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a metaverse company

A Metaverse Company

— 元 宇 宙 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1616)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the “**Board**”) of A Metaverse Company (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited interim results of the Group for the six months ended 30 June 2022 (the “**2022 Interim Results**”). This announcement, containing the full text of the interim report (the “**2022 Interim Report**”) of the Company for the six months ended 30 June 2022, complies with the relevant requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany the preliminary announcement of unaudited interim results. The 2022 Interim Report is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and of the Company at www.starrise.cn. Printed versions of the 2022 Interim Report will be delivered to the shareholders of the Company on or around 8 August 2023.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022, and will remain suspended until further notice pending, among other matters, the finalisation of the annual results of the Group for the year ended 31 December 2022 and fulfilling of the guidance for the resumption of trading in the shares by the Stock Exchange.

Shareholders and potential investors of the Company should exercise caution when dealing in the Company’s securities

By order of the Board
A Metaverse Company
LIU Dong
Chairman

People’s Republic of China, 31 July 2023


As at the date of this announcement, the Board comprises seven directors, namely Mr. LIU Dong, Mr. LIU Zongjun, Ms. YANG Qinyan and Mr. HE Han as the executive directors of the Company; and Mr. LAM Kai Yeung, Ms. LIU Chen Hong and Mr. KWOK Pak Shing as the independent non-executive directors of the Company.

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SUMMARY

For the six months ended 30 June 2022 (the “**Period Under Review**”):

- Revenue was approximately RMB31.2 million, representing a decrease of approximately 58.1% as compared to approximately RMB74.4 million recorded for the corresponding period of last year.
 - Gross profit was approximately RMB0.9 million, representing a decrease of approximately RMB5.2 million, or approximately 85.2% as compared to that of the corresponding period of last year.
 - Gross profit margin was approximately 3.0%, representing a decrease of approximately 5.2 percentage points as compared to approximately 8.2% recorded for the corresponding period of last year.
 - Loss attributable to the equity shareholders of the Company was approximately RMB16.2 million, representing an increase of approximately RMB0.2 million as compared to the loss attributable to the equity shareholders of the Company of approximately RMB16.0 million for the corresponding period of last year.
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CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive Directors

Mr. LIU Dong (*Chairman*)
Mr. LIU Zongjun (*Chief Executive Officer*)
Mr. HE Han
Ms. YANG Qinyan

Independent Non-Executive Directors

Mr. LAM Kai Yeung
Ms. LIU Chen Hong
Mr. KWOK Pak Shing

COMPANY SECRETARY

Ms. CHAN Yin Wah, *FCG, HKFCG, FCCA*

AUTHORISED REPRESENTATIVES

Mr. LIU Dong
Ms. CHAN Yin Wah

AUDIT COMMITTEE

Mr. LAM Kai Yeung (*Chairman*)
Ms. LIU Chen Hong
Mr. KWOK Pak Shing

REMUNERATION COMMITTEE

Mr. KWOK Pak Shing (*Chairman*)
Mr. LIU Dong
Ms. LIU Chen Hong

NOMINATION COMMITTEE

Ms. LIU Chen Hong (*Chairman*)
Mr. LIU Dong
Mr. KWOK Pak Shing

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**HONG KONG BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE**

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**CAYMAN ISLANDS SHARE REGISTRAR
AND TRANSFER OFFICE**

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MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2022, the international environment became more complex and severe. The outbreak of the Corona Virus Disease 2019 (the “**COVID-19**” or “**Pandemic**”) became more frequent and widespread in the People’s Republic of China (“**PRC**”), posing challenges to the economic recovery. According to the information released by the National Bureau of Statistics of the PRC, China’s gross domestic product (the “**GDP**”) amounted to RMB56,264.2 billion in the first half of 2022, representing a year-on-year growth of 2.5% at constant prices, which was 2.8 percentage points lower than the average growth rate in the same period of the previous two years. In the first quarter of 2022, the GDP increased by 4.8% as compared with the same period of 2021, and in the second quarter of 2022, it increased by 0.4% compared to the same period of 2021. Despite the significant decrease in major economic indicators in April, the economy withstood the pressure to achieve positive growth in the second quarter. The overall situation of Pandemic prevention has continued to improve since May, and the economy of the PRC is still showing a steady upward trend.

The box office of Chinese movie market in the first half of 2022 amounted to RMB17.19 billion, decreased by 37.7% compared with the same period in 2021, and the overall liquidity of the movie market tightened, but showed signs of recovery from June onwards. According to the report of Endata, the seven-day box office of the Spring Festival in 2022 reached RMB6.04 billion in total, ranking second in movie history, and the May Day box office dropped to the freezing point, followed by a gradual increase in the summer season as the situation of the Pandemic improved in late June. It was clear that the downturn in the May Day market was mainly due to the short-term impact brought about by the Pandemic, while the movie market continued to trend relatively steadily, especially in third- and fourth-tier cities, with the increase in ticket price reaching 9.7% and 11.1% respectively in the first half of 2022.

Regarding the drama series business, according to the information released by the National Radio and Television Administration, the number of TV dramas filed in the first half of 2022 was 247, which was not significantly different from the 240 for the first half of 2021, it was, however, a significant decrease of 31.77% when compared to 362 filed for the same period in 2020. Although the impact of the Pandemic led to a reduction in the progress of production on the supply side and the procurement of industry-leading platforms on the demand side, it objectively pushed the entire industry to further explore in-depth the development stage of “cutting costs and enhancing efficiency in an effort to maintain a steady and positive improvement of its production and operation”, and gradually returned from the excessive pursuit of volume and intellectual property rights (“**IP**”) to strict control of content. This continued to help the industry realize positive development.



BUSINESS REVIEW

For the six months ended 30 June 2022, the loss before taxation of A Metaverse Company (the “**Company**”) together with its subsidiaries (collectively the “**Group**”) amounted to approximately RMB16.9 million, representing an increase of approximately RMB3.1 million as compared to the loss before taxation of approximately RMB13.8 million for the same period of previous year. This was mainly because the film and TV media industry in the first half of 2022 has not yet recovered from the severe impact of the Pandemic as compared to the same period of last year, the Group’s film and television business continued to record a significant decrease in revenue and gross profit for the Period Under Review as compared to the same period of previous year, and the metaverse business failed to contribute to the Group’s revenue and gross profit. With effect from 1 March 2022, the English name of the Company has been changed to “A Metaverse Company” from “Starrise Media Holdings Limited” and the Chinese name of the Company has been changed to “一元宇宙公司” from “星宏傳媒控股有限公司”, in order to reflect the business strategies and the direction of future development.

During the first half of 2022, the drama series and films released by the Group included the situation comedy “The New Big Head Son and The Little Head Father (Episodes 101-200)” (新大頭兒子小頭爸爸101-200集) and the large-scale TV series “Legend of Businessman in Hongjiang” (一代洪商), both of which were invested or produced by Beijing Huasheng Taitong Media Investment Company Limited (“**Huasheng Media**”, a wholly-owned subsidiary of the Group), as well as the internet movie “Hero” (奇俠義士), which was invested or produced by Beijing Starrise Pictures Co., Ltd. (北京星宏影視文化有限公司) (“**Starrise Pictures**”, a wholly-owned subsidiary of the Group).

During the Period Under Review, the situation comedy “The New Big Head Son and The Little Head Father (Episodes 101-200)” invested or produced by Huasheng Media was aired on CCTV in January 2022, and the large-scale TV series “Legend of Businessman in Hongjiang” was aired on CCTV in March 2022, with the ratings ranking among the top three of the list of CCTV’s annual broadcasted dramas, and was awarded the “Road to the Future” annual best drama series award in 2023 for the Responsible Influence in Entertainment; the historical story drama “Blood Pledge for Thousands of Years” (血盟千年) and the animated film “Warrior King” (雪域少年) would be released soon; and the live-action sitcom “The New Big Head Son and The Little Head Father (Episodes 201-300)” (新大頭兒子小頭爸爸201-300集), the TV drama “Wu Dang” (天下武當) and the realistic drama “Yangtze River Bridge” (長江大橋) has completed the stage of script writing; and the TV drama “Mountain, Snow and Dreams” (那山那雪那夢), “Justice Is Beautiful” (正義是美麗的) and “Sanxiao Lane” (三孝巷) are at the stage of script preparation.

Among the films and TV series invested by Starrise Pictures, the internet movie “Hero” (奇俠義士) (formerly known as “Bosom Friend” (高山流水) and “The Box” (魔盒之高山流水)) was released in February 2022; the internet movie “Assault” (突擊) was released in January 2023; the youth nostalgic film “Once Upon A Time In The Northeast” (東北往事), the theatrical film “Twin Blades” (尖鋒姐妹) (formerly known as “Li Xiaolong and Programmer Girl” (曆小龍與程序媛)), as well as the online short drama “Night Screaming” (一夜驚笑) are being submitted for screening; the youth nostalgic film “Here Comes Dashan” (大山來了) and the internet drama “Legend of Taotie” (饕餮記) are all currently at the release stage; the internet movies “Emergency Rescuing” (心跳營救) and “King of the Sniper” (狙擊之王) as well as the theatrical film “Tianta Crisis” (天塔危機) are currently at the stage of preparation for filming; the internet movies “New Tong Pak Foo Dim Chau Heung” (唐伯虎點秋香後傳), “Elderly Hero” (遲暮英雄), “The First Undercover in the Southern Song Dynasty – The Case of Demon Cat” (南宋第一臥底之妖貓案), “Mystery Case in Ying Dynasty” (大應奇案生死簿) and “Amaranthine Epiphyllum” (雙世曇花) have completed the stage of script writing.

Among the films and TV series invested or produced by Beijing Starwise Culture Media Co., Ltd. (“**Beijing Starwise**”, a wholly-owned subsidiary of the Group), as at the date of this report, the animated film “GO! REX” (你好·霸王龍) is currently at the stage of preparation for release; the internet drama “Her Fantastic Adventures” (第二次初見) (formerly known as “Back To The Dynasty” (午門囡事)) has completed its post-production process and was submitted for screening; TV drama “The Way to Glory: The Peak of Special Warfare” (魔鬼周之特戰巔峰) has obtained the approval from the Military Commission and a shooting license, and is in the process of publishing arrangements with major platforms and is at the stage of script adjustment; the internet movie “The Iron Bone and Steel Fist” (鐵骨鋼拳) was selected into the Youth Innovation Programme (青創計劃) of iQIYI and is under preparation; the internet dramas “Long-Lost Summer” (隱秘之夏) (formerly known as “Platinum Data” (白金數據)), “Bulletproof Teacher” (穿越火線: 防彈教師), “Fiber” (纖維), “Through the Storm” (玉骨瓷心) (formerly known as “Shiny Days” (雨過天晴雲開處)), “Limited Romance” (限定浪漫) and “The Iron Trophy” (鐵甲雄風), all of which are valuable IP projects of Beijing Starwise, have completed the stage of script writing and are at the stage of early investment and development.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

The table below is an analysis of the revenue, gross profit and gross profit margin of the Group’s media business for the six months ended 30 June 2022 and 2021, respectively:

	For the six months ended 30 June					
	2022			2021		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Media business	31,179	926	3.0%	74,418	6,105	8.2%

For the six months ended 30 June 2022, revenue from the Group’s film and TV business decreased by approximately 58.1% as compared to the corresponding period of last year. The Group’s gross profit margin decreased by approximately 5.2 percentage points from approximately 8.2% of the corresponding period of last year to approximately 3.0% for the six months ended 30 June 2022. This was mainly because the film and TV media industry in the first half of 2022 has not yet recovered from the severe impact of the Pandemic as compared to the same period last year and Digital Light Year Technology Co., Limited (“**Digital Light Year**”), which was acquired by the Group in 2021, failed to realize more revenue and gross profit in the first half of 2022.

