

煜盛文化集團*



China Bright Culture Group
煜盛文化
股票代码: 01859 HK

CHINA BRIGHT CULTURE GROUP

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1859

2023 Interim Report

* For identification purposes only

CONTENTS

PAGE

2	Corporate Information
4	Management Discussion and Analysis
13	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
14	Condensed Consolidated Statement of Financial Position
16	Condensed Consolidated Statement of Changes in Equity
17	Condensed Consolidated Statement of Cash Flow
18	Notes to the Unaudited Interim Condensed Consolidated Financial Statements
30	Other Information
36	Definitions



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LIU Mu (*Chairman and Chief Executive Officer*)
(resigned on 9 February 2024)
Mr. NIE Lei (resigned on 15 March 2024)
Mr. SU Lei (*Chairman*) (appointed on 26 February 2024)
Mr. MA Hongsen (appointed on 15 March 2024)

Non-executive Director

Mr. WANG Daotie (resigned on 20 September 2024)
Ms. WU Yaping (appointed on 15 March 2024)

Independent non-executive Directors

Mr. YU Xuezhong (resigned on 15 March 2024)
Ms. SUN Jing (resigned on 15 March 2024)
Dr. LU Di (resigned on 23 April 2024)
Mr. TO Siu Lun (appointed on 26 February 2024)
Mr. HAN Hao (appointed on 15 March 2024)
Mr. SHAN Yiqi (appointed on 24 April 2024)

AUDIT COMMITTEE

Ms. SUN Jing (resigned on 15 March 2024)
Dr. LU Di (resigned on 23 April 2024)
Mr. TO Siu Lun (*Chairman*) (appointed on 26 February 2024)
Mr. WANG Daotie (resigned on 20 September 2024)
Ms. WU Yaping (appointed on 15 March 2024)
Mr. HAN Hao (appointed on 15 March 2024)
Mr. SHAN Yiqi (appointed on 24 April 2024)

REMUNERATION COMMITTEE

Mr. YU Xuezhong (*Chairman*) (resigned on 15 March 2024)
Mr. NIE Lei (resigned on 15 March 2024)
Ms. SUN Jing (resigned on 15 March 2024)
Dr. LU Di (resigned on 23 April 2024)
Mr. HAN Hao (*Chairman*) (appointed on 15 March 2024)
Mr. TO Siu Lun (appointed on 26 February 2024)
Mr. MA Hongsen (appointed on 15 March 2024)
Mr. SHAN Yiqi (appointed on 24 April 2024)

NOMINATION COMMITTEE

Mr. LIU Mu (*Chairman and Chief Executive Officer*)
(resigned on 9 February 2024)
Mr. YU Xuezhong (resigned on 15 March 2024)
Ms. SUN Jing (resigned on 15 March 2024)
Dr. LU Di (resigned on 23 April 2024)
Mr. SU Lei (*Chairman*) (appointed on 26 February 2024)
Mr. HAN Hao (appointed on 15 March 2024)
Mr. SHAN Yiqi (appointed on 24 April 2024)

COMPANY SECRETARY

Mr. YUNG Kai Wing

AUTHORISED REPRESENTATIVES

Mr. SU Lei
Mr. YUNG Kai Wing

AUDITOR

Zhonghui Anda CPA Limited
*Certified Public Accountants and
Public Interest Entity Auditor*
23/F, Tower 2, Enterprise Square Five
38 Wang Chiu Road, Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1203B, 12/F
World Wide House
19 Des Voeux Road Central
Central, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Floor 7, Block A
Shidong International Building
No. 18 Guangqu Road
Chaoyang District
Beijing
The People's Republic of China (the "PRC")

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

Bank of Communications, Beijing East District Branch
No. 21 Guangqu Avenue
Chaoyang District, Beijing
The PRC

China Merchants Bank, Beijing Wantong Centre Branch
1st Floor, Wantong Centre
No. A6 Chaoyangmennei Avenue
Chaoyang District, Beijing
The PRC

COMPANY WEBSITE

www.brightculturegroup.com

STOCK

1859

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2023, the Group's principal business were (1) video content management and (2) eCommerce promotion services which were temporarily paused due to the irregularities of previous management. As a result of the temporarily paused operations, the Group's revenue decreased from approximately RMB331.0 million to approximately RMB2.2 million.

In the first half of 2023, the Group's principal business are (1) video content management and (2) eCommerce promotion services which were temporarily paused due to the irregularities of previous management which have now been rectified. The new management team is actively exploring new opportunities and potential projects. As a result of the temporarily paused operations, there has been no revenue generated and consequently no cost of sales has been incurred.

OUTLOOK AND PLANS

Facing increasingly diversified customer's needs, continuous advancements in technological trends and intensified market competition, we will uphold the development concepts of innovation, quality, integration and sustainability. It deepens our content creation, broaden our communication channels and strengthen our brand influence. We strive to stabilize and recover our post COVID-19 performance in 2024.

We will continue to deepen the field of variety shows, focusing on social hot topics, cultural heritage and technological innovation. We are dedicated to rolling out original programs with distinctive characteristics of the times, high interactivity and widespread popularity. By exploring the highlights of traditional Chinese culture, we aim to resonate with our audiences and create a brand-new experience in variety shows. At the same time, we explore collaborations with renowned domestic and international production teams. It introduces international perspectives, and boosts the internationalization level of program content.

We will adhere to the principle of "content is king" in TV drama production, put more efforts into writing original scripts, and concentrate on themes such as realism and historical biographies. Our commitment lies in creating distinctive dramas that are thought-provoking, artistically refined and well-produced. Through a streamlined production process, a talented cast and innovative narrative techniques, we will meet the audience's expectations for exceptional films and TV dramas.

Management Discussion and Analysis (Continued)

The Company is committed to evolving into a platform-based and ecological model, creating a comprehensive service platform that integrates content creation, production, distribution and marketing. By integrating resources, optimizing processes, and enhancing efficiency, we offer more convenient and efficient service support to our partners and creators, and collectively fostering the growth of the culture and film industry.

In terms of distribution, we will continue to strengthen our partnerships with domestic and international mainstream media platforms and online video platforms, while actively exploring new distribution channels to maximize the coverage of our content and promote Chinese culture abroad.

