



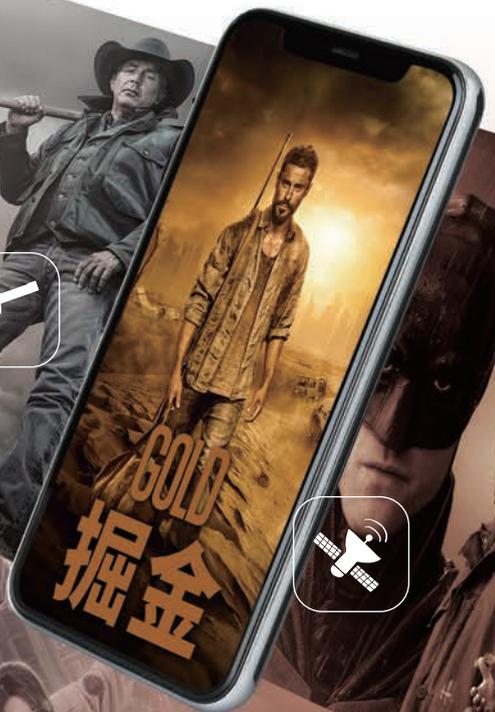
儒意控股  
RUYI HOLDINGS

CHINA RUYI HOLDINGS LIMITED

中國儒意控股有限公司

(a company incorporated in Bermuda with limited liability)  
(Stock Code: 136)

INTERIM  
REPORT  
2023





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## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Mr. Ke Liming (*Chairman*)  
Ms. Chen Xi  
Mr. Wan Chao  
(Resigned on 28 June 2023)  
Mr. Zhang Qiang

#### Non-executive Director

Mr. Yang Ming (Appointed on 28 June 2023)

#### Independent Non-executive Directors

Mr. Chau Shing Yim, David  
Mr. Nie Zhixin  
Mr. Chen Haiquan  
Professor Shi Zhuomin

### AUDIT COMMITTEE

Mr. Chau Shing Yim, David (*Chairman*)  
Mr. Nie Zhixin  
Mr. Chen Haiquan

### REMUNERATION COMMITTEE

Mr. Chau Shing Yim, David (*Chairman*)  
Mr. Ke Liming  
Mr. Nie Zhixin

### NOMINATION COMMITTEE

Mr. Ke Liming (*Chairman*)  
Mr. Nie Zhixin  
Mr. Chen Haiquan

### COMPANY SECRETARY

Mr. Fong Kar Chun, Jimmy

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15th Floor  
YL Life Centre  
38 Gloucester Road  
Wanchai  
Hong Kong

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

CN03  
Laijin Culture Creative Industrial Park  
Chaoyang District  
Beijing  
The People's Republic of China

### SHARE REGISTRARS

#### Bermuda

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
Bermuda

#### Hong Kong

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

### PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited  
Bank of Hangzhou Co., Ltd.  
Agricultural Bank of China Limited

### AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity Auditor

### WEBSITE ADDRESS

<http://www.ryholdings.com>

### DATE OF REPORT

31 August 2023



## MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

I am pleased to present the results of China Ruyi Holdings Limited (the “**Company**” or “**China Ruyi**”), its subsidiaries and its controlled entities (the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”).

### FINANCIAL PERFORMANCE SUMMARY

The Group recorded a loss attributable to equity holders of the Company of approximately RMB262 million for the six months ended 30 June 2023, which decreased by approximately RMB409 million as compared to a profit attributable to equity holders of the Company of approximately RMB147 million for the six months ended 30 June 2022. The basic and diluted losses per share were RMB2.62 cents and RMB2.62 cents for the six months ended 30 June 2023 respectively as compared to the basic and diluted earnings per share of RMB1.59 cents and RMB1.54 cents respectively for the six months ended 30 June 2022.

The Group’s turnover increased to approximately RMB804 million during the six months ended 30 June 2023, as compared to the turnover of approximately RMB652 million during the six months ended 30 June 2022. Its revenue from content production, online streaming and online gaming businesses, among others, was approximately RMB785 million for the six months ended 30 June 2023, and was approximately RMB19 million from other businesses.

As at 30 June 2023, the EBITDA of the Company was approximately RMB688 million, while the EBITDA as at 30 June 2022 was approximately RMB344 million. As at 30 June 2023, our adjusted EBITDA and adjusted EBITDA margin were approximately RMB540 million and 67.2%, respectively, while the adjusted EBITDA and adjusted EBITDA margin as at 30 June 2022 were approximately RMB386 million and 59.2%, respectively.

### BUSINESS REVIEW AND OUTLOOK

In the “post-pandemic” era of 2023, all business segments of the Company experienced an all-encompassing recovery fueled by robust support from national policies and a rebound in domestic consumption.

The entertainment business of the Company has fully recovered. The Company has actively developed and laid out the film and television drama production business, the online streaming business and gaming business to optimise the revenue structure, especially the film and television drama production business. In the first half of the year, a number of films and television dramas were released with outstanding revenue performance. Total revenue amounted to RMB804 million in the first half of the year, representing a significant increase as compared to the corresponding period last year.

#### Film and Television Drama Production Business

Ruyi Films is a professional film and television drama production brand of the Group with industry-leading capabilities in content research and development, film production, as well as promotion and distribution. Ruyi Films has an extensive scope of business, covering film, television dramas, online production and other fields.

In the first half of 2023, after the change in pandemic policy, the performance of the film and television industry stood out in the recovery of consumption. According to the data released by the China Film Administration, the Chinese film market recorded a total box office of RMB26.271 billion in the first half of 2023, representing a year-on-year increase of 52.91%. China’s box office in 2023 summer movie season has even broken the 2019 box office record of approximately RMB17.8 billion, hitting a new record high of RMB20 billion. Film and television drama production business revenue reached RMB646 million, representing a significant increase as compared to the corresponding period last year.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Company believes that a good story is the most critical key to success for our work. We have established close cooperation with first-tier film and television industry partners, and gained the attention and recognition of the audience through constant innovation and production of high-quality content. At the same time, adhering to the producer-centric system, with a talented team of producers and the model of “senior employees mentoring new employees” adopted, we have actively fostered a team of post-80s talents to facilitate business development and lay a foundation for team succession while controlling costs more efficiently. In addition, being in charge of our projects, our producers maximise the commercial value while ensuring the artistry of their work, and produce high-quality film and television products through precise control of the script and every production process.

The script reserve of the Company during the pandemic determined whether a timely response can be made upon the resumption of production and operation in the post-pandemic period. Attributable to foresight of our experts on the film and television market, the Company has stocked up scripts during the pandemic, with explored and reserved scripts covering a wide range of genres. Upon the resumption of operation following the pandemic, the Company immediately commenced the production of several films and television dramas. Thanks to the high production rate earlier, the number of films which Ruyi Films participated in the production and distribution during the Reporting Period significantly increased year on year, with a cumulative box office of RMB5.462 billion. Films in which we served as the main producer, including “Five Hundred Miles” (《交換人生》) and “Post-Truth” (《保你平安》), received warm response from the audience. In particular, “Post-Truth” won the “2023 Weibo Movie Night Audience Favorite Movie of the Year” (2023 微博電影之夜年度觀眾喜愛影片). Both “Born to Fly” (《長空之王》) and “Lost in the Stars” (《消失的她》), the films in which we served as the co-producer, achieved remarkable results in terms of reputation and box office. In addition, the television drama “Love Is Full of Jiudaowan” (《情滿九道彎》) produced by the Company was awarded the “Outstanding TV Series of the Year” (年度優秀電視劇) by the “2023 Spring Capital TV Program Forum & Market” (2023 首都電視節目春推會). “One and Only” (《熱烈》), an inspirational sports-themed film starring Wang Yibo and Huang Bo in which the Company served as the main producer, has been screened in this summer and acclaimed by the audience, and the television drama “Fireworks of My Heart” (《我的人間煙火》) starring Yang Yang is expected to significantly boost the Company’s revenue and profit in the second half of the year.

The Company also has a rich films and television dramas pipeline pending releases or production which will be successively released to attain revenue, such as “Hengyang 1944” (《援軍明日到達》), a war film with Mr. Liu Heping as the chief producer; “Rechter Tie” (《大唐狄公案》), a feature-length detective television drama in ancient Chinese costumes with Di Renjie, the chancellor of the Tang Dynasty, as the main character; “Heroes Chronicles” (《英雄志》), a television drama in ancient Chinese costumes based on the martial arts novel of the same name by Sun Xiao; and “Chang Feng Po Lang” (《長風破浪》), a television drama set in the Republic of China era starring Wang Yibo and Li Qin.

In recent years, the film and television industry has developed rapidly and experienced rapid changes and innovations. The advancement of digital technology and the rise of new media platforms have promoted the continuous growth of consumers’ demand for film and television content. The management of the Company will continue to pay attention to industry trends and formulate corresponding development strategies to maintain competitive advantages in the industry and continuous business growth. With the continuous technological advancement, technological innovation plays an increasingly important role in the film and television industry. We will continue to apply advanced film and television production technologies, such as virtual reality, augmented reality and artificial intelligence, to enhance the creativity and visual effects of the content. Meanwhile, the international market is also crucial to our development. We will continue to pursue opportunities to cooperate with international film production companies, directors and actors to jointly create more films and television dramas with global influence. We will continue to focus on creativity diversity and depth of content to provide diversified and attractive work.

In the highly competitive film and television industry, the management of the Company will maintain keen market insight and innovation, and continue to develop and expand business to meet the challenges and changes in the industry.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Online Streaming Long Video Platform – Pumpkin Films

In recent years, the streaming media industry has experienced explosive growth, becoming one of the major ways of entertainment and consumption. In this highly competitive industry, the Company is supported by its shareholder Tencent. Our management has been committed to improving content quality, expanding subscriber base and maintaining technological innovation. Debuted in 2015, Pumpkin Films is currently the largest vertical subscription-based streaming media platform in China. Discarding the film sources which are overwhelmingly cumbersome and deterring subscribers, our content focuses on four major categories: films, television dramas, animations and documentaries. Pumpkin Films utilises precise algorithms empowered with technology to conduct digital analysis of subscriber behavior, understands the style and preferences of subscribers, and intelligently recommends personalised contents to its members with a vision of “Pumpkin knows you better than you do”. At the same time, the Company collects mega data on subscriber preferences through data-driven innovation, which provides the foundation for the Company to produce subsequent contents.

Adhering to a subscription-focused business model, the streaming segment of the Company strives to provide ad-free viewer experience with high-quality content as the core to reduce the commercial interference of films. The Company is committed to providing subscribers with a variety of choices through an extensive content library and exclusive copyrights while concurrently acting as the agent and the distributor. During the Reporting Period, the Company established sound cooperation with well-known copyright owners at home and abroad, continued to introduce high-quality films and top-tier new dramas, such as the classic high-scoring drama “Yellowstone 1883” (《黄石1883》), “Halo” (《光环》) and the big IP “Snowpiercer” (《雪国列车》) drama series.