Distribution costs

For the six months ended 30 June 2022, the distribution costs of the Group were approximately RMB3.5 million, which generally remained the same with the distribution costs of approximately RMB3.5 million for the corresponding period of last year.

Administrative expenses

For the six months ended 30 June 2022, the administrative expenses of the Group increased to approximately RMB20.5 million, representing an increase of approximately 107.1% as compared to that of approximately RMB9.9 million for the corresponding period of last year. The increase was mainly due to the addition of metaverse business by Digital Light Year.

Research and development expenses

For the six months ended 30 June 2022, the research and development expenses of the Group increased to approximately RMB2.6 million. As at 30 June 2021, the Group did not have any research and development expenses. The expense was mainly incurred from the metaverse business by Digital Light Year.

Other net income

For the six months ended 30 June 2022, other net income of the Group mainly comprised of net foreign exchange gains and change in fair value of derivatives embedded in other borrowings.

Among them, the gains of approximately RMB14.2 million arising from net foreign exchange gains increased by approximately RMB14.2 million as compared to that for the corresponding period of last year. The change in fair value of derivatives embedded in other borrowings was approximately RMB2.2 million, representing an increase of approximately RMB2.2 million as compared to that for the corresponding period of last year.

For the six months ended 30 June 2022, the total amount of other net income of the Group was approximately RMB20.0 million, increased by approximately RMB8.4 million as compared to that of approximately RMB11.6 million for the corresponding period of last year.

Impairment losses on current assets

With the increase in the amount of trade receivables which had been past due for 6-to-12 months and over 1 year, the Group accrued credit loss of approximately RMB8.9 million based on the expected credit loss model for the six months ended 30 June 2022.

Net finance costs

For the six months ended 30 June 2022, the Group recorded net finance costs of approximately RMB2.3 million, decreased by approximately RMB4.9 million as compared to the net finance costs of approximately RMB7.2 million during the corresponding period in 2021. Such decrease was mainly due to the increase of interest income.

Taxation

For the six months ended 30 June 2022, taxation of the Group was approximately RMB-0.2 million, representing a decrease of approximately RMB3.2 million, as compared to the taxation of approximately RMB3.0 million in the corresponding period of last year. Such decrease was mainly due to: (a) the offset of a portion of income tax expense as a result of the reversal of certain deferred income tax liabilities during the Period Under Review; and (b) the recognition of a portion of income tax expense as a result of the reversal of certain deferred income tax assets during the same period of 2021.

Loss and total comprehensive expense attributable to the equity shareholders of the Company

For the six months ended 30 June 2022, the loss attributable to the equity shareholders of the Company was approximately RMB16.2 million (for the six months ended 30 June 2021: approximately RMB16.0 million). As the film and TV media industry in China in the first half of 2022 has not yet recovered from the severe impact of the Pandemic, the gross profit of the Group's drama series and films continued to decline significantly as compared to the same period last year, resulting in the increase of loss.

Liquidity and financial resources

As at 30 June 2022, cash and cash equivalents of the Group were approximately RMB12.7 million, representing a decrease of approximately 64.2% from approximately RMB35.5 million as at 31 December 2021. This was mainly due to the significant increase in the cash used in the operating activities.

For the six months ended 30 June 2022, the Group's net cash used in operating activities was approximately RMB88.9 million, net cash generated from investing activities was approximately RMB81.3 million and net cash used in financing activities was approximately RMB15.0 million. With the Group's cost control measures and contingency measures implemented to mitigate the undesirable impact of the Pandemic, the board (the "**Board**") of directors (the "**Directors**") of the Company believes that the Group will be able to maintain a sound and stable financial position, and maintain sufficient liquidity and financial resources for its business need.

For customers who have long-established business relationship, good settlement record and sound reputation, the Group may consider granting a credit period on a case-to-case basis. The credit period typically ranges from 30 to 180 days, in order to maintain the sufficient cash flow and competitiveness within the industry. The length of credit period depends on various factors such as financial strength, scale of the business and settlement record of those customers. For the six months ended 30 June 2022, the average trade receivables (including bills receivable) turnover days of the Group was approximately 1,190 days, increased significantly from 432 days recorded during the corresponding period in the previous year. This was mainly due to the significant decrease in the Group's revenue and the settlement of trade receivables which was adversely influenced by the Pandemic as compared to the corresponding period of last year.

For the six months ended 30 June 2022, drama series and films turnover days of the Group increased to 1,701 days from 860 days for the corresponding period in 2021, which was mainly due to the decrease in sales of the Group's drama series and films as compared to the same period last year, with a significant decrease in the Group's revenue and cost of sales as compared to the same period last year and the increase in the average balance of the drama series and films. These turnover days were also heavily influenced by the overall industry environment.

As at 30 June 2022, the Group's bank borrowings, bonds, other borrowings and lease liabilities were approximately RMB142.6 million (31 December 2021: approximately RMB147.7 million), which bore fixed interest at rates ranging from 2.7% to 12.3% per annum (31 December 2021: 4.05% to 12.3%). As at 30 June 2022, the Group did not have any loans with floating interest (31 December 2021: Nil).

Capital structure

The Group continues to maintain an appropriate mix of equity and debt to ensure an optimal capital structure to reduce capital cost. As at 30 June 2022, the debts of the Group mainly consisted of bank loans, bonds, other borrowings and lease liabilities with a total amount of approximately RMB142.6 million (31 December 2021: approximately RMB147.7 million). As at 30 June 2022, cash and cash equivalents were approximately RMB12.7 million (31 December 2021: approximately RMB35.5 million). As at 30 June 2022, the Group's gearing ratio was approximately 30.3% (31 December 2021: gearing ratio was approximately 25.5%). The gearing ratio was calculated by dividing total debt (i.e. interest-bearing bank loans, bonds, other borrowings and lease liabilities, after deducting cash and cash equivalents) by total equity.

As at 30 June 2022, the Group's debts due within a year were approximately RMB121.9 million (31 December 2021: approximately RMB126.8 million).

Capital commitments

Save as disclosed in note 16 to the unaudited interim financial information, the Group did not have any other significant capital commitments as at 30 June 2022 (31 December 2021: Nil).

Employee and remuneration policy

As at 30 June 2022, the Group had a total of 151 employees (31 December 2021: 108).

For the six months ended 30 June 2022, staff costs of the Group (including Directors' remuneration in the form of salaries and other allowances) were approximately RMB13.6 million (for the six months ended 30 June 2021: approximately RMB7.7 million). The increase in staff costs was mainly due to the increased number of employees for metaverse business during the Period Under Review.

The Group continues to provide training to its staff to improve their operational skills. Meanwhile, the Group enhanced the work efficiency of the staff through position consolidation, process reorganization and improvement of working and living environment of the staff. The remuneration of the employees of the Group was determined with reference to their working performance, experience and the industry practices. The management of the Group will also periodically review the Group's remuneration policy.

Exposure to foreign exchange risk and relative hedge

The Group has adopted a prudent policy in managing its exchange rate risk. The imports and exports of the Group were settled in US dollars. The convertible bonds, bonds and foreign currency bank deposits were calculated in HK dollars. The Group did not experience any significant difficulties in its operations or liquidity as a result of fluctuations in the currency exchange rates during the Period Under Review. The Board believes that the Group will have sufficient foreign currency reserves to meet its requirements.

The Group did not use any foreign currency derivatives to hedge against the exposure in foreign exchange risk during the Period Under Review.

Contingent liabilities

The Group did not have any contingent liabilities as at 30 June 2022.

Charges on assets

The Group did not have any machinery and equipment pledged to banks as securities for the bank borrowings and lease liabilities as at 30 June 2022 (31 December 2021: Nil).

Significant investments

As at 30 June 2022, the Group did not hold any significant investments in equity interest in any other company.

Future plans for material investments and capital assets

As at the date of this report, the Group did not have any plans for future material investments and capital assets.

Material acquisitions and disposals of subsidiaries, joint ventures and associated companies

For the six months ended 30 June 2022, the Group did not have any material acquisitions or disposals of subsidiaries, joint ventures and associated companies.

OUTLOOK

During the first half of 2022, the total retail sales of consumer goods in China was amounted to approximately RMB2.1 trillion, representing a year-on-year decrease of 0.7%. However, there was a turnaround from a decline to an increase in June, representing a year-on-year increase of 3.1%. In the context of recurrence of the Pandemic, the economic development has also been under greater downward pressure. Nevertheless, as the Pandemic situation improved in May, prevention and control restrictions were gradually lifted, and the market enthusiasm for the film and television industry began to gradually recover. According to Endata's data, the total number of attendances in theaters in the first half of 2022 was about 400 million, representing a decrease of 41.7% compared to the corresponding period in 2021. In particular, the first-tier cities were the most severely affected by the Pandemic, with 73% of theaters being suspended for more than one month, and 36% being suspended for more than three months. Hence, the Pandemic has had a significant impact on the performance of the film market, which is highly dependent on offline delivery. Nonetheless, at that time, local governments have launched special policies including rent reduction, special fund subsidies, and tax relief to ease the difficulties of theaters and promote market development. Since June, the Chinese film market has gradually picked up. During the first half of 2022, under the continuous downward pressure of the film and television industry, the market cost of drama series and the later sales price have been adjusted downwards, resulting in a sharp drop in industry revenue, and higher and higher requirements for themes and quality. There were some popular and word-of-mouth works including "A Lifelong Journey" (人世間), "Reset" (開端) and "A Dream of Splendor" (夢華錄) on the market, which brought confidence to the recovery of the drama market. Furthermore, the variety show and short video markets still pose challenges to the traditional film and TV drama market. The Group believes that healthy competition will benefit the film and TV media industry as a whole. In the future, the Group will continue to explore more opportunities to enhance the quality of its drama series and films, gradually adjust its investment strategies and product structure in accordance with regulatory policies and market preferences, and seek more and better investment opportunities in accordance with the media market situation.

