goods	10,320	11,559	63,056	54,863
– Provision of IP creation and operation service	201	1,291	1,477	4,490
	10,521	12,850	64,533	59,353

(c) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from long-term licensing contracts:

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate amount of the transaction price allocated to long-term licensing contracts that are partially unsatisfied	1,840	1,323	903	5,023

The Group selected to choose a practical expedient and omitted disclosure of remaining performance obligations as all other related contracts have a duration of one year or less.

(d) Assets recognized from incremental costs to obtain a contract

During the Track Record Period, there was no significant incremental costs to obtain a contract.

29 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets:				
– to be recovered within 12 months	3,772	4,199	3,494	4,137
– to be recovered after 12 months	34	130	306	457
	3,806	4,329	3,800	4,594
Net off with deferred tax liabilities	(156)	(364)	(769)	(408)
	3,650	3,965	3,031	4,186
Deferred income tax liabilities:				
– to be recovered within 12 months	123	2,483	542	377
– to be recovered after 12 months	33	81	227	31
	156	2,564	769	408
Net off with deferred income tax assets	(156)	(364)	(769)	(408)
	–	2,200	–	–

The movement in deferred income tax assets during the year is as follows:

	Provision for impairment	Unused tax losses	Lease liabilities	Accrued expense and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2019	40	117	206	–	363
Credited/(charged) to the consolidated statements of comprehensive income	(18)	803	(47)	2,705	3,443
As at December 31, 2019	22	920	159	2,705	3,806
As at January 1, 2020	22	920	159	2,705	3,806
Credited/(charged) to the consolidated statements of comprehensive income	1,706	1,272	250	4,631	7,859
Disposal of subsidiaries *(Note 35)*	–	–	–	(7,336)	(7,336)
As at December 31, 2020	1,728	2,192	409	–	4,329
As at January 1, 2021	1,728	2,192	409	–	4,329
Credited/(charged) to the consolidated statements of comprehensive income	708	(1,718)	481	–	(529)
As at December 31, 2021	2,436	474	890	–	3,800
As at January 1, 2022	2,436	474	890	–	3,800
Credited/(charged) to the consolidated statements of comprehensive income	1,221	3	(430)	–	794
As at December 31, 2022	3,657	477	460	–	4,594

Deferred income tax assets were recognized for tax losses carry-forward to the extent that the realisation of the related tax benefits through the future taxable profits is probable. For the years ended December 31, 2019, 2020, 2021 and 2022, the Group did not recognize deferred income tax assets on tax losses, amounting to RMB4,293,000, RMB11,272,000, RMB44,342,000 and RMB49,297,000, respectively, due to the unpredictability of future assessable profit amount, that can be utilised against the tax losses.

The expiry year of the deductible tax losses that are not recognized for deferred income tax assets is analysed below:

	As at December 31,			
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2023	635	635	635	635
2024	1,522	1,522	1,522	1,522
2025	–	4,599	4,599	4,599
2026	–	–	2,853	2,853
Indefinite	2,136	4,516	34,733	39,688
	4,293	11,272	44,342	49,297

The movement in deferred income tax liabilities during the year is as follows:

	Right-of-use assets	Withholding income tax on undistributed profits	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2019	203	–	203
Charged to the consolidated statements of comprehensive income	(47)	–	(47)
As at December 31, 2019	156	–	156
As at January 1, 2020	156	–	156
Debited to the consolidated statements of comprehensive income	208	2,200	2,408
As at December 31, 2020	364	2,200	2,564
As at January 1, 2021	364	2,200	2,564
Debited/(charged) to the consolidated statements of comprehensive income	405	(2,200)	(1,795)
As at December 31, 2021	769	–	769
As at January 1, 2022	769	–	769
Charged to the consolidated statements of comprehensive income	(361)	–	(361)
As at December 31, 2022	408	–	408

As at December 31, 2019, 2020, 2021 and 2022, the Group has unrecognized deferred income tax liabilities of RMB3,463,000, RMB11,085,000, RMB14,096,000 and RMB15,624,000 in respect of the withholding income tax on the unremitted earnings of the Group's subsidiaries in the PRC amounted to RMB34,625,000, RMB110,848,000, RMB140,961,000 and RMB156,238,000, respectively. No provision has been made in respect of such withholding tax as the directors have confirmed that such profits will be permanently reinvested in mainland China and have no intention to remit such earnings.

