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Star Plus Legend Holdings Limited

巨星傳奇集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6683)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

During the Reporting Period:

- the Group recorded a revenue of about RMB151.4 million, representing an increase of 21.1% from the revenue for the corresponding period in 2022 (1H2022: RMB125.0 million);
- the Group recorded a gross profit of about RMB92.7 million, representing an increase of approximately 24.8% from the corresponding period in 2022 (1H2022: RMB74.3 million);
- the Group recorded an adjusted net profit (after excluding listing expenses and share-based compensation expenses incurred) of about RMB25.0 million, representing an increase of approximately 16.8% as compared to the corresponding period of 2022 (1H2022: RMB21.4 million).

The board (the “**Board**”) of directors (the “**Directors**”) of Star Plus Legend Holdings Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2023 (“**Reporting Period**” or “**1H2023**”) together with comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended 30 June	
	<i>Note</i>	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Revenue	5	151,388	125,018
Cost of revenue		(58,677)	(50,731)
Gross profit		92,711	74,287
Selling and marketing expenses		(32,563)	(23,887)
General and administrative expenses		(41,338)	(27,846)
(Provision for)/reversal of impairment losses on financial assets		(870)	11
Other income		7,756	9,841
Other expense		–	(5,798)
Other losses, net		(2,962)	(4,582)
Operating profit		22,734	22,026
Finance income, net		103	32
Profit before income tax		22,837	22,058
Income tax expense	6	(6,407)	(5,714)
Profit for the period		16,430	16,344
Profit is attributable to:			
Owners of the Company		13,027	14,512
Non-controlling interests		3,403	1,832
		16,430	16,344
Profit for the period		16,430	16,344
<i>Other comprehensive income:</i>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		685	921
Other comprehensive income for the period		685	921
Total comprehensive income for the period		17,115	17,265
Total comprehensive income attributable to:			
– Owners of the Company		13,909	15,430
– Non-controlling interests		3,206	1,835
		17,115	17,265
Earnings per share for profit attributable to owners of the Company <i>(expressed in RMB per share):</i>			
– Basic and Diluted	7	0.03	0.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		30 June 2023	31 December 2022
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		68,580	69,086
Right-of-use assets		5,612	1,878
Intangible assets		9,837	3,878
Deferred income tax assets		4,028	4,186
Other non-current assets		54,679	59,638
		142,736	138,666
Current assets			
Inventories		22,085	28,828
TV program rights	8	116,530	89,602
Trade and other receivables	9	87,596	62,066
Prepayment and other current assets		82,749	53,070
Cash and cash equivalents		100,423	182,633
		409,383	416,199
Total assets		552,119	554,865
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	10	38	38
Reserves		(16,149)	33,343
Retained earnings		210,898	200,161
		194,787	233,542
Non-controlling interests		3,775	569
Total equity		198,562	234,111

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

AS AT 30 JUNE 2023

		30 June 2023	31 December 2022
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		1,992	220
Contract liabilities		–	38
Borrowings	14	7,500	10,000
		9,492	10,258
Current liabilities			
Trade and other payables	12	54,248	69,010
Contract liabilities		66,660	31,385
Current income tax liabilities		27,587	24,575
Lease liabilities		3,108	1,872
Financial instrument with redemption rights	13	184,396	178,654
Borrowings	14	5,000	5,000
Dividend payables		3,066	–
		344,065	310,496
Total liabilities		353,557	320,754
Total equity and liabilities		552,119	554,865

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Star Plus Legend Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on January 3, 2020 as an exempted company with limited liability under the Companies Act, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The issued shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (Stock Code: 6683).

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in new retail business and IP creation and operation business in the People’s Republic of China (the “**PRC**”).

This condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB’000), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on 31 August 2023.

This condensed consolidated interim financial information has not been audited. This condensed consolidated interim financial information has been reviewed by the Company’s audit committee.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “**Interim Financial Reporting**” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The functional currency of the Company is Hong Kong dollars (“**HK\$**”) while this condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. Exchange differences relating to the translation of the assets and liabilities of the subsidiaries with the same functional currency with the Company (i.e. HK\$) to the presentation currency of the Group (i.e. RMB) are recognised directly in other comprehensive income and translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information is to be read in conjunction with the annual financial statements for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards and interpretation as set out below.