We also notice that original content is of great significance in the streaming media industry. We will continue to increase investment in original content, cultivate more outstanding creators and production teams, and create unique and influential original and innovative products to attract more subscribers and improve subscriber retention. By strengthening cooperation with production companies, directors and actors, we will expand diverse cooperation models and jointly create high-quality content to meet the diverse needs of subscribers.

Technological innovation is an important impetus for the streaming media industry. We will continue to invest in technology research and development and innovation to improve our platform performance and subscriber experience. We will focus on the application of new technologies, such as artificial intelligence, augmented reality and virtual reality, to provide a more extensive and immersive viewer experience.

With the increasing penetration of digital entertainment and ever-changing user demands, streaming media industry is facing new opportunities and challenges. Our management will pay close attention to market trends and formulate a development blueprint that conforms to industry trends, so as to achieve sustainable growth while seizing advantages. We will continue to improve subscriber experience, expand subscriber base, and maintain a leading position in the highly competitive streaming media industry.

### Gaming Business – the Key Business Development in the Future which will provide the Company with Robust Cash Flow and Considerable Revenue

“JINGXIU” is a gaming business brand under the Group, which enhances the monetization of the proprietary film and television dramas intellectual properties of the Company through the linkage between films and games. In the long run, it helps to strengthen the Group’s talent pool and consolidate its technological collaboration capability, which in turn allows the Company to leap into a new stage of high-quality development.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

According to the “China Gaming Industry Report for January – June 2023” (《2023年1–6月中國遊戲產業報告》) released by the Game Publishers Association Publications Committee (GPC) of The China Audio-video and Digital Publishing Association (中國音數協遊戲工委), the actual sales revenue of the domestic gaming market was RMB144.263 billion, representing a year-on-year decrease of 2.39% and a period-to-period increase of 22.2%, indicating a clear market recovery trend. Based on this trend, a relatively strong bottoming out is expected in the second half of the year. During the same period, China had 668 million game users, representing a year-on-year increase of 0.35%, reaching a record high.

Under the ever-changing environment with fierce competition, we have conducted in-depth analysis on the development of our launched games and future operations. Based on the future development trend of gaming industry, we have determined our future development direction. Building on our two games in operation, the Company adheres to the boutique route. In respect of game distribution, research cooperation, overseas distribution and other fields, we will continue to focus on improving core game modes, aiming to provide users with the best game contents and experience.

At the same time, we will continue to explore joint distribution and development of more top-notch IPs. As such, we will develop our existing game fields with huge potential, covering SLG, action RPG, card game and other categories. Integrating with different themes including sports, ACGN and historical culture, we are keen on differentiated innovation, continuously invest resources and put efforts, and cultivate an outstanding game development and distribution team, striving to achieve sustainable high growth in revenue.

During the Reporting Period, the Company established an excellent product research and development and operation team, and will vigorously develop the aforementioned game genre and theme in the future. We focus on the development of key IP cooperation projects. Through content creation and technology innovation via research and development, as well as quality distribution channels at home and abroad accumulated via distribution and Tencent, our shareholder, we believe this operation will enhance the cash flows and revenue of the Company. Prior to that, we have obtained the publication approval for the licensed distribution of a Three Kingdoms-themed SLG game, and will successively launch a variety of games such as well-known IP classic MMO RPG mobile games and SLG mobile games. In addition, the Company has provided distribution and marketing support for two games that have been launched this year, and will also provide distribution and marketing support for a number of games that will be launched soon. It is expected that the revenue and profit of the game segment will increase significantly in the second half of the year.

In order to maintain our competitiveness and achieve sustainable growth, we attach great importance to global market expansion and strategic cooperation. We will actively explore the opportunities to cooperate with world leading game companies in jointly developing and distributing games, thereby enhancing our market reputation and brand influence. Hence, we will actively develop our overseas distribution team in the second half of the year. Focusing on our strategies and talent introduction, we will gradually develop essential components for overseas distribution, and study the culture and audience needs in different markets, aiming to better adapt to and satisfy the needs of local players, and fully prepare for the introduction of our products to global markets.

At the same time, the Company will reinforce cooperation with Tencent Group and industry-leading distribution partners to carry out diverse cooperation such as game agency distribution cooperation, game joint venture cooperation and marketing services. By creating a diversified product matrix, we will further expand our revenue streams.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### ADJUSTED EBITDA

To supplement our consolidated financial statements which are presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”), we also use adjusted net profit and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with HKFRS. We believe that these non-HKFRS measures, which have excluded certain items, facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help management. However, our presentation of the adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS. The following tables reconcile our adjusted EBITDA for the periods presented to the most directly comparable financial measures calculated and presented in accordance with HKFRS:

	Six months ended	
	30 June 2023 RMB'000	30 June 2022 RMB'000
<b>Reconciliation of net (loss)/profit to adjusted EBITDA</b>		
Net (loss)/profit for the period	(263,651)	146,567
Add:		
Depreciation of property, plant and equipment	1,529	2,085
Depreciation of right-of-use assets	8,852	6,593
Amortisation of film and television programmes rights	892,742	146,423
Amortisation of other intangible assets	1,252	1,304
Finance costs	47,494	40,667
EBITDA	688,218	343,639
Add:		
Share-based compensation expense	39,330	44,282
Fair value change in contingent consideration payable	(187,217)	(2,287)
<b>Adjusted EBITDA</b>	<b>540,331</b>	<b>385,634</b>



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### LIQUIDITY, CAPITAL RESOURCES, BORROWINGS AND GEARING RATIO

The Group maintains a prudent treasury policy. The Group primarily financed its operations through shareholder's equity, borrowings and cash generated from operations. During the six months ended 30 June 2023, the liquidity of the Group was closely monitored by the Board and the Group reviews its working capital and finance requirements on a regular basis.

#### Liquidity

As at 30 June 2023, the Group maintained cash and bank balance of approximately RMB889.2 million (as at 31 December 2022: approximately RMB1,189.7 million). The decrease in cash and bank balance was due to the continuous investment in the overall strategy in the first half of the year under the continuous diversified layout of the Company.

#### Borrowings and Gearing Ratio

The Group maintained a sound financial position, and its borrowing demand was not seasonal. As at 30 June 2023, the Group had borrowings of RMB1,865.2 million (as at 31 December 2022: approximately RMB1,769.9 million), with borrowings at fixed interest rates accounting for 12.33%. Such bank borrowings will be due within five months.

As at 30 June 2023, the Group's net equity amounted to approximately RMB7,713.3 million (as at 31 December 2022: approximately RMB7,971.2 million) with total assets amounting to approximately RMB13,048.2 million (as at 31 December 2022: approximately RMB13,219.0 million). Net current assets were approximately RMB2,276.0 million (as at 31 December 2022: approximately RMB3,159.4 million) and the current ratio was 1.7 times (as at 31 December 2022: 2.5 times). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing borrowings and lease liabilities) over shareholders' funds was 3.5% (as at 31 December 2022: 2.8%).

#### Charge of Assets

As at 30 June 2023, the Group did not have any charges on assets (as at 31 December 2022: nil).

#### Commitment

As at 30 June 2023, the Group had no capital commitment (as at 31 December 2022: nil).

#### Contingent Liabilities

The Company and the Group did not provide corporate guarantee to its subsidiaries or other parties and did not have other contingent liabilities as at 30 June 2023 (as at 31 December 2022: nil).

#### Loan Financing

During the six months ended 30 June 2023, no new loan was granted and therefore no interest income was generated from this segment (the year ended 31 December 2022: nil).



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### CURRENCY RISK MANAGEMENT

The Group had significant amount of assets and liabilities denominated in Renminbi (RMB) as at 30 June 2023. The content production, online streaming and gaming businesses are mainly carried out in RMB in Mainland China. Therefore, the Group is exposed to the risk of significant fluctuation in RMB exchange rates. During the six months ended 30 June 2023, the Group closely monitored the fluctuation and does not expect any material fluctuation of exchange rates in the near future, but will continue to monitor it.

### INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

### MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 June 2023, there was no material acquisition and disposal by the Company or any of its subsidiaries.

### SIGNIFICANT INVESTMENTS

Save as otherwise disclosed in this report, the Group did not have any significant investments for the six months ended 30 June 2023, and there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

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

During the six months ended 30 June 2023, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

#### Use of proceeds from the previous share issuance

The Company entered into (a) a share subscription agreement with Water Lily on 13 July 2022 (the "**2022 Water Lily Share Subscription Agreement**"), pursuant to which, the Company agreed to allot and issue, and Water Lily agreed to subscribe at HK\$2.40 per subscription share for 162,500,000 new shares of the Company; and (b) a share subscription agreement with Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) ("**Sunshine Life**") on 14 July 2022 (the "**Sunshine Life Share Subscription Agreement**"), pursuant to which, the Company agreed to allot and issue, and Sunshine Life agreed to subscribe at HK\$2.40 per subscription share for 487,500,000 subscription shares (collectively, the "**Previous Share Issuance**"). The 2022 Water Lily Share Subscription Agreement and Sunshine Life Share Subscription Agreement was completed on 13 October 2022 and 21 December 2022, respectively. For details of the Previous Share Issuance, please refer to the announcements of the Company dated 14 July 2022 and 23 December 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Details of the Company's utilisation of net proceeds raised from the Previous Share Issuance during the Reporting Period are set out as follows:

<b>Proposed use of proceeds as disclosed in the announcement of the Company dated 23 December 2022</b>	<b>Allocated amount of net proceeds</b> (Approximate HK\$ million)	<b>Utilised amount as at 30 June 2023</b> (Approximate HK\$ million)	<b>Unutilised amount as at 30 June 2023</b> (Approximate HK\$ million)	<b>Expected timeframe for utilising the remaining unused net proceeds</b>
General working capital purposes	57	57	—	Fully utilised as intended
The growth and expansion of the business of the Group, including:	1,503	1,259	244	It is expected that the net proceeds for the growth and expansion of the Group's business will be fully utilised between September 2023 — March 2024.
• content production	1,150	920	230	
• purchase of drama script and copyright	37	37	—	
• purchase of copyright of films and TV programs	252	252	—	
• development of online gaming business	64	50	14	
<b>Total</b>	1,560	1,316	244	N/A

## SHARE-BASED PAYMENTS

### 2013 Share Option Scheme

The Company's former share option scheme (the "2013 Share Option Scheme") adopted pursuant to a resolution passed by the shareholders of the Company (the "Shareholders") on 31 October 2013 was terminated by a resolution passed in the annual general meeting of the Company held on 28 June 2023 (the "2023 AGM").