In the course of our business operations, we will adhere to the concepts of green, low-carbon and environmental protection, and promote the adoption and application of green production methods. By optimizing resource allocation, reducing energy consumption and minimizing carbon emissions, we will contribute to building an ecologically civilized society.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from research and development, marketing, production and distribution of content, including revenue from media platforms, revenue from corporate sponsors and revenue from live e-commerce. The revenue is RMB2.2 million in the first half of 2023, compared with approximately RMB331.0 million in the first half of 2022. The following table sets forth the breakdown of revenue by source for the periods indicated:

	For the six months ended 30 June			
	2023		2022	
	Amount (RMB'000) (Unaudited)	Percentage	Amount (RMB'000) (Unaudited)	Percentage
Video content operation				
– Media platforms	2,170	100.0%	302,515	91.4%
– Corporate sponsors	–	–	14	0.1%
eCommerce promotion	–	–	28,486	8.6%
Total	2,170	100.0%	331,015	100.0%

The Group's revenue from video content operation decreased from approximately RMB302.5 million to approximately RMB2.2 million in the first half of 2023 and the e-commerce promotion services were decreased by 100%. The decrease was primarily due to temporary pause of business operation under the previous management of the Group.

Management Discussion and Analysis (Continued)

Cost of sales

The Group's cost of sales primarily consists of the cost of sales related to the content that it developed, marketed, produced and distributed.

The Group's cost of sales decreased by 100% from approximately RMB252.9 million in the first half of 2022 as the operation have been temporary suspended during the year.

Gross Profit and Gross Profit Margin

Gross profit of approximately RMB 2.2 million and the gross profit margin of 100% in the first half of 2023, compared with the gross profit of approximately RMB78.1 million and the gross profit margin of 23.6% in the first half of 2022.

Selling and Marketing Expenses

The Group's selling and marketing expenses primarily consist of staff costs of our employees for content development, production and promotional expenses for our programs. The Group's selling and marketing expenses decreased by 100% from approximately RMB2.5 million in the first half of 2022 which was primarily due to the operation has been temporary suspended during the year, therefore no selling and marketing expenses was incurred.

General and Administrative Expenses

The Group's general and administrative expenses consist of (1) staff costs for the Group's administrative staff; (2) depreciation and amortisation; (3) expenses for rent, office, transportation and traveling; and (4) professional service fees for legal and accounting services. The Group's general and administrative expenses increased by 112.2% from RMB13.1 million for the first half of 2022 to RMB27.8 million, primarily due to the increase in legal and professional fee.

Net Finance Expenses

The Group's net finance expenses represent (1) interest income on bank deposits; (2) interest expenses on bank loans and other borrowings and loans from third parties; (3) interest on lease liabilities; and (4) net foreign exchange loss from the depreciation of certain U.S. dollar bank deposits due to U.S. dollar to Renminbi exchange rate fluctuations. The Group's net finance expenses increased by 207.1% from approximately RMB1.4 million for the first half of 2022 to approximately RMB4.3 million for the first half of 2023.

Loss Before Taxation

As a result of the foregoing, the Group's loss before taxation for the first half of 2023 was approximately RMB131.5 million, compared with profit of approximately RMB27.1 million for the first half of 2022.

Income Tax

The Group's income tax expense increased by 409.7% from approximately RMB6.2 million for the first half of 2022 to approximately RMB31.6 million for the first half of 2023.

Loss for the Period

For the above reasons, the Group's loss for the first half of 2023 was approximately RMB163.1 million, compared with profit of approximately RMB20.9 million for the first half of 2022. It was primarily due to the business failed to meet the group's expectations during the year, the related businesses have been temporary suspended. Assessment on new and existing this business sector has been carried out.

FINANCIAL POSITION

Program Copyrights

The Group's program copyrights consist of programs under production, which decreased by 4.8% to approximately RMB528.3 million in the first half of 2023 from approximately RMB554.8 million as at 31 December 2022.

Trade Receivables

The Group's trade receivables represent outstanding amounts due from our customers. The Group's trade receivables (net of loss allowance) decreased by 0.3% to approximately RMB504.5 million as at 30 June 2023 from approximately RMB506.1 million as at 31 December 2022. This was primarily due to the formal recognition of some of our productions.

The following table sets forth an aging analysis of the Group's overall trade receivables, based on the transaction date and net of loss allowance, as at the dates indicated:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
1 month to 3 months	–	102,510
3 months to 6 months	–	67,433
6 months to 1 year	119,105	134,867
1 year to 2 years	136,059	50,214
2 years to 3 years	36,668	151,082
More than 3 years	212,691	–
	504,523	506,106

Management Discussion and Analysis (Continued)

Trade Payables

The Group's trade payables mainly relate to amounts payable for services in choreography, lighting and sound for use in the filming of programs and to third party suppliers. Trade payables decreased by 6.7% from RMB38.9 million as at 31 December 2022 to RMB36.3 million as at 30 June 2023, primarily due to the increase in services used for content production.

Liquidity and Capital Resources

The Group's cash and cash equivalents amounted to approximately RMB0.4 million as at 31 December 2022, compared to approximately RMB0.1 million as at 30 June 2023. Working capital (current assets less current liabilities) and the total equity of the Group amounted to approximately RMB1,302.2 million and approximately RMB1,314.6 million, respectively, as at 31 December 2022, compared to approximately RMB1,232.2 million and approximately 1,212.0 million, respectively, as at 30 June 2023.

As at 31 December 2022 and 30 June 2023, the Group's bank loans payable within one year amounted to approximately RMB59.0 million and approximately RMB58.0 million, respectively. The temporary suspension of trading of the Company's shares have adverse impacts on the Group's operations. The Group has taken and will continue to take to manage its liquidity requirements and improve its financial position include, but are not limited to: (i) continuing to pay close attention to the TV media industry and making good use of its resources with an aim to attain positive and sustainable cash flow from operations; and (ii) putting extra efforts on collecting its trade and other receivables and procuring the distribution of the drama series.