(a) New standards, amendments and interpretations adopted by the Group

The Group has applied the following standards, amendments and interpretations for the first time for their annual reporting period commencing 1 January 2023:

HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)
HKAS 8	Definition of Accounting Estimates (amendments)
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction (amendments)
HKFRS 17	Insurance Contracts (new standard)
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for reporting period beginning on 1 January 2023 and have not been early adopted by the Group. The Group is still assessing the impacts of adopting these new standards in future reporting periods and on foreseeable future transactions.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the critical accounting estimates and judgements applied were consistent with those described in the annual consolidated financial statements for the year ended 31 December 2022.

5 REVENUE AND SEGMENT INFORMATION

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

The Board of Directors of the Company considers the business from perspective of types of goods or services delivered or provided. During the six months period ended 30 June 2023, the Group's operating and reportable segments are as follows:

- New retail of health management products and other products in the PRC (“**New retail**”); and
- IP creations, media content creation, event planning and Celebrity IP management (“**IP creation and operation**”).

There were no separate segment assets and segment liabilities information provided to the Board of Directors as Board of Directors does not use this information to allocate resources to or evaluate the performance of the operating segments.

(a) Segment revenue and results

For the six months period ended 30 June 2023

	New retail <i>RMB'000</i>	IP creation and operation <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
– recognised at a point in time	88,692	16,192	104,884
– recognised over time	–	46,504	46,504
	<u>88,692</u>	<u>62,696</u>	<u>151,388</u>
Segment results	<u>41,976</u>	<u>50,735</u>	92,711
Unallocated			
Selling and marketing expenses			(32,563)
General and administrative expenses			(41,338)
Provision for impairment losses on financial assets			(870)
Other income			7,756
Other losses, net			(2,962)
Finance income, net			<u>103</u>
Profit before income tax			<u>22,837</u>

For the six months period ended 30 June 2022

	New retail <i>RMB'000</i>	IP creation and operation <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
– recognised at a point in time	92,021	38	92,059
– recognised over time	–	32,959	32,959
	<u>92,021</u>	<u>32,997</u>	<u>125,018</u>
Segment results	<u>54,352</u>	<u>19,935</u>	74,287
Unallocated			
Selling and marketing expenses			(23,887)
General and administrative expenses			(27,846)
Reversal of impairment losses on financial assets			11
Other income			9,841
Other expense			(5,798)
Other losses, net			(4,582)
Finance income, net			<u>32</u>
Profit before income tax			<u>22,058</u>

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

(b) Geographical information

Most of the Group's segment revenues are derived from the PRC except certain revenue from the IP creation and operation segment. The amount of the Group's revenue from external customers broken down by geographical locations and revenue presented based on the location of the operations of the relevant business units are detailed below:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Mainland China	151,009	125,018
Others	379	–
	<u>151,388</u>	<u>125,018</u>

(c) **Disaggregation of revenue**

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of health management products and skincare products	87,483	88,533
Revenue from production and licensing of entertainment videos	–	5,660
Revenue from IP project and event planning and management	19,376	8,937
Revenue from celebrity IP management	38,379	14,605
Licensing and royalty income	4,941	3,757
Sales of other products	1,209	3,526
	151,388	125,018

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax	5,662	6,091
– Hong Kong profits tax	588	813
	6,250	6,904
Deferred income tax		
– PRC corporate income tax	169	(1,193)
– Hong Kong profits tax	(12)	3
	157	(1,190)
Income tax expense	6,407	5,714

7 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2023 (six months ended 30 June 2022: same).

In determining the weighted average number of ordinary shares in issue during the six months ended 30 June 2023, 30,094,112 shares issued on 17 February 2021 to the pre-IPO investors, were considered as treasury stocks and were excluded from the calculation of earnings per share during the six months ended 30 June 2023 (six months ended 30 June 2022: 30,094,112 shares).

