



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
2024



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Corporate Information

DIRECTORS

Executive Directors

Mr. Ke Liming (*Chairman*)
Ms. Chen Xi (resigned with effect from 12 January 2024)
Mr. Zhang Qiang

Non-executive Director

Mr. Yang Ming

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

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Causeway Bay
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.rholdings.com>

DATE OF REPORT

30 August 2024

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 2024 (the “Reporting Period”).

FINANCIAL PERFORMANCE SUMMARY

The Group recorded a loss attributable to equity holders of the Company of approximately RMB115 million for the six months ended 30 June 2024, which decreased by approximately RMB147 million as compared to a loss attributable to equity holders of the Company of approximately RMB262 million for the six months ended 30 June 2023. The basic and diluted losses per share were RMB0.98 cents and RMB0.98 cents for the six months ended 30 June 2024 respectively as compared to the basic and diluted losses per share of RMB2.62 cents and RMB2.62 cents respectively for the six months ended 30 June 2023.

The Group’s turnover increased to approximately RMB1,840 million during the six months ended 30 June 2024, as compared to the turnover of approximately RMB804 million during the six months ended 30 June 2023. Its revenue from content production, online streaming and online gaming businesses, among others, was approximately RMB1,822 million, and was approximately RMB18 million for other businesses.

For the six months ended 30 June 2024, the adjusted net profit of the Company was approximately RMB863 million, while the adjusted net loss for the six months ended 30 June 2023 was RMB315 million. For the six months ended 30 June 2024, our adjusted EBITDA and adjusted EBITDA margin were approximately RMB1,379 million and 75.0%, respectively, while the adjusted EBITDA and adjusted EBITDA margin for the six months ended 30 June 2023 were approximately RMB516 million and 64.2%, respectively.

BUSINESS REVIEW AND OUTLOOK

In the first half of 2024, the Group achieved significant progresses in various business segments, and the Company delivered remarkable performance in terms of profit growth. For the six months ended 30 June 2024, we recorded revenue of RMB1.84 billion, representing an increase of 129% as compared to the corresponding period last year, and adjusted profit of RMB0.86 billion, turning around from a loss to a profit with an increase of RMB1.18 billion as compared to the corresponding period last year.

Our film and television drama production business

This year, the Group successfully produced “To the Wonder” (《我的阿勒泰》), the first Chinese language long form drama series selected as part of the Official Selection for Long Form Competition by CANNESERIES, “War of Faith” (《追風者》), a Republic of China era financial espionage drama directed by Yao Xiaofeng and starred by Wang Yibo, Li Qin and Wang Yang, “Judge Dee’s Mystery” (《大唐狄公案》), a detective suspense television drama in ancient Chinese costumes starred by Zhou Yiwei and Wang Likun. During the 2024 Spring Festival period, the four films in which the Group participated in production, namely “Article 20” (《第二十條》), “YOLO” (《熱辣滾燙》), “Pegasus 2” (《飛馳人生2》) and “Boonie Bears: Time Twist” (《熊出沒 • 逆轉時空》), remarkably occupied the top four in the box office ranking during the Spring Festival period.





Management Discussion and Analysis (Continued)

Currently, both “White Snake: Floating Life” (《白蛇：浮生》), the third animated IP film in the “White Snake” (《白蛇》) series which was jointly produced by Light Chaser Animation and us, and “Upstream” (《逆行人生》), a reality film directed and starred by Xu Zheng and starred by Xin Zhilei have been released in this summer holiday. The hilarious comedy “Successor” (《抓娃娃》) starred by Shen Teng and Ma Li leads the summer holiday, winning both word-of-mouth and box office.

At the same time, there are more films to be screened and new films in the pipeline are also in production tightly. For example, both “Gift from a Cloud” (《有朵雲像你》), a fantasy romance movie starred by Qu Chuxiao and Wang Ziwen and directed by Yao Tingting, and “Honey Money Phony” (《騙騙喜歡你》), a romantic comedy produced by Da Peng and starred by Jin Chen and Sun Yang, have been successfully in the can and is now under the post-production stage, being ahead of schedule for release in the New Year. In addition, both “The Wild Tales” (《蠻荒行記》) featuring the related works directed by Cao Baoping, who is known as the best director of crime films in China, and a science fiction film under the same name of the novel “Echoes of Encounter” (《我們生活在南京》), a two-time winner of Chinese Science Fiction Galaxy Awards, which is confirmed to be directed by Lu Yang, are under active preparation for rolling. “Shadow Love” (《與晉長安》), a romantic martial arts costume drama adapted from an original novel starred by Song Yi and Cheng Lei, is currently in rolling. “Light to the night” (《黑夜告白》), a realistic criminal investigation and suspense drama directed by Wang Zhi, with Pan Yueming and Wang Hedi as double male leads, “Prosecutor and Boy” (《檢察官與少年》), a television drama featuring the work of prosecutors, directed by Teng Huatao and starred by Zhang Xiaofei, “Day and Night II” (《白夜破曉》) starred by Pan Yueming who returned with original main cast of “Day and Night” (《白夜追凶》), are successfully in the can and have entered into the post-production stage.

Online streaming long video platform – Pumpkin Films

As an online streaming long video platform of the Group, Pumpkin Films strives to utilise precise algorithms empowered with technology to conduct digital analysis of subscriber behavior, understand the viewing style and preferences of subscribers, and intelligently recommend personalised contents to its viewers with a vision of “Pumpkin knows you better than yourself”. As one of the largest platforms acting as the agent and the distributor in China at the same time, Pumpkin Films generated considerable revenue and profit for the Company during the Reporting Period by introducing high-quality films and top-tier new dramas on an ongoing basis.

Meanwhile, the Group has noticed that the film and television industry integrates audio, video and text, which is an ideal scenario for the application of generative AI. Established in 2023, the AI Technology Laboratory of Pumpkin Films has made remarkable progress in the field of film and television technology research and development through its internal research and development efforts for nearly a year. The in-depth application of AI technology enables technological innovation in various aspects such as script creation, characterisation, scene design, special effects generation and music composition.