As the film and TV business is gradually recovering alongside with the economy, the Group is optimistic about the long-term development of the film and TV media industry in China. The Group will pay close attention to the government policies and trends related to the film and TV media industry and make full use of its existing resources to seek opportunities in the film and TV drama market and diversify its media business. In addition, the Group will also adjust its investment and production plans in a timely manner and with the aim to produce quality dramas, so as to generate better rewards for the shareholders of the Company (the "**Shareholders**") and to facilitate and sustain the Group's development.



At present, the Group is progressing with its various preparatory plans and filming work in an orderly manner. The Group's films and television series aired in the first half of 2022 and the future production plans for its films and television series are set out below:

No.	Name	Genre	(Planned) Shooting commencement date	Status
1	The New Big Head Son and The Little Head Father (Episodes 101-200) (新大頭兒子小頭爸爸 101-200集)	Situation comedy	In February 2019	Broadcasted in January 2022
2	Hero (奇俠義士) (formerly known as "The Box – Bosom Friend" or "Bosom Friend" (魔盒之高山流水) (高山流水))	Internet movie	In July 2018	Broadcasted in February 2022
3	Legend of Businessman in Hongjiang (一代洪商)	Historical story drama	In October 2018	Broadcasted in March 2022
4	Assault (突擊)	Internet movie	In February 2021	Broadcasted in January 2023
5	Her Fantastic Adventures" (第二次初見) (formerly known as "Back To The Dynasty" (午門囡事))	Internet dramas	In November 2020	Waiting for premiering
6	Once Upon A Time In The Northeast (東北往事)	Youth nostalgic film	In March 2017	Submitted for screening
7	Twin Blades (尖鋒姐妹) (formerly known as Li Xiaolong and Programmer Girl (曆小龍與程序媛))	Theatrical film	In May 2019	Submitted for screening
8	Night Screaming (一夜驚笑) (formerly known as "Scream" (驚聲尖笑), "Horror Blockbuster" (恐不大片))	Internet dramas	In November 2017	At the release stage
9	Here Comes Dashan (大山來了)	Youth nostalgic film	In December 2017	At the release stage
10	Legend of Taotie (饕餮記)	Internet dramas	In October 2018	At the release stage

No.	Name	Genre	(Planned) Shooting	Status
			commencement date	
11	Blood Pledge for Thousands of Years (血盟千年)	Historical story drama	In October 2019	At the release stage
12	Warrior King (雪域少年) (formerly known as "Tempering of King Gelsall" (格薩爾王之磨煉))	Animated film	–	At the release stage
13	GO! REX (你好·霸王龍)	Animated film	In May 2017	Preparing for release
14	King of the Sniper (狙擊之王)	Internet movie	To be determined	Preparing for filming
15	Emergency Rescuing (心跳營救)	Internet movie	To be determined	Preparing for filming
16	Tianta Crisis (天塔危機)	Theatrical film	To be determined	Preparing for filming
17	The Iron Bone and Steel Fist (鐵骨鋼拳)	Internet movie	To be determined	Preparing for filming
18	Mystery Case in Ying Dynasty (大應奇案生死簿)	Internet movie	To be determined	Script completed
19	Elderly Hero (遲暮英雄)	Internet movie	To be determined	Script completed
20	The First Undercover in the Southern Song Dynasty – The Case of Demon Cat (南宋第一臥底之妖貓案)	Internet movie	To be determined	Script completed
21	New Tong Pak Foo Dim Chau Heung (唐伯虎點秋香後傳)	Internet movie	To be determined	Script completed
22	Amaranthine Epiphyllum (雙世曇花)	Internet movie	To be determined	Script completed
23	Yangtze River Bridge (長江大橋)	Realistic dramas	To be determined	Script completed
24	Wu Dang (天下武當)	Television drama	To be determined	Script completed
25	The New Big Head Son and The Little Head Father (Episodes 201-300) (新大頭兒子小頭爸爸201-300集)	Situation comedy	To be determined	Script completed
26	The Iron Trophy (鐵甲雄風)	Internet movie	To be determined	Script completed
27	Long-Lost Summer (隱秘之夏)	Internet dramas	To be determined	Script completed
28	Bulletproof Teacher (穿越火線：防彈教師)	Internet dramas	To be determined	Script completed
29	Limited Romance (限定浪漫)	Internet dramas	To be determined	Script completed
30	Fiber (纖維)	Internet dramas	To be determined	Script completed
31	Through the Storm (玉骨盜心) (formerly known as "Shiny Day" (雨過天晴雲開處))	Internet dramas	To be determined	Script completed
32	The Way to Glory: The Peak of Special Warfare (魔鬼周之特戰巔峰)	Television drama	To be determined	Preparing script
33	Mountain, Snow and Dreams (那山那雪那夢)	Television drama	To be determined	Preparing script
34	Justice Is Beautiful (正義是美麗的)	Television drama	To be determined	Preparing script
35	Sanxiao Lane (三孝巷)	Television drama	To be determined	Preparing script

SUPPLEMENTARY INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 June 2022, the Directors and chief executive of the Company had the following interests in the shares, underlying shares and debentures of the Company, its Group members and/or associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

Name of Directors	Name of Group member/ associated corporation	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding (Note 2)
Mr. LIU Dong (Note 3)	The Company	Interest of a controlled corporation	307,809,902 shares (L)	14.31%
Mr. HE Han	The Company	Beneficial owner	13,998,000 shares (L)	0.65%

Notes:

- The letter "L" denotes the Directors' long position in the shares of the Company or the relevant associated corporation.
- Total issued shares of the Company as at 30 June 2022 is 2,151,577,026.
- The shares are held by Excel Orient Limited, a company incorporated in the British Virgin Islands and the entire issued capital of which is beneficially owned by Mr. LIU Dong, one of the executive Directors of the Company.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company, any of its Group members or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code.

INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company, its Group members and/or associated corporations which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders of the Company	Capacity/nature of interest	Number of Shares and underlying Shares held/interested (Note 1)	Approximate percentage of shareholding
Cinedigm Corp. (Note 2)	Beneficial owner	366,590,397 (L)	17.04%
Excel Orient Limited (Note 3)	Beneficial owner	307,809,902 (L)	14.31%
Ms. WANG Lingli (Note 4)	Family interest	307,809,902 (L)	14.31%
Aim Right Ventures Limited ("Aim Right") (Note 5)	Beneficial owner	320,512,820 (L)	14.90%
Mr. LIU Zhihua (Note 5)	Interests of a controlled corporation	320,512,820 (L)	14.90%
Emerge Ventures Limited (Note 6)	Beneficial owner	171,926,000 (L)	7.99%
Mr. JIN Peng (Note 6)	Interests of a controlled corporation	171,926,000 (L)	7.99%
Ms. SHEN Si (Note 7)	Family interest	171,926,000 (L)	7.99%
Jinbi Market (Hong Kong) Limited (Note 8)	Beneficial owner	303,609,790 (L)	14.11%
Yunnan Jinma Biji Tourism Hypermall Co., Ltd.* (雲南金馬碧雞旅遊商城股份有限公司) (Note 8)	Interests of a controlled corporation	303,609,790 (L)	14.11%
Kunming Municipal Infrastructure Integrated Development and Construction (Group) Shares Co., Ltd.* (昆明市政基礎設施綜合開發建設(集團)股份有限公司) (Note 8)	Interests of a controlled corporation	303,609,790 (L)	14.11%
Pioneer Investment Co., Ltd* (先鋒投資有限公司) (Note 8)	Interests of a controlled corporation	303,609,790 (L)	14.11%
SHI Zhengmin (Note 8)	Interests of a controlled corporation	303,609,790 (L)	14.11%
Tai Group Co., Limited (Note 9)	Beneficial owner	184,810,126 (L)	8.59%
DENG Di (Note 9)	Interests of a controlled corporation	184,810,126 (L)	8.59%
ZHU Shanshan (Note 10)	Family interest	184,810,126 (L)	8.59%
BeiTai Investment LP (Note 11)	Beneficial owner	128,205,128 (L)	5.96%
BeiTai Investment Limited (Note 11)	Interests of a controlled corporation	128,205,128 (L)	5.96%
Wang Jian (Note 11)	Interests of a controlled corporation	128,205,128 (L)	5.96%

Notes:

1. The letter "L" denotes the long position of the persons/entities (other than the Directors or chief executive of the Company) in the shares of the Company or the relevant associated corporation.
2. Cinedigm Corp. is a company registered in Delaware with its Class A Common Stock listed on the NASDAQ Global Market with stock code: CIDM.
3. Excel Orient Limited is a company incorporated in the BVI and the entire issued share capital of which is beneficially owned by Mr. LIU Dong, one of the controlling shareholder and the executive Directors of the Company. Therefore, Mr. LIU Dong is also deemed to be interested in the shares held by Excel Orient Limited.
4. Ms. WANG Lingli is the spouse of Mr. LIU Dong. Therefore, Ms. WANG Lingli is deemed, or taken to be interested in the shares of the Company which Mr. LIU Dong is interested in for the purpose of the SFO.
5. The Shares are held by Aim Right, a limited liability company incorporated in the BVI which is wholly owned by Mr. LIU Zhihua ("Mr. LIU"). By virtue of the SFO, Mr. LIU is deemed to be interested in all the Shares held by Aim Right.
6. The entire issued share capital of Emerge Ventures Limited (a limited company incorporated in Hong Kong) is wholly owned by Mr. JIN Peng. Therefore, Mr. JIN Peng is deemed to be interested in all the Shares held by Emerge Ventures Limited.
7. Ms. SHEN Si is the spouse of Mr. JIN Peng. Therefore, Ms. SHEN Si is deemed, or taken to be interested in the shares of the Company which Mr. JIN Peng is interested in for the purpose of the SFO.
8. Jinbi Market (Hong Kong) Limited* (金碧商城(香港)有限公司) is a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is wholly owned by Yunnan Jinma Biji Tourism Hypermall Co., Ltd.* (雲南金馬碧雞旅游商城股份有限公司) ("Yunnan Jinma"). The entire issued share capital of Yunnan Jinma is owned as to 83.72% by Kunming Municipal Infrastructure Integrated Development and Construction (Group) Shares Co., Ltd.* (昆明市政基礎設施綜合開發建設(集團)股份有限公司) ("Kunming Construction") and as to 2.33% by Pioneer Investment Co., Ltd.* (先鋒投資有限公司) ("Pioneer Investment"), and the remaining 13.95% being held by 4 other independent third parties with their respective shareholdings not exceeding 10% of the issued share capital of Yunnan Jinma. The entire issued share capital of Kunming Construction is owned (a) as to 69.34% by Pioneer Investment, which in turn is owned as to 70% by SHI Zhengmin (石政民) and 30% by SHI Yimin (石義民); (b) as to 8.17% by CHEN Hongbing (陳宏兵); and (c) as to the remaining 22.49% being held by 4 other independent third parties (with their ultimate beneficial shareholders being State-own Legal-person Shareholder) with their respective shareholdings not exceeding 10% of the issued share capital of Kunming Construction.
9. Tai Group Co., Limited ("Tai Group") is a limited company incorporated in Hong Kong, with all its share capital in issue beneficially owned by Mr. DENG Di. Therefore, Mr. DENG Di is deemed to be interested in all the Shares held by Tai Group.
10. Ms. ZHU Shanshan is the spouse of Mr. DENG Di. Therefore, Ms. ZHU Shanshan is deemed, or taken to be interested in the shares of the Company which Mr. DENG Di is interested in for the purpose of the SFO.
11. BeiTai Investment LP is controlled by BeiTai Investment Limited which is controlled by Wang Jian. By virtue of the SFO, BeiTai Investment Limited and Wang Jian are deemed to be interested in all the Shares which BeiTai Investment LP is interested in.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, its Group members or associated corporations which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

Adapting and adhering to the recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that leads to the success of the Company and in balancing the interests of Shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

The Company has adopted the code provisions (the “**Code Provisions**”) set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange. The Company had complied with the Code Provisions throughout the Period Under Review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions of Directors. Having made specific enquiry of all Directors, all the Directors confirmed that they had complied with the required standards of dealing as set out in the Model Code throughout the Period Under Review.