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to equity owners of the Company (RMB'000)	13,027	14,512
Weighted average number of ordinary shares in issue	512,820,512	512,820,512
Basic earnings per share (in RMB/share)	0.03	0.03

(b) Diluted earnings per share

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

Diluted earnings per share is the same as the basic earnings per share as there was no potential dilutive ordinary shares outstanding during the six months ended 30 June 2023 (six months ended 30 June 2022: same).

8 TV PROGRAM RIGHTS

As at 30 June 2023 and 31 December 2022, the TV program rights mainly represented the production cost of J-Style Trip II (周遊記2) and Yue Lai Yue Kuai Le (樂來樂快樂).

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

9 TRADE AND OTHER RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables (<i>Note (a)</i>)		
– related parties	24	38
– third parties	59,455	39,166
	<u>59,479</u>	<u>39,204</u>
Less: provision for impairment of trade receivables	<u>(2,045)</u>	<u>(1,134)</u>
Trade receivables – net	----- 57,434	----- 38,070
Bill receivables	----- –	----- 1,000
Other receivables		
– Amounts due from related parties	3	3
– Deposits (<i>Note (b)</i>)	14,249	12,443
– Staff advances	626	200
– Other receivables in respect of the celebrity IP management business (<i>Note (c)</i>)	7,767	10,145
– Others	7,673	402
	<u>30,318</u>	<u>23,193</u>
Less: provision for impairment of other receivables	<u>(156)</u>	<u>(197)</u>
	----- 30,162	----- 22,996
Trade and other receivables	<u><u>87,596</u></u>	<u><u>62,066</u></u>

Notes:

(a) Trade receivables

Trade receivables mainly arise from the Group's new retail business products directly sold to distributors and IP management business. The normal credit period granted to these customers are generally ranging from 5 days to 2 years.

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 30 days	30,750	27,802
31–90 days	12,298	10,161
91 –120 days	502	768
121 –365 days	15,906	473
Over 365 days	23	–
	<u>59,479</u>	<u>39,204</u>

- (b) As at 30 June 2023, a deposit amounted to RMB11,200,000 was paid to a service provider in relation to the commencement of production of a music talk show, Yue Lai Yue Kuai Le (樂來樂快樂) (31 December 2022: same).
- (c) This represents other receivables from a multi-channel networking company and other brand owners for the live broadcasting activities performed by Mr. Liu Keng-hung and W&V Limited, the artiste management company of Mr. Liu Keng-hung, in relation to the celebrity IP management business of the Group. The Group has the obligation to collect payments from the brand owners and the multi-channel networking company on behalf of Mr. Liu Keng-hung and W&V Limited.
- (d) As at 30 June 2023, the carrying values of the trade and other receivables approximated to their fair values (31 December 2022: same).

10 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares USD	Share capital RMB'000
Ordinary shares of US\$0.00001 each			
Authorised:			
At 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	5,000,000,000	50,000	–
Issued:			
At 1 January 2022, 30 June 2022 and 1 January 2023 and 30 June 2023	542,914,624	5,429	38

Note:

Pursuant to the resolutions of the shareholders of the Company passed on 19 June 2023, the directors of the Company were authorised to allot and issue a total of 178,445,376 shares credited as fully paid at par to the holders of shares whose names are entered on the principal register of members of the Company maintained in the Cayman Islands prior to the capitalisation issue in proportion to their respective shareholdings by way of capitalisation, subject to and conditional upon the share premium account of the Company being credited as a result of the issue of ordinary shares pursuant to the Global Offering.