In terms of script creation and development, the laboratory of the Group has not only conducted in-depth text analysis of scripts through natural language processing technology, but also introduced a generative pre-training model to generate dialogues and lines that align with the style and theme of scripts, which greatly extends the room of creativity for script writing. Meanwhile, we further improved the quality and relevance of AI-generated content through the training conducted by a competent team of in-house scriptwriters.

In terms of characterisation and actor selection, the Group used computer vision and machine learning technology to realises a precise match between a character and an actor. Moreover, virtual people close to the actors’ body shape are created through 3D modeling. Together with the model driver, a certain range of virtual people interaction can be carried out, which has already achieved remarkable results in the practice of CHAINTECH.

Management Discussion and Analysis (Continued)

In terms of music composition for our films and television dramas, although the AI music generation technology has encountered some setbacks, the Group will continue to invest in R&D to optimise the algorithm and break through the bottleneck. Our goal is that through the analysis and learning of extensive music data, the system can learn about the musical characteristics of different genres and emotions, and automatically generate background music and theme songs based on plot needs, thereby improving the efficiency of music composition, and adding unique artistic charm to our films and television dramas.

In terms of scene design and special effects generation, the Group uses technologies such as 3D modeling, rendering and physics engines to achieve realistic simulations of our films and television scenes. In addition, the use of computer graphics (CG) technology to perform high-precision synthesis and rendering of special effects, presents stunning visual effects to the audience. The achievements made in this area are the most important and valuable part of our AI laboratory. The Group plans to make this capability available directly to the domestic film and television industry in the foreseeable future, so as to further promote innovation and development in the industry.

The technological strength of the Group not only has depth in theory, but also shows great strength in practical application. With the continuous advancement of technology and the ever-changing market demands, the Group will continue to promote innovation and endeavor to providing even more excellent products and services to meet and exceed the expectations of our customers. We believe that through unremitting efforts and continuous innovation, the Group will make more brilliant achievements in its future development.

JINGXIU Gaming Business

“JINGXIU” is a gaming business brand of the Group. During the Reporting Period, the gaming business of the Group performed strongly, and our revenue from online gaming services reached RMB0.87 billion.

According to the data published by the Game Industry Annual Conference in December 2023, the revenue of the gaming industry in 2023 exceeded RMB300 billion for the first time, and the number of users in the industry also reached a record high of 668 million. At the same time, the publication approvals for licensed distribution of games were also stable, and the overall industry demonstrated a recovery trend and steady growth.

During the Reporting Period, the Group established excellent product development and distribution teams, and also conducted in-depth analysis of the development of its launched games and future operations. Based on the future trend of the industry, the Group had determined its future development direction. The Group will continue to explore joint distribution and development of more top-notch IPs, and will develop game categories with huge potential, such as Simulation Game (SLG), Massively Multiplayer Online Role-playing Game (MMORPG), Card Game and other categories. Integrating with different themes including sports, ACGN and historical culture, the Group are keen on differentiated innovation, continuously invest resources and put efforts, and cultivate outstanding game development and distribution teams, striving to achieve sustainable high growth in revenue.

Currently, in addition to operating its two games “The War of Three Kingdoms” (《亂世逐鹿》) and “Chuanqi Tianxia” (《傳奇天下》) which were launched in 2022, the Group has launched “Ragnarok ORIGIN” (《仙境傳說：愛如初見》) on 26 March 2024, which is also popular among players. The game topped the free list on the first day of its launch and reached as high as 11th place on the best-seller list, with its first-month cash flow exceeding RMB100 million. As of the first half of 2024, the total registered users of the game had reached 1.55 million. As the Group adheres to a long-term operation and user-oriented distribution strategy, the annual turnover for this year is expected to be very substantial. With the dual assistance of game content and competitive tournaments, the product will continue to provide the Company with considerable revenue and profit.





Management Discussion and Analysis (Continued)

In addition, licensed by the IP “Civilization” (《文明》) from the world-renowned game company 2K Games, “Civilization Mobile” (《世界啟元》) distributed by the Group and developed by Tencent Aurora Studios was launched on 16 July 2024. This game has greatly expanded the boundaries of innovation in strategy war games and redefined the market’s perception of such games. The product performed steadily after its launch in Mainland China, and is expected to generate revenue and profit of a certain scale for the Group in the future.

In May 2024, the Group entered into an equity transfer agreement with the relevant vendors in relation to the acquisition of Beijing C4-Games Technology Co., Ltd., the project team of “Red Alert Online”, which has rich experience in SLG, and entered into further cooperation with EA, an internationally renowned game manufacturer, on the IP of “Red Alert Online”. The acquisition was completed in July 2024. This acquisition marked the formal entry of Ruyi Jingxiu into the cycle of self-research and self-development of games, enabling the Company to continue to innovate products and content on the “Red Alert Online”.

The Group will continue to strengthen its pipeline of SLG products, riding on the stable operation of Red Alert Online (《紅色警戒 OL》) and Civilization Mobile (《世界啟元》), two strategy mobile games, namely “Warpath” (《戰道》) and “Legends of the Wild” (《荒野國度》) have been included, both of which have obtained publication approvals for licensed distribution and are expected to be launched during the year. In addition, the Group is negotiating cooperation with a number of top-notch developers of SLG games.

In terms of game IP reserves, the Group has reached an agreement with ChineseAll, a leading domestic digital publishing company, to obtain the game adaptation rights for its well-known IP “Beastmaster of the Ages” (《萬古第一神》), and is considering launching the game to tie in with the broadcasting time of the animation adapted with such IP. At the same time, the Group has also successfully entered into an agency agreement to distribute a game adapted from the famous Japanese animation IP “To the Top”(《排球少年》) in China. The Group is also negotiating with several world-renowned sports brand group for the adaptation rights for various basketball and football games.

Moreover, the Group plans to launch various narrative interactive video games integrating live-action visuals in 2024. Some of the contents will be created using AI technology, under which collaborative creation will be achieved by integrating gaming, film production and artificial intelligence on interactive video game products. With the support of first-rate directors, scriptwriters and production teams in the industry, the Company will fully leverage its film and television production capabilities in game products including “Daybreak” (《晨昏綫》) and “Don’t Open the Doors!” (《別推開那扇門》) in tandem with cinema chains under Wanda Film to facilitate the full release of products.