The following table sets forth the information from the Group's consolidated statement of cash flows for the periods indicated:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net cash generated from operating activities	17,486	3,896
Net cash used in investing activities	–	(9,448)
Net cash (used in)/generated from financing activities	(5,108)	10,900
Net increase in cash and cash equivalents	12,378	5,348

Net Cash Generated from Operating Activities

In the first half of 2023, the net cash generated from operating activities was RMB17.5 million, primarily due to the increase in accruals and other payables.

Net Cash Used in Investing Activities

In the first half of 2023, no cash used in investing activities.

Net Cash Used in Financing Activities

In the first half of 2023, the net cash used in financing activities was RMB5.1 million, primarily due to the decrease in the Group's borrowings.

Net Current Assets

As of 30 June 2023, the net current assets of the Group amounted to RMB1,232.2 million, compared to RMB1,302.2 million as at 31 December 2022.

Gearing Ratio

As at 30 June 2023, the Group's gearing ratio (calculated by dividing bank loans and other borrowings by total equity as at the end of each period) was approximately 4.8%, compared to 4.5% as at 31 December 2022.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Announcement dated 25 July 2023 in relation to continuing connected transactions termination of the existing contractual arrangements and entering into the new contractual arrangements. For the purpose of conducting the Group's existing business of production and distribution of radio and television programs in the PRC, (i) the WFOE, the Existing OpCo and the registered shareholders of the Existing OpCo agreed to terminate the Existing Contractual Arrangements; and (ii) the WFOE entered into the New Contractual Arrangements with the New PRC Operating Entity and the New registered shareholders, the effect of which would enable the Company to exercise control over and derive the economic benefits from the New PRC Operating Entity and its subsidiaries (if any) and consolidate their results into those of the Group.

In light of the Reorganisation, (i) the agreements under the Existing Contractual Arrangements would be terminated upon the signing of the New Contractual Arrangements and the completion of the transfer of the business of the Existing OpCo Group to the New PRC Operating Entity; and (ii) the New Contractual Arrangements were entered into on substantially the same terms and conditions as those currently in place under the Existing Contractual Arrangements with effect from 24 July 2023.

Save as disclosed in the financial information disclosed in this announcement and the sections headed "Significant Investments, Acquisitions and Disposals" and "Outlook and Plans" in this announcement, no significant event took place subsequent to 30 June 2023.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

In the first half of 2023, the Group did not have any significant investment held, material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2023, the Group did not have any plans for material investments and capital assets. The Group may look into business and investment opportunities in different business sectors and consider whether any asset or business acquisitions, restructuring or diversification may become appropriate in order to improve its long-term competitiveness.

CAPITAL EXPENDITURE AND COMMITMENTS

In the first half of 2023, the Group did not incur any capital expenditure. As at 30 June 2023, there were no significant capital commitments outstanding against the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 June 2023.

CHARGES ON GROUP ASSETS

As at 30 June 2023, the Group did not have any charges on its assets.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk primarily arisen from the cash balances denominated in foreign currencies generated from bank deposits. The currency giving rise to such risk mainly consists of U.S. dollars. The Group did not hedge against any fluctuation in foreign exchange during the Reporting Period but will closely monitor the exposure and take measures when necessary to ensure that the foreign exchange risk is under control.

CREDIT RISK

The Group's credit risk is primarily attributable to trade receivables and influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate. Therefore, significant concentration of credit risk arises when it has significant exposure to individual customers.

LIQUIDITY RISK

The Group regularly monitors its liquidity requirements to ensure that it maintains sufficient reserves of cash and capital for the short and medium term.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Stock Exchange on the Listing Date, and the subscription price was HK\$2.26 per share. The Company received net proceeds of approximately HK\$829.9 million (approximately RMB749.2 million) (after deduction of underwriting commission and related costs and expenses) from the issuance of 400 million shares under the Global Offering. The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions and industry development made by the Company at the time of preparing the Prospectus while the proceeds will be applied based on the actual development of the Group's business and the industry.

Management Discussion and Analysis (Continued)

Details of the use of proceeds are as follows:

Use of proceeds as described in the Prospectus	Expected amounts to be utilised as disclosed in the Prospectus <i>(RMB'000)</i>	Amounts unutilised as at 30 June 2023 <i>(RMB'000)</i>
A. Funding the development of our new pipeline programs	636,799	–
A(1). Of which: Funding the programs that are expected to be released in 2020	524,423	–
Of which: A(1)(a) TV variety programs in the food, work/career, youth and police/crime genres	217,260	–
A(1)(b) TV drama series in the urban and police/crime genres	202,278	–
A(1)(c) Made-for-internet drama series in the urban, youth and police/crime genres	104,885	–
A(2). Funding the programs that are expected to be released in 2021	112,376	–
B. Expanding our team	37,459	–
C. For working capital and general corporate purposes	74,918	–
IPO proceeds sub-total	749,716	–
Temporary usages		
The AMTD Investments	–	–
The Loan	–	144,879
Total	749,716	144,879

Notes:

- (1) The approximately RMB144.9 million of the net proceeds has been used to fund the secured loan of principal amount of RMB179 million (the “**Loan**”) to Tianjin Fangzhou Technology Development Company Limited* (天津方舟科技發展有限公司) (“**Tianjin Fangzhou**”) pursuant to the loan agreement dated 16 June 2021 (“**Loan Agreement**”), and the remaining principal amount of the Loan (i.e. RMB34.1 million) was funded by its internal resources. For more details, please refer to the announcements of the Company dated 12 August 2021 and 3 September 2021 and the paragraphs in note 18 – Prepayments and other receivables of the consolidated financial statements in this report. The Loan has been matured on 31 December 2021 and principal amount of approximately RMB129,000,000 remained outstanding as at 31 December 2022. The Group is currently negotiating the repayment proposal with Tianjin Fangzhou and further announcement will be made by the Company as and when appropriate.
- (2) For illustration purpose only, conversion of USD into RMB in the table above are based on the exchange rate USD1.00: RMB7.00. Such conversion shall not be construed as representations that amount of such currency was or may have been converted into RMB and vice versa at such rates or any other exchange rates.
- (3) For more details in relation to the acquisition and redemption of the AMTD Investments and the reasons therefor, please refer to the announcement of the Company dated 3 September 2021.