30 FINANCIAL INSTRUMENT WITH REDEMPTION RIGHTS

	Total
	RMB'000
As at 1 January 2019, 2020 and 2021	–
Recognition of financial instrument with redemption rights	158,180
Finance costs charged to consolidated statements of profit or loss *(Note 9)*	7,939
Exchange differences	(2,599)
As at December 31, 2021	163,520
As at 1 January 2022	163,520
Exchange differences	15,134
As at December 31, 2022	178,654

Under a **[REDACTED]** investment agreement entered into between the Company and Bradbury (Notes 1.2 and 22), the Company shall repurchase all the shares from Bradbury if the shares of the Company failed to be **[REDACTED]** on the **[REDACTED]** on or before **[REDACTED]**. Bradbury would have the right to exercise such redemption right at an aggregate consideration of HK$200,000,000, being the amount of **[REDACTED]** investment. In accordance with the investment, the redemption right would be suspended immediately prior to the Company's submission of the **[REDACTED]** and would be restored automatically upon the earlier of the withdrawal of the Company's **[REDACTED]**, the Company's **[REDACTED]** being rejected, or the Company's **[REDACTED]** process being terminated or **[REDACTED]** has lapsed for any reason. As the repurchase option given to Bradbury is an unavoidable obligation of the Group, the investment from Bradbury was regarded as financial instrument with redemption rights instead of an equity. The amount of the financial liability was determined based on the discounted value of the consideration of HK$200,000,000. The discount rate applied was 5.7% per annum which is the Group's cost of borrowings and the interest rate of the financial liability. According to the agreement, the financial liability has become payable on demand since January 1, 2022. No interest expenses has been accounted since 31 December 2021 as the book value of the financial instrument has reached HK$200,000,000 (equivalent to RMB178,654,000 as at December 31, 2022) since then, which represented the entire amount to be repaid to Bradbury.

31 BORROWINGS

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Non-current portion of a long-term bank borrowings, secured	–	–	15,000	10,000
Current				
Current portion of a long-term bank borrowings, secured	–	–	5,000	5,000
Total borrowings	–	–	20,000	15,000

(a) In January 2021, the Group entered into a 5-year mortgage loan with Bank of Shanghai Co., Ltd, Suzhou branch for the purchase of office premises under development by Kunshan Jiabao (Note 15). The mortgage loan bears a fixed interest rate at 5.70% per annum and should be repaid on monthly installments.

(b) The amounts of repayment installments of the borrowings are as follows:

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	–	–	5,000	5,000
1 year to 2 years	–	–	5,000	5,000
2 year to 3 years	–	–	5,000	5,000
3 year to 4 years	–	–	5,000	–
	–	–	20,000	15,000

32 DIVIDEND

Pursuant to a resolution passed in the shareholders' meeting of the Company on March 31, 2021, dividends of HK$20,000,000 were declared to the Company's shareholders, which were fully paid on September 28, 2021.

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations

	For the year ended December 31,			
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Profit before income tax	31,840	113,841	64,652	93,138
Adjustments for:				
– Finance income *(Note 9)*	(62)	(479)	(1,306)	(2,443)
– Fair value changes in financial assets at FVPL *(Note 6)*	–	–	(435)	–
– Settlement of *J-Style Trip's* investment *(Note 6)*	–	(9,400)	–	–
– Finance costs *(Note 9)*	222	444	10,248	1,340
– Depreciation of property, plant and equipment *(Note 12)*	94	591	1,554	3,606
– Depreciation of right-of-use assets *(Note 13)*	793	1,755	2,278	2,608
– Amortisation of intangible assets *(Note 14)*	1	13	39	144
– Net impairment losses on inventories *(Note 21)*	–	3,029	6,189	6,725
– Net impairment losses on financial assets *(Note 3.1(b))*	(73)	4,452	(922)	745
– Share-based payments *(Note 23)*	–	1,840	3,568	2,216
– Gains on disposal of subsidiaries *(Note 6)*	–	(829)	–	–
– Losses on deregistration of a subsidiary *(Note 6)*	–	–	54	–
– Exchange loss/(gain) – net	–	37	(2,660)	13,706
Operating cash flows before changes in working capital	32,815	115,294	83,259	121,785
Changes in working capital:				
– Inventories	(9,045)	(10,959)	(5,919)	(11,063)
– TV program rights	(35,200)	77,247	(13,594)	(76,008)
– Trade and other receivables	5,189	31,323	22,533	(11,119)
– Prepayments and other current assets	(4,282)	(16,116)	(17,764)	3,926
– Trade and other payables	10,327	90,793	(23,918)	23,434
– Contract liabilities	3,015	51,400	(5,180)	(27,930)
Cash generated from operations	2,819	338,982	39,417	23,025