Management Discussion and Analysis (Continued)

ADJUSTED NET PROFIT/(LOSS) AND 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/(loss) 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 net profit/(loss) and 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 net profit/(loss) and 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 2024 RMB'000	30 June 2023 RMB'000
Reconciliation of net losses to adjusted net profit/(loss) and adjusted EBITDA		
Net losses for the period	(122,658)	(263,651)
Add:		
Share-based compensation expenses	34,463	39,330
Imputed interest expenses	41,377	38,323
Fair value change in contingent consideration payable	590,439	(187,217)
Fair value change in financial assets at fair value through profit or loss (“FVPL”) (excluding film right investments)	319,817	58,043
Adjusted net profit/(loss)	863,438	(315,172)
Add:		
Income tax expenses/(credit)	182,692	(82,445)
Depreciation of property, plant and equipment	4,391	1,529
Depreciation of right-of-use assets	17,832	8,852
Amortisation of film and television programme rights	296,403	892,742
Amortisation of other intangible assets	3,545	1,252
Finance costs (excluding imputed interest expenses)	10,573	9,171
Adjusted EBITDA	1,378,874	515,929





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 2024, the liquidity of the Group was closely monitored by the board (the "**Board**") of directors (the "**Directors**") of the Company and the Group reviews its working capital and finance requirements on a regular basis.

Liquidity

As at 30 June 2024, the Group maintained cash and bank balance of approximately RMB2,764.9 million (as at 31 December 2023: approximately RMB569.9 million). The increase in cash and bank balance was mainly due to the receipt of proceeds from equity financing upon completion of the Share Subscriptions (as defined below) and the increase in operating results.

Borrowings and Gearing Ratio

The Group maintained a sound financial position, and its borrowing demand was not seasonal. As at 30 June 2024, the Group had borrowings of RMB1,876.1 million (as at 31 December 2023: approximately RMB1,755.4 million), with borrowings at fixed interest rates accounting for 9.4%. Such bank borrowings will be due within 9 months.

As at 30 June 2024, the Group's net equity amounted to approximately RMB12,283.9 million (as at 31 December 2023: approximately RMB11,037.5 million) with total assets amounting to approximately RMB18,999.3 million (as at 31 December 2023: approximately RMB16,681.2 million). Net current assets were approximately RMB4,561.5 million (as at 31 December 2023: approximately RMB3,272.9 million) and the current ratio was 2.0 times (as at 31 December 2023: 2.0 times). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing borrowings and lease liabilities) over shareholders' funds was 2.1% (as at 31 December 2023: 1.5%).

Charge of Assets

As at 30 June 2024, the Group did not have any charges on assets (as at 31 December 2023: nil).

Commitment

As at 30 June 2024, the Group had the capital commitments not provided for investment in an unlisted entity of approximately RMB207.2 million (as at 31 December 2023: nil).

Contingent Liabilities

The Company and the Group did not provide corporate guarantee to its subsidiaries or other parties and did not have other significant contingent liabilities as at 30 June 2024 (as at 31 December 2023: nil).

CURRENCY RISK MANAGEMENT

The Group had significant amount of assets and liabilities denominated in Renminbi (RMB) as at 30 June 2024. 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 2024, 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.

Management Discussion and Analysis (Continued)

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

MATERIAL ACQUISITION AND DISPOSAL

On 7 May 2024, Beijing Nuverse Information Technology Co., Ltd.* (北京朝夕光年信息技術有限公司) and Beijing Youyi Technology Co., Ltd.* (北京游逸科技有限 公司) (collectively, the “**Vendors**”) as the vendors and Beijing Ruyi Jingxiu Network Technology Co., Ltd.* (北京儒意景秀網絡科技有限 公司) (the “**Beijing Ruyi**”), a controlled structured entity of the Company, as the purchaser entered into the equity transfer agreement (the “**Equity Transfer Agreement**”), pursuant to which the Vendors conditionally agreed to sell, and Beijing Ruyi conditionally agreed to acquire, 100% equity of Beijing C4-Games Technology Co., Ltd. (北京有愛互娛科技有限 公司) (the “**Target Company**”) at a consideration of RMB259 million (subject to adjustments) (the “**Equity Transfer**”).

Prior to the completion of the Equity Transfer, the Target Company entered into an agreement (the “**Existing Transactions Agreement**”) with Shenzhen Tencent Computer Systems Company Limited and Shenzhen Tencent Tianyou Technology Company Limited (collectively, the “**Tencent Subsidiaries**”), which are the subsidiaries of Tencent Holdings Limited, a shareholder indirectly holding more than 10% of the shares of the Company (the “**Shares**”). The Target Company had been carrying out continuing transactions pursuant to the Existing Transactions Agreement, in relation to the transactions not yet completed as of the date of the Equity Transfer Agreement between the Target Company and Tencent Subsidiaries for the exclusive distribution, operation and promotion services of the game “Red Alert Online” (《紅警OL》). Such transactions shall constitute continuing connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) upon completion of the Equity Transfer. Details are set out in the announcements of the Company dated 7 May 2024 and 9 July 2024.

Save as disclosed above, during the six months ended 30 June 2024, there was no other material acquisition or disposal by the Company or any of its subsidiaries.

* For identification purposes only

SIGNIFICANT INVESTMENTS

Save as otherwise disclosed in this report, the Group did not have any significant investments for the six months ended 30 June 2024, 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.





Management Discussion and Analysis (Continued)

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

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**”) (collectively, the “**Independent Subscriber Share Subscription Agreements**”), pursuant to which the Company agreed to allot and issue, and each of Century Spirit, Cubract Ventures, Fame Mountain and Million Succeed agreed to subscribe 500,000,000 subscription shares (in aggregate 2,000,000,000 subscription shares with an aggregate nominal value of HK\$40,000,000) at HK\$1.60 per subscription share, on the respective terms thereunder.

On 4 July 2023, the Company entered into a share subscription agreement (the “**Water Lily Share Subscription Agreement**”) with Water Lily Investment Limited (“**Water Lily**”), pursuant to which the Company agreed to allot and issue, and Water Lily agreed to subscribe 500,000,000 subscription shares (with an aggregate nominal value of HK\$10,000,000) at HK\$1.60 per subscription share, on the terms of the Water Lily Share Subscription Agreement.