Management Discussion and Analysis (Continued)

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 6 to the unaudited interim condensed consolidated financial statements.

HUMAN RESOURCES

As at 30 June 2023, the Group had 21 full-time employees (as compared with 56 full-time employees as at 30 June 2022), all of whom were based in the PRC. The following table sets forth the number of our employees by function:

	Number of employees	% of total
Content development	6	28.6%
Marketing	5	23.8%
Administrative and human resources	3	14.3%
Finance and capital raising	4	19.0%
Management and support	3	14.3%
Total	21	100.0%

The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches thereof and grounds for termination. Remuneration of the Group's employees include basic salaries, allowances, bonuses, share options and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The remuneration policy for the employees of the Group is formulated by the Board on the basis of their merit, qualifications and competence. We provide regular training to our employees in order to improve their skills and knowledge. The training courses range from further educational studies to skill training to professional development courses for management personnel.

LOAN AND GUARANTEE

During the Reporting Period, the Group did not make any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling shareholders of the Company or any of their respective connected persons.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue		2,170	331,015
Cost of sales		–	(252,909)
Gross profit		2,170	78,106
Other (expense)/income, net		(102,505)	191
Selling and marketing expenses		–	(2,472)
General and administrative expenses		(27,816)	(13,069)
Impairment losses reversed/(recognised) on trade and other receivables, net		925	(34,312)
(Loss)/profit from operations		(127,226)	28,444
Net finance expenses	3(a)	(4,288)	(1,382)
(Loss)/profit before taxation	3	(131,514)	27,062
Income tax expense	4	(31,570)	(6,154)
(Loss)/profit attributable to equity shareholders of the Company for the six months		(163,084)	20,908
Other comprehensive income for the six months			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations into presentation currency		59,668	4,558
Total comprehensive (loss)/income attributable to equity shareholders of the Company for the six months		(103,416)	25,466
(Loss)/earnings per share			
Basic and diluted (RMB)	5	(0.102)	0.013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current assets			
Property and equipment	6(b)	180	202
Right-of-use assets	6(a)	4,975	9,564
Deferred tax assets		–	9,299
Total non-current assets		5,155	19,065
Current assets			
TV program investments		329,370	329,370
Program copyrights	7	528,341	554,815
Trade receivables	8	504,523	506,106
Prepayments and other receivables	9	356,183	348,847
Cash and cash equivalents		122	436
Total current assets		1,718,539	1,739,574
Current liabilities			
Bank loans		58,000	59,000
Contract liabilities		28,494	68,706
Trade payables	10	36,341	38,945
Accruals and other payables	11	253,302	160,430
Lease liabilities		3,532	3,622
Current taxation		106,708	106,716
Total current liabilities		486,377	437,419
Net current assets		1,232,162	1,302,155
Total assets less current liabilities		1,237,317	1,321,220

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2023

Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current liabilities		
Lease liabilities	3,130	6,597
Deferred tax liabilities	22,208	–
Total non-current liabilities	25,338	6,597
Net assets		
EQUITY		
Share capital	73	73
Reserves	1,211,906	1,314,550
Total equity	1,211,979	1,314,623

The consolidated financial statements on pages 13 to 29 were approved and authorized for issue by the board of directors on 30 September 2024 and are signed on its behalf by:

Su Lei
Director

Ma Hongsen
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to equity shareholders of the company						
	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Share-based	Retained profit RMB'000	Total equity RMB'000
					payment reserve RMB'000		
As at 1 January 2022 (audited)	73	882,836	137,106	(36,960)	25,466	167,072	1,175,593
Changes in equity for the six months ended 30 June 2022:							
Profit and other comprehensive income for the six months	-	-	-	4,558	-	20,908	25,466
Equity-settled share-based payments	-	-	-	-	3,792	-	3,792
As at 30 June 2022 (unaudited)	73	882,836	137,106	(32,402)	29,258	187,980	1,204,851
As at 1 January 2023 (audited)	73	882,836	137,106	(36,825)	25,245	306,188	1,314,623
Changes in equity for the six months ended 30 June 2023:							
Loss and other comprehensive income for the six months	-	-	-	59,668	-	(163,084)	(103,416)
Lapse of share options (note 14)	-	-	-	-	(19,212)	19,212	-
Equity-settled share-based payment expenses (note 14)	-	-	-	-	772	-	772
As at 30 June 2023 (unaudited)	73	882,836	137,106	22,843	6,805	162,316	1,211,979

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023 – unaudited

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net cash generated from operating activities	17,486	3,896
Net cash used in investing activities	–	(9,448)
Net cash (used in)/generated from financing activities	(5,108)	10,900
Net increase in cash and cash equivalents	12,378	5,348
Cash and cash equivalents at the beginning of the period	436	3,610
Effect of exchange rate fluctuations on cash held	(12,692)	4,773
Cash and cash equivalents at the end of the period	122	13,731

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1. Basis of Preparation

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022.

2. Changes in Accounting Policies

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The application of these new IFRSs will not have material impact on the financial statements of the Group. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB unless otherwise indicated)

3. (Loss)/Profit Before Taxation

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

(a) Net finance expenses

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Finance income:		
Interest income on loan receivable	(5,835)	(98)
Interest income on bank balances	–	(9,016)
	(5,835)	(9,114)
Finance cost:		
Interest expenses	9,943	10,132
Interest on lease liabilities	180	364
	10,123	10,496
Net finance expenses	4,288	1,382

(b) Other items

The following expenses are included in cost of sales, other (expense)/income, net and general and administration expenses.

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of program copyrights	–	252,909
Impairment losses on program copyrights (included in other expenses/income (2022: cost of sales))	26,474	5,299
Depreciation and amortisation		
– Property, plant and equipment	22	50
– Right-of-use assets	1,023	3,692

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB unless otherwise indicated)

4. Income Tax in the Consolidated Statements of Profit or Loss

Income tax in the consolidated statements of profit or loss represents:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax – PRC		
Enterprise Income Tax		
Provision for the period	63	6,154
Deferred tax expense		
Origination and reversal of temporary differences	31,507	–
	31,570	6,154

The Group has no assessable profit in Hong Kong for the six months ended 30 June 2023 and is not subject to any Hong Kong profits tax. The Hong Kong profits tax rate is 16.5%.