During the Reporting Period, no share option has been granted under the 2013 Share Option Scheme. As at 30 June 2023, (i) 181,917,000 share options granted under the 2013 Share Option Scheme had not been exercised; and (ii) no share option granted under the 2013 Share Option Scheme had been lapsed or cancelled (as at 31 December 2022: nil). The share options available for grant under the 2013 Share Option Scheme at the beginning and the end of the Reporting Period were 553,988,761 and nil (due to the termination of the scheme), respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Details of movements of share options granted to the Directors under the 2013 Share Option Scheme during the Reporting Period are as follows:

Grantee	Date of grant	Number of Share Options (thousands)				Exercise period	Lapsed/ cancelled during the Reporting Period	Exercise price per share (HK\$)
		Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Outstanding as at 30 June 2023			
Ms. Chen Xi	26 November 2021	2,400	—	—	2,400	26 November 2022– 25 November 2027	—	3.43
	26 November 2021	4,800	—	—	4,800	26 November 2023– 25 November 2028	—	3.43
	26 November 2021	7,200	—	—	7,200	26 November 2024– 25 November 2029	—	3.43
	26 November 2021	14,400	—	—	14,400	26 November 2025– 25 November 2030	—	3.43
	26 November 2021	19,200	—	—	19,200	26 November 2026– 25 November 2031	—	3.43
	<b>Sub-total:</b>	<b>48,000</b>	<b>—</b>	<b>—</b>	<b>48,000</b>		<b>—</b>	
Mr. Zhang Qiang	26 November 2021	500	—	—	500	26 November 2022– 25 November 2027	—	3.43
	26 November 2021	1,000	—	—	1,000	26 November 2023– 25 November 2028	—	3.43
	26 November 2021	1,500	—	—	1,500	26 November 2024– 25 November 2029	—	3.43
	26 November 2021	3,000	—	—	3,000	26 November 2025– 25 November 2030	—	3.43
	26 November 2021	4,000	—	—	4,000	26 November 2026– 25 November 2031	—	3.43
	<b>Sub-total:</b>	<b>10,000</b>	<b>—</b>	<b>—</b>	<b>10,000</b>		<b>—</b>	
	<b>Total:</b>	<b>58,000</b>	<b>—</b>	<b>—</b>	<b>58,000</b>		<b>—</b>	

Notes:

1. The vesting period for the share options granted on 26 November 2021 is from 26 November 2022 to 25 November 2031.
2. The closing price immediately before the date on which the share options were granted on 26 November 2021 was HK\$3.43 per share.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Details of movements of share options granted to senior management and employees of the Group (apart from Directors) under the 2013 Share Option Scheme during the Reporting Period are as follows:

Date of grant	Number of Share Options (thousands)				Exercise period	Lapsed/ cancelled during the Reporting Period	Exercise price (HK\$)
	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Outstanding as at 30 June 2023			
26 November 2021	6,196	—	—	6,196	26 November 2022– 25 November 2027	—	3.43
26 November 2021	12,392	—	—	12,392	26 November 2023– 25 November 2028	—	3.43
26 November 2021	18,588	—	—	18,588	26 November 2024– 25 November 2029	—	3.43
26 November 2021	37,175	—	—	37,175	26 November 2025– 25 November 2030	—	3.43
26 November 2021	49,566	—	—	49,566	26 November 2026– 25 November 2031	—	3.43
<b>Total:</b>	<b>123,917</b>	<b>—</b>	<b>—</b>	<b>123,917</b>		<b>—</b>	

Notes:

1. The vesting period for the share options granted on 26 November 2021 is from 26 November 2022 to 25 November 2031.
2. The closing price immediately before the date on which the share options were granted on 26 November 2021 was HK\$3.43 per share.

### 2023 Share Option Scheme

The Company's existing share option scheme (the "2023 Share Option Scheme") was adopted pursuant to a resolution passed on 28 June 2023 at the 2023 AGM, for the primary purpose of enabling the Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group, and which will expire 10 years after the date of adoption (i.e. 27 June 2033).

Eligible participants under the 2023 Share Option Scheme ("Eligible Participants") include:

- employee participants: the directors (including independent non-executive directors), officers (who are also directors and/or employees) and employees (whether full-time or part-time) of any member of the Group (including persons who are granted options under the 2023 Share Option Scheme as inducement to enter into employment contracts with any member of the Group);



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- Related entity participants: any director, chief executive (who are also directors and/or employees) and employee of the holding companies, fellow subsidiaries or associated companies of the Company; and
- Service providers (“**Service Providers**”): any person providing services to the Group on a continuing and recurring basis in its ordinary and usual course of business of the Group, the grant of options to whom is in the interests of the long-term growth of the Group as determined by the Board, namely:
  - (i) suppliers of products or services, including suppliers, artistes, advisors, consultants, agents or other professional firms with expertise in production, development, marketing, promotion and/or distribution of film and television dramas, online streaming and games and other business activity(ies) that may be carried out by the Group from time to time; and
  - (ii) business partners, including distributors, joint venture partners or other contractual parties, which may be entities in the film and television drama production, online streaming and game industries and other business industries in which the Group operates from time to time that collaborate with the Group on continuing or discrete projects; but, for the avoidance of doubt,

excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries, and (ii) professional service providers such as the auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

The Board may, at its discretion, grant options to any Eligible Participant to subscribe for shares in the Company at the subscription price of (i) the closing price of the shares on the Stock Exchange on the date of grant of the option, which must be a trading day; (ii) the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the options; or (iii) the nominal value of the shares, whichever is the highest.

The maximum number of Shares in respect of which options may be granted to each participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in any 12-month period shall not exceed 1% of the total number of the issued share of the Company. Upon acceptance of option, the grantee shall pay HK\$1 to the Company by way of consideration of the grant. To the extent that the offer to grant an option is not accepted within 30 days from the date upon which it is made, it shall be deemed to have been irrevocably declined and lapsed automatically.

Subject to the exceptions as set out under the 2023 Share Option Scheme, an option granted under the 2023 Share Option Scheme have to be held for at least 12 months before it can be exercised. Save as determined by the Board and provided in the offer letter of the grant of an option, there is no performance target for the 2023 Share Option Scheme. The expiry date of the option is 10 years after the grant.

The total number of options available for grant under the scheme mandate of the 2023 Share Option Scheme at the time of the adoption of the 2023 Share Option Scheme and the end of the Reporting Period was 1,000,464,754 and 1,000,464,754, respectively. The total number of options available for grant under the Service Provider sub-limit of the 2023 Share Option Scheme at the time of the adoption of the 2023 Share Option Scheme and the end of the financial period Reporting Period was 500,232,377 and 500,232,377, respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Since the adoption of the 2023 Share Option Scheme and up to the date of this report, the Company has not granted any share option under the 2023 Share Option Scheme or adopted any other share option scheme. As at 30 June 2023, there were no outstanding options under the 2023 Share Option Scheme.

The total number of Shares available for issue under the 2023 Share Option Scheme is 1,000,464,754, representing approximately 9.35% of the issued Shares as at the date of this report.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interest and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) as required to be kept and recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by directors of the Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on Hong Kong Stock Exchange (the "Listing Rules") as adopted by the Company, was as follows:

Long positions in the Shares:

Name of Director	Nature of interest	Beneficial interest in Shares	Beneficial interest in Shares
Mr. Ke Liming (Note 1)	Controlled corporation	3,727,381,250	37.26%
Mr. Yang Ming (Note 2)	Beneficial owner	1,080,000	0.01%
Ms. Chen Xi (Note 3)	Beneficial owner	48,000,000	0.48%
Mr. Zhang Qiang (Note 3)	Beneficial owner	10,000,000	0.10%

Notes:

- (1) 1,893,101,943 Shares were indirectly held by Mr. Ke Liming through Pumpkin Films Limited, a company indirectly wholly-owned by Mr. Ke Liming. Mr. Ke Liming was also deemed to be interested in 1,834,279,307 Shares within the meaning of Part XV of the SFO, being the underlying shares of the warrants granted to Pumpkin Films Limited, a company wholly owned by him.
- (2) Mr. Yang Ming was directly interested in 1,080,000 Shares.
- (3) The interests in shares (as defined in Part XV of the SFO) held by Ms. Chen Xi and Mr. Zhang Qiang respectively represent the underlying shares of the options granted to Ms. Chen Xi and Mr. Zhang Qiang under the 2013 Share Option Scheme.

Save as disclosed above, as at 30 June 2023, none of the Directors, the chief executives of the Company nor their associates had any interests or short position in the shares, underlying shares or debentures of the Company and any of its associated corporations that were required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Listing Rules. During the Reporting Period, no individual has held the position of chief executive of the Company.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age of eighteen, had any right to subscribe for the securities of the Company, or had exercised any such rights during the Reporting Period.

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

#### Positions as at 30 June 2023

As at 30 June 2023, Shareholders who had interests or short positions in the shares or underlying shares of the Company of 5% or more which fell to be disclosed to the Company under Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

Interest in the shares and underlying shares — long positions:

Name of Shareholder	Number of Shares held	Deemed interests in number of Shares	Total	Capacity	Approximate percentage of issued share capital of the Company
Mr. Ke Liming	0	3,727,381,250	3,727,381,250	Interest of a controlled corporation	37.26%
Pumpkin Films Limited (Note 1)	3,727,381,250	0	3,727,381,250	Beneficial owner	37.26%
Tencent Holdings Limited	0	2,045,734,565	2,045,734,565	Interest of a controlled corporation	20.45%
Water Lily (Note 2)	2,045,734,565	0	2,045,734,565	Beneficial owner	20.45%

Notes:

- (1) 1,893,101,943 Shares were indirectly held by Mr. Ke Liming through Pumpkin Films Limited, a company indirectly wholly-owned by Mr. Ke Liming. Mr. Ke Liming was also deemed to be interested in 1,834,279,307 Shares within the meaning of Part XV of the SFO, being the underlying shares of the warrants granted to Pumpkin Films Limited, a company wholly owned by him.
- (2) Water Lily is an indirect wholly-owned subsidiary of Tencent Holdings Limited.

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any person who had interests or short positions in the shares and underlying shares of the Company which fell to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by Company under Section 336 of the SFO.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Position as at 31 August 2023

As at the date of this report, being 31 August 2023, Shareholders who had interests or short positions in the shares or underlying shares of the Company of 5% or more which fell to be disclosed to the Company under Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

Interest in the shares and underlying shares — long positions:

Name of Shareholder	Number of Shares held	Deemed interests in number of Shares	Total	Capacity	Approximate percentage of issued share capital of the Company
Mr. Ke Liming	0	3,727,381,250	3,727,381,250	Interest of a controlled corporation	34.84%
Pumpkin Films Limited (Note 1)	3,727,381,250	0	3,727,381,250	Beneficial owner	34.84%
Tencent Holdings Limited	0	2,545,734,565	2,545,734,565	Interest of a controlled corporation	23.80%
Water Lily (Note 2)	2,545,734,565	0	2,545,734,565	Beneficial owner	23.80%

Notes:

- (1) 1,893,101,943 Shares were indirectly held by Mr. Ke Liming through Pumpkin Films Limited, a company indirectly wholly-owned by Mr. Ke Liming. Mr. Ke Liming was also deemed to be interested in 1,834,279,307 Shares within the meaning of Part XV of the SFO, being the underlying shares of the warrants granted to Pumpkin Films Limited, a company wholly owned by him.
- (2) Water Lily is an indirect wholly-owned subsidiary of Tencent Holdings Limited. Water Lily's interest in 2,545,734,565 Shares included 500,000,000 subscription shares to be allotted and issued pursuant to the terms and conditions of the 2023 Water Lily Share Subscription Agreement (as defined below).