The abovementioned subscription shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all other ordinary share(s) in the share capital of the Company in issue at the time of allotment and issue of the subscription shares. The net subscription price per subscription share, after deduction of relevant costs and expenses, is estimated to be approximately HK\$1.60 per subscription share. As at 3 July 2023, being the last trading day prior to the signing of the Independent Subscriber Share Subscription Agreements and the Water Lily Share Subscription Agreement, the closing price of the Company's shares as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) was HK\$1.94 per Share.

In respect of the Share Subscription by Water Lily, the relevant subscription shares were allotted and issued on 10 October 2023 under the specific mandate sought from the independent shareholders at the special general meeting of the Company convened on 15 September 2023.

In respect of the Share Subscriptions by Century Spirit, Cubract Ventures, Fame Mountain and Million Succeed (collectively, the “**Independent Subscribers**”), the subscription shares shall be issued under the general mandate.

On 5 September 2023, 29 November 2023, 20 December 2023, 28 January 2024 and 3 April 2024, the Company entered into supplemental agreements separately with each of the Independent Subscribers pursuant to which the Company and each of the Independent Subscribers agreed to extend the longstop date and last issue date, being the date when each of the Independent Subscribers shall complete the subscription of all the relevant Subscription Shares in one or multiple tranches to 31 May 2024 (or such later date as the Company and the relevant Independent Subscribers may agree). The aforesaid extensions were due to additional time required by the Independent Subscribers to arrange the remittance of funds to Hong Kong.

On 5 June 2024, the closing of the Independent Subscriber Share Subscription Agreements completed, pursuant to which an aggregate of 2,000,000,000 subscription shares were issued under the general mandate at the subscription price of HK\$1.60 each, raising an aggregate gross proceeds of HK\$3,200 million. The aggregate gross proceeds raised will be applied in manner as disclosed in the circular of the Company dated 30 August 2023.

For further details of the Share Subscriptions, please refer to the announcements of the Company dated 4 July 2023, 7 September 2023, 29 November 2023, 28 January 2024, 31 January 2024, 3 April 2024 and 5 June 2024 and the circular of the Company dated 30 August 2023.

Management Discussion and Analysis (Continued)

Use of proceeds from the Share Subscriptions

The Share Subscriptions provided the Group with definite amount of capital to further develop and expand its film and gaming businesses whereby the Shareholder base of the Company was enlarged and diversified, further strengthening the financial position and market reputation of the Group. As disclosed in the circular of the Company dated 30 August 2023, the said proceeds were intended to be utilised in the following manner: (a) approximately HK\$1,130.8 million (equivalent to approximately RMB1,036.0 million or approximately 28%) for the development and expansion of the Group's film and online gaming businesses; (b) approximately HK\$2,469.2 million (equivalent to approximately RMB2,262.0 million or approximately 62%) for the expansion of film and television industry chain, primarily the acquisition of 49% of the shares in Beijing Wanda Investment Co., Ltd.; and (c) approximately HK\$400 million (equivalent to approximately RMB366.4 million or approximately 10%) for the Group's general working capital purposes.

The closing of the Water Lily Share Subscription Agreement took place on 10 October 2023 and the closing of the Independent Subscriber Share Subscription Agreements completed on 5 June 2024, the Group received in aggregate the net proceeds of HK\$4,000,000,000 in respect of the Share Subscriptions, which will be utilised in accordance with the purpose as disclosed in the circular of the Company dated 30 August 2023.

Details of the planned application and utilisation of the net proceeds as at 30 June 2024 are set out below:

Proposed use of proceeds as disclosed in the circular of the Company dated 30 August 2023	Allocated amount of net proceeds (Approximately HK\$ million)	Percentage of total net proceeds (%)	Utilised amount as at 30 June 2024 (HK\$ million)	Unutilised amount as at 30 June 2024 (HK\$ million)	Expected timeframe for utilising the remaining unused net proceeds ⁽¹⁾
Development and expansion of the Group's film and online gaming business	1,130.8	28	996.0	134.8	It is expected that the net proceeds for the development and expansion of the Group's film and online gaming business will be fully utilised by the end of 2024.
Expansion of film and television industry chain	2,469.2	62	2,469.2	—	Fully utilised as intended
Group's general working capital purposes	400	10	400	—	Fully utilised as intended
Total	4,000	100	3,865.2	134.8	N/A

Note:

- (1) Expected timeframe for utilising the remaining unused net proceeds is based on the best estimate of the Group's future market conditions, which is subject to the current and future development of the market conditions.

Save as disclosed above, during the six months ended 30 June 2024, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.





Management Discussion and Analysis (Continued)

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"). The purpose of the 2013 Share Option Scheme was to provide incentives to eligible participants.

No further options shall be granted under the 2013 Share Option Scheme upon termination but in all other respects, the provision of the 2013 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2013 Share Option Scheme and the options granted prior to the termination shall continue to be valid and exercisable in accordance with 2013 Share Option Scheme.

On 26 November 2021, the Company granted 181,917,000 share options pursuant to the 2013 Share Option Scheme and no further share options were granted pursuant to the 2013 Share Option Scheme up to the termination of the 2013 Share Option Scheme. For the six months ended 30 June 2024, (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 2023: nil). No share options were available for grant under the 2013 Share Option Scheme at the beginning and the end of the Reporting Period due to the termination of the scheme. Therefore, the disclosure of the number of shares that may be issued in respect of the share options granted under all the share option schemes of the Company during the Reporting Period divided by the weighted average number of shares in issue for the Reporting Period as required under Rule 17.07(3) of the Listing Rules is not applicable.