In accordance with the Enterprise Income Tax Law (“**Income Tax Law**”) of the PRC, enterprise income tax rate for the Group’s PRC subsidiaries is 25% for the six months ended 30 June 2023.

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

5. (Losses)/earnings Per Share

The calculation of basic (losses)/earnings per share is based on the (loss)/profit attributable to equity shareholders of the Company of RMB(163,084,000) (six months ended 30 June 2022: RMB20,908,000) and the weighted average number of ordinary shares of 1,600,000,000 shares (six months ended 30 June 2022: 1,600,000,000 ordinary shares in issue) in issue during the interim period.

There were no dilutive potential ordinary shares in existence for the six months ended 30 June 2023 and 2022.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB unless otherwise indicated)

6. Property, Plant and Equipment

(a) Right-of-use assets

During the six months ended 30 June 2023, the Group did not enter into additional lease agreements for use of certain buildings for its office and business operation (for the six months ended 30 June 2022: RMB19,048,000).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2023 and 2022, the Group did not acquire items of property, plant and equipment. No items of plant and machinery was disposed of during the six months ended 30 June 2023 and 30 June 2022.

7. Program Copyrights

(a) Program copyrights in the condensed consolidated statement of financial position comprise:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Programs under production	528,341	554,815

(b) Movements of program copyrights are as follows:

	2023 RMB'000	2022 RMB'000
As at 1 January (audited)	554,815	530,442
Additions	–	55,090
Impairment losses recognised as other expense (2022: cost of sales)	(26,474)	(5,299)
Program copyrights that recognised as cost of sales	–	(25,418)
As at 30 June (unaudited)/31 December (audited)	528,341	554,815

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB unless otherwise indicated)

8. Trade Receivables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	741,837	744,338
Less: loss allowance, net	(237,314)	(238,232)
	504,523	506,106

Ageing analysis

As at the end of the Reporting Period, the ageing analysis of trade receivables, based on the transaction date and net of loss allowance, is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
1 month to 3 months	–	102,510
3 months to 6 months	–	67,433
6 months to 1 year	119,105	134,867
1 to 2 years	136,059	50,214
2 to 3 years	36,668	151,082
More than 3 years	212,691	–
	504,523	506,106

The credit terms agreed with customers are normally 30–360 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB unless otherwise indicated)

9. Prepayments and Other Receivables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Prepayments		
Prepayments to eCommerce provider	133,690	133,690
Prepayments to third parties (i)	125,983	123,129
	259,673	256,819
Other receivables		
Loan to third party (ii)	113,495	125,726
Others	32,312	15,606
	145,807	141,332
Less: loss allowance	(49,297)	(49,304)
	96,510	92,028
	356,183	348,847

Notes:

- i. Prepayments to third parties represent the prepayments to suppliers and prepayments related to the programs of which production has yet to commence.
- ii. On 16 June 2021, the Group's wholly-owned subsidiary, Yueying Xingyao Information Technology (Tianjin) Company Limited ("Yueying Xingyao"; 月影星耀信息技術(天津)有限公司), entered into a loan agreement with Tianjin Fangzhou Technology Development Company Limited ("Tianjin Fangzhou"; 天津方舟科技發展有限公司), a limited liability company established in the PRC (the "Loan Agreement"). Pursuant to the Loan Agreement, Yueying Xingyao (lender), made available a principal amount of RMB179.0 million to Tianjin Fangzhou (borrower) for a term ending on 31 December 2021 and with an annual interest rate of 10%. Such loan is secured by 35% of the total issued shares of Tianjin Fangzhou owned by its ultimate beneficial owner.

During the year ended 31 December 2022, the Group received approximately RMB50,000,000 for the partial settlement of such loan receivable. Subsequent to the end of reporting period on 4 January 2023, the Company entered into a new agreement with Tianjin Fangzhou to extend the repayment period of the outstanding balance for another one year with maturity date of 4 January 2024 with the same interest rate.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB unless otherwise indicated)

10. Trade Payables

As of the end of the Reporting Period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 1 year	785	1,165
1 to 2 years	7,559	19,478
2 to 3 years	23,917	18,302
More than 3 years	4,080	–
	36,341	38,945

All of the trade payables are expected to be settled within one year or are repayable on demand.

11. Accruals and Other Payables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Amount due to Mr. Liu (note (i))	9,224	4,239
Amounts due to third parties (note (ii))	10,000	10,000
Payroll payables	17,943	15,542
Program and IP content research and development payable	11,197	11,197
Other taxes and levies	89,921	89,921
Interest payables	24,690	10,116
Others	90,327	19,415
	253,302	160,430

All of the accruals and other payables are expected to be settled and expensed within one year or are repayable on demand.

Notes:

- (i) Amount due to Mr. Liu, represent the unsecured borrowing of RMB9,224,000 (2022: RMB4,239,000) from Mr. Liu Mu with interest rate of 4.35% per annum and repayable on demand.
- (ii) On 8 September 2020, Zhongguang Yusheng borrowed an additional RMB10,000,000 from Huasheng Yihong, which was guaranteed by Mr. Liu Mu. The borrowing repayment period was extended to 15 September 2023.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB unless otherwise indicated)

12. Dividends

During the six months ended 30 June 2023, no dividends were declared to the shareholders of the Company (during the six months ended 30 June 2022: nil).

13. Share Capital

	No. of share	Amount RMB'000
Ordinary shares, issued and fully paid:		
As at 31 December 2022 (audited), 1 January 2023 (audited) and 30 June 2023 (unaudited)	1,600,000,000	73

14. Equity-Settled Share-Based Payments

The Company has adopted a share option scheme on 7 February 2020 (the “**Share Option Scheme**”) and shall be valid and effective for a period of 10 years from the date of its adoption and the options granted have a 10-year exercise period. Accordingly, the Share Option Scheme shall expire on 6 February 2030. Under the Share Option Scheme, the directors may, at its discretion, offer to grant an option to the following eligible participants to subscribe for such number of new shares as the directors may determine at an exercise price determined in accordance with the terms of the Share Option Scheme:

- Any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- Any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and
- Any advisers, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the directors, will contribute or have contributed to the Company and/or any of its subsidiaries.