Save as disclosed above, as at the date of this report, being 31 August 2023, the Company had not been notified by any person who had interests or short positions in the shares and underlying shares of the Company which fell to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by Company under Section 336 of the SFO.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

During the Reporting Period and up to the date of this report, the directors of the Company are as follows:

#### Executive Directors

Mr. Ke Liming (*Chairman*)  
Ms. Chen Xi  
Mr. Wan Chao (Former executive Director, resigned on 28 June 2023)  
Mr. Zhang Qiang

#### Non-executive Director

Mr. Yang Ming (Appointed on 28 June 2023)

#### Independent Non-executive Directors

Mr. Chau Shing Yim, David  
Mr. Nie Zhixin  
Mr. Chen Haiquan  
Professor Shi Zhuomin

On 28 June 2023, Mr. Yang Ming was appointed as a non-executive Director, and the resignation of Mr. Wan Chao, a former executive Director, took effect on the same day. Please refer to the circular of the Company dated 5 June 2023 for the biographical details of Mr. Yang Ming. Save as disclosed above, since 19 April 2023 (being the date of publication of the annual report of the Company for the financial year ended 31 December 2022), there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group employed 406 employees. The remuneration policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage, mandatory provident fund and others. Total staff costs for the six months ended 30 June 2023, including directors' emoluments, amounted to approximately RMB103.9 million (for the six months ended 30 June 2022: approximately RMB110.8 million).

### SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

#### Issue of Shares under General Mandate and Specific Mandate ("Share Subscriptions")

On 4 July 2023, the Company entered into a share subscription agreement separately with each of Century Spirit Investments Limited ("**Century Spirit**"), Cubract Ventures Limited ("**Cubract Ventures**"), Fame Mountain Limited ("**Fame Mountain**") and Million Succeed Development Limited ("**Million Succeed**"), pursuant to which the Company has agreed to allot and issue, and each of Century Spirit, Cubract Ventures, Fame Mountain and Million Succeed has agreed to subscribe 500,000,000 subscription shares (in aggregate 2,000,000,000 subscription shares) at HK\$1.60 per subscription share, on the respective terms thereunder.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

On 4 July 2023, the Company entered into a share subscription agreement (the “**2023 Water Lily Share Subscription Agreement**”) with Water Lily Investment Limited (“**Water Lily**”), pursuant to which the Company has agreed to allot and issue, and Water Lily has agreed to subscribe 500,000,000 subscription shares at HK\$1.60 per subscription share, on the terms of 2023 Water Lily Share Subscription Agreement thereunder.

In respect of the Share Subscription by Water Lily, the relevant subscription shares will be allotted and issued under the specific mandate to be sought from the independent shareholders at the special general meeting to be convened on 15 September 2023.

In respect of the Share Subscriptions by Century Spirit, Cubract Ventures, Fame Mountain and Million Succeed, the subscription shares will be issued under general mandate. As at the date of this report, an aggregate of 693,750,000 subscription shares have been allotted and issued. For further details of the Share Subscriptions, please refer to the announcement dated 4 July 2023 and the circular dated 30 August 2023.

### Beijing Investment Equity Transfer Agreement (“Beijing Investment Equity Transfer”)

On 20 July 2023, Shanghai Ruyi Television Production Co., Ltd. (“**Shanghai Ruyi**”) (a controlled structured entity of the Company) (as transferee) entered into an equity transfer agreement with Beijing Wanda Cultural Industry Group Co., Ltd. (“**Beijing Culture**”) (as transferor), pursuant to which Shanghai Ruyi shall acquire 49% of the shares in Beijing Wanda Investment Co., Ltd. (“**Beijing Investment**”) held by Beijing Culture at a consideration of RMB2,262,000,000. On the same day, Shanghai Ruyi entered into a support agreement with Beijing Culture and Beijing Investment, pursuant to which Shanghai Ruyi provided an interest-free loan in the principal amount of RMB800,000,000 to Beijing Culture. For further details of the Beijing Investment Equity Transfer, please refer to the announcements dated 23 July 2023 and 28 August 2023.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## REVIEW OF INTERIM RESULTS

The interim financial information of the Company for the six months ended 30 June 2023 has been reviewed by the audit committee of the Company (the “**Audit Committee**”), which comprises the three independent non-executive Directors of the Company.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2023 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### CORPORATE GOVERNANCE

The Board considers that good corporate governance practices are crucial to the smooth and effective operation of the Group and the safeguarding of the interests of the Shareholders and other stakeholders of the Company. The Company has put in place internal policies to ensure the compliance and has adopted and complied with the code provisions set out in the Corporate Governance Code (the “**Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the six months ended 30 June 2023 except for the following deviations from the Code provision:

- Code provision C.2.1 stipulated that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2023, the Company has no such title as chief executive officer. The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operation and execution is vested in the Board itself. The Board believes that the current structure is conducive to strong and consistent leadership and oversight enabling the Group to operate efficiently.
- Code provision F.2.2 stipulated that the chairman of the board should attend the annual general meeting. During the six months ended 30 June 2023, Mr. Ke Liming, the chairman of the Board, was unable to attend the 2023 AGM due to his other business commitments. Mr. Chau Shing Yim, David (an independent non-executive director, the chairman of the Audit Committee and the chairman of the Remuneration Committee) attended the 2023 AGM and served as the chairman of the meeting. The Board believes that Mr. Chau Shing Yim, David has sufficient ability and knowledge to answer questions at the 2023 AGM. Therefore, the good communication established between the Company and the Shareholders is not affected.

### COMPLIANCE WITH THE MODEL CODE

The Company adopted the Model Code as the code of conduct regarding securities transactions by the Directors. The Company, having made specific and cautious enquiries, confirmed that all Directors had complied with the Model Code for the six months ended 30 June 2023.

### FORWARD LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the Group set out in this report or any of the matters set out therein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### APPRECIATION

I would like to take this opportunity to thank our Shareholders, investors and business parties for their continuing support to the Group, and to my colleagues for their valuable contribution during the Reporting Period.

By order of the Board  
**China Ruyi Holdings Limited**  
**Mr. Ke Liming**  
*Chairman*

Hong Kong, 31 August 2023



# INDEPENDENT AUDITOR'S REVIEW REPORT



羅兵咸永道

**Report on Review of Interim Financial Information**  
**To the Board of Directors of China Ruyi Holdings Limited**  
*(incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 23 to 70, which comprises the interim condensed consolidated statement of financial position of China Ruyi Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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## INDEPENDENT AUDITOR'S REVIEW REPORT (Continued)

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 31 August 2023



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	13,447	9,414
Right-of-use assets	7	66,319	63,281
Goodwill	7	4,214,619	4,214,619
Film and television programmes rights	11	1,823,657	2,443,848
Other intangible assets	7	681,072	682,324
Deferred tax assets		91,488	19,922
Prepayments and other non-financial assets	9	140,274	57,969
Deposits	10	3,308	2,528
Investments accounted for using equity method	8	34,304	34,897
Financial assets at fair value through other comprehensive income		507	480
Financial assets at fair value through profit or loss	13	634,225	488,738
		<b>7,703,220</b>	<b>8,018,020</b>
<b>Current assets</b>			
Film and television programmes rights	11	2,011,133	1,617,136
Inventories		1,316	986
Prepayments and other non-financial assets	9	281,948	246,059
Trade receivables	12	871,359	936,344
Other receivables and deposits	10	1,158,190	1,112,395
Financial assets at fair value through profit or loss	13	131,817	98,309
Cash and cash equivalents		889,219	1,189,720
		<b>5,344,982</b>	<b>5,200,949</b>
<b>Total assets</b>		<b>13,048,202</b>	<b>13,218,969</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	14	193,805	193,805
Share premium	14	9,379,095	9,379,095
Other reserves	15	(50,515)	(54,811)
Accumulated losses		(1,809,100)	(1,546,850)
		<b>7,713,285</b>	<b>7,971,239</b>
Non-controlling interests		2,791	4,192
<b>Total equity</b>		<b>7,716,076</b>	<b>7,975,431</b>



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	16	1,815,245	1,719,916
Lease liabilities		24,247	21,703
Deferred tax liabilities		423,052	451,501
Contingent consideration payable		—	610,809
Film and television programmes investment funds from investors	18	640	398,027
		<b>2,263,184</b>	<b>3,201,956</b>
<b>Current liabilities</b>			
Trade payables	17	355,471	560,463
Other payables and accruals	19	673,171	314,559
Contract liabilities		7,852	6,324
Current income tax liabilities		205,708	198,979
Borrowings	16	50,000	50,000
Lease liabilities		14,768	14,487
Contingent consideration payable		1,023,281	569,762
Film and television programmes investment funds from investors	18	738,691	327,008
		<b>3,068,942</b>	<b>2,041,582</b>
<b>Total liabilities</b>		<b>5,332,126</b>	<b>5,243,538</b>
<b>Total equity and liabilities</b>		<b>13,048,202</b>	<b>13,218,969</b>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The interim condensed consolidated financial information on pages 23 to 70 were approved by the Board of Directors on 31 August 2023 and were signed on its behalf.