(b) Non-cash financing activities

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recognition of the financial instrument with redemption rights *(Note 30)*	–	–	158,180	–
Net off of a loan with issuance of shares *(i)*	–	(32,951)	–	–
Settlement of *J-Style Trip*'s investment *(Note 6)*	–	(9,400)	–	–
	–	(42,351)	158,180	–

(i) On September 30, 2020, the Company allotted and issued 12,820,512 ordinary shares to Long Precise, a **[REDACTED]** investor (Note 1.2 and Note 22), at a consideration of HK$37,500,000 (the "Consideration"). On the same day, the Company entered into a loan assignment agreement with Great Essence and Long Precise, pursuant to which Long Precise transferred its loan receivable from Great Essence of HK$37,500,000 (the "Loan") to the Company and the Loan was used to offset with the Consideration.

(c) Reconciliation of liabilities generated from financing activities

	Borrowings	Financial instrument with redemption rights	Lease liabilities	Amounts due to related parties	Amounts due to third parties	Investments received for *J-style Trip*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net debt as at January 1, 2019	–	–	823	48,039	–	6,400	55,262
Cash flows	–	–	(996)	14,438	–	15,000	28,442
Additions of leases	–	–	2,448	–	–	–	2,448
Interest accrual	–	–	222	–	–	–	222
Exchange differences	–	–	–	26	–	–	26
As of December 31, 2019	–	–	2,497	62,503	–	21,400	86,400
Net debt as at January 1, 2020	–	–	2,497	62,503	–	21,400	86,400
Cash flows	–	–	(2,031)	(18,999)	–	(12,000)	(33,030)
Non-cash changes	–	–	–	(32,951)	–	(9,400)	(42,351)
Additions of leases	–	–	2,072	–	–	–	2,072
Interest accrual	–	–	444	–	–	–	444
Exchange differences	–	–	–	1	–	–	1
As of December 31, 2020	–	–	2,982	10,554	–	–	13,536
Net debt as at January 1, 2021	–	–	2,982	10,554	–	–	13,536
Cash flows	18,755	–	(2,275)	(10,554)	(840)	–	5,086
Non-cash changes	–	158,180	–	–	–	–	158,180
Additions of leases	–	–	3,385	–	–	–	3,385
Interest accrual	1,245	7,939	224	–	840	–	10,248
Exchange differences	–	(2,599)	–	–	–	–	(2,599)
As of December 31, 2021	20,000	163,520	4,316	–	–	–	187,836
Net debt as at January 1, 2022	20,000	163,520	4,316	–	–	–	187,836
Cash flows	(6,035)	–	(3,122)	–	–	–	(9,157)
Additions of leases	–	–	593	–	–	–	593
Interest accrual	1,035	–	305	–	–	–	1,340
Exchange differences	–	15,134	–	–	–	–	15,134
As of December 31, 2022	15,000	178,654	2,092	–	–	–	195,746

34 CONTINGENCIES

As of December 31, 2019, 2020, 2021 and 2022, the Group did not have any significant contingent liabilities.

35 DISPOSAL OF SUBSIDIARIES

On May 31, 2020, the Group disposed of its entire interests in Kunshan Tingshe, a then 80%-owned subsidiary, at the consideration of RMB800.

On September 30, 2020, the Group disposed of its 100% interests in Kunshan Sidapu Commercial Management Company Limited for zero consideration and disposed of its 100% interests in Shanghai Sidapu Commercial Management Company Limited at the consideration of RMB1.

On October 31, 2020, the Group disposed of its 100% interests in Kunshan Xingmeng Chinese Medicine Clinic Company Limited and Kunshan Moji Skin Management Company Limited, at the consideration of RMB1 each.