On 8 December 2020, the Directors approved the grant of options (“**Options**”) under the Share Option Scheme to ten grantees, of which eight grantees have accepted the Options on 1 January 2021 upon the agreement of the vesting conditions attached to the Options.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB unless otherwise indicated)

14. Equity-Settled Share-Based Payments (Continued)

(a) Details of shares granted are as follows:

Date of grant	Exercise price	Number of options granted	Vesting period	Exercisable period
Options granted to Mr. Xia Rui, the executive director of the Company				
1 January 2021	HK\$0.97	2,672,000	Note (i)(a)	1 January 2022 to 7 December 2030
1 January 2021	HK\$0.97	5,328,000	Note (i)(b)	1 January 2023 to 7 December 2030
1 January 2021	HK\$0.97	8,000,000	Note (i)(c)	1 January 2024 to 7 December 2030
		16,000,000		
Options granted to 5 employees of the Company				
1 January 2021	HK\$0.97	4,008,000	Note (i)(a)	1 January 2022 to 7 December 2030
1 January 2021	HK\$0.97	7,992,000	Note (i)(b)	1 January 2023 to 7 December 2030
1 January 2021	HK\$0.97	12,000,000	Note (i)(c)	1 January 2024 to 7 December 2030
		24,000,000		
Options granted to an external consultant				
1 January 2021	HK\$0.97	8,000,000	Note (ii)	1 January 2022 to 7 December 2030
Options granted to an employee				
1 January 2021	HK\$0.97	16,000,000	Note (ii)	1 January 2022 to 7 December 2030

Notes:

- (i) The options granted are exercisable in accordance with the following vesting schedule: subject to the fulfillment of business performance or both service assessment condition and business performance condition for each of the years ended 31 December 2021, 2022 and 2023 as set out in the grant letter, (a) the first 16.7% of the options granted to the relevant grantee, is exercisable commencing from 12 months after the date of acceptance of the relevant options; (b) the next 33.3% of the options granted to the relevant grantee, is exercisable commencing from 24 months after the date of acceptance of the relevant options; and (c) the remaining 50.0% of the options granted to the relevant grantee, is exercisable commencing from 36 months after the date of acceptance of the relevant options.
- (ii) The options granted are exercisable in accordance with the fulfilment of the service assessment condition for the year ended 31 December 2021 as set out in the grant letter.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements
(Continued)

(Expressed in RMB unless otherwise indicated)

14. Equity-Settled Share-Based Payments (Continued)

(b) The number and weighted average exercise prices of share options

	Weighted average exercise price	Number of options
Outstanding at 31 December 2022 (audited),		
1 January 2023 (audited)	HK\$0.97	48,000,000
Lapsed during the six months	HK\$0.97	(36,000,000)
Outstanding at 30 June 2023 (unaudited)	HK\$0.97	12,000,000
Exercisable as at		
30 June 2023 (unaudited)	HK\$0.97	6,000,000
31 December 2022 (audited)	HK\$0.97	36,000,000

During the six months ended 30 June 2023, no share options was granted (2022: nil) and 6,000,000 (31 December 2022: 36,000,000) options became exercisable as at 30 June 2023.

The share options outstanding as at 30 June 2023 had an exercise price of HK\$0.97 and a weighted average remaining contractual life of 7.5 years (31 December 2022: 8 years).

The Group recognised the total expense of RMB772,000 (the six months ended 30 June 2022: RMB2,421,000) for the six months ended 30 June 2023 in relation to the share options granted by the Company.

The Group recognised a debit of share-based payment reserve of RMB19,212,000 (the six months ended 30 June 2022: RMB5,063,000) upon the lapse of 36,000,000 (the six months ended 30 June 2022: RMB16,000,000) share options during the six months ended 30 June 2023.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB unless otherwise indicated)

15. Material Related Party Transactions

- (a) Names and relationships of the related parties that had material transactions with the Group during the year and balances with the Group at the end of the reporting period

Names of related parties	Nature of relationship
Mr. Liu	Controlling shareholder and executive director of the Company during the years ended 31 December 2023 and 2022
Xia Rui	Executive director of the Company during the years ended 31 December 2022
Nie Lei	Executive director of the Company during the years ended 31 December 2023
Eastern Pearl Capital Fund Spc	Company controlled by a major shareholder of the Company

- (b) Balances with related parties at the end of the reporting period

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Included in prepayments and other receivables:		
Amount due from Xia Rui	409	–
Amount due from Nie Lei	8	–
Included in accruals and other payables:		
Amount due to Mr. Liu	9,224	4,239
Amount due to Eastern Pearl Capital Fund Spc	5,229	–

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB unless otherwise indicated)

16. Acquisition of Subsidiary

On 3 February 2023, a wholly-owned subsidiary of the Company entered into an agreement with 聶雷 and 劉昊, both are independent third parties. Pursuant to the agreement, the Group acquired 100% of the issued share capital of Beijing Fuyu Culture Technology Co., Ltd. (北京馥煜文化科技有限公司) (“Beijing Fuyu”) through contractual arrangements. Beijing Fuyu was engaged in production and distribution of radio and television programs during the year. The acquisition is for the purpose of performing reorganisation.

The fair value of the identifiable assets and liabilities of Beijing Fuyu acquired as at its date of acquisition is as follows:

Assets acquired and liabilities recognised at the date of acquisition:	RMB'000
Other receivables	4,886
Trade and other payables	(5,077)
	(191)
Goodwill arising on acquisition:	
Consideration transferred	–
Less: recognised amounts of net assets acquired	(191)
Goodwill arising on acquisition	191

The fair value of the trade and other receivables acquired is RMB4,886,000. The gross amount due under the contracts is RMB4,886,000, of which RMB nil is expected to be uncollectible.