**Ke Liming**  
Director

**Chen Xi**  
Director



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended	
		30 June 2023 (Unaudited) RMB'000	30 June 2022 (Unaudited) RMB'000
Revenue	6	804,056	651,797
Cost of revenue	20	(1,149,358)	(297,926)
<b>Gross (loss)/profit</b>		<b>(345,302)</b>	353,871
Selling and marketing costs	20	(6,557)	(2,424)
Administrative expenses	20	(117,224)	(126,511)
Net impairment losses on financial assets	5.2(b)	(29,270)	(10,538)
Other income		2,352	577
Other (losses)/gains — net		(27,099)	36,205
Fair value change in contingent consideration payable		187,217	(2,287)
<b>Operating (loss)/profit</b>		<b>(335,883)</b>	248,893
Finance costs	21	(47,494)	(40,667)
Finance income	21	37,965	15,071
Finance costs — net	21	(9,529)	(25,596)
Share of losses of associates accounted for using the equity method	8	(684)	(1,231)
<b>(Loss)/profit before income tax</b>		<b>(346,096)</b>	222,066
Income tax credit/(expenses)	22	82,445	(75,499)
<b>(Loss)/profit for the period</b>		<b>(263,651)</b>	146,567
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Changes at fair value through other comprehensive income		27	—
Exchange differences on translation of subsidiaries		(33,713)	(116,984)
<i>Items that may not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company		(1,348)	45,084
<b>Other comprehensive loss for the period, net of tax</b>		<b>(35,034)</b>	(71,900)
<b>Total comprehensive (loss)/income for the period</b>		<b>(298,685)</b>	74,667



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Notes	Six months ended	
		30 June 2023 (Unaudited) RMB'000	30 June 2022 (Unaudited) RMB'000
<b>(Loss)/profit for the period attributable to:</b>			
– Equity holders of the Company		(262,250)	147,448
– Non-controlling interests		(1,401)	(881)
		(263,651)	146,567
<b>Total comprehensive (loss)/income for the period attributable to:</b>			
– Equity holders of the Company		(297,284)	75,548
– Non-controlling interests		(1,401)	(881)
		(298,685)	74,667
<b>(Losses)/earnings per share for (loss)/profit attributable to the equity holders of the Company for the period: (expressed in RMB cents per share)</b>			
– Basic (losses)/earnings per share	23	(2.62)	1.59
– Diluted (losses)/earnings per share	23	(2.62)	1.54

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited						
	Attributable to equity holders of the Company					Non- controlling interests	Total equity
	Share capital RMB'000 (Note 14)	Share premium RMB'000 (Note 14)	Other reserves RMB'000 (Note 15)	Accumulated losses RMB'000	Total RMB'000		
<b>Balance at 1 January 2022</b>	180,467	7,752,893	40,240	(2,360,349)	5,613,251	6,165	5,619,416
<b>Comprehensive income</b>							
Profit for the period	—	—	—	147,448	147,448	(881)	146,567
<b>Other comprehensive loss</b>							
Currency translation difference	—	—	(71,900)	—	(71,900)	—	(71,900)
<b>Total comprehensive (loss)/income</b>	—	—	(71,900)	147,448	75,548	(881)	74,667
<b>Transactions with equity holders</b>							
Issuance of ordinary shares	1,984	245,951	—	—	247,935	—	247,935
Share-based compensation expenses	—	—	44,282	—	44,282	—	44,282
Release of reserves upon deregistration of subsidiaries	—	—	(23,974)	23,974	—	—	—
<b>Total transactions with equity holders</b>	1,984	245,951	20,308	23,974	292,217	—	292,217
<b>Balance at 30 June 2022</b>	182,451	7,998,844	(11,352)	(2,188,927)	5,981,016	5,284	5,986,300



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Unaudited							
	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Accumulated losses	Total			
RMB'000 (Note 14)	RMB'000 (Note 14)	RMB'000 (Note 15)	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Balance at 1 January 2023</b>	193,805	9,379,095	(54,811)	(1,546,850)	7,971,239	4,192	7,975,431	
<b>Comprehensive income</b>								
Loss for the period	—	—	—	(262,250)	(262,250)	(1,401)	(263,651)	
<b>Other comprehensive loss</b>								
Changes at fair value through other comprehensive income	—	—	27	—	27	—	27	
Currency translation difference	—	—	(35,061)	—	(35,061)	—	(35,061)	
<b>Total comprehensive loss</b>	—	—	(35,034)	(262,250)	(297,284)	(1,401)	(298,685)	
<b>Transactions with equity holders</b>								
Share-based compensation expenses	—	—	39,330	—	39,330	—	39,330	
<b>Total transactions with equity holders</b>	—	—	39,330	—	39,330	—	39,330	
<b>Balance at 30 June 2023</b>	193,805	9,379,095	(50,515)	(1,809,100)	7,713,285	2,791	7,716,076	

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 June 2023 (Unaudited) RMB'000	30 June 2022 (Unaudited) RMB'000
<b>Cash flows from operating activities</b>		
Cash used in operations	(119,440)	(866,483)
Interest paid	(923)	(5,770)
Interest received	3,495	1,606
Income tax paid	(3,242)	(71,093)
<b>Net cash used in operating activities</b>	<b>(120,110)</b>	<b>(941,740)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,751)	(709)
Purchase of intangible assets	—	(336)
Purchase of financial assets at fair value through profit or loss	(261,050)	—
Proceeds from disposal of property, plant and equipment	230	—
Proceeds from disposal of financial assets at fair value through profit or loss	85,000	—
Advance of receivables from investments in films and television programmes rights	(45,000)	—
Repayment of receivables from investments in films and television programmes rights	10,000	—
Settlement of payable of investments accounted for using the equity method	(91)	—
Dividend income from financial assets at fair value through other comprehensive income	18	—
Interest received from investments in films and television programmes rights	8,232	—
<b>Net cash used in investing activities</b>	<b>(208,412)</b>	<b>(1,045)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	—	247,935
Repayment of principal and interest elements of leases	(7,939)	(4,934)
<b>Net cash (used in)/generated from financing activities</b>	<b>(7,939)</b>	<b>243,001</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(336,461)</b>	<b>(699,784)</b>
Cash and cash equivalents at beginning of period	1,189,720	1,139,463
Exchange gain on cash and cash equivalents	35,960	17,093
<b>Cash and cash equivalents at end of period</b>	<b>889,219</b>	<b>456,772</b>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

China Ruyi Holdings Limited (the “Company”) was incorporated in Bermuda with limited liability and is engaged in investment holding. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in film and television programmes production, distribution, online streaming platform business, providing online game services, internet community services and related businesses, manufacture and sales of accessories for photographic and electrical products and investment and trading of securities.

The Company had its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated interim financial information is presented in thousands of Renminbi (“RMB”), unless otherwise stated. This interim financial information has been approved for issue by the board of directors of the Company on 31 August 2023.

This condensed consolidated interim financial information has not been audited.

## 2 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2023 (“Interim Financial Information”) 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”).

## 3 ACCOUNTING POLICIES

The Interim Financial Information does not include all the notes of the type normally included in an annual financial report. Accordingly, the Interim Financial Information is to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), and any public announcements made by the Group during the interim reporting period.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 3 ACCOUNTING POLICIES (Continued)

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 as set out below.

#### (a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the Group's financial year beginning on 1 January 2023 for the Group:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above new and amended standards did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

#### (b) Amendments to existing standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2023 and have not been early adopted by the Group

		Effective for annual 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	1 January 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024

The Group has already commenced an assessment of the impact of these amendments to existing standards and interpretation. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of the interim 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 expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

### 5 FINANCIAL RISK MANAGEMENT

#### 5.1 Financial risk factors

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

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

There have been no changes in the Group's risk management policies since 31 December 2022.

#### 5.2 Credit risk

The Group is exposed to credit risk in relation to its financial assets at fair value through other comprehensive income ("FVOCI"), trade and other receivables and cash and cash equivalents.

The carrying amounts of financial asset at FVOCI, trade and other receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

##### (a) Risk management

As at 30 June 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

As at 30 June 2023 and 31 December 2022, 69% and 79% of the total trade receivables was due from the Group's five largest customers. The directors of the Company consider these counterparties with good credit worthiness based on their past repayment history. The directors closely monitor the subsequent settlement of the customers. The Group does not grant long credit period to the counterparties.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 5 FINANCIAL RISK MANAGEMENT (Continued)

#### 5.2 Credit risk (Continued)

##### (a) Risk management (Continued)

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Substantially all of the Group's bank deposits are deposited with major financial institutions incorporated in the PRC and Hong Kong, which management believes are of high credit quality without significant credit risk.

##### (b) Impairment of financial assets

The Group has the following types of financial asset that is subject to the expected credit loss models:

- Cash and cash equivalents
- Trade receivables
- Deposits and other receivables
- Financial assets at FVOCI

While cash and cash equivalents and financial assets at FVOCI were also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

##### *Trade receivables*

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group measures the expected credit losses on a combination of both individual and collective basis.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

##### *Measurement of expected credit loss on individual basis*

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a prepayment plan with the Group, and a failure to make contractual payments. As at 30 June 2023, the balance of loss allowance in respect of these individually assessed receivables was approximately RMB63,853,000 (as at 31 December 2022: RMB63,853,000).



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 5 FINANCIAL RISK MANAGEMENT (Continued)

#### 5.2 Credit risk (Continued)

##### (b) Impairment of financial assets (Continued)

###### *Measurement of expected credit loss on collective basis*

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying the expected credit loss rates to the respective gross carrying amounts of the receivables.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped into below groups based on shared credit risk characteristics:

- State-owned companies and listed companies  
For trade receivables from state-owned companies and/or listed companies and their subsidiaries, the management uses modelling approach that incorporated key parameters and assumptions, including probability of default, loss given default, exposure at default, with reference to external information from reputable external agencies such as Moody's.
- Other customers  
For trade receivables from other customers being private companies that are neither state-owned or listed, the expected loss rates are based on the corresponding historical credit losses experienced, industry credit loss rates and aging profiles of trade receivables over a period of 24 months before 30 June 2023 or 1 January 2023 respectively within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the urban per capital disposable income of the PRC in which the Group sells its goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

As at 30 June 2023, the amount of loss allowance in respect of these collectively assessed receivables was approximately RMB61,453,000 (as at 31 December 2022: RMB34,547,000).

Impairment losses on trade receivables are presented as 'net impairment losses on financial assets' in the consolidated statement of comprehensive income.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 5 FINANCIAL RISK MANAGEMENT (Continued)

#### 5.2 Credit risk (Continued)

##### (b) Impairment of financial assets (Continued)

###### *Deposits and other receivables*

For deposits and other receivables, the expected credit loss is based on 12 months expected loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

The Directors consider the probability of default upon initial recognition of assets and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition.

Especially the following indicators are incorporated:

- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. Under such case, the other receivables are classified as stage 2 and subject to lifetime expected losses provision. When the other receivables became past due for more than 90 days, they are treated as credit-impaired and therefore classified as stage 3.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due.