AUDIT COMMITTEE

The Audit Committee established by the Board has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters (including the review of the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 and the interim report). The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

SHARE OPTION SCHEME

Share Option Scheme (the “Share Option Scheme”) approved in 2012

The Company’s Share Option Scheme was approved for adoption pursuant to a written resolution of all Shareholders passed on 26 June 2012 for the purpose of providing our Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to eligible participants and for such other purposes as the Board approves from time to time from 1 January 2022 to 19 January 2022.

Subject to the terms of the Share Option Scheme, the Board may, at its absolute discretion, grant or invite any person belonging to any of the following classes to take up options to subscribe for shares: (a) any employee, supplier, service provider, customer, partner or joint-venture partner of the Group (including any director, whether executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Company or any subsidiaries; (b) any person who have contributed or may contribute to the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 12 July 2012 unless the Company seeks the approval of the Shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating 10% limit.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed "Share Option Scheme" in section headed "Statutory and General Information" in Appendix VI to the prospectus of the Company dated 29 June 2012. The principal terms of the Share Option Scheme are summarised as follows:

The Share Option Scheme was adopted for a period of 10 years commencing from 26 June 2012 and remains in force until 25 June 2022. The Company may, by resolution in general meeting or, such date as the Board determined, terminate the Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

The exercise price per share of the Company for each option granted shall be determined by the Board in its absolute discretion but in any event shall be at least the higher of:

- (1) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer for the grant of option (the "**Date of Grant**") which must be a trading day;
- (2) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the Date of Grant; and
- (3) the nominal value of the shares on the Date of Grant.

Upon acceptance of the options, the grantee shall pay HKD1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within the date as specified in the offer letter issued by the Company. The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years commencing on the Date of Grant and expiring on the last day of such 10-year period subject to the provisions for early termination as contained in the Share Option Scheme.

The total number of new shares of the Company that may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company shall not exceed 80,000,000 shares, which represents 4.07% of the shares in issue of the Company as at the date of this interim report.

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each grantee under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by its shareholders in accordance with the Listing Rules.

Since the adoption of the Share Option Scheme, no options were granted, exercised, cancelled or lapsed under the Share Option Scheme.

New Share Option Scheme adopted on 20 January 2022 (the “New Share Option Scheme”)

As the Share Option Scheme had a term of ten (10) years and would expired on 25 June 2022, the Board proposed to (i) terminate the Share Option Scheme in accordance with its terms; and (ii) adopt the New Share Option Scheme for the approval by the Shareholders in the extraordinary general meeting on 19 January 2022. On 19 January 2022, the Shareholders passed the ordinary resolutions to (i) terminate the Share Option Scheme; and (ii) adopt the New Share Option Scheme. The New Share Option Scheme was adopted with effect from 20 January 2022.

Set out below is a summary of the principal terms of the New Share Option Scheme:

1. Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Group to grant Options to selected participants as incentives or rewards for their contribution to the Group, in particular:

- (a) to motivate them to optimise their performance and efficiency for the benefit of the Group; and
- (b) to attract and retain or otherwise maintain ongoing business relationships with them whose contributions are or will be beneficial to the Group.

2. Who May Join

The Board may, at its discretion, invite any person belonging to any class of the Eligible Participants to take up Options to subscribe for Shares.

3. Grant of Options and Acceptance of Offers

The Board shall, in accordance with the provisions of the New Share Option Scheme and the Listing Rules, be entitled but shall not be bound, at any time within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant as the Board may in its discretion select to subscribe for such number of Shares at the Exercise Price as the Board shall determine.

The Board shall not make an Offer to any Eligible Participant after inside information has come to its knowledge until (and including) the trading day after the Company has announced the information pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately before the earlier of (i) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option may be granted.

The Board shall forward to the Eligible Participant an offer document in such form as the Board may from time to time determine. The Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his Personal Representative(s)) for a period of ten (10) Business Days provided that no such Offer shall be open for acceptance after the Termination Date or after the New Share Option Scheme has been terminated.

An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the duplicate offer document constituting acceptances of the Options duly signed by the Grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

4. Exercise Price

The Exercise Price in respect of any Option shall, subject to any adjustments made pursuant to the terms in the New Share Option Scheme, be at the absolute discretion of the Board, provided that it shall be not less than the highest of:

- (a) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant;
- (b) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five (5) Business Days immediately preceding the Date of Grant; and
- (c) the nominal value of the Shares.

5. Maximum Number of the Shares Available for Subscription

The maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the date of approval of the Shareholders for the adoption of the New Share Option Scheme (the "**Scheme Limit**"), excluding for this purpose Shares which would have been issuable pursuant to Options which have lapsed in accordance with the terms of the New Share Option Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (a) renew the Scheme Limit at any time to 10% of the Shares in issue (the "**New Scheme Limit**") as at the date of the approval by the Shareholders in general meeting; and/or
- (b) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the Options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time (the "**Maximum Limit**"). No options shall be granted under any schemes of the Company (including the New Share Option Scheme) if this will result in the Maximum Limit being exceeded. The maximum number of Shares in respect of which Options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with the New Share Option Scheme whether by way of capitalisation issue, rights issue, open offer (if there is a price-dilutive element), consolidation, sub-division of shares or reduction of the share capital of the Company but in no event shall exceed the limit prescribed herein.

6. Maximum Entitlement of Each Grantee

The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the New Share Option Scheme and any other share option schemes of the Company (including both exercised, outstanding Options and Shares which were the subject of Options which have been granted and accepted under the New Share Option Scheme or any other scheme of the Company but subsequently cancelled) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the Date of Grant. Any further grant of Options in excess of this 1% limit shall be subject to:

- (a) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (b) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person of the Company) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such Eligible Participant must be fixed before the Company's Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the Options to such Eligible Participant shall be taken as the Date of Grant for the purpose of calculating the subscription price of the Shares.

7. Grant of Options to Connected Persons

Any grant of Options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the Grantee).

If the Board proposes to grant Options to a substantial shareholder or any independent non-executive director of the Company or their respective associates which will result in the number of Shares issued and to be issued upon exercise of Options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange at the date of each grant,

such further grant of Options will be subject to the approval of the independent non-executive directors of the Company as referred to in this paragraph, the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which the Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time.

The circular to be issued by the Company to its shareholders pursuant to this paragraph shall contain the following information:

- (a) the details of the number and terms (including the exercise price) of the Options to be granted to each selected Eligible Participant which must be fixed before the Shareholders' meeting of the Company and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such Options;
- (b) a recommendation from the independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is the Grantee of the Options) to the independent shareholders of the Company as to voting;
- (c) the information required under Rules 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (d) the information required under Rule 2.17 of the Listing Rules.

Parties that are required to abstain from voting in favour at the general meeting referred to in this paragraph may vote against the resolution at the general meeting of the Company provided that their intention to do so has been stated in the circular to shareholders of the Company.

8. Rights of Grantees

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or attempt to do so (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to the New Share Option Scheme may be registered). Any breach of the foregoing by a Grantee shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee.

An Option shall be exercisable in whole or in part in accordance with the terms and conditions of the New Share Option Scheme by the Grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Such notice is to be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given.

The Shares to be allotted upon the exercise of an Option will not carry voting rights or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) until completion of the registration of the Grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of Options will rank pari passu and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

9. Time of Exercise of an Option

A period (which may not end later than ten (10) years from the Offer Date) to be determined and notified by the Board to the Grantee thereof and, in the absence of such determination, from the date of acceptance of the offer of such Option to the earlier of the date on which such Option lapses and ten (10) years from the Date of Grant.

The Board may, at its absolute discretion, fix any minimum period for which an Option must be held and any other conditions that must be fulfilled before the Options can be exercised upon the grant of an Option to an Eligible Participant.

Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:

- (a) in the event of the Grantee, who is an employee of the Group at the time of the grant of the Option, ceasing to be an employee thereof by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Company and/or any of its Subsidiaries specified in the New Share Option Scheme has occurred, the Grantee or, as appropriate, his Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of the New Share Option Scheme within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death;
- (b) in the event that the Grantee, who is an employee of the Group at the time of the grant of the Option, ceases to be an employee thereof by reason other than his death, ill-health, injury, disability or termination of his relationship with the Company and/or any of its Subsidiaries on one of more of the grounds specified in the New Share Option Scheme, the Grantee may exercise the Option up to the entitlement of the Grantee as at the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) from such cessation which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not;
- (c) if a general offer is made to all the Shareholders (or all such shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Hong Kong Code on Takeovers and Mergers)) and such general offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee of an Option shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within fourteen (14) days after the date on which the offer becomes or is declared unconditional;

- (d) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Grantees and thereupon, each Grantee (or his Personal Representative(s)) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two Business Days prior to the date of the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the Grantee credited as fully paid;
- (e) if a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given (such notice to be received by the Company no later than two (2) Business Days prior to the date of the proposed meeting), exercise the Option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

10. Performance Target

The Board may, at its absolute discretion, fix any performance targets that must be achieved and any other conditions that must be fulfilled before the Options can be exercised upon the grant of an Option to an Eligible Participant.

11. Reorganisation of Capital Structure

In the event of any alteration in the capital structure of the Company whilst any Option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer (if there is a price-dilutive element), consolidation, subdivision or reduction of share capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding Options and/or the subscription price per Share of each outstanding Option and/or the Scheme Limit, the New Scheme Limit and the Maximum Limit as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option schemes. The capacity of the auditors of the Company or the approved independent financial adviser, as the case may be, in this Clause is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the Grantees.