Details of the aforementioned disposals (in aggregate) are as follows:

	As at the respective dates of the disposals
	RMB'000
Consideration	1
Assets disposed of	
Deferred income tax assets	7,336
Trade and other receivables	44,844
Prepayments and other current assets	1,769
Cash and cash equivalents	151,172
	205,121
Liabilities disposed of	
Trade and other payables	(200,197)
Contract liabilities	(404)
Current income tax liabilities	(5,394)
	(205,995)
Non-controlling interests	46
Net liabilities disposed	(828)
Disposal gains	829
Cash consideration received	1
Less: cash and cash equivalents disposed	(151,172)
Net cash outflow arising from disposal of subsidiaries	(151,171)

36 RELATED PARTY TRANSACTIONS AND BALANCES

(a) Names and relationships with related parties

Below is the summary of the Group's related parties during the Track Record Period:

Name of the related party	Relationship with the Group
Ms. Ma	Shareholder and director of the Company
Mr. Lai	Shareholder and director of the Company
Mr. Yang	Shareholder and director of the Company
Mr. Chen	Shareholder and director of the Company
Mr. Chan, Yu-Hao	Shareholder
Ms. Yeh	Shareholder
Ms. Li, Ting	The non-controlling shareholder of Kunshan Tingshe from June 18, 2019 to May 31, 2020
Ms. Zhang, Jing	Shareholder and the spouse of Dr. Qian, Sam Zhongshan
Lhasa Economic and Technology Development Zone Juchuang Investment Company Limited) ("Lhasa Juchuang")	Shareholder (ex-shareholder up to September 30, 2019)
JVR Music International Ltd.	An entity controlled by Mr. Yang
Max One Ltd	An entity controlled by Mr. Chen
Archstone Co., Ltd	An entity controlled by Mr. Chen
Lu Yu Music Co., Ltd) (陸宇音樂有限公司) ("Lu Yu Music")	An entity controlled by Mr. Chan, Yu-Hao
Kunshan Jiabao	An entity significantly influenced by Ms. Ma up to August 16, 2021
Great Essence Holdings Limited	An entity controlled by Mr. Lai
Jesports (Beijing) Cultural Development Company Limited (魔杰電競(北京)文化發展有限公司) ("Jesports Beijing")	An entity controlled by Mr. Yang, Mr. Chen and Ms. Yeh
Jtea (Kunshan) Dining Company Limited (魔杰的茶(昆山)餐飲服務有限公司) ("Jtea Kunshan")	An entity controlled by Mr. Yang, Mr. Chen and Ms. Yeh
Beijing Master Cultural Development Company Limited (北京精湛文創文化經紀有限公司) ("Beijing Master")	The non-controlling shareholder of Beijing Star Plus Master Cultural Communication Company Limited
Yige Corporation Management Consulting (Shanghai) Company Limited (倚格企業管理諮詢(上海)有限公司) ("Shanghai Yige")	An entity controlled by Mr. Yang, Mr. Chen and Ms. Yeh
Kunshan Renben Cultural Consulting Agency Company Limited (昆山人本文創諮詢顧問有限公司) ("Kunshan Renben")	An entity controlled by Ms. Ma
Jushi Creative (Kunshan) Asset Management Company Limited (巨室星創(昆山)資產管理有限公司) ("Jushi Creative")	An entity significantly influenced by Ms. Ma
W&V Limited	The non-controlling shareholder of Talent Planet (HK) Limited

(b) Transactions with related parties

During the Track Record Period, the following is a summary of the significant transactions carried out between the Group and its related parties.

	Year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Continuing transactions				
(i) Purchase of goods from:				
Lu Yu Music	1,803	–	–	–
(ii) Services received from:				
Archstone Co., Ltd.	6,985	7,374	18,231	7,093
JVR Music International Ltd.	–	–	4,917	2,216
Max One Ltd	1,067	1,045	771	–
Kunshan Jiabao	–	–	354	–
Jesports Beijing	–	–	326	–
Jtea Kunshan	–	125	27	25
W&V Limited	–	–	–	1,437
	8,052	8,544	24,626	10,771
(iii) Licensing fee paid to:				
Archstone Co., Ltd.	–	226	52	–
(iv) Agent services received from:				
Beijing Master	–	558	–	–
(v) Sales of goods to:				
Jesports Beijing	–	1,656	2,510	73
Jtea Kunshan	–	902	1,643	23
Ms. Zhang, Jing	–	39	32	128
Ms. Ma	8	37	–	–
	8	2,634	4,185	224
(vi) Service provided to:				
Jesports Beijing	–	266	382	–

	Year ended December 31,			
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Continuing transactions				
(vii) Loans from related parties:				
Kunshan Renben	23,060	600	–	–
Great Essence Holdings Limited	11,558	–	–	–
Jushi Creative	–	–	–	–
Max One Ltd	–	–	916	–
	34,618	600	916	–
(viii) Loans to related parties:				
Jesports Beijing	2,000	–	–	–
Jushi Creative	9,040	–	–	–
	11,040	–	–	–
(ix) Amounts received on behalf of a related party				
W&V Limited	–	–	–	15,946

According to terms in contracts, the above loans from related parties and loans to related parties are interest-free, payable on demand and with no collaterals.