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)				Outstanding as at 30 June 2024	Exercise period	Lapsed/ cancelled during the Reporting Period	Exercise price per share (HK\$)
		Outstanding as at 1 January 2024	Vested during the Reporting Period	Granted during the Reporting Period	Exercised during the Reporting Period				
Ms. Chen Xi (resigned with effect from 12 January 2024)	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
	Sub-total:	48,000	—	—	—	48,000		—	

Management Discussion and Analysis (Continued)

Grantee	Date of grant	Number of Share Options (thousands)					Outstanding as at 30 June 2024	Exercise period	Lapsed/ cancelled during the Reporting Period	Exercise price per share (HK\$)
		Outstanding as at 1 January 2024	Vested during the Reporting Period	Granted during the Reporting Period	Exercised during the Reporting Period	Outstanding as at 30 June 2024				
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	
	Sub-total:	10,000	—	—	—	10,000		—		
	Total:	58,000	—	—	—	58,000		—		

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 2024	Vested during the Reporting Period	Granted during the Reporting Period	Exercised during the Reporting Period	Outstanding as at 30 June 2024			
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
Total:	123,917	—	—	—	123,917		—	

Notes:

- The vesting period for the share options granted on 26 November 2021 is from 26 November 2022 to 25 November 2031.
- 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);
- 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

Management Discussion and Analysis (Continued)

- 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 beginning of the Reporting Period 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 beginning of the Reporting Period and the end of the Reporting Period was 500,232,377 and 500,232,377, respectively.

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 scheme. Therefore, the disclosure of the number of shares that may be issued in respect of the share options granted under all the share option schemes of the Company during the Reporting Period divided by the weighted average number of shares in issue for the Reporting Period as required under Rule 17.07(3) of the Listing Rules is not applicable. As at 30 June 2024, there were no outstanding options under the 2023 Share Option Scheme.





Management Discussion and Analysis (Continued)

The total number of Shares available for issue under the 2023 Share Option Scheme is 1,000,464,754, representing approximately 8.00% 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 2024, 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 the Stock Exchange pursuant to the Model Code for Securities Transactions by directors of the Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as adopted by the Company, was as follows:

Long positions in shares of the Company:

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	29.81%
Mr. Yang Ming (Note 2)	Beneficial owner	1,080,000	0.01%
Mr. Zhang Qiang (Note 3)	Beneficial owner	10,000,000	0.08%

Notes:

- (1) The 1,893,101,943 Shares were indirectly held by Mr. Ke Liming, an executive Director and the chairman of the Board. Mr. Ke Liming was also deemed to be interested in 1,834,279,307 Shares (as defined in Part XV of the SFO), i.e. the underlying shares of the warrants granted to Pumpkin Films Limited, a company wholly-owned by Mr. Ke Liming.
- (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 Mr. Zhang Qiang represent the underlying shares of the options granted to Mr. Zhang Qiang under the 2013 Share Option Scheme.

Save as disclosed above, as at 30 June 2024, 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

As at 30 June 2024, 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 ordinary 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	29.81%
Pumpkin Films Limited (Note 1)	3,727,381,250	0	3,727,381,250	Beneficial owner	29.81%
Tencent Holdings Limited	0	2,545,734,565	2,545,734,565	Interest of a controlled corporation	20.36%
Water Lily (Note 2)	2,545,734,565	0	2,545,734,565	Beneficial owner	20.36%

Notes:

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

Save as disclosed above, as at 30 June 2024, 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 (*resigned with effect from 12 January 2024*)

Mr. Zhang Qiang

Non-executive Director

Mr. Yang Ming

Independent Non-executive Directors

Mr. Chau Shing Yim, David

Mr. Nie Zhixin

Mr. Chen Haiquan

Professor Shi Zhuomin

On 12 January 2024, Ms. Chen Xi resigned as an executive Director due to other business commitments. Since 12 April 2024 (being the date of publication of the annual report of the Company for the financial year ended 31 December 2023), 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 2024, the Group employed 451 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 2024, including Directors' emoluments, amounted to approximately RMB133.2 million (for the six months ended 30 June 2023: approximately RMB103.9 million).

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

In May 2024, the Group entered into an equity transfer agreement and conditionally agreed to acquire 100% equity of Beijing C4-Games Technology Co., Ltd. (the "**Acquisition**"). As at 30 June 2024, the Group had paid approximately RMB51,800,000 as prepayments for this acquisition, which was subsequently completed in July 2024. For further details of the Acquisition, please refer to the section headed "Material Acquisition and Disposal" in this report.

Save as disclosed above, the Group has no event after the end of the Reporting Period that needs to be brought to the attention of the shareholders of the Company.

Management Discussion and Analysis (Continued)

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 2024 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 2024 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.

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 C1 to the Listing Rules during the six months ended 30 June 2024 except for the following deviation 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 2024, 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.

COMPLIANCE WITH THE MODEL CODE

The Company adopted the Model Code set out in Appendix C3 to the Listing Rules 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 2024.

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, 30 August 2024



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 72, 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 2024 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, 30 August 2024

Interim Condensed Consolidated Statement of Financial Position

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	7	52,192	44,145
Right-of-use assets	7	102,453	89,394
Goodwill	7	4,214,619	4,214,619
Film and television programmes rights	11	1,652,460	1,470,456
Other intangible assets	7	697,956	679,849
Deferred tax assets		19,154	10,106
Prepayments and other non-financial assets	9	86,649	35,124
Deposits	10	6,457	5,533
Investments accounted for using the equity method	8	34,904	34,014
Financial assets at fair value through other comprehensive income		507	512
Financial assets at fair value through profit or loss	13	3,091,866	3,403,547
		9,959,217	9,987,299
Current assets			
Film and television programmes rights	11	1,512,376	1,259,849
Inventories		2,747	2,900
Prepayments and other non-financial assets	9	474,599	278,116
Trade and bills receivables	12	2,777,271	2,417,087
Other receivables and deposits	10	1,325,970	2,055,172
Financial assets at fair value through profit or loss	13	182,160	110,833
Cash and cash equivalents		2,764,926	569,902
		9,040,049	6,693,859
Total assets		18,999,266	16,681,158
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	14	239,481	222,761
Share premium	14	12,983,735	11,664,209
Other reserves	15	32,464	7,662
Accumulated losses		(971,745)	(857,092)
		12,283,935	11,037,540
Non-controlling interests		(4,569)	(1,556)
Total equity		12,279,366	11,035,984

Interim Condensed Consolidated Statement of Financial Position (Continued)