11 DIVIDEND

Pursuant to a passed resolution of the Company on 13 June 2023, special dividends of HK\$60,000,000 out of the share premium account were declared to the Company's shareholders.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

12 TRADE AND OTHER PAYABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables (<i>Note (a)</i>)		
– related parties	2,653	1,128
– third parties	<u>10,593</u>	<u>8,556</u>
	<u>13,246</u>	<u>9,684</u>
Other payables		
– Amounts due to related parties	10,367	15,946
– Amounts due to third parties (<i>Note (c)</i>)	15,938	10,176
– Salaries and staff welfare payable	3,748	6,083
– Other taxes payables	4,181	16,975
– Accrued listing expenses	1,286	3,580
– Accrued expenses	226	1,200
– Deposits from customers	4,149	4,328
– Others	<u>1,107</u>	<u>1,038</u>
	<u>41,002</u>	<u>59,326</u>
	<u>54,248</u>	<u>69,010</u>

Notes:

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 60 days	8,266	8,190
61 – 120 days	2,418	43
121 – 365 days	446	66
Over 365 days	<u>2,116</u>	<u>1,385</u>
	<u>13,246</u>	<u>9,684</u>

- (b) As at 30 June 2023, the carrying amounts of the trade and other payables of the Group approximated their fair values (31 December 2022: same).
- (c) This represents the other payables due to Mr. Liu Keng-hung, and a multi-channel networking company in relation to the live broadcasting activities performed by Mr. Liu Keng-hung to brand owners under the Group's celebrity IP management business.

13 FINANCIAL INSTRUMENT WITH REDEMPTION RIGHTS

Under a pre-IPO investment agreement entered into between the Company and Bradbury Private Investment III Inc. (“**Bradbury**”), the Company shall repurchase all the shares from Bradbury if the shares of the Company failed to be listed on the Main Board of The Stock Exchange of Hong Kong Limited on or before 31 December 2021. Bradbury would have the right to exercise such redemption right at an aggregate consideration of HK\$200,000,000, being the amount of pre-IPO investment. In accordance with the investment agreement, the redemption right would be suspended immediately prior to the Company’s submission of the listing application and would be restored automatically upon the earlier of the withdrawal of the Company’s listing application, the Company’s listing application being rejected, or the Company’s listing process being terminated or listing application being lapsed for any reason. As the repurchase option given to Bradbury is an unavoidable obligation of the Group, the investment from Bradbury was regarded as financial instrument with redemption rights instead of an equity. The amount of the financial liability was determined based on the discounted value of the consideration of HK\$200,000,000. The discount rate applied was 5.7% per annum which is the Group’s cost of borrowings and the interest rate of the financial liability. No interest expenses has been accounted for since 31 December 2021 as the book value of the financial instrument has reached HK\$200,000,000 (equivalent to RMB184,396,000 as at 30 June 2023) since then, which represented the entire amount to be repaid to Bradbury.

On 13 July 2023, the Company listed on the Main Board of the Stock Exchange and the redemption right has been extinguished automatically and ceased to have any effect. Such investment was then regarded as an equity upon completion of the initial public offering on 13 July 2023.

14 BORROWINGS

	30 June 2023 RMB’000 (Unaudited)	31 December 2022 RMB’000 (Audited)
Non-current		
Non-current portion of a long-term bank borrowings, secured	7,500	10,000
Current		
Current portion of a long-term bank borrowings, secured	<u>5,000</u>	<u>5,000</u>
Total borrowing	<u>12,500</u>	<u>15,000</u>

Notes:

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

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 year	5,000	5,000
1 year to 2 years	5,000	5,000
2 year to 3 years	2,500	5,000
	<u>12,500</u>	<u>15,000</u>

15 EVENTS AFTER THE REPORTING PERIOD

On 13 July 2023 the Company successfully completed its initial public offering of 78,640,000 offer shares at a price at HK\$4.25 per share, and was listed on the Main Board of the Stock Exchange. Additionally, the Company issued and allotted 1,887,500 ordinary shares on 4 August 2023 pursuant to the partial exercise of the over-allotment option as disclosed in the announcement of the Company dated 4 August 2023. The gross proceeds received by the Company was approximately HK\$342,242,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The business operations of the Group consist of two major segments, namely (i) the new retail segment, where the Group primarily develop and sell health management and skincare products through various online and offline channels; and (ii) the IP creation and operation segment, where the Group creates and/or manages celebrity IPs, provides planning and management services to production of media contents and events and licenses its celebrity IPs and sells related products.