	Year ended December 31,			
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discontinued transactions				
(i) Services received from:				
Ms. Li, Ting	3,290	N/A	N/A	N/A
Kunshan Jiabao	–	N/A	N/A	N/A
	3,290	N/A	N/A	N/A
(ii)				
Sales of goods to:				
Ms. Li, Ting	–	95	N/A	N/A

Discontinued transactions represented the transaction amounts up to the date upon which such counter parties ceased to be the Group's related parties.

(c) Key management compensation

Key management includes directors (executive and non-executive), members of the Executive Committee and respective department heads. The compensation paid or payable to key management for employee services is shown below:

	For the year ended December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, bonuses and other benefits	1,039	2,704	8,560	7,882

(d) Balance with related parties

Trade in nature:

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(i) Trade receivables				
Jesports Beijing	–	282	38	15
Beijing Master	–	27,407	–	–
Jtea Kunshan	–	1,019	–	23
	–	28,708	38	38
(ii) Amounts due to related parties				
W&V Limited	–	–	–	15,946
(iii) Prepayments				
Max One Ltd	838	905	–	–
W&V Limited	–	–	–	2,877
	838	905	–	2,877

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(iv) Trade payables				
Archstone Co., Ltd.	–	4,881	1,030	140
Lu Yu Music	499	–	–	–
JVR Music International Ltd.	–	494	4,190	984
Jtea Kunshan	–	50	92	4
W&V Limited	–	–	116	–
	499	5,425	5,428	1,128
(v) Contract liabilities				
Jesports Beijing	–	1,447	–	–
Jtea Kunshan	–	–	1	–
	–	1,447	1	–

The above balances with related parties are trade in nature and interest-free with no collaterals and no fixed settlement date.

Non-trade in nature:

	As at December 31,			
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(i) Amounts due from related parties				
W&V Limited	–	–	–	3
Max One Ltd	–	3	–	–
Mr. Lai, Kwok Fai	4,670	3,907	–	–
Kunshan Jiabao	10,000	–	N/A	N/A
Jushi Creative	8,468	177	–	–
Lhasa Juchuang	1,080	–	–	–
Kunshan Renben	1,080	–	–	–
Shanghai Yige	1,840	–	–	–
Jesports Beijing	2,000	–	–	–
Ms. Ma	81	–	–	–
	29,219	4,087	–	3

	As at December 31,			
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(ii) Amounts due to related parties				
Great Essence Holdings Limited	35,762	–	–	–
Jushi Creative	10,000	–	–	–
Kunshan Jiabao	–	531	N/A	N/A
Kunshan Renben	26,742	7,742	–	–
Jesports Beijing	3	–	–	–
Ms. Ma	5	–	–	–
Mr. Lai	276	3,034	–	–
	72,788	11,307	–	–
(iii) Sales commission payables				
Ms. Li, Ting *(Note 27)*	3,290	N/A	N/A	N/A
(iv) Prepayment for office building and staff quarter				
– Kunshan Jiabao *(Note 15)*	–	53,468	N/A	N/A

Amounts due from and due to related parties are non-trade in nature and interest-free with no collaterals and no fixed settlement date. The amounts had been fully settled as the date of this report.

(e) Amounts due from/(to) subsidiaries of the Company

	As at December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Amounts due from subsidiaries	30,571	161,134	99,895
Current liabilities			
Amounts due to subsidiaries	(653)	(16,758)	(30,562)

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand. In respect of the amounts due from subsidiaries which are not expected to be settled within 12 months, they are then classified as non-current assets.

37 SUBSEQUENT EVENTS

There were no other material subsequent events took place after December 31, 2022.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2022 and up to the date of this report.

No dividend or distribution has been declared or made by the Company or any of the companies that comprise the Group in respect of any period subsequent to December 31, 2022 and up to the date of this report.