The goodwill arising on the acquisition of Beijing Fuyu is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

Beijing Fuyu contributed approximately RMB2,170,000 and RMB1,939,000 to the Group's revenue and loss for the period respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2023, total Group revenue for the period would have been RMB2,170,000, and loss for the period would have been RMB163,229,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is intended to be a projection of future results.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, save as disclosed below and to the best knowledge of the Directors, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be 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 pursuant to the Model Code.

Interests of Directors and Chief Executives in the Company or Associated Corporation of the Company

Name	Name of Corporation	Capacity/ Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of the Shareholding (%)
Mr. LIU Mu	The Company	Interest in controlled corporations ⁽¹⁾	457,648,739	Long position	28.60%

Note:

- (1) The Shares are registered under the name of Double K Limited and Blueberry Culture Limited, the issued share capital of which is owned as to 100% by Mr. Liu. Accordingly, Mr. Liu is deemed to be interested in all the Shares held by Double K Limited and Blueberry Culture Limited for the purpose of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, save as disclosed below and to the best knowledge of the Directors, the Directors were not aware of any persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
Mr. LIU Mu ⁽¹⁾	Interest in controlled corporations	457,648,739	Long position	28.60%
Ms. CHANG Xing ⁽²⁾	Interest of spouse	457,648,739	Long position	28.60%
Double K Limited ⁽¹⁾	Beneficial owner	456,750,961	Long position	28.55%
Eastern Pearl Capital Fund SPC-Eastern Pearl Caelus Fund SP	Beneficial owner	231,301,933	Long position	14.46%
Memory Ocean Technology Limited	Interest in controlled corporations	175,636,000	Long position	10.98%
ZHANG Jizhen	Interest in controlled corporations	175,636,000	Long position	10.98%
Ms. LIU Yang ⁽³⁾	Interest in controlled corporations	158,120,000	Long position	9.88%
Atlantis Capital Group Holdings Limited ⁽³⁾	Interest in controlled corporations	158,120,000	Long position	9.88%
OBOR Stable Growth Fund Limited ⁽³⁾	Beneficial owner	113,501,000	Long position	7.09%
Star Fortune Investment Holdings Ltd. ⁽⁴⁾	Interest in controlled corporations	106,752,945	Long position	6.67%
China Zenith Limited ⁽⁴⁾	Interest in controlled corporations	106,752,945	Long position	6.67%
Mr. LIU Chuanjun ⁽⁴⁾	Interest in controlled corporations	106,752,945	Long position	6.67%

Notes:

- (1) The entire issued share capital of Double K Limited is directly owned by Mr. Liu. Mr. Liu is also the beneficial owner of Blueberry Culture Limited which directly holds 897,778 Shares. Accordingly, Mr. Liu is deemed to be interested in the Shares held by Double K Limited and Blueberry Culture Limited.
- (2) Ms. CHANG Xing (常星) is the spouse of Mr. Liu. Accordingly, she is deemed to be interested in the relevant Shares.
- (3) The entire issued share capital of OBOR Stable Growth Fund Limited is wholly owned by Atlantis Investment Management Limited, which is wholly owned by Atlantis Capital Group Holdings Limited. Atlantis Capital Group Holdings Limited is wholly owned by Ms. LIU Yang (劉央). Accordingly, Atlantis Capital Group Holdings Limited and Ms. LIU Yang are respectively deemed to be interested in the Shares held by Atlantis Investment Management Limited and OBOR Stable Growth Fund Limited.
- (4) The entire issued share capital of China Zenith Limited is wholly owned by Star Fortune Investment Holdings Limited, which is wholly owned by Mr. LIU Chuanjun (劉傳軍), an independent third party of the Group. Accordingly, each of Star Fortune Investment Holdings Limited and Mr. LIU Chuanjun is deemed to be interested in the Shares held by China Zenith Limited.

SHARE OPTION SCHEME

On 7 February, 2020, the Company conditionally adopted the Share Option Scheme.

On 8 December 2020, the Directors approved the grant of 77,000,000 options ("**Options**") under the Share Option Scheme to ten grantees ("**Grantees**") pursuant to the Share Option Scheme, of which eight Grantees have accepted the an aggregate of 64,000,000 Options on 1 January 2021 upon the agreement of the vesting conditions attached to the Options. The purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group. As at 30 June 2023, the Company had 36,000,000 share options outstanding ("**Outstanding Share Options**") under the Share Option Scheme. The Outstanding Share Options were granted with both service condition and performance condition to purchase 36,000,000 ordinary shares with an exercise price of HK\$0.97 per share (which was same as the closing price of the shares on the date immediately before the date of grant), all of which were granted to the Grantees based on the mutual understanding of the key terms and conditions of the performance conditions. Among the Outstanding Share Options, 36,000,000 options were granted to the 7 other individuals including 6 employees and an external consultant. The validity period of the options granted is 10 years from the date of grant (i.e. from 1 January 2021 to 7 December 2030). Save as disclosed above, no share options have been granted or agreed to be granted, exercised or cancelled under the Share Option Scheme during the Reporting Period.

The following table sets out the details of the options under the Share Option Scheme:

Type/name of the grantee	Date of grant	Validity period	Exercisable period	Closing price		Fair value of share options at the date of grant during the year	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Reclassified during the Reporting Period	Outstanding as at 30 June 2023	Vesting period
				Exercise price per share (HKD)	per share immediately prior to the date of grant (HKD)								
Director													
Ma Hongsen	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	0.64	-	-	-	-	16,000,000	16,000,000	note (iii)
Others													
an employees	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	0.64	24,000,000	-	-	(12,000,000)	-	12,000,000	note (i)
an external consultant (note (iv))	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	0.64	8,000,000	-	-	-	-	8,000,000	note (ii)
an employee	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	0.64	16,000,000	-	-	-	(16,000,000)	-	-
							48,000,000	-	-	(12,000,000)	-	36,000,000	

Notes:

- (i) The options granted are exercisable in accordance with the following vesting schedule: subject to the fulfilment of business performance or both service assessment condition and business performance condition for each of the financial years 2021, 2022 and 2023 as set out in the grant letter, (a) the first 16.7% of the options granted to the relevant grantee, is exercisable commencing from 12 months after the date of acceptance of the relevant options; (b) the next 33.3% of the options granted to the relevant grantee, is exercisable commencing from 24 months after the date of acceptance of the relevant options; and (c) the remaining 50.0% of the options granted to the relevant grantee, is exercisable commencing from 36 months after the date of acceptance of the relevant options.
- (ii) The options granted are exercisable in accordance with the fulfilment of the service assessment condition for the financial year 2021 as set out in the grant letter.
- (iii) The options granted are exercisable in accordance with the fulfilment of service assessment condition for the financial year 2021 as set out in the grant letter.
- (iv) These share options were granted to a consultant (“**Consultant**”), who is an independent third party, for being the investment consultant of the Company, offering Hong Kong and PRC investment consultancy services to the Company. As Consultant has provided services which contributed to the value of the Group, the Board believes that granting these share options to Consultant as consideration for its services was align with the objective of the Share Option Scheme.