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	1,699,762	1,646,490
Lease liabilities		51,359	36,188
Deferred tax liabilities		449,551	510,886
Film and television programmes investment funds from investors	18	40,640	30,640
		2,241,312	2,224,204
Current liabilities			
Trade payables	17	484,109	357,418
Other payables and accruals	19	660,832	479,475
Contract liabilities		17,116	8,820
Current income tax liabilities		578,752	412,616
Borrowings	16	176,387	108,908
Lease liabilities		24,927	22,448
Contingent consideration payable	25	1,925,167	1,322,833
Film and television programmes investment funds from investors	18	611,298	708,452
		4,478,588	3,420,970
Total liabilities		6,719,900	5,645,174
Total equity and liabilities		18,999,266	16,681,158

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

Ke Liming
Director

Zhang Qiang
Director

Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended	
		30 June 2024 (Unaudited) RMB'000	30 June 2023 (Unaudited) RMB'000
Revenue	6	1,839,559	804,056
Cost of revenue	20	(575,467)	(1,149,358)
Gross profit/(loss)		1,264,092	(345,302)
Selling and marketing costs	20	(98,345)	(6,557)
Administrative expenses	20	(142,082)	(117,224)
Net impairment losses on financial assets	5.2(b)	(58,137)	(29,270)
Other income		254	2,352
Other (loss)/gain — net	23	(903,214)	160,118
Operating profit/(loss)		62,568	(335,883)
Finance costs	21	(51,950)	(47,494)
Finance income	21	48,526	37,965
Finance costs — net	21	(3,424)	(9,529)
Share of net profit/(loss) of associates accounted for using the equity method	8	890	(684)
Profit/(loss) before income tax		60,034	(346,096)
Income tax (expense)/credit	22	(182,692)	82,445
Losses for the period		(122,658)	(263,651)
Other comprehensive losses			
<i>Items that may be reclassified to profit or loss:</i>			
Changes at fair value through other comprehensive (loss)/income		(9)	27
Currency translation differences		(7,151)	(33,713)
<i>Items that may not be reclassified to profit or loss:</i>			
Currency translation differences		(2,501)	(1,348)
Other comprehensive losses for the period, net of tax		(9,661)	(35,034)
Total comprehensive losses for the period		(132,319)	(298,685)

Interim Condensed Consolidated Statement of Comprehensive Income (Continued)

	Notes	Six months ended	
		30 June 2024 (Unaudited) RMB'000	30 June 2023 (Unaudited) RMB'000
Losses for the period attributable to:			
– Equity holders of the Company		(114,653)	(262,250)
– Non-controlling interests		(8,005)	(1,401)
		(122,658)	(263,651)
Total comprehensive losses for the period attributable to:			
– Equity holders of the Company		(124,314)	(297,284)
– Non-controlling interests		(8,005)	(1,401)
		(132,319)	(298,685)
Losses per share for losses for the period attributable to the equity holders of the Company: (expressed in RMB cents per share)			
– Basic losses per share	24	(0.98)	(2.62)
– Diluted losses per share	24	(0.98)	(2.62)

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

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		
Balance at 1 January 2024	222,761	11,664,209	7,662	(857,092)	11,037,540	(1,556)	11,035,984	
Comprehensive loss								
Loss for the period	—	—	—	(114,653)	(114,653)	(8,005)	(122,658)	
Other comprehensive loss								
Changes at fair value through other comprehensive loss	—	—	(9)	—	(9)	—	(9)	
Currency translation difference	—	—	(9,652)	—	(9,652)	—	(9,652)	
Total comprehensive loss	—	—	(9,661)	(114,653)	(124,314)	(8,005)	(132,319)	
Transactions with equity holders								
Issuance of ordinary shares	16,720	1,319,526	—	—	1,336,246	—	1,336,246	
Disposal of subsidiaries	—	—	—	—	—	4,992	4,992	
Share-based compensation expenses	—	—	34,463	—	34,463	—	34,463	
Total transactions with equity holders	16,720	1,319,526	34,463	—	1,370,709	4,992	1,375,701	
Balance at 30 June 2024	239,481	12,983,735	32,464	(971,745)	12,283,935	(4,569)	12,279,366	

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 2024 (Unaudited) RMB'000	30 June 2023 (Unaudited) RMB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	288,773	(119,440)
Interest paid	(4,184)	(923)
Interest received	6,361	3,495
Income tax paid	(91,726)	(3,242)
Net cash generated from/(used in) operating activities	199,224	(120,110)
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,470)	(5,751)
Purchase of intangible assets	(21,652)	—
Purchase of financial assets at fair value through profit or loss	(85,055)	(261,050)
Prepayment for an intangible asset	(8,000)	—
Proceeds from disposal of property, plant and equipment	34	230
Proceeds from disposal of financial assets at fair value through profit or loss	4,340	85,000
Advance of receivables from investments in films and television programmes rights	(10,000)	(45,000)
Repayment of receivables from investments in films and television programmes rights	30,000	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
Advance of loan to third parties	(360,000)	—
Proceeds from loan to third parties	1,160,000	—
Advance of loan to related parties	(69,375)	—
Proceeds from loan to a related party	30,000	—
Investment in acquisition of a subsidiary	(51,800)	—
Net cash generated from/(used in) investing activities	606,022	(208,412)

Interim Condensed Consolidated Statement of Cash Flows (Continued)

	Note	Six months ended	
		30 June 2024 (Unaudited) RMB'000	30 June 2023 (Unaudited) RMB'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	14(a)	1,336,246	—
Proceeds from bank borrowings		85,110	—
Repayment of borrowings		(19,500)	—
Interest paid for bank borrowings		(3,892)	—
Repayment of principal and interest elements of leases		(14,825)	(7,939)
Net cash generated from/(used in) financing activities		1,383,139	(7,939)
Net increase/(decrease) in cash and cash equivalents		2,188,385	(336,461)
Cash and cash equivalents at beginning of period		569,902	1,189,720
Exchange gains on cash and cash equivalents		6,639	35,960
Cash and cash equivalents at end of period		2,764,926	889,219

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 and its subsidiaries (the “Group”) are principally engaged in content production, online streaming and advertising services, online gaming services and manufacturing and sales of accessories.