12. Early Termination of Option Period

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the date of expiry of the option as may be determined by the Board;
- (b) the expiry of any of the periods referred to in paragraph 9;
- (c) the date on which the scheme of arrangement of the Company referred to in paragraph 9(e) becomes effective;
- (d) subject to paragraph 9(d), the date of commencement of the winding-up of the Company;
- (e) the date on which the Grantee ceases to be an Eligible Participant by reason of such Grantee's resignation from the employment of the Company or any of its Subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (f) the date on which the Board shall exercise the Company's right to cancel the Option at any time after the Grantee commits a breach referred to in paragraph 8 or the Options are cancelled in accordance with the terms of the New Share Option Scheme.

13. Cancellation of Option Granted

Any cancellation of Options granted but not exercised must be approved by the Grantees of the relevant Options in writing. For avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph 12 above.

14. Alteration of the New Share Option Scheme

The New Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the Grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (b) any material alteration to the terms and conditions of the New Share Option Scheme or any change to the terms of Options granted shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any Option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the Grantees' approval in accordance with the terms of the New Share Option Scheme. The amended terms of the New Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by shareholders of the Company in general meeting.

15. Termination

The Company may by resolution in general meeting or the Board at any time terminate the operation of the New Share Option Scheme and in such event no further Options shall be offered but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any outstanding Options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Outstanding Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

On 27 January 2022, the Board resolved to grant share options to certain participants under the New Share Option Scheme (the “**Grantees**”) to subscribe for a total of 144,440,000 ordinary shares with a nominal value of US\$0.01 each of the Company, which represent approximately 6.71% of the issued share capital of the Company on 27 January 2022. The share options were granted to the Grantees on 27 January 2022 and all the share options were vested immediately on the date of grant. The number of share options that are available for grant under the scheme as at 30 June 2022 was 70,717,702.

Details of the movement of share options under the New Share Option Scheme during the Period Under Review are as follows:

Grantee	Date of grant	Number of the Option under the New Share Option Scheme granted	Vesting date	Exercisable period	Exercised Price (HK\$)	Granted during the Period Under Review	Exercised during the Period Under Review	Cancelled/ Lapsed during the Period Under Review	Number of outstanding options as at 30 June 2022	Number of options at Latest Practicable Date of this report
Employees of the Group	27 January 2022	144,400,000	The Options shall vest immediately on the date of grant	Exercisable within 24 months from the date of grant	HK\$0.181 per Share	144,400,000	0	0	144,400,000	0

For details, please refer to the announcement of the Company dated 27 January 2022.

Apart from the aforesaid Share Option Scheme and New Share Option Scheme, at no time during the Period Under Review was any of the Company and its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such right.

EVENTS AFTER THE REPORTING PERIOD

Repurchase of shares of a non wholly-owned subsidiary

On 5 July 2022, Khorgos Starrise Qicheng Media Co., Ltd (霍爾果斯星宏啟程傳媒有限公司), a non wholly-owned subsidiary of the Company (the “**Target Company**”), Jiaying Shou Jian Tou No. 5 Investment Partnership (Limited Partnership) (嘉興首建投五號投資合夥企業(有限合夥)) (the “**Seller A**”), Beijing Starrise Media Co., Ltd. (北京星宏文化傳媒有限公司), a wholly-owned subsidiary of the Company (the “**Purchaser**”), the Company and Beijing Xinghong Culture Development Co., Ltd. (北京星宏文化發展有限公司), a PRC company controlled by the Group by way of contractual arrangements (the “**Guarantor**”) entered into the repurchase agreement (the “**Repurchase Agreement A**”) in relation to the repurchase of approximately 39% equity interest in the Target Company in the consideration of approximately RMB43.71 million. Until the approval date of these consolidated financial statements, the transaction has not been completed.

On 5 July 2022, Target Company, Seller A, Bei Jing Corporate Management Consultation (Ningbo) Co., Ltd (北境企業管理諮詢(寧波)有限公司) (the “**Seller B**”), (collectively, “**Sellers**”), Purchaser, the Company and the Guarantor entered into the equity transfer agreement in relation to the repurchase of approximately 10% of the unpaid up equity interest in the Target Company in the consideration of RMB nil. The transaction was completed on 22 July 2022. No gain or loss was arising from the transaction.

On 5 June 2023, the Company, the Purchaser, Seller A, the Target Company and the Guarantor entered into a supplemental repurchase agreement (the “**Supplemental Repurchase Agreement**”) to revise certain terms and conditions of the Repurchase Agreement A. The consideration of the Repurchase Agreement A is revised from approximately RMB43.71 million to approximately RMB47.26 million. The increase in the consideration of approximately RMB3.55 million represents the delay interest (the “**Delay Interest**”) in the amount of approximately RMB4.66 million on the repurchase balance of RMB37.93 million (the “**Repurchase Balance**”) at the rate of 12.3% per annum for a period of 1 year from 19 November 2022 to 19 November 2023 minus approximately RMB1.11 million which the Purchaser has already paid.

The Purchaser shall pay (a) the amount of approximately RMB4.67 million to Seller A by 30 June 2023; (b) the monthly interest by the end of each month, in the amount of RMB600,000 from July 2023; and (c) the Repurchase Balance of approximately RMB37.93 million and the outstanding Delay Interest in the amount of approximately RMB1.67 million on 19 November 2023.

If the Purchaser fails to fully repay the Repurchase Balance and Delay Interest by 19 November 2023, the Purchaser shall pay a late fee to Seller A for the overdue payment (at a daily interest rate of 0.05%) until the full amount of the overdue payment and late fees have been paid.

For details, please refer to the announcements of the Company dated 5 July 2022, 12 July 2022 and 5 June 2023.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022, and remains suspended until further notice pending, among other matters, the finalisation of the annual results of the Group for the year ended 31 December 2022, and fulfilling of the guidance for the resumption of trading in the shares by the Stock Exchange. Please refer to the paragraph headed “Suspension of Trading” on pages 16–17 in the annual report of the Company for the year ended 31 December 2021 published on 15 June 2023 for details.

The Company will publish further announcement(s) in due course to inform the shareholders of the Company and potential investors the progress of preparation and publication of the outstanding financial information as well as the progress of resumption of trading.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022 – unaudited

	Notes	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000 (Restated)
Revenue	3	31,179	74,418
Cost of sales and services		(30,253)	(68,313)
Gross profit		926	6,105
Other net income	4	20,045	11,562
Distribution costs		(3,506)	(3,521)
Administrative expenses		(20,495)	(9,947)
Research and development expenses		(2,569)	–
Impairment losses	5(b)	(8,931)	(10,754)
Loss from operation		(14,530)	(6,555)
Net finance costs	5(a)	(2,327)	(7,209)
Loss before taxation	5	(16,857)	(13,764)
Income tax credit/(expense)	6	227	(2,972)
Loss and total comprehensive expense for the period		(16,630)	(16,736)
Attributable to:			
Equity shareholders of the Company		(16,220)	(16,036)
Non-controlling interests		(410)	(700)
Loss and total comprehensive expense for the period		(16,630)	(16,736)
Basic loss per share (RMB cents)	7(a)	(0.75)	(1.00)
Diluted loss per share (RMB cents)	7(b)	(0.75)	(1.04)

The notes on pages 34 to 56 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 – unaudited

	<i>Notes</i>	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Non-current assets			
Property, plant and equipment		6,580	5,405
Intangible assets	8	33,711	33,171
Goodwill		–	–
Financial assets at fair value through profit or loss		1,870	1,870
Other receivables	9	32,454	31,618
Drama series and films	10	104,805	130,942
		179,420	203,006
Current assets			
Drama series and films	10	15,448	15,197
Trade and other receivables	9	581,629	531,389
Cash and cash equivalents		12,748	35,498
		609,825	582,084
Current liabilities			
Trade and other payables	11	173,230	153,349
Bank loans		40,800	43,000
Other borrowings	12	76,051	78,561
Lease liabilities		5,091	5,218
Current taxation		39,487	39,487
		334,659	319,615
Net current assets		275,166	262,469
Total assets less current liabilities		454,586	465,475

The notes on pages 34 to 56 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 – unaudited (continued)

	<i>Note</i>	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Non-current liabilities			
Lease liabilities		20,650	20,936
Deferred tax liabilities		5,042	5,268
		25,692	26,204
Net assets			
		428,894	439,271
Capital and reserves			
Share capital	<i>13(b)</i>	137,801	137,801
Reserves		288,541	299,010
Total equity attributable to equity shareholders of the Company			
		426,342	436,811
Non-controlling interests			
		2,552	2,460
Total equity			
		428,894	439,271

The notes on pages 34 to 56 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022 – unaudited

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premiums	Share option reserve	Statutory surplus reserve	Other reserve	Accumulated losses	Total		
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021	90,578	807,404	–	88,020	82,385	(195,016)	873,371	(1,080)	872,291
Change in equity for the six months ended 30 June 2021:									
Loss and total comprehensive expense for the period	–	–	–	–	–	(16,036)	(16,036)	(700)	(16,736)
Appropriations to statutory reserve	–	–	–	386	–	(386)	–	–	–
Shares issuance	35,443	38,410	–	–	–	–	73,853	–	73,853
Balance at 30 June 2021 and 1 July 2021 (Restated)	<u>126,021</u>	<u>845,814</u>	<u>–</u>	<u>88,406</u>	<u>82,385</u>	<u>(211,438)</u>	<u>931,188</u>	<u>(1,780)</u>	<u>929,408</u>
Balance at 31 December 2021 and 1 January 2022	137,801	857,469	–	88,020	82,385	(728,864)	436,811	2,460	439,271
Change in equity for the six months ended 30 June 2022:									
Loss and total comprehensive expense for the period	–	–	–	–	–	(16,220)	(16,220)	(410)	(16,630)
Contribution of capital from non-controlling shareholder	–	–	–	–	–	–	–	502	502
Recognition of equity-settled share-based payments	¹⁴ –	–	5,751	–	–	–	5,751	–	5,751
Balance at 30 June 2022	<u>137,801</u>	<u>857,469</u>	<u>5,751</u>	<u>88,020</u>	<u>82,385</u>	<u>(745,084)</u>	<u>426,342</u>	<u>2,552</u>	<u>428,894</u>

The notes on pages 34 to 56 form part of these financial statements.