Other Information (Continued)

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

During the Reporting Period, neither the Company nor any of its subsidiaries or any of its consolidated affiliated entities purchased, sold or redeemed any of the Company's listed securities.

LEGAL PROCEEDINGS AND COMPLIANCE

For the six months ended 30 June 2023, the Company complied with the relevant laws and regulations that have a significant impact on the Company.

As at 30 June 2022, the circumstances giving rise to the disclosure under Rule 13.13 of the Listing Rules continued to exist and the advance to Tianjin Fangzhou by the Group as at 30 June 2023 amounted to RMB197,726,244.38.

EVENTS AFTER THE REPORTING PERIOD

References is made to the Announcement dated 3 July 2024. As the recommendation from the Audit Committee, Zhonghui Anda CPA Limited ("**Zhonghui Anda**") has been appointed as the new auditor of the Company with effect from 3 July 2024 to fill the casual vacancy following the resignation of McMillan Woods and to hold office until the conclusion of the next annual general meeting of the Company.

Reference is made to the Announcement dated 14 August 2024, the business of the Existing OpCo Group have been transferred to the New PRC Operating Entity, save for certain receivables from business contracts in relation to TV program investments as at 30 June 2024 and all liabilities including but not limited to trade and other payables, bank loans, tax payable and contract liabilities. Accordingly, the Existing Contractual Arrangements have been terminated with effect from 14 August 2024 and the Existing OpCo ceased to be accounted for as a subsidiary of the Company.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company, comprising Mr. TO Siu Lun, Ms. WU Yaping, Mr. HAN Hao and Mr. SHAN Yiqi, has discussed with the management and reviewed the unaudited interim consolidated financial statements of the Group for the Reporting Period.

CORPORATE GOVERNANCE

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and account of the Board to all Shareholders (the "Shareholders"). The Company has adopted the new Corporate Governance Code (the "New CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), which is effective for the financial year commencing on 1 January 2023, as its own corporate governance code.

During the Reporting Period, the Company complied with all applicable code provisions set out in the New CG Code, except for the following deviations from New CG Code.

	Code Provision	Deviation	Considered Reason for Deviation
C.1.8	The Company should arrange appropriate insurance cover in respect of legal action against the Directors.	The Company has not arranged for appropriate insurance cover in respect of legal action against its directors during the Period.	The Company is in the course of arranging renewal of the Director's and Officers liability insurance with the insurance company in accordance with the requirement under the CG Code.

The Board will examine and review, from time to time, the Company's corporate governance practices and operations in order to meet the relevant requirements under the Listing Rules and to protect the interests of the Company's shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its model code for securities transactions by the Directors. Having made specific enquiries to all Directors, all of them confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

The Group's employees, who are likely to be in possession of inside information of the Group, are subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was identified by the Company.

INTERIM DIVIDEND

The Board has resolved not to recommend payment of any interim dividend for the Reporting Period.

DEFINITIONS

“AMTD”	AMTD Global Markets Limited
“AMTD Investments”	the investments of an aggregate amount of USD70.8 million that the Company acquired pursuant to an asset management agreement with AMTD dated 13 March 2020. Details of which and the redemption thereof are set out in the announcements of the Company dated 28 August 2020, 31 March 2021, 24 June 2021 and 3 September 2021
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of our Company
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this interim report, references in this interim report to the PRC or China do not include Taiwan, Hong Kong or Macau
“Company”, “our Company”, or “the Company”	China Bright Culture Group, an exempted company incorporated in the Cayman Islands with limited liability on 28 May 2019 and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1859)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE and the Registered Shareholders, details of which are described in the section headed “Report of the Directors – Connected Transactions – Contractual Arrangements” in the 2022 Annual Report
“Controlling Shareholders”	has the meaning ascribed thereto in the Listing Rules and unless the context requires otherwise, refers to Mr. Liu, Double K Limited and Blueberry Culture Limited
“Director(s)”	the director(s) of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering

Definitions (Continued)

“Group; “our Group; “the Group; “we; “us; or “our”	the Company, its subsidiaries and the PRC Operating Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Mr. Liu”	Mr. LIU Mu, our previous chairman of the Board, executive Director, chief executive officer and one of our Controlling Shareholders
“PRC Operating Entity(ies)”	the entity(ies) controlled by the Company through the Contractual Arrangements
“Prospectus”	the prospectus of the Company dated 28 February 2020 in relation to its initial public offering
“Reporting Period”	six months ended 30 June 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.00001 each
“Share Option Scheme”	the share option scheme adopted by our Company on 27 February 2020
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Definitions (Continued)

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“United States,” “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“WFOE”	Beijing Yusheng Culture Co., Ltd.* (北京煜盛文化有限公司), a company established in the PRC with limited liability on 15 July 2019 and a wholly-owned subsidiary of our Company
“Zhongguang Yusheng”	Beijing Sino-Prosperty Culture Group Co., Ltd.* (北京中廣煜盛文化傳播有限公司), a company established in the PRC with limited liability on 3 April 2014

* *For identification purposes only*

The English names of the PRC entities, the PRC laws or regulations, and the PRC governmental authorities referred to in this interim report are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and figures rounded to the nearest thousand, million or billion may not be identical to figures that have been rounded differently to them.