Management uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 5 FINANCIAL RISK MANAGEMENT (Continued)

#### 5.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

A summary of the assumptions underpinning the Group's expected credit loss model on other receivables is as follows:

Category	The Group's definition of category	Basis for recognition of expected credit loss provision
Stage 1	Other receivables whose credit risk is in line with original expectations.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage 2	Other receivables for which a significant increase has occurred compared to original expectations; A significant increase in credit risk is presumed if interest and/or principal repayments are contractually past due less than 90 days.	Lifetime expected losses
Stage 3	Interest and/or principal repayments are more than 90 days contractually past due or it becomes probable that a customer will enter bankruptcy.	Lifetime expected losses

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward-looking macroeconomic data.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 5 FINANCIAL RISK MANAGEMENT (Continued)

#### 5.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

The loss allowance for trade and other receivables as at 30 June 2023 and 31 December 2022 reconcile to the opening loss allowance as follows:

	<b>Trade receivables</b> RMB'000	<b>Other receivables and deposits</b> RMB'000	<b>Total</b> RMB'000
Balance as at 1 January 2022	13,220	246	13,466
Impairment provision	85,192	17,098	102,290
Exchange difference	(12)	341	329
Balance as at 31 December 2022 (Audited)	98,400	17,685	116,085
Balance as at 1 January 2023	<b>98,400</b>	<b>17,685</b>	<b>116,085</b>
Impairment provision	<b>26,995</b>	<b>2,275</b>	<b>29,270</b>
Exchange difference	<b>(89)</b>	<b>793</b>	<b>704</b>
Balance as at 30 June 2023 (Unaudited)	<b>125,306</b>	<b>20,753</b>	<b>146,059</b>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**5 FINANCIAL RISK MANAGEMENT (Continued)**

**5.2 Credit risk (Continued)**

(b) Impairment of financial assets (Continued)

On such basis, the loss allowance as at 30 June 2023 and 31 December 2022 was determined as follows for trade receivables:

	Up to 3 months past due RMB'000	3 to 6 months past due RMB'000	6 to 12 months past due RMB'000	1 to 2 years past due RMB'000	2 to 3 years past due RMB'000	Over 3 years past due RMB'000	Total RMB'000
<b>As at 30 June 2023 (Unaudited)</b>							
On collective basis							
Expected loss rate	0.52%	1.44%	2.21%	6.35%	24.14%	49.09%	6.59%
Gross carrying amount	47,989	594,146	15,139	119,165	128,290	28,083	932,812
Loss allowance provision	251	8,547	334	7,568	30,967	13,786	61,453
On individual basis							
Expected loss rate	—	—	—	100.00%	—	—	100.00%
Gross carrying amount	—	—	—	63,853	—	—	63,853
Loss allowance provision	—	—	—	63,853	—	—	63,853
Total							
Expected loss rate	0.52%	1.44%	2.21%	39.02%	24.14%	49.09%	12.57%
Gross carrying amount	47,989	594,146	15,139	183,018	128,290	28,083	996,665
Loss allowance provision	251	8,547	334	71,421	30,967	13,786	125,306



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

	Up to 3 months past due RMB'000	3 to 6 months past due RMB'000	6 to 12 months past due RMB'000	1 to 2 years past due RMB'000	2 to 3 years past due RMB'000	Over 3 years past due RMB'000	Total RMB'000
<b>As at 31 December 2022 (Audited)</b>							
On collective basis							
Expected loss rate	0.61%	0.99%	2.20%	5.93%	—	48.02%	3.56%
Gross carrying amount	645,148	11,648	2,230	283,513	—	28,352	970,891
Loss allowance provision	3,953	115	49	16,814	—	13,616	34,547
On individual basis							
Expected loss rate	—	—	—	100.00%	—	—	100.00%
Gross carrying amount	—	—	—	63,853	—	—	63,853
Loss allowance provision	—	—	—	63,853	—	—	63,853
Total							
Expected loss rate	0.61%	0.99%	2.20%	23.22%	—	48.02%	9.51%
Gross carrying amount	645,148	11,648	2,230	347,366	—	28,352	1,034,744
Loss allowance provision	3,953	115	49	80,667	—	13,616	98,400



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

On such basis, the loss allowance as at 30 June 2023 and 31 December 2022 was determined as follows for other receivables:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
<b>As at 30 June 2023 (Unaudited)</b>				
<b>Gross carrying amount</b>				
Receivables from investment in film and television programmes rights	1,137,593	—	—	1,137,593
Amounts due from related parties	10,318	—	—	10,318
Others	32,646	—	1,694	34,340
	1,180,557	—	1,694	1,182,251
<b>Loss allowance</b>				
Receivables from investment in film and television programmes rights	18,961	—	—	18,961
Amounts due from related parties	20	—	—	20
Others	78	—	1,694	1,772
	19,059	—	1,694	20,753
Expected credit loss rate	1.61%	—	100.00%	1.76%
<b>As at 31 December 2022 (Audited)</b>				
<b>Gross carrying amount</b>				
Receivables from investment in film and television programmes rights	1,045,953	—	—	1,045,953
Amounts due from related parties	10,318	—	—	10,318
Others	74,643	—	1,694	76,337
	1,130,914	—	1,694	1,132,608
<b>Loss allowance</b>				
Receivables from investment in film and television programmes rights	15,408	—	—	15,408
Amounts due from related parties	19	—	—	19
Others	564	—	1,694	2,258
	15,991	—	1,694	17,685
Expected credit loss rate	1.41%	—	100.00%	1.56%



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimate

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets measured and recognised at fair value as at 30 June 2023 and 31 December 2022 on a recurring basis:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2023 (Unaudited)</b>				
<b>Financial assets</b>				
Film rights investments (Note 11)	—	—	41,512	41,512
Financial assets at fair value through profit or loss ("FVPL") (Note 13)				
— Equity investments in listed companies	74,028	—	—	74,028
— Investment in unlisted funds	—	358,645	166,000	524,645
— Investment in an unlisted company	—	—	50,000	50,000
— Investment in unlisted bonds	—	117,369	—	117,369
	74,028	476,014	257,512	807,554
Financial assets at FVOCI				
— Listed fund	507	—	—	507
	74,535	476,014	257,512	808,061
<b>As at 30 June 2023 (Unaudited)</b>				
<b>Financial liability</b>				
Contingent consideration payable	—	—	1,023,281	1,023,281



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 5 FINANCIAL RISK MANAGEMENT (Continued)

#### 5.3 Fair value estimate (Continued)

##### (a) Fair value hierarchy (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 31 December 2022</b>				
<b>(Audited)</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss ("FVPL") (Note 13)				
— Equity investments in listed companies	13,309	—	—	13,309
— Investment in an unlisted fund	—	352,738	136,000	488,738
— Wealth management products	—	85,000	—	85,000
	13,309	437,738	136,000	587,047
Financial assets at FVOCI				
— Listed Fund	480	—	—	480
	13,789	437,738	136,000	587,527
<b>As at 31 December 2022</b>				
<b>(Audited)</b>				
<b>Financial liability</b>				
Contingent consideration payable	—	—	1,180,571	1,180,571



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 5 FINANCIAL RISK MANAGEMENT (Continued)

#### 5.3 Fair value estimate (Continued)

##### (a) Fair value hierarchy (Continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2023 and 31 December 2022.

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### 6 SEGMENT INFORMATION

#### (a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers (the "CODM"). The CODM of the Group has been identified as the executive directors of the Company who is responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Certain corporate expenses, other gains — net and finance cost — net are not included in the results for each operating segment.

During the year ended 31 December 2022, due to changes in internal organisational structure and business scale, the Group's previous reportable segments of "Internet community and related business" and "Manufacture and sales of accessories business" are consolidated as "Other businesses" segment; the Group's previous reportable segment of "Content production and online streaming business" is converted into two segments as "Content production business" and "Online streaming and online gaming businesses". Accordingly, the corresponding periods' comparative figures have also been restated.

Subsequent to the aforementioned changes in presentation, the Group's three reportable segments now comprised (1) Content production business; (2) Online streaming and online gaming businesses; and (3) Other businesses.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**6 SEGMENT INFORMATION (Continued)**

**(b) Segment (loss)/profit**

The segment results and other segment items included in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2023 are as follows:

	Content production business RMB'000 (Unaudited)	Online streaming and online gaming businesses RMB'000 (Unaudited)	Other businesses RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Revenue				
Timing of revenue recognition				
At a point	646,372	73,506	18,584	738,462
Over time	—	65,594	—	65,594
	646,372	139,100	18,584	804,056
Segment (loss)/profit	(90,177)	(330,910)	3,457	(417,630)
Unallocated corporate expenses				(39,467)
Unallocated other gains — net				128,907
Unallocated finance cost — net				(17,906)
Loss before income tax				(346,096)
Depreciation of property, plant and equipment	698	680	151	1,529
Depreciation of right-of-use assets	6,197	1,949	706	8,852
Amortisation of other intangible assets	3	1,249	—	1,252
Amortisation of film and TV programmes rights	506,970	385,772	—	892,742
Share of losses of associates accounted for using the equity method	684	—	—	684



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6 SEGMENT INFORMATION (Continued)

(b) Segment (loss)/profit (Continued)

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2022 are as follows:

	Content production business RMB'000 (Unaudited)	Online streaming and online gaming businesses RMB'000 (Unaudited)	Other businesses RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Revenue				
Timing of revenue recognition				
At a point	491	533,819	23,579	557,889
Over time	—	93,908	—	93,908
	491	627,727	23,579	651,797
Segment (loss)/profit	(34,449)	278,389	(22,441)	221,499
Unallocated corporate expenses				(17,206)
Unallocated other gains — net				48,878
Unallocated finance cost — net				(31,105)
Profit before income tax				222,066
Depreciation of property, plant and equipment	113	514	1,458	2,085
Depreciation of right-of-use assets	4,061	2,532	—	6,593
Amortisation of other intangible assets	3	1,301	—	1,304
Amortisation of film and TV programmes rights	—	146,423	—	146,423
Share of losses of associates accounted for using the equity method	1,231	—	—	1,231



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 6 SEGMENT INFORMATION (Continued)

#### (c) Segment assets and liabilities

Segment assets and liabilities as at 30 June 2023 are as follows:

	Content production business RMB'000 (Unaudited)	Online streaming and online gaming businesses RMB'000 (Unaudited)	Other businesses RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
<b>ASSETS</b>				
Segment assets	7,786,441	2,674,001	16,346	10,476,788
Unallocated other receivables and prepayments				824,158
Financial assets at FVPL				766,042
Financial assets at FVOCI				507
Deferred tax assets				91,488
Cash and cash equivalents				889,219
Consolidated total assets				13,048,202
<b>LIABILITIES</b>				
Segment liabilities	(1,512,770)	(508,958)	(21,523)	(2,043,251)
Unallocated other payables				(1,625)
Unallocated borrowings				(1,635,209)
Contingent consideration payable				(1,023,281)
Current income tax liabilities				(205,708)
Deferred tax liabilities				(423,052)
Consolidated total liabilities				(5,332,126)



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 6 SEGMENT INFORMATION (Continued)

#### (c) Segment assets and liabilities (Continued)

Segment assets and liabilities as at 31 December 2022 are as follows:

	Content production business RMB'000 (Audited)	Online streaming and online gaming businesses RMB'000 (Audited)	Other businesses RMB'000 (Audited)	Consolidated RMB'000 (Audited)
<b>ASSETS</b>				
Segment assets	7,492,680	3,129,413	20,450	10,642,543
Unallocated other receivables and prepayments				779,257
Financial assets at FVPL				587,047
Financial assets at FVOCI				480
Deferred tax assets				19,922
Cash and cash equivalents				1,189,720
Consolidated total assets				13,218,969
<b>LIABILITIES</b>				
Segment liabilities	(1,233,483)	(599,329)	(24,179)	(1,856,991)
Unallocated other payables				(9,991)
Unallocated borrowings				(1,545,505)
Contingent consideration payable				(1,180,571)
Current income tax liabilities				(198,979)
Deferred tax liabilities				(451,501)
Consolidated total liabilities				(5,243,538)



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 6 SEGMENT INFORMATION (Continued)

#### (c) Segment assets and liabilities (Continued)

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to reportable and operating segments, other than certain other receivables and prepayments, financial assets at FVPL, financial assets at FVOCI, deferred tax assets and cash and cash equivalents; and
- All liabilities are allocated to reportable and operating segments, other than certain other payables, borrowings, contingent consideration payables, current income tax liabilities and deferred tax liabilities.