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

for the six months ended 30 June 2022 – unaudited

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
Operating activities		
Cash (used in)/generated from operation	(88,948)	62,695
Tax paid	–	(63)
Net cash (used in)/generated from operating activities	(88,948)	62,632
Investing activities		
Payments for the purchase of property, plant and equipment and intangible assets	(7,677)	–
Proceeds from repayments of disposal subsidiaries	89,000	116,119
Proceeds from repayments of disposal associate	–	4,000
Other cash flows arising from investing activities	–	310
Net cash generated from investing activities	81,323	120,429
Financing activities		
Proceeds from shares issuance	–	12,945
Redemption of convertible bonds	–	(41,980)
Capital element of lease rentals paid	(1,828)	(2,158)
Interest element of lease rentals paid	(320)	(445)
Proceeds from bank loans	–	13,000
Repayment of bank loans	(2,200)	(15,500)
Repayment for other borrowing	(10,630)	–
Other cash flows arising from financing activities	–	4,847
Net cash used in financing activities	(14,978)	(29,291)
Net (decrease)/increase in cash and cash equivalents	(22,603)	153,770
Cash and cash equivalents at 1 January	35,498	12,351
Effect of foreign exchange rate change	(147)	(1,002)
Cash and cash equivalents at 30 June	12,748	165,119

The notes on pages 34 to 56 form part of these financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

for the six months ended 30 June 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

(a) Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs, issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

None of these amendments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Prior year adjustments

During the finalisation of the consolidated financial statements of the Group for the year ended 31 December 2021, the management has carried out a reassessment on:

- (1) the accounting treatment previously adopted by the Group in respect of a capital increment agreement dated 24 October 2019 (which was supplemented by supplemental capital increment agreement dated 24 October 2019) entered into among the Target Company, the Seller A, the Seller B, the Purchaser, the Company and the Guarantor (as defined in note 18) in relation to, among others, the capital investment into the Target Company by Seller A which were previously accounted for as equity transaction in the consolidated financial statements of the Group. Based on the reassessment of the relevant facts and circumstances of the capital injection from this non-controlling shareholder, the Group has determined that it has the contractual obligation to deliver cash or another financial asset to this non-controlling shareholder and accordingly the capital injection should be recognised as loan liability of the Group owed to Seller A and the option attached to the loan liability should be recognised as derivative stated at fair value.

Accordingly, the change in fair value of the option attached to the loan liability was recognised in other net income in condensed consolidated income statement for the six months ended 30 June 2021 and credited to other borrowings in the condensed consolidated financial position as at 30 June 2021.

- (2) the nature of the Group's interests in Chengdu Dacheng Media Culture Co., Limited (the "Investee"), in which the Group acquired 70% of the equity interests and voting rights in this entity on 12 December 2019. As at 31 December 2019 and 2020, no capital contribution had been made by any of the investors of the Investee and the operations of the Investee were funded by the loans provided by the Group which amounted to RMB4,788,000 and RMB4,788,000 respectively. The Investee was not consolidated in prior years as the Group did not make any payment for the share capital of the Investee. However, the Group has reassessed its relationship with the Investee in 2022 and determined that it had control over the Investee after it acquired 70% of the equity interests and voting rights in this entity on 12 December 2019. The profit or loss, assets and liabilities and cashflows of the subsidiary since the completion of the acquisition should be consolidated in the Group's condensed consolidated financial statements and the receivable from the subsidiary was eliminated when the books of the subsidiary was consolidated in the Group's condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Prior year adjustments (Continued)

The effects of the prior year adjustments in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2021 are set out below:

	The Group as previously reported	Prior year adjustments		The Group as restated
	RMB'000	RMB'000 <i>(Note (1))</i>	RMB'000 <i>(Note (2))</i>	RMB'000
Revenue	74,418	–	–	74,418
Cost of sales and services	<u>(68,313)</u>	–	–	<u>(68,313)</u>
Gross loss	6,105	–	–	6,105
Other net income	11,578	–	(16)	11,562
Distribution costs	(3,506)	–	(15)	(3,521)
Administrative expenses	(9,673)	–	(274)	(9,947)
Impairment losses on trade and other receivables	<u>(10,754)</u>	–	–	<u>(10,754)</u>
Loss from operations	(6,250)	–	(305)	(6,555)
Net finance costs	<u>(7,202)</u>	–	(7)	<u>(7,209)</u>
Loss before taxation	(13,452)	–	(312)	(13,764)
Income tax	<u>(2,972)</u>	–	–	<u>(2,972)</u>
Loss and total comprehensive expense for the period	<u><u>(16,424)</u></u>	<u>–</u>	<u>(312)</u>	<u><u>(16,736)</u></u>
Attributable to:				
Equity shareholders of the Company	(15,818)	–	(218)	(16,036)
Non-controlling interests	<u>(606)</u>	–	(94)	<u>(700)</u>
Loss and total comprehensive expense for the period	<u><u>(16,424)</u></u>	<u>–</u>	<u>(312)</u>	<u><u>(16,736)</u></u>
Loss per share (RMB cents)				
– Basic loss per share	(0.80)	–	(0.20)	(1.00)
– Diluted loss per share	<u>(0.80)</u>	<u>–</u>	<u>(0.24)</u>	<u>(1.04)</u>

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Prior year adjustments (Continued)

The effects of the adjustments in the respective line items of the condensed consolidated cash flows statement of the Group for the six months ended 30 June 2021 are as follows:

	The Group as previously reported		The Group as restated	
	RMB'000	Prior year adjustments RMB'000 (Note (1))	RMB'000 (Note (2))	RMB'000
Operating activities				
Cash generated from operations	62,900	–	(205)	62,695
Net cash generated from operating activities	<u>62,837</u>	<u>–</u>	<u>(205)</u>	<u>62,632</u>
Financing activities				
Capital element of lease rentals paid	(2,094)	–	(64)	(2,158)
Interest element of lease rentals paid	(438)	–	(7)	(445)
Net cash used in financing activities	<u>(29,220)</u>	<u>–</u>	<u>(71)</u>	<u>(29,291)</u>
Net increase in cash and cash equivalents				
Cash and cash equivalents at 1 January	154,046	–	(276)	153,770
	<u>11,639</u>	<u>–</u>	<u>712</u>	<u>12,351</u>
Cash and cash equivalents at 30 June	<u><u>164,683</u></u>	<u><u>–</u></u>	<u><u>436</u></u>	<u><u>165,119</u></u>

(c) Significant changes in significant judgements and key sources of estimation uncertainty

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3. REVENUE

Disaggregation of revenue

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Licensing of drama series and films, transfer of license of drama series and films	30,597	15,052
– Provision of drama series and films production, distribution and related services	582	59,366
	31,179	74,418

The Group's revenue is substantially in the People's Republic of China (the "PRC") and the Group's operating assets are substantially situated in the PRC. Accordingly, no analysis based on geographical locations of the customers and assets is provided.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Disaggregated by timing of revenue recognition		
– Point in time	30,714	15,052
– Over time	465	59,366
	31,179	74,418

4. OTHER NET INCOME

	Notes	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000 (Restated)
Interest exemption of convertible bonds		–	6,639
Net gain from investments in drama series and films	(i)	1,688	2,670
Change in fair value of derivatives embedded in convertible bonds	(ii)	–	44
Change in fair value of derivatives embedded in other borrowing		2,201	–
Net foreign exchange gains		14,213	–
Others		1,943	2,209
		20,045	11,562

Notes:

- (i) The amount represents net gain from investments in drama series and films with fixed-income rate.
- (ii) The derivatives liability component of the convertible bonds is measured at fair value with changes in fair value recognised in the profit or loss. On 30 June 2021, the outstanding convertible bonds were converted and settled.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Net finance costs

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
Interest on convertible bonds	–	3,410
Interest on bonds	1,432	1,441
Interest on bank loans and other borrowings	1,368	1,653
Interest on lease liabilities	320	508
Interest income	(2,451)	–
Net foreign exchange losses	1,645	197
Bank charges	13	–
	2,327	7,209

5. LOSS BEFORE TAXATION (Continued)

(b) Other items

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
Amortisation on intangible assets	4,615	1,003
Depreciation		
– owned property, plant and equipment	94	216
– right-of-use assets	847	3,024
Impairment losses		
– trade and other receivables	8,931	1,322
– drama series and films	–	9,432
	<u> </u>	<u> </u>

6. INCOME TAX

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current tax	–	689
Deferred tax	(227)	2,283
	<u> </u>	<u> </u>
	<u>(227)</u>	<u>2,972</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in those jurisdictions.
- (ii) The Group's Hong Kong subsidiaries, being investment holding companies, do not derive income subject to Hong Kong Profits Tax. For the six months ended 30 June 2022 and 2021, Hong Kong Profits Tax rate is 16.5%. The payments of dividends by the subsidiaries incorporated in Hong Kong are not subject to withholding tax.

6. INCOME TAX (Continued)

- (iii) The Group's PRC subsidiaries are subject to income tax rate of 25% (2021: 25%), except for Hainan Yingsheng Media Co., Ltd. which operates in Hainan province and engages in the production and distribution of drama series and films, it is subject to a preferential tax rate of 15% from 2021 to 2024.
- (iv) Dividends receivable by non-PRC resident corporate investors from PRC-residents are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profit earned since 1 January 2008. Star Rise Investments Ltd. and Star Will Investments (HK) Ltd., Hong Kong subsidiaries of the Company, would be subject to PRC dividend withholding tax on dividends receivable from their PRC subsidiaries.
- (v) Pursuant to the PRC Enterprise Income Tax preferential policies in Khorgos of Xinjiang province, Khorgos Starrise Qicheng Media Co., Ltd., Khorgos Starrise Han Media Co., Ltd. and Khorgos Starwise Culture Media Co., Ltd. subsidiaries of the Company located in Khorgos of Xinjiang province and are principally engaged in the production and distribution of drama series and films, are entitled to a tax holiday of 5-year full exemption on Enterprise Income Tax commencing from the first revenue-generating year. The first exemption year for Khorgos Starrise Qicheng Media Co., Ltd., is 2019.

Khorgos Starrise Han Media Co., Ltd. and Khorgos Starwise Culture Media Co., Ltd. were established in October and November 2020 respectively and no revenue was earned in 2022 and 2021.

7. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the parent of RMB16,220,000 (six months ended 30 June 2021: RMB16,036,000) and the weighted average of 2,151,577,000 ordinary shares (2021: 1,598,301,000 shares) in issue during the interim period.

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to ordinary equity shareholders of the parent of RMB16,220,000 (six months ended 30 June 2021: RMB19,309,000) and the weighted average of 2,151,577,000 ordinary shares (2021: 1,863,255,000 shares) in issue during the interim period.

8. INTANGIBLE ASSETS

	Contractual right <i>(Note (a))</i> RMB'000	Patents and Trademarks <i>(Note (b))</i> RMB'000	Computer software RMB'000	Total RMB'000
Cost:				
At 1 January 2021	20,000	–	35	20,035
Acquisition of subsidiaries	–	18,732	–	18,732
At 31 December 2021	20,000	18,732	35	38,767
At 1 January 2022	20,000	18,732	35	38,767
Additions	–	5,155	–	5,155
At 30 June 2022	20,000	23,887	35	43,922
Accumulated amortisation:				
At 1 January 2021	(3,000)	–	(21)	(3,021)
Charge for the year	(2,000)	(568)	(7)	(2,575)
At 31 December 2021	(5,000)	(568)	(28)	(5,596)
At 1 January 2022	(5,000)	(568)	(28)	(5,596)
Charge for the period	(1,000)	(3,612)	(3)	(4,615)
At 30 June 2022	(6,000)	(4,180)	(31)	(10,211)
Net book value:				
At 30 June 2022	14,000	19,707	4	33,711
At 31 December 2021	15,000	18,164	7	33,171

Notes:

- (a) The Group acquired the contractual right under an arrangement for provision of training services relating to films production, which would be amortised over the contractual period.
- (b) The patent and trademarks were purchased as part of a business combination during the year ended 31 December 2021. All the patents and trademarks are used for provision of cloud gaming, software development and technology consulting services.

9. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on revenue recognition date and net of loss allowance, is as follows:

	<i>Notes</i>	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade receivables			
– Less than 3 months		36,429	52,891
– More than one year		65,225	25,240
Trade receivables, net of loss allowance		101,654	78,131
Advances relating to drama series and films	(a)	229,002	104,251
Amount due from a shareholder	(b)	46,702	131,856
Amounts due from third parties	(c)	218,701	242,681
Deferred expenses		626	888
Others		17,398	5,200
		614,083	563,007
Other receivables expected to be collected or recognised as expense after more than one year		(32,454)	(31,618)
Trade and other receivables expected to be recovered or recognised as expense within one year		581,629	531,389

Notes:

- (a) The balance represents advances to the film producers for the production of drama series and films. The Group is entitled to receive fixed income at annual return rate at 10% (31 December 2021: ranging from 10% to 15%) on the investment costs.
- (b) The balance represents the consideration receivable for the disposal of subsidiaries during the year ended 31 December 2019. On 9 March 2022 and 12 October 2022, the Company has entered into agreements with the shareholder for repayment extension to June 2022 and June 2023 respectively. The Group has received RMB89,000,000 during the six months ended 30 June 2022 and the remaining balance of RMB46,702,000 during February 2023 to April 2023 from the debtor.
- (c) As at 31 December 2021, these amounts due from third parties consist of (i) amount receivable from bank in relation to settlement of bonds of RMB38,173,000, which was settled to the Group on 6 January 2022; (ii) other receivables of RMB119,831,000 from Swift Power Limited ("Swift Power"), which was previously a subsidiary of the Company prior to its disposal in 2017. The amount was arising from the funds transferred to Swift Power by the Group as working capital prior to the disposal of Swift Power; (iii) other receivables of RMB27,060,000 from Beijing Downing Street Technology Co., Limited ("Beijing Downing Street"), a customer of the Group, bearing interest at 8% per annum and repayable within 12 months from the end of the reporting period; (iv) other receivables of RMB30,243,000 from Ningbo Xinglin Culture Development Co., Limited ("Ningbo Xinglin Culture"), a film co-production partner of the Group, bearing interest at 6% per annum and repayable within 12 months from the end of the reporting period; and (v) other receivables of RMB17,005,000 from Zhejiang Dongyang Nut Film and Television Culture Co., Limited ("Zhejiang Dongyang"), a supplier of the Group.

As at 30 June 2022, these amounts due from third parties consist of (i) other receivables of RMB122,982,000 from Swift Power. The amount was fully settled during January to May 2023; (ii) other receivables of RMB37,060,000 from Beijing Downing Street, bearing interest at 8% per annum and repayable within 12 months from the end of the reporting period. The amount was fully settled during January to May 2023; (iii) other receivables of RMB30,243,000 from Ningbo Xinglin Culture, bearing interest at 6% per annum and repayable within 12 months from the end of the reporting period and RMB4,450,000 was settled up to the date of this report; and (iv) other receivables of RMB17,511,000 from Zhejiang Dongyang. The amount was fully settled during January to May 2023.

10. DRAMA SERIES AND FILMS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Costs of drama series and films		
– in production	73,352	72,041
– completed production	219,265	301,458
	292,617	373,499
Accumulated write-downs	(172,364)	(227,360)
	120,253	146,139
Drama series and films – current portion	15,448	15,197
Drama series and films – non-current portion	104,805	130,942
	120,253	146,139

	In production RMB'000	Completed production RMB'000	Total RMB'000
As at 1 January 2021	89,187	221,673	310,860
Additions	123,310	8,039	131,349
Transfer upon production completed	(147,015)	147,015	–
Recognised in cost of sales	–	(94,055)	(94,055)
Impairment loss recognised	(54,216)	(147,799)	(202,015)
As at 31 December 2021	11,266	134,873	146,139
As at 1 January 2022	11,266	134,873	146,139
Additions	1,412	332	1,744
Recognised in cost of sales	–	(27,630)	(27,630)
As at 30 June 2022	12,678	107,575	120,253

11. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	<i>Notes</i>	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade payables			
– Within 3 months		3,080	7,684
Advances from third parties	<i>(a)</i>	12,694	12,927
Payables relating to drama series and films	<i>(b)</i>	87,158	84,101
Tax payable other than income tax	<i>(c)</i>	25,204	23,693
Amount due to a director	<i>(d)</i>	3,085	3,013
Accrued charges		915	851
Other payables		17,454	12,889
		146,510	137,474
Receipts in advance		23,640	8,191
		173,230	153,349

Notes:

- (a) As at 30 June 2022, advances from third parties of RMB11,924,000 (31 December 2021: RMB10,000,000) are unsecured, interest bearing at 10% – 11% per annum and repayable within one year. Other advances from third parties are unsecured, interest-free and had no fixed repayment terms or repayable within one year.
- (b) Payables relating to drama series and films mainly represented the income received on behalf of the independent third parties who cooperated with the Group for production of drama series and films. The amounts are unsecured, interest-free and had no fixed repayment terms or repayable within one year.
- (c) As at 30 June 2022, tax payable other than income tax mainly represents Value-added tax of RMB21,586,000 (31 December 2021: RMB14,012,000), Urban Maintenance and Construction tax of RMB1,405,000 (31 December 2021: RMB1,547,000) and surcharge of RMB1,072,000 (31 December 2021: RMB1,112,000).
- (d) On 31 December 2021, the Group (as the borrower) and Ms. Yang Qinyan (as the lender), a director of the Company appointed on 1 June 2021, had entered into a facility agreement pursuant to which Ms. Yang agreed to lend to the Group up to RMB10,000,000 in aggregate principal amount which was unsecured, bearing interest at 4.35% per annum for the period from 1 January 2021 to 31 December 2023. As the agreement contain a repayment on demand clause, therefore the loan is classified as a current liability. During the period from 1 January 2021 to 31 May 2021, the Group received RMB4,410,000 from Ms. Yang, incurred interest expense of RMB101,000 to Ms. Yang and settled RMB1,710,000 to Ms. Yang. During the period from 1 June 2021 to 31 December 2021, the Group received RMB4,150,000 from Ms. Yang, incurred interest expense of RMB62,000 to Ms. Yang and settled RMB4,000,000 to Ms. Yang during. During the six months ended 30 June 2022, the Group received RMB10,000 from Ms. Yang, incurred interest expense of RMB62,000 to Ms. Yang and no settlement to Ms. Yang.

The transactions contemplated under the facility agreement constituted continuing connected transactions as defined in Chapter 14A of the Main Board Listing Rules. However, these transactions are fully exempt from the disclosure requirements in Chapter 14A of the Main Board Listing Rules as the transactions were on normal commercial terms or better and no security over the assets of the Company was granted in respect of such financial assistance.

12. OTHER BORROWINGS

(a) The analysis of the carrying amount of other borrowings is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Bonds (<i>note 12(b)</i>)	37,918	38,227
Other borrowing	38,133	38,133
Other borrowing – derivative liability	–	2,201
	<u>76,051</u>	<u>78,561</u>
Amounts expected to be settled within one year	<u>(76,051)</u>	<u>(78,561)</u>
Amount expected to be settled within one year	<u>–</u>	<u>–</u>

Except for the derivative component of other borrowings, which is carried at fair value, all of the other borrowings are carried at amortised cost.

(b) Significant terms and repayment schedule

2020 Bonds

On 11 December 2020, the Company issued bonds with an aggregate face value of HKD43,000,000 and a maturity date on 11 December 2021, which is extendable to 11 December 2022 if agreed by the Company and BeiTai Investment LP (“BeiTai”). The bonds bear a nominal interest rate of 8% per annum. Interest is payable in arrears on 30 June 2021 and the maturity date.

On 23 March 2021, the Company and Bei Tai agreed to extend the maturity date of the bonds in the aggregate principal amount of HKD43,000,000 to 15 February 2022. On 15 February 2022, the Company failed to settle the principal amount outstanding of RMB35,157,000 together with accrued interest of RMB3,070,000. The Group partially settled RMB3,334,000 after maturity date of the bonds. Up to this report date, the Company has been continuing its discussion with BeiTai as to the repayment plan of the bonds and the parties have not reached agreement yet.

13. CAPITAL AND DIVIDENDS

(a) Dividends

The Group has no dividend payable to equity shareholders attributable to the interim period (2021: Nil) and no dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period (2021: Nil).

(b) Share capital

	At 30 June 2022		At 31 December 2021	
	No. of shares	RMB'000	No. of shares	RMB'000
Authorised:				
Ordinary shares of USD0.01 each	<u>10,000,000,000</u>	<u>632,110</u>	<u>10,000,000,000</u>	<u>632,110</u>
Ordinary shares, issued and fully paid:				
At 1 January	<u>2,151,577,026</u>	<u>137,801</u>	1,416,911,818	90,578
Share issuance (<i>note</i>)	<u>-</u>	<u>-</u>	<u>734,665,208</u>	<u>47,223</u>
At 30 June and 31 December	<u>2,151,577,026</u>	<u>137,801</u>	<u>2,151,577,026</u>	<u>137,801</u>

Notes:

- (a) On 19 January 2021, Jinbi Market (Hong Kong) Limited has subscribed for an aggregate of 101,137,134 new shares at the subscription price of HKD0.156 per subscription share. The net proceeds of the subscription are approximately HKD15,777,000 (equivalent to approximately RMB12,946,000), of which RMB6,442,000 and RMB6,504,000 were recognised in share capital and share premium respectively.
- (b) On 26 February 2021 and 30 June 2021, the convertible bonds with an aggregate face value of HKD20,000,000 and HKD50,000,000 were converted into 128,205,128 and 320,512,820 ordinary shares of par value of USD0.01 each at the conversion price of HKD0.156 per share and the closing price on the date of conversion was HKD0.158 and HKD0.165 per ordinary share respectively. The net consideration from the shares issuance were approximately HKD73,141,000 (equivalent to approximately RMB60,909,000), of which RMB29,002,000 and RMB31,907,000 were recognised in share capital and share premium respectively.
- (c) On 3 December 2021, the Company issued 184,810,126 new shares to the selling shareholder of a subsidiary acquired in 2021 at the issue price of HKD0.155 for settlement of the consideration of HKD28,646,000 (equivalent to approximately RMB23,433,000), of which RMB11,779,000 and RMB11,654,000 were recognised in share capital and share premium respectively, for the acquisition of subsidiaries for the year ended 31 December 2021.