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 30 August 2024.

This interim financial information has not been audited.

2 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2024 (“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 2023, 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 amended standards and the accounting policies of online gaming services as set out below.

(a) Amendments and interpretations adopted by the Group

The following amendments and interpretations to standards are mandatory for the Group's financial year beginning on 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))
HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)

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

(b) Amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
HKAS 21	Lack of Exchangeability (amendments)	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

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.

3 ACCOUNTING POLICIES (Continued)

(c) New accounting policies adopted by the Group's online gaming services

Gaming services as a publisher

During the six months ended 30 June 2024, the Group acted as a publisher of a number of mobile games developed by third party game developers. The Group licenses these mobile games from game developers and earns service revenue by making a localized version of the licensed games and publishing them to the game players through distribution channels, including various mobile application stores and software websites, as well as other game publishers with cooperation relationship with the Group (collectively referred to as "Distribution Channels"). The mobile games published by the Group are operated under a free-to-play model whereby game players can download the games free of charge and are charged for the purchase of in-game virtual items via payment channels, such as various mobile carriers and third-party internet payment systems (collectively referred to as "Payment Channels", Distribution Channels and Payment Channels collectively referred to as "Platforms"). The Group recognises the related revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in these arrangements as stated below.

(a) Game license arrangements where the Group acts as agent

With respect to certain of the aforementioned Group's game license arrangements, the Group's primary responsibilities are the provision of market promotion and customer support services and considered itself as the agent of the game developers (i.e. the Group's customers) given that the (i) game developers are responsible for providing the game products desired by the game players; (ii) the costs incurred by the developers to develop the games are more than the licensing costs and game localizations costs incurred by the Group; (iii) the hosting and maintenance of game servers for running the online mobile games is the responsibility of the developers; (iv) the developers have the right to review and approve the pricing of in-game virtual items and the specification, modification or update of the game made by the Group. Accordingly, the Group recognises its game publishing service revenue from these licensed games on a net basis, net of the amounts paid to the game developers and commission fees paid to the Distribution Channels and Payment Channels.

The Group considers it provides a series of distinct services that are substantially the same and have the same pattern of transfer to the game developers who simultaneously receive and consume the benefits provided by the Group's services. As such, revenue is recognised in the month when related sales of in-game virtual items occur.

(b) Game license arrangements where the Group acts as principal

With respect to certain of the aforementioned Group's game license arrangements, the Group takes primary responsibilities of the game's operation, including but not limited to determining distribution and payment channels, providing customer services, and controlling services specifications and pricing of in-game virtual items. Under this type of game license arrangement, the Group considered itself as a principal and is obligated to provide on-going services to the game players who purchased in-game virtual items to gain enhanced game-playing experiences over the average expected playing period of players ("Player Relationship Period").

Accordingly, the Group recognises the revenues from the third-party licensed game on a gross basis ratably over the Player Relationship Period. Contract fulfilment costs, including but not limited to commission fees paid to Distribution Channels and Payment Channels, are recognised as cost of revenues through amortisation over the Player Relationship Period, which is consistent with the pattern of recognition of the associated revenues.

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.

Save as the following new significant judgement made by the management in preparing this interim financial information, other 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 Group's consolidated financial statements for the year ended 31 December 2023.

Estimate of Player Relationship Period

As described in Note 3(c), the Group recognises the revenues and contract fulfillment costs ratably over the estimated Player Relationship Period for games license arrangements where the Group acts as principal. The determination of Player Relationship Period is made based on the Group's best estimates that take into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on an appropriate basis. Any adjustments arising from changes in the Player Relationship Period as a result of new information will be accounted for as a change in accounting estimate.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and 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 2023.

There have been no changes in the Group's risk management policies since 31 December 2023.

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.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Credit risk (Continued)

(a) Risk management

As at 30 June 2024, 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.

At 30 June 2024 and 31 December 2023, 53% and 52% 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.

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
- Other receivables and deposits
- Financial assets at FVOCI
- Bills receivables

While cash and cash equivalents, bills receivables 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.

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 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 2024, the balance of loss allowance in respect of these individually assessed receivables was approximately RMB62,616,000 (as at 31 December 2023: RMB63,853,000).

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 before 30 June 2024 or 1 January 2024 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 capita 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 2024, the amount of loss allowance in respect of these collectively assessed receivables was approximately RMB150,025,000 (as at 31 December 2023: RMB98,874,000).

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

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

Other receivables and deposits

For other receivables and deposits, 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.

The loss allowance for trade and other receivables as at 30 June 2024 and 31 December 2023 reconcile to the opening loss allowance as follows:

	Trade receivables RMB'000	Other receivables and deposits RMB'000	Total RMB'000
Balance as at 1 January 2023	98,400	17,685	116,085
Impairment provision	64,704	54,632	119,336
Exchange difference	(377)	313	(64)
Balance as at 31 December 2023 (Audited)	162,727	72,630	235,357
Balance as at 1 January 2024	162,727	72,630	235,357
Impairment provision	50,325	7,812	58,137
Exchange difference	(411)	97	(314)
Balance as at 30 June 2024 (Unaudited)	212,641	80,539	293,180

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 2024 and 31 December 2023 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	Over 1 year past due RMB'000	Total RMB'000
As at 30 June 2024 (Unaudited)					
On collective basis					
Expected loss rate	1.18%	0.65%	1.85%	21.23%	5.14%
Gross carrying amount	1,616,068	226,580	513,476	565,172	2,921,296
Loss allowance provision	19,063	1,463	9,503	119,996	150,025
On individual basis					
Expected loss rate	—	—	—	100.00%	100.00%
Gross carrying amount	—	—	—	62,616	62,616
Loss allowance provision	—	—	—	62,616	62,616
Total					
Expected loss rate	1.18%	0.65%	1.85%	29.09%	7.13%
Gross carrying amount	1,616,068	226,580	513,476	627,788	2,983,912
Loss allowance provision	19,063	1,463	9,503	182,612	212,641