#### (d) Disaggregation of revenue from contracts with customers

Revenue of the Group is analysed as follows:

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Content production	646,372	491
Online streaming	95,662	586,386
Online gaming	43,438	41,341
Sales of goods	18,584	23,579
	804,056	651,797



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**6 SEGMENT INFORMATION (Continued)**

**(e) Geographical information**

The Group's operations are located in the PRC and Hong Kong for the six months ended 30 June 2023 and 2022.

Information about the Group's revenue from external customers is presented based on the location at which the goods or services are delivered or provided.

The Group's total revenue from sales of goods and provision of services by geographical location is detailed below:

	<b>Six months ended</b>	
	<b>30 June 2023 RMB'000 (Unaudited)</b>	<b>30 June 2022 RMB'000 (Unaudited)</b>
PRC	792,255	630,251
Europe	6,678	13,445
Hong Kong	4,136	6,301
Others	987	1,800
	<b>804,056</b>	<b>651,797</b>

The Group's non-current assets excluding financial instruments and deferred tax assets by geographical location of the assets are detailed below:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	<b>31 December 2022 RMB'000 (Audited)</b>
PRC	6,976,774	7,508,559
Hong Kong	226	321
	<b>6,977,000</b>	<b>7,508,880</b>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**7 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, GOODWILL AND OTHER INTANGIBLE ASSETS**

	<b>Property, plant and equipment</b> RMB'000	<b>Right-of- use assets</b> RMB'000	<b>Other intangible assets</b> RMB'000	<b>Goodwill</b> RMB'000
<b>Six months ended 30 June 2022</b>				
Opening net book amount at 1 January 2022	8,826	68,600	684,821	4,214,619
Additions	709	646	336	—
Currency translation differences	82	—	—	—
Depreciation and amortisation charges (Note 20)	(2,085)	(6,593)	(1,304)	—
Closing net book amount at 30 June 2022 (Unaudited)	7,532	62,653	683,853	4,214,619
<b>Six months ended 30 June 2023</b>				
Opening net book amount at 1 January 2023	9,414	63,281	682,324	4,214,619
Additions	5,836	11,890	—	—
Currency translation differences	3	—	—	—
Disposal	(277)	—	—	—
Depreciation and amortisation charges (Note 20)	(1,529)	(8,852)	(1,252)	—
Closing net book amount at 30 June 2023 (Unaudited)	13,447	66,319	681,072	4,214,619



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Balance as at 1 January	34,897	34,448
Additions	91	—
Share of post-tax losses of associates	(684)	(1,231)
Balance as at 30 June	34,304	33,217

As at 30 June 2023 and 31 December 2022, the Group had interest in the following associates:

Name	Place of incorporation and kind of legal entity	Principal activities	Registered capital (RMB)	Percentage of ownership interest attributable to the Group	
				30 June 2023	31 December 2022
Fengchuidong Pictures (Haikou) Co., Ltd.	The PRC, limited liability company	Media and film production	5,000,000	20%	20%
Xihuanjijie (Tianjin) Culture and Entertainment Co., Ltd.	The PRC, limited liability company	Media and film production	10,000,000	20%	20%
Beijingchuangwai Film and Television Culture Media Co., Ltd.	The PRC, limited liability company	Media and film production	555,600	10%	10%



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**9 PREPAYMENTS AND OTHER NON-FINANCIAL ASSETS**

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Prepayments for:		
– Licensed film and television programmes rights	10,912	6,664
– Film and television programmes rights	100,736	86,440
– Film directors' fees	31,400	31,400
– A property	29,363	–
– Prepayment to related parties (Note 26(d))	1,827	1,000
– investment in an unlisted entity	100,000	50,000
Deductible value-added tax	121,914	117,543
Others	26,070	10,981
	422,222	304,028
Less non-current portion	(140,274)	(57,969)
	281,948	246,059

**10 OTHER RECEIVABLES AND DEPOSITS**

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Amounts due from related parties (Note 26(d))	10,318	10,318
Receivables from investments in film and television programmes rights (a)	1,137,593	1,045,953
Others	34,340	76,337
	1,182,251	1,132,608
Less: Impairment for other receivables and deposits (Note 5.2(b))	(20,753)	(17,685)
	1,161,498	1,114,923
Less: non-current portion	(3,308)	(2,528)
	1,158,190	1,112,395

- (a) The receivables are interest-bearing at fixed rates between 5% to 15%, and repayable within 12 months or on demand.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

11 FILM AND TELEVISION PROGRAMMES RIGHTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Film and television programmes rights completed	1,433,138	1,376,159
Film and television programmes rights under production	1,828,348	1,918,815
Licensed film and television programmes rights	531,792	766,010
Film rights investments	41,512	—
	<b>3,834,790</b>	4,060,984
Less: Current portion	<b>(2,011,133)</b>	<b>(1,617,136)</b>
	<b>1,823,657</b>	2,443,848

	Film and television programmes rights completed RMB'000	Film and television programmes rights under production RMB'000	Licensed film and television programmes rights RMB'000	Film rights investments RMB'000	Total RMB'000
<b>As at 1 January 2023</b>	1,376,159	1,918,815	766,010	—	4,060,984
Additions	195,811	277,671	150,494	12,769	636,745
Transfer from prepayment	—	—	1,060	—	1,060
Amortisation	(506,970)	—	(385,772)	—	(892,742)
Transfer	368,138	(368,138)	—	—	—
Change in fair value	—	—	—	31,224	31,224
Derecognition	—	—	—	(2,481)	(2,481)
<b>As at 30 June 2023 (Unaudited)</b>	<b>1,433,138</b>	<b>1,828,348</b>	<b>531,792</b>	<b>41,512</b>	<b>3,834,790</b>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**11 FILM AND TELEVISION PROGRAMMES RIGHTS (Continued)**

	Film and television programmes rights completed RMB'000	Film and television programmes rights under production RMB'000	Licensed film and television programmes rights RMB'000	Film rights investments RMB'000	Total RMB'000
<b>As at 1 January 2022</b>	612,835	1,875,138	93,336	564	2,581,873
Additions	—	315,058	301,539	—	616,597
Amortisation	—	—	(146,423)	—	(146,423)
Transfer	194,078	(194,078)	—	—	—
Derecognition	—	—	—	(564)	(564)
<b>As at 30 June 2022 (Unaudited)</b>	806,913	1,996,118	248,452	—	3,051,483

**12 TRADE RECEIVABLES**

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Related parties (Note 26(d))	22,458	—
Third parties	974,207	1,034,744
	996,665	1,034,744
Less: allowance for impairment of trade receivables (Note 5.2(b))	(125,306)	(98,400)
Trade receivables — net	871,359	936,344



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 12 TRADE RECEIVABLES (Continued)

- (a) Trade receivables mainly arose from sales of goods and provision of content production, online streaming platform and gaming promotion services. The following is an ageing analysis of trade receivables net of allowance for impairment, based on the recognition date at the end of the reporting period.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 90 days	47,738	641,195
91 days to 180 days	585,599	11,533
181 days to 365 days	14,805	2,181
1 year to 2 years	111,597	266,699
Over 2 years	111,620	14,736
	871,359	936,344

### 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Listed equity securities	74,028	13,309
Unlisted investment fund	524,645	488,738
Investment in an unlisted company	50,000	—
Investment in unlisted bonds	117,369	—
Wealth management products	—	85,000
	766,042	587,047
<b>Represented by:</b>		
Non-current assets	634,225	488,738
Current assets	131,817	98,309
	766,042	587,047



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Movement in the Group's financial assets of fair value through profit or loss were as follows:

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
At the beginning of the period	587,047	180,846
Additions	311,050	—
Disposal	(85,000)	—
Fair value losses	(58,043)	(15,064)
Currency translation differences	10,988	635
At the end of the period	766,042	166,417

### 14 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000
At 31 December 2022 (Audited)	10,004,647,545	193,805	9,379,095
Balance at 1 January and 30 June 2023 (Unaudited)	10,004,647,545	193,805	9,379,095

#### Dividend

The directors do not recommend the payment of final dividend for the six months ended 30 June 2023 (as at 31 December 2022: Nil).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

15 OTHER RESERVES

	Financial assets at FVOCI	Special reserve	Capital Surplus	Translation reserve	Statutory reserve	Share option reserve	Reserve fund	Enterprise expansion reserve	Total
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended</b>									
<b>30 June 2022</b>									
Balance at 1 January 2022	(276)	18,888	9,471	(29,093)	30,342	8,603	1,153	1,152	40,240
Currency translation difference	—	—	—	(71,900)	—	—	—	—	(71,900)
Release of reserves upon deregistration of subsidiaries	(a)	—	—	—	(23,974)	—	—	—	(23,974)
Employees share option scheme: — share-based compensation expenses		—	—	—	—	44,282	—	—	44,282
<b>Balance at 30 June 2022</b>									
<b>(Unaudited)</b>	<b>(276)</b>	<b>18,888</b>	<b>9,471</b>	<b>(100,993)</b>	<b>6,368</b>	<b>52,885</b>	<b>1,153</b>	<b>1,152</b>	<b>(11,352)</b>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

15 OTHER RESERVES (Continued)

		Financial assets at FVOCI	Special reserve	Capital Surplus	Translation reserve	Statutory reserve	Share option reserve	Reserve fund	Enterprise expansion reserve	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended</b>										
<b>30 June 2023</b>										
Balance at 1 January 2023		(370)	18,888	9,471	(191,356)	6,368	99,883	1,153	1,152	(54,811)
Changes in the fair value of debt instruments at FVOCI		11	—	—	16	—	—	—	—	27
Currency translation difference		—	—	—	(35,061)	—	—	—	—	(35,061)
Employees share option scheme:										
— share-based compensation expenses		—	—	—	—	—	39,330	—	—	39,330
<b>Balance at 30 June 2023 (Unaudited)</b>		<b>(359)</b>	<b>18,888</b>	<b>9,471</b>	<b>(226,401)</b>	<b>6,368</b>	<b>139,213</b>	<b>1,153</b>	<b>1,152</b>	<b>(50,515)</b>

- (a) Pursuant to the relevant laws and regulations in the PRC and the provision of the articles of association of the Group's subsidiaries, the Group's subsidiaries which are registered in the PRC shall appropriate certain percentage of profit after tax (after offsetting any accumulated losses brought forward from prior years) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds. Depending on the natures, the reserve fund can be used to set off accumulated losses of the subsidiaries or distribute to owners in form of bonus issue.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 16 BORROWINGS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>Non-current other borrowings:</b>		
– Unsecured with guarantee (Note (a))	180,036	174,411
– Unsecured without guarantee (Note (b))	1,635,209	1,545,505
<b>Current bank and other borrowings:</b>		
– Secured bank borrowings (Note (c))	50,000	50,000
<b>Total borrowings</b>	<b>1,865,245</b>	<b>1,769,916</b>

Notes:

- (a) As at 30 June 2023 and 31 December 2022, the borrowing was denominated in RMB with fixed interest rate of 7.5% per annum and guaranteed by Mr. Ke, a director of the Company. The borrowing was originally repayable on 30 October 2022. Pursuant to extension of borrowing during the year ended 31 December 2022, the repayment date of the borrowing was extended to 26 October 2024.
- (b) As at 30 June 2023 and 31 December 2022, the borrowing was denominated in HK\$, non-interest bearing and repayable in August 2026. Imputed interest has been deducted from the principal and recognised as imputed interest income at initial recognition and subsequently amortised as imputed interest expenses in “Finance cost – net” until maturity.
- (c) As at 30 June 2023 and 31 December 2022, the borrowing was denominated in RMB with fixed interest rate of 3.65% per annum, and repayable within 1 year.