During the Reporting Period, the Group has seen success with further development of its IP creation and operation business, in particular, revenue derived from such business segment has increased from RMB33.0 million for the six months ended 30 June 2022 (“1H2022”) to RMB62.7 million for 1H2023. In respect of this business segment, the Group has continued its cooperation with Mr. Liu Keng-hung and Ms. Vivi Wang in, among other things, the promotion of products of the Group, as well as products of third-party brand owners in their livestreaming sessions, online short videos and/or other online and offline performances, where the Group was mainly responsible for originating and preparing the contents in such performances. In addition, the Group has further enhanced its celebrity IP portfolio by entering into a cooperation agreement with the artiste management company of Monica Chan Fat Yung and a memorandum of understanding with the artiste management company of Eric Suen Yiu Wai during the Reporting Period.

In addition, to further expand its IP creation and operation business and as the first step to tapping into the ecosystem of “metaverse” (元宇宙) – a virtual-reality space in which users can interact with a computer-generated environment and other users, the Group has cooperated with China Mobile to launch the digital human (數智人) of Mr. Jay Chou in the China Mobile Metaverse Industry Alliance (中國移動元宇宙產業聯盟). We also cooperated with Weta Workshop Limited, a famous production company of props and film effects in New Zealand, to design and produce the location based experience and other digital contents relating to the Group’s celebrity IPs. Leveraging on its celebrity IP portfolio and its experience in IP content creation, as well as its collaboration with world-class production team, the management believes that the Group would be able to create popular IPs and capture business opportunities arising from the increasing popularity of the concept of metaverse.

In respect of new retail business, the Group continued to enhance its product offerings by launching different health management and skincare products. For example, the Group has been launching various food products using its Matcha Powder under its new product line featuring healthy and additive-free food products that was launched in 2022, namely *Ai Chi Xian Mo Ren* (愛吃鮮摩人). The Company believes by enriching its product portfolio, the Group’s products would appeal to a broadening demographic of end consumers.

Business Outlook

Going forward, the Group will continue to solidify its unique IP-empowerment business model with additional core products, media contents and celebrity IP portfolio. In terms of media content creation, the Group has been involved in the production of two major IP programs, including (i) *J-Style Trip* (周遊記) season two, a reality show starring Mr. Jay Chou; and (ii) *Yue Lai Yue Kuai Le* (樂來樂快樂), a music talk show centered around Mr. Harlem Yu, which are both expected to be aired in the second half of 2023. The airing of such IP programs will, on one hand, bring in revenue for the Group's IP creation and operation business and, on other hand, promote brand awareness and empower the sale of the Group's products. The Group is also exploring opportunities in the production of other IP programs such as mini TV series. Apart from its traditional IP contents, it is the Group's strategy to further promote its reputation and brand awareness through deepening its cooperation with different business partners in the metaverse, which is believed to be the upcoming trend of the entertainment industry and digital marketing. Currently, the Group mainly focuses on creation of IP contents for metaverse.

The Group also strives to promote its brand and business to markets beyond Mainland China. As at the date of this announcement, the Group has sponsored the concert of Alan Walker, a famous music producer and DJ from Norway. The Group will continue to explore opportunities in expanding its new retail and IP creation and operation business on a global basis.

For new retail business, the Group aims to sustain its business growth mainly through upgrading of its existing products and diversifying its product offerings as well as the expansion of its distribution channels. In addition to product distribution through distributors and sub-distributors, in 2022, the Group started to conduct e-commerce livestreaming sessions (直播帶貨) mainly through its *Douyin* account to promote the sale of its products. Since then, the Group has recorded a significant growth in the sale of its products through its online stores on e-commerce platforms. The Group is also exploring potential cooperation with certain new distribution channels. The management of the Group believes that, through the expansion of distribution channels, the Group would be able to expand its customer base which would in turn support the future growth of its new retail business.