14. SHARE-BASED PAYMENTS

The Share Option Scheme for the year ended 31 December 2021 (the “Share Option Scheme”)

During the year ended 31 December 2021, the Company’s Share Option Scheme was approved for adoption pursuant to a written resolution of all of the shareholders passed on 26 June 2012 for the purpose of providing the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to eligible participants and for such other purposes as the board of directors approve from time to time. The Share Option Scheme was adopted for a period of 10 years commencing from 26 June 2012 to 25 June 2022.

No share option has been granted under Share Option Scheme during the year ended 31 December 2021 and six months ended 30 June 2022.

New Share Option Scheme adopted on 20 January 2022 (the “New Share Option Scheme”)

As the Share Option Scheme had a term of ten (10) years and would expired on 25 June 2022, the board of directors proposed to (i) terminate the Share Option Scheme in accordance with its terms; and (ii) adopt the New Share Option Scheme for the approval by the shareholders in the extraordinary general meeting on 19 January 2022. On 19 January 2022, the shareholders of the Company passed the ordinary resolutions to (i) terminate the Share Option Scheme; and (ii) adopt the New Share Option Scheme. The New Share Option Scheme was adopted with effect from 20 January 2022. The New Share Option Scheme was adopted for a period of 10 years commencing from 20 January 2022 to 19 January 2032.

The purpose of the New Share Option Scheme is to enable the Group to grant options to (a) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; and (b) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries (collectively, the “**Eligible Participants**”) as incentives or rewards for their contribution to the Group, in particular: (a) to motivate them to optimise their performance and efficiency for the benefit of the Group; and (b) to attract and retain or otherwise maintain ongoing business relationships with them whose contributions are or will be beneficial to the Group.

As at 30 June 2022, the number of shares in respect of which options had been granted and remained outstanding under the New Share Option Scheme was 144,440,000 (31 December 2021: Nil), representing approximately 6.71% (31 December 2021: Nil) of the shares of the Company in issue at that date.

14. SHARE-BASED PAYMENTS (Continued)

New Share Option Scheme adopted on 20 January 2022 (the “New Share Option Scheme”) (Continued)

The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on the date of approval of the shareholders for the adoption of the New Share Option Scheme (the “**Scheme Limit**”), excluding for this purpose shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the New Share Option Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the board of directors may:

- (a) renew the Scheme Limit at any time to 10% of the shares in issue (the “**New Scheme Limit**”) as at the date of the approval by the shareholders of the Company in general meeting; and/or
- (b) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the board of director.

Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares in issue from time to time (the “**Maximum Limit**”). No options shall be granted under any schemes of the Company (including the New Share Option Scheme) if this will result in the Maximum Limit being exceeded.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HKD1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

On 27 January 2022, the board resolved to grant share options to certain participants under the New Share Option Scheme (the “**Grantees**”) to subscribe for a total of 144,440,000 ordinary shares with a nominal value of US\$0.01 each of the Company, which represent approximately 6.71% of the issued share capital of the Company on 27 January 2022. The share options were granted to the Grantees on 27 January 2022 and all the share options were vested immediately on the date of grant.

Details of the share options are as follows:

Date of grant	Number of share options granted	Exercisable period	Exercise price
27 January 2022	144,440,000 (<i>Note</i>)	27 January 2022 to 26 January 2024	HKD0.181 per share

Note: The options shall vest immediately on the date of grant.

14. SHARE-BASED PAYMENTS (Continued)

New Share Option Scheme adopted on 20 January 2022 (the “New Share Option Scheme”) (Continued)

The following table discloses movement of the Company’s share options held by Grantees for the six months ended 30 June 2022:

Date of grant	Exercise price	Outstanding at 1 January 2022	Granted during the period	Exercise during the period	Forfeited during the period	Outstanding at 30 June 2022
27 January 2022	HKD0.181	–	144,440,000	–	–	144,440,000
Exercisable at the end of the period		–	–	–	–	144,440,000
Weighted average exercise price (HKD)		–	0.181	–	–	0.181

The fair value of the share options of total RMB5,751,000 granted during the six months ended 30 June 2022, are calculated using the Black-Scholes model. The inputs into the model were as follows:

Grant date	27 January 2022
Share price on the date of grant	HKD0.160
Exercise price	HKD0.181
Expected volatility	62.72%
Contractual life	2 years
Risk-free rate	0.81%
Expected dividend yield	Nil

Expected volatility was determined by using the historical price volatilities of Company’s share price as at the date of valuation.

The Group had recognised a charge of RMB5,751,000 in the staff costs for the Grantee, for the six months ended 30 June 2022 in relation to share options granted by the Company.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities that are measured at fair value on a recurring basis

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments, including derivatives embedded in other borrowing which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held to coincide with the reporting dates twice a year.

	Fair value at 30 June 2022 RMB'000	Fair value measurements as at 30 June 2022 categorised into		
		(Level 1) RMB'000	(Level 2) RMB'000	(Level 3) RMB'000
Recurring fair value measurements				
Financial assets at fair value through profit or loss ("FVPL")				
– unlisted equity investment	1,870	–	–	1,870

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 31 December 2021 RMB'000	Fair value measurements as at 31 December 2021 categorised into		
		(Level 1)	(Level 2)	(Level 3)
		RMB'000	RMB'000	RMB'000

Recurring fair value measurements

Financial assets at FVPL				
– unlisted equity investment	1,870	–	–	1,870
Derivatives embedded in other borrowing	2,201	–	–	2,201

During the six months ended 30 June 2022 and 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Financial assets at FVPL – unlisted equity investment	Binomial model	Expected volatility	44% (31 December 2021: 44%)	44% (31 December 2021: 44%)
Derivatives embedded in other borrowing	Binomial model	Expected volatility	NA (31 December 2021: 44%)	NA (31 December 2021: 44%)

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2022 RMB'000	2021 RMB'000
Financial assets at FVPL		
– Unlisted equity investment in a fund		
At 1 January	1,870	1,870
At 30 June/31 December	1,870	1,870
Derivatives embedded in other borrowing:		
At 1 January	2,201	8,689
Change in fair value recognised in profit or loss for the period/year	(2,201)	(6,488)
At 30 June/31 December	–	2,201
Derivatives embedded in convertible bonds:		
At 1 January	–	3,296
Change in fair value recognised in profit or loss for the period/year	–	(311)
Redemption	–	(2,809)
Exchange adjustments	–	(176)
At 30 June/31 December	–	–
Total gains for the period/year included in profit or loss	(2,201)	(6,975)

The gain or loss arising from the change in fair value of financial assets at FVPL and the remeasurement of the derivative liability component of the convertible bonds and other borrowing are presented in "other net income" in the consolidated statement of profit or loss

(b) Financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

16. COMMITMENTS

Capital commitments outstanding at 30 June 2022 and 31 December 2021 not provided for in the interim financial report were as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Contracted for		
– Acquiring services relating to production of drama series and films	<u>26,929</u>	<u>106,231</u>

17. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Short-term employee benefits	1,912	1,189
Post-employment benefits	120	54
	<u>2,032</u>	<u>1,243</u>

(b) Transactions with related parties

The Group has entered into transactions with related parties for the six months ended 2022 as follows:

Related party	Nature of transaction	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
A director	Interest expense	<u>62</u>	<u>–</u>

17. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

As at 30 June 2022 and 31 December 2021, the Group had the following balances with related parties:

	Notes	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Amount due from a shareholder of the Company	(i)	46,702	131,856
Amount due to a shareholder of the Company	(ii)	37,918	38,227
Amount due to a director	(iii)	3,085	3,013

(i) The amount due from a shareholder of the Company is included in "trade and other receivables" (note 9).

(ii) The amount due to a shareholder of the Company is included in "other borrowings" (note 12).

(iii) The amount due to a director is included in "trade and other payables" (note 11).

18. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 5 July 2022, Khorgos Starrise Qicheng Media Co., Ltd (霍爾果斯星宏啟程傳媒有限公司), a non wholly-owned subsidiary of the Company (the "**Target Company**"), 嘉興首建投五號投資合夥企業(有限合夥)(Jiaxing Shou Jian Tou No. 5 Investment Partnership (Limited Partnership)) (the "**Seller A**"), Beijing Starrise Media Co., Ltd. (北京星宏文化傳媒有限公司), a wholly-owned subsidiary of the Company (the "**Purchaser**"), the Company and Beijing Xinghong Culture Development Co., Ltd. (北京星宏文化發展有限公司), a PRC company controlled by the Group by way of contractual arrangements (the "**Guarantor**") entered into the repurchase agreement (the "**Repurchase Agreement A**") in relation to the repurchase of approximately 39% equity interest in the Target Company in the consideration of approximately RMB43.71 million. Until the date of this report, the transaction has not been completed.

On 5 July 2022, Target Company, Seller A, 北境企業管理諮詢(寧波)有限公司(Bei Jing Corporate Management Consultation (Ningbo) Co., Ltd) (the "**Seller B**"), (collectively, "**Sellers**"), Purchaser, the Company and the Guarantor entered into the equity transfer agreement in relation to the repurchase of approximately 10% of the unpaid up equity interest in the Target Company in the consideration of RMBnil. The transaction was completed on 22 July 2022. No gain or loss was arising from the transaction.

On 5 June 2023, the Company, the Purchaser, Seller A, the Target Company and the Guarantor entered into a supplemental repurchase agreement (the "**Supplemental Repurchase Agreement**") to revise certain terms and conditions of the Repurchase Agreement A. The consideration of the Repurchase Agreement A is revised from approximately RMB43.71 million to approximately RMB47.26 million. The approximately RMB3.55 million increase in the consideration represents the delay interest (the "**Delay Interest**") in the amount of approximately RMB4.66 million on the repurchase balance of RMB37.93 million (the "**Repurchase Balance**") at the rate of 12.3% per annum for a period of 1 year from 19 November 2022 to 19 November 2023 minus approximately RMB1.11 million which the Purchaser has already paid.

18. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD (Continued)

The Purchaser shall pay (a) the amount of approximately RMB4.67 million to Seller A by 30 June 2023; (b) the monthly interest by the end of each month, in the amount of RMB600,000 from July 2023; and (c) the repurchase balance of approximately RMB37.93 million and the outstanding Delay Interest in the amount of approximately RMB1.67 million on 19 November 2023.

If the Purchaser fails to fully repay the Repurchase Balance and Delayed Interest by 19 November 2023, the Purchaser shall pay a late fee to Seller A for the overdue payment (at a daily interest rate of 0.05%) until the full amount of the overdue payment and late fees have been paid.

For details, please refer to the announcements of the Company dated 5 July 2022, 12 July 2022 and 5 June 2023.

Except for the events described above, until the date of this report, there is no significant event after the reporting period that need to be disclosed.

19. COMPARATIVE FIGURES

In addition to the restatements described in note 2(b) to the unaudited interim financial report, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed in 2022.