The Group's borrowings were repayable as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 year	50,000	50,000
Between 1 and 4 years	1,815,245	1,719,916
	<b>1,865,245</b>	<b>1,769,916</b>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**17 TRADE PAYABLES**

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables to:		
– Third parties	355,471	550,120
– Related parties (Note 26(d))	—	10,343
	<b>355,471</b>	<b>560,463</b>

The ageing analysis of trade payables of the Group based on invoice date are as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 60 days	39,040	469,807
61 days to 150 days	98,527	29,708
Over 151 days	217,904	60,948
	<b>355,471</b>	<b>560,463</b>

The carrying amounts of trade payables approximated their fair values as at 30 June 2023 and 31 December 2022.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

18 FILM AND TELEVISION PROGRAMMES INVESTMENT FUNDS FROM INVESTORS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Film and television programmes investment funds from investors		
– Third parties	590,331	576,035
– Related parties (Note 26(d))	149,000	149,000
	739,331	725,035

<b>Represented by</b>	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Current portion	738,691	327,008
Non-current portion	640	398,027
	739,331	725,035

The amounts represent investments made by certain investors in respect of film and television programmes rights held by the Group. In accordance with the terms of the respective investment agreements, the investors are entitled to recoup their investment amounts as appropriate by the predetermined percentage of income to be generated from the films and television programmes.

The carrying amounts of film and television programmes investment funds from investors approximate their fair values and denominated in RMB.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**19 OTHER PAYABLES AND ACCRUALS**

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Other payables	12,291	25,635
Payables to gaming developers	25,279	75,675
Advance receipt of film issuance and promotion	367,604	79,402
Provisions for other taxes	39,484	48,729
Accrued expenses	17,662	19,755
Amounts due to related parties (Note 26(d))		
— advance receipt of gaming promotion service	136,000	—
— to gaming distribution channels	74,846	62,343
— others	5	3,020
	<b>673,171</b>	<b>314,559</b>

Other payables and accruals were denominated in the following currencies:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
— RMB	668,849	301,715
— HK\$	4,268	12,791
— US\$	54	53
	<b>673,171</b>	<b>314,559</b>

The carrying amounts of other payables approximate their fair values as at 30 June 2023 and 31 December 2022.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 20 EXPENSES BY NATURE

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

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Employees benefit expenses (including directors' emoluments)	103,866	113,418
Content revenue-sharing, distribution and promotion costs	191,006	—
Cost of inventories sold	7,984	11,945
Depreciation		
— Property, plant and equipment	1,529	2,085
— Right-of-use assets	8,852	6,593
Amortisation		
— Film and television programmes rights	892,742	146,423
— Other intangible assets	1,252	1,304
Advertising and promotion costs	2,631	19,264
Bandwidth and server custody fees	17,864	26,168
Distribution cost and payment handling fees	12,144	71,466
Short-term rental expenses	1,093	615
Travelling expenses	1,204	797
Others	30,972	26,783
	<b>1,273,139</b>	<b>426,861</b>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

21 FINANCE COSTS — NET

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Finance costs:		
— Interests expenses on borrowings	(6,754)	(5,770)
— Interests expenses on film and television programmes investment funds from investors	(1,458)	—
— Interests expenses on lease liabilities	(959)	(1,193)
— Imputed interest expense	(38,323)	(33,704)
	(47,494)	(40,667)
Finance income:		
— Interest income on saving deposits	3,495	1,606
— Interest income on receivables from investments in film and television programme rights	34,470	13,465
	37,965	15,071
Finance costs — net	(9,529)	(25,596)



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 22 INCOME TAX (CREDIT)/EXPENSES

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Current income tax — PRC corporate income tax	17,570	81,857
Deferred income tax	(100,015)	(6,358)
Income tax (credit)/expenses	(82,445)	75,499

#### Bermuda corporate tax

The Company is incorporated in the Bermuda under the Companies Act 1981 of Bermuda and, accordingly, are exempted from the Bermuda corporate tax.

#### Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for both periods, based on the existing legislation, interpretations and practices in respect thereof.

No Hong Kong profits tax has been provided for during the six months ended 30 June 2023 and 2022.

#### PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25% on the estimated assessable profit for the period, based on the existing legislation, interpretations and practices in respect thereof.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 23 (LOSSES)/EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(262,250)	147,448
Weighted average number of ordinary shares in issue (thousands)	10,004,648	9,296,305
Basic (losses)/earnings per share (RMB cents per share)	(2.62)	1.59

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share: share warrants.

The number of shares that would have been issued assuming the exercise of the share warrants less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings/(losses) per share.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**23 (LOSSES)/EARNINGS PER SHARE (Continued)**

**(b) Diluted (Continued)**

	Six months ended	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Weighted average number of ordinary shares for calculation of basic earnings per share (thousands)	10,004,648	9,296,305
Adjustment for:		
— Share warrants (thousands)	—	351,926
Weighted average number of ordinary shares for diluted earnings per share (thousands)	10,004,648	9,648,231
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(262,250)	147,448
Diluted (losses)/earnings per share (RMB cents per share) for the period	(2.62)	1.54

The share options granted by the Company should also have potential dilutive effect on the earnings per share. During the six months ended 30 June 2023 and 2022, these share options have anti-dilutive effect to the Group's diluted earnings per share.

As the Group incurred losses for the six months ended 30 June 2023, the potential ordinary shares were not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the six months ended 30 June 2023 are the same as basic losses per share.

**24 CONTINGENCIES**

The Group did not have any material contingent liabilities as at 30 June 2023 and 31 December 2022.

**25 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD**

On 4 July 2023, the Company entered into a number of share subscription agreements, pursuant to which the Company will issue 2,500,000,000 shares at HK\$1.60 per share for total gross proceeds of approximately HK\$4,000,000,000.

On 20 July 2023, Shanghai Ruyi Movie Television Production Co., Ltd. ("Shanghai Ruyi"), a controlled structured entity of the Company, entered into various agreements with Beijing Wanda Cultural Industry Group Co., Ltd. ("Beijing Culture"), pursuant to which Shanghai Ruyi shall acquire and directly hold 49% of the shares in Beijing Wanda Investment Co., Ltd. ("Beijing Investment") held by Beijing Culture at a consideration of approximately RMB2,262,000,000 upon the completion of the transaction which is subject to certain conditions.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 26 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions.

Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

In addition to those disclosed elsewhere in the financial statements, the Group had the following significant transactions and balances with related parties, which were carried out in the normal course of the Group's businesses.

#### (a) Name and relationship with related parties

Name	Relationship
Mr. Ke Liming ("Mr. Ke")	Director and the Chairman of the board of the Company
Tencent Holdings and its subsidiaries (Collectively "Tencent Group")	Tencent Group as a shareholder of the Company with the right to nominate an individual to represent Tencent Group as a director of the Company
Beijing Zhumeng Qiming Culture & Arts Co., Ltd.	A company controlled by Mr. Ke
Beijing Ruyi Xingrong Culture Media Co., Ltd.	A company controlled by Mr. Ke
Beijing Ruyi Xinxin Film Investment Co., Ltd.	A company controlled by Mr. Ke
Yongxin Changqingteng Culture Service Center (Limited Partnership)	A company controlled by Mr. Ke
Virtual Cinema Holding Limited	A company controlled by Mr. Ke
Fengchuibudong Pictures (Haikou) Co., Ltd.	An associate of the Group
Xihuanjijie (Tianjin) Culture and Entertainment Co., Ltd.	An associate of the Group
Beijing Chuangwai Film and Television Culture Media Co., Ltd.	An associate of the Group



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

26 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
<b>(i) Internet and content delivery network cost</b> — Tencent Group	1,407	3,952
<b>(ii) Film and television programmes rights distribution cost</b> — Tencent Group	—	3,624
<b>(iii) Gaming distribution channel fees payable</b> — Tencent Group	11,795	58,356
<b>(iv) Gaming promotion revenue</b> — Tencent Group	39,463	—
<b>(v) Personal guarantee provided by a director</b> During the six months ended 30 June 2023 and 2022, one of the Group's borrowings was secured by personal guarantee from Mr. Ke as set out in Note 16.		

(c) Key management compensation

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Key management compensation		
— Salaries and other benefits	7,012	3,664
— Share-based payments	12,539	14,118
	19,551	17,782



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**26 RELATED PARTY TRANSACTIONS (Continued)**

**(d) Balances with related parties**

As at 30 June 2023 and 31 December 2022, the Group had the following significant balances with related parties:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivable from related parties: — Tencent Group	22,458	—
Other receivables from related parties: — Beijing Ruyi Xingrong Culture Media Co., Ltd — Beijing Ruyi Xinxin Film Investment Co., Ltd — Beijing Zhumeng Qiming Culture & Arts Co., Ltd.	800 8,218 1,300	800 8,218 1,300
	10,318	10,318
Prepayments to related parties: — Beijing Chuangwai Film and Television Culture Media Co., Ltd — Tencent Group	1,000 827	1,000 —
	1,827	1,000
Trade payables to related parties: — Tencent Group	—	10,343
Other payables to related parties: — Tencent Group — Beijing Ruyi Xinxin Film Investments Co., Ltd — Virtual Cinema Holding Limited	210,846 5 —	62,343 3,005 15
	210,851	65,363
Film and television programmes investment funds from related parties: — Tencent Group	149,000	149,000