Financial Review

Revenue

The Group recorded a revenue of RMB151.4 million for 1H2023 (1H2022: RMB125.0 million), representing an increase of 21.1% from the revenue for the corresponding period in 2022. The increase was mainly attributable to the increase in the revenue generated from the celebrity IP management business of the Group from RMB14.6 million for 1H2022 to RMB38.4 million for 1H2023.

New retail business

The new retail business continued to be the largest business segment of the Group during the Reporting Period. Revenue from the Group's new retail business remained relatively stable at RMB88.7 million for 1H2023 (1H2022: RMB92.0 million). With respect to the new retail business, the Group derived a majority of its revenue from the sales of its flagship products – *MODONG* coffee (魔胴咖啡), being a beverage containing high-fat specially designed to support the fat/energy ratio under a low-carbohydrate diet plan. Revenue derived from the sale of *MODONG* coffee during 1H2023 amounted to RMB52.8 million (1H2022: RMB71.0 million), representing 59.5% (1H2022: 85.8%) of the Group's revenue from the new retail business during the period. As part of the Group's strategy to diversify its product offerings and distribution channels, during 1H2023, revenue generated from the sale of products under its new product line *Ai Chi Xian Mo Ren* (愛吃鮮摩人), which were mainly sold through livestreaming e-commerce sessions and or other online commerce platforms, amounted to RMB15.1 million (1H2022: nil), representing 17.0% of the Group's revenue from the new retail business during the period. In addition, during 1H2023, the Group also recorded sales of RMB3.3 million from its skincare products under the *Dr.mg* (摩肌博士) sub-brand which mainly targets aging population.

With its efforts in upgrading and expanding its product offerings and enhancing the distribution channels, it is believed that the Group would be able to further expand its customer base and derive future growth in its new retail business.

IP creation and operation business

The Group recorded a significant increase in the revenue from its IP creation and operation business from RMB33.0 million for 1H2022 to RMB62.7 million for 1H2023, representing an increase of approximately 90.0%. Such increase was primarily attributable to revenue generated from (i) the Group's cooperation with China Mobile in relation to the launch of digital human (數智人) of Mr. Jay Chou in the amount of RMB8.7 million; (ii) cooperation with Mr. Liu Keng-hung and other celebrities in the promotion of products of third-party brand owners in his livestreaming sessions, online short videos and other online and offline performances in the amount of RMB22.0 million; and (iii) e-commerce livestreaming sessions conducted on the Group's *Douyin* account for the promotion of products of third party brand owners (including sale commissions, publication fees (坑位費) and tips from audience (打賞收入)) in the amount of RMB16.4 million.

Cost of revenue

For 1H2023, the cost of revenue of the Group was RMB58.7 million (1H2022: RMB50.7 million), representing an increase of approximately 15.8% as compared to the corresponding period in 2022. Such increase was primarily due to the increase in cost of goods sold from RMB30.4 million in 1H2022 to RMB40.3 million. As the Group has a wide product offerings, its cost of goods sold may fluctuate depending on the composition of the products sold during the relevant period.

Gross profit and gross profit margin

The Group recorded a gross profit of RMB92.7 million for 1H2023 (1H2022: RMB74.3 million), representing an increase of approximately 24.8% from the corresponding period in 2022. Such increase was primarily due to the increase in revenue from IP creation and operation business. Gross profit margin of the Group for 1H2023 was 61.2% (1H2022: 59.4%), which was primarily due to the increase in revenue generated from the Group's cooperation with Mr. Liu Keng-hung where such revenue was recognized after netting off, among other things, the fees payable to business partners and the relevant operating costs, thereby resulting in a relatively higher gross profit margin.

Selling and marketing expenses

The selling and marketing expense of the Group for the 1H2023 was RMB32.6 million (1H2022: RMB23.9 million), representing an increase of approximately 36.4% as compared to the corresponding period in 2022. Such increase was mainly attributable to the increase in advertising and marketing expenses from RMB5.3 million for 1H2022 to RMB11.8 million for 1H2023 as a result of (i) the increase in expenses relating to livestreaming and e-commerce livestreaming sessions of the Group; and (ii) the increase in marketing events held following the relaxation of travel restrictions and other social distancing measures.

General and administrative expenses

For 1H2023, the Group recorded general and administrative expense of RMB41.4 million (1H2022: RMB27.8 million), which mainly comprises (i) employee benefit expenses in the amount of RMB18.4 million; (ii) expenses in relation to the listing of the shares of the Group (the "Shares") in the amount of RMB7.9 million; and (iii) travelling and entertainment expenses in the amount of RMB4.9 million.

Profit for the period

For the 1H2023, the Group recorded profit of RMB16.4 million (1H2022: RMB16.3 million) and a net profit margin of 10.9% (1H2022: 13.1%).

The adjusted net profit of the Group, after excluding listing expenses and share-based compensation expenses incurred, for 1H2023 amounted to RMB25.0 million (1H2022: RMB21.4 million), representing an increase of 16.8% as compared to the corresponding period of 2022. The adjusted net profit margin of the Group for 1H2023 was 16.5% (1H2022: 17.1%).

Capital structure, liquidity and financial resources

As at 30 June 2023, the total number of issued Shares of the Company was 542,914,624 (31 December 2022: 542,914,624 shares) of US dollar 0.00001 each.

As at 30 June 2023, the Group had cash and cash equivalents of RMB100.4 million (31 December 2022: RMB182.6 million) which were mainly denominated in Renminbi. The management of the Group would continuously monitor the cash and financial resources available to the Group in order to support its operations.

As at 30 June 2023, the Group had outstanding bank borrowings in the amount of RMB12.5 million (31 December 2022: RMB15.0 million), which was arising from a five-year mortgage loan entered into in 2021 for the purchase of office premises with a fixed interest rate 5.7% per annum. The mortgage loan is repayable by monthly installments. As at 30 June 2023, the Group did not have any unutilized banking facilities.

As at 30 June 2023, the Group had a current ratio of 1.2 times (31 December 2022: 1.3 times) and gearing ratio of 1.02 times (31 December 2022: 0.84 times).

Financial instrument with redemption rights

As at 30 June 2023, the Group had liabilities in relation to financial instrument with redemption rights of RMB184.4 million (31 December 2022: RMB178.7 million). Such liabilities were arising from the pre-ipo investment of Bradbury Private Investment III Inc. (“**Bradbury**”), a shareholder of the Company holding 5.54% of the total number of issued Shares as at 30 June 2023. For details of the investment of Bradbury, please refer to the section headed “History, development and reorganization – Pre-IPO investments – Special rights granted to the Pre-IPO investors” in the prospectus of the Company dated 30 June 2023 (the “**Prospectus**”).

On 13 July 2023, the shares of the Company were listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Upon the Listing, the redemption right has been extinguished automatically and ceased to have any effect. Such investment was then regarded as an equity upon completion of Listing.

Contingent liabilities

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

Significant investments held

During the Reporting Period, the Group did not have any significant investments.

Material acquisitions and disposals of assets, subsidiaries, associates and joint ventures

During the Reporting Period, the Group did not have any material acquisitions and disposals of assets, subsidiaries, associates or joint ventures.

Charges on the Group's assets

As at 30 June 2023 and 31 December 2022, there were no charges on the Group's assets.

Exposure to fluctuations in exchange rates and related hedges

The Group mainly operates in the People's Republic of China (the "PRC") with most of the transactions settled in Renminbi. The management of the Group considers that the business is not exposed to any significant foreign exchange risk as it has no significant financial assets or liabilities that are denominated in currencies other than the respective functional currencies of its operating entities. The Group did not hedge against any fluctuation in exchange rates of foreign currency during the Reporting Period.

During 1H2023, the Group recorded foreign exchange losses of RMB3.4 million (1H2022: foreign exchange losses of RMB4.9 million), which was mainly arising from bank balance held by offshore subsidiaries of the Company denominated in Renminbi as a result of the devaluation of Renminbi to Hong Kong dollars during the Reporting Period.

Subsequent events after the reporting period

Save as disclosed in this announcement, there was no material event affecting the Group since 30 June 2023 and up to the date of this announcement.

Employees and Remuneration Policy

As at 30 June 2023, the Group had 296 employees (31 December 2022: 250 employees), a majority of which are located in the PRC. As required by the laws and regulations in the PRC, the Group participate in various government statutory employee benefit plans, including social insurance funds and housing provident funds. The Group is required under the PRC laws to contribute to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local government from time to time.

During 1H2023, the Group incurred employee benefit expense of RMB31.1 million. The Group's remuneration policy rewards employees and Directors based on individual's performance, demonstrated capabilities, involvement, market comparable information and the performance of the Group. The Group has also adopted a share option scheme and may grant options thereunder to, among others, its Directors, officers and employees. In addition, the Group provides regular internal training program to its employees, which covers topics on its business operations, corporate culture, products and the industry trends etc., which will allow the employees to envision their career paths and growth potential with the Group.

USE OF PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on 13 July 2023 (the “**Listing Date**”) by way of global offering (the “**Global Offering**”). After deducting the underwriting fees and expenses payable by the Company in connection with the Global Offering, the net proceeds received by the Company from the Listing amounted to approximately HK\$252.8 million.

The proceeds from Listing are and will continuously be applied in the same manner as set out in the Prospectus, namely:

Item	Available	Net proceeds (<i>HK\$ in million</i>)		Expected timeline for the unutilized balance
		Utilised as at the date of this announcement	Unutilised as at the date of this announcement	
Diversification of product portfolio	60.2	–	60.2	By the end of 2025
Research and development of food and beverages	21.8	–	21.8	By the end of 2025
Research and development of skincare products	20.0	–	20.0	By the end of 2025
Research and development of other new product lines	10.5	–	10.5	By the end of 2025
Research and development of products associated with proprietary IPs	7.9	–	7.9	By the end of 2025
Increase brand exposure and product sales on multi-channel network	77.4	–	77.4	By the end of 2025
Cooperation with selected key opinion leaders (“ KOL ”) and/or placement of sale-based advertisement in KOLs’ E-commerce Livestreaming sessions	44.2	–	44.2	By the end of 2025
Development of proprietary livestreaming programs and cultivation of KOLs and key opinion consumers (KOCs)	33.2	–	33.2	By the end of 2025
Creation of unique celebrity IPs and associated IP contents	70.2	–	70.2	By the end of 2025
IP content creation	46.8	–	46.8	By the end of 2025
Event planning	23.4	–	23.4	By the end of 2025
Upgrade of our IT infrastructure and increase investment in IT development	31.1	–	31.1	By the end of 2025
Working capital	13.9	–	13.8	By the end of 2025
Total	252.8	–	252.8	

DIVIDEND

Pursuant to a resolution passed by the shareholders of the Company on 13 June 2023, special dividends of HK\$60,000,000 out of the share premium account were declared to the then shareholders of the Company.

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (2022: Nil).

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code contained in Part 2 of Appendix 14 (the “**CG Code**”) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange since the Listing Date to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) “as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by the Directors and by relevant employees of the Group. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding directors’ securities transactions since the Listing Date to the date of this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities since the Listing Date.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group’s unaudited condensed consolidated results for the six months ended 30 June 2023 and discussed with the management on the accounting principles and practices, financial reporting process, internal control adopted by the Group with no disagreement by the audit committee of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at <http://www.splend.com>. The interim report of the Company for the six months ended 30 June 2023 will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Star Plus Legend Holdings Limited
Ma Hsin-Ting
Chairperson and Executive Director

Hong Kong, 31 August 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Ma Hsin-Ting, Dr. Qian Sam Zhongshan and Mr. Lai Kwok Fai Franki; two non-executive Directors, namely Mr. Yang Chun-Jung and Mr. Chen Chung and three independent non-executive Directors, namely Dr. Xue Jun, Mr. Yang Dave De and Ms. Chung Elizabeth Ching Yee.