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	Over 1 year past due RMB'000	Total RMB'000
As at 31 December 2023 (Audited)					
On collective basis					
Expected loss rate	0.34%	1.77%	5.75%	18.94%	4.32%
Gross carrying amount	1,367,985	281,930	238,253	398,793	2,286,961
Loss allowance provision	4,681	4,978	13,692	75,523	98,874
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	0.34%	1.77%	5.75%	30.13%	6.92%
Gross carrying amount	1,367,985	281,930	238,253	462,646	2,350,814
Loss allowance provision	4,681	4,978	13,692	139,376	162,727

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 2024 and 31 December 2023 was determined as follows for other receivables:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 30 June 2024 (Unaudited)				
Gross carrying amount				
Receivables from investment in film and television programmes rights	1,129,240	9,238	49,206	1,187,684
Loans to third parties	36,112	—	—	36,112
Amounts due from related parties	58,262	—	—	58,262
Others	116,392	—	14,516	130,908
	1,340,006	9,238	63,722	1,412,966
Loss allowance				
Receivables from investment in film and television programmes rights	12,332	2,138	49,206	63,676
Loans to third parties	971	—	—	971
Amounts due from related parties	602	—	—	602
Others	774	—	14,516	15,290
	14,679	2,138	63,722	80,539
Expected credit loss rate	1.10%	23.14%	100.00%	5.70%
As at 31 December 2023 (Audited)				
Gross carrying amount				
Receivables from investments in film and television programmes rights	1,120,626	55,206	—	1,175,832
Loans to third parties	820,208	—	—	820,208
Amounts due from related parties	10,318	—	—	10,318
Others	111,443	—	15,534	126,977
	2,062,595	55,206	15,534	2,133,335
Loss allowance				
Receivables from investments in film and television programmes rights	23,207	16,296	—	39,503
Loans to third parties	16,714	—	—	16,714
Amounts due from related parties	22	—	—	22
Others	857	—	15,534	16,391
	40,800	16,296	15,534	72,630
Expected credit loss rate	1.98%	29.52%	100.00%	3.40%

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets, as shown in the consolidated statements of financial position. Total borrowings include borrowings and lease liabilities.

The gearing ratios as at 30 June 2024 and 31 December 2023 were as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Total borrowings and lease liabilities	1,952,435	1,814,034
Total assets	18,999,266	16,681,158
Gearing ratio	10%	11%

There were no material changes to the gearing ratio during the six months ended 30 June 2024.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.4 Fair value estimation

(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 and liability measured and recognised at fair value as at 30 June 2024 and 31 December 2023 on a recurring basis:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2024 (Unaudited)				
Financial assets				
Financial assets at fair value through profit or loss ("FVPL") (Note 13)				
— Film rights investments	—	—	111,331	111,331
— Investments in listed equity securities	44,733	—	—	44,733
— Investments in unlisted funds	—	326,169	166,000	492,169
— Investments in unlisted companies	—	2,541,449	50,000	2,591,449
— Investments in unlisted bonds	—	34,344	—	34,344
	44,733	2,901,962	327,331	3,274,026
Financial assets at FVOCI				
— Listed fund	507	—	—	507
	45,240	2,901,962	327,331	3,274,533
As at 30 June 2024 (Unaudited)				
Financial liability				
Contingent consideration payable (Note 25)	—	—	1,925,167	1,925,167

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.4 Fair value estimate (Continued)

(a) Fair value hierarchy (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2023 (Audited)				
Financial assets				
Financial assets at FVPL (Note 13)				
— Film rights investments	—	—	34,591	34,591
— Investments in listed equity securities	125,934	—	—	125,934
— Investments in unlisted funds	—	355,549	166,000	521,549
— Investments in unlisted companies	—	2,753,373	50,000	2,803,373
— Investments in unlisted bonds	—	28,933	—	28,933
	125,934	3,137,855	250,591	3,514,380
Financial assets at FVOCI				
— Listed fund	512	—	—	512
	126,446	3,137,855	250,591	3,514,892
As at 31 December 2023 (Audited)				
Financial liability				
Contingent consideration payable (Note 25)	—	—	1,322,833	1,322,833

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.4 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 2024 and 31 December 2023.

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. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. 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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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 (losses)/gains-net and finance costs-net are not included in the results for each operating segment.

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 profit/(loss)

The segment results and other segment items included in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2024 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	48,081	849,895	18,379	916,355
— Over time	—	923,204	—	923,204
	48,081	1,773,099	18,379	1,839,559
Segment profit/(loss)	(309,766)	1,127,265	(1,032)	816,467
Unallocated corporate expenses				(49,294)
Unallocated other losses — net				(685,679)
Unallocated finance cost — net				(21,460)
Profit before income tax				60,034
Depreciation of property, plant and equipment	3,352	918	121	4,391
Depreciation of right-of-use assets	13,512	3,230	1,090	17,832
Amortisation of other intangible assets	3	3,542	—	3,545
Amortisation of film and television programmes rights	57,548	238,855	—	296,403
Share of net profit of associates accounted for using the equity method	(890)	—	—	(890)

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 SEGMENT INFORMATION (Continued)

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

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 television programmes rights	506,970	385,772	—	892,742
Share of loss of associates accounted for using the equity method	684	—	—	684

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 2024 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)
ASSETS				
Segment assets	7,541,935	4,516,854	16,419	12,075,208
Unallocated property, plant and equipment				712
Unallocated right-of-use assets				6,358
Unallocated prepayments, other receivables and deposits				858,375
Financial assets at FVPL				3,274,026
Financial assets at FVOCI				507
Deferred tax assets				19,154
Cash and cash equivalents				2,764,926
Consolidated total assets				18,999,266
LIABILITIES				
Segment liabilities	(1,321,495)	(713,438)	(18,355)	(2,053,288)
Unallocated other payables				(6,933)
Unallocated lease liabilities				(6,447)
Unallocated borrowings				(1,699,762)
Contingent consideration payable				(1,925,167)
Current income tax liabilities				(578,752)
Deferred tax liabilities				(449,551)
Consolidated total liabilities				(6,719,900)

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 2023 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)
ASSETS				
Segment assets	8,128,589	3,618,029	15,624	11,762,242
Unallocated prepayments, other receivables, and deposits				824,016
Financial assets at FVPL				3,514,380
Financial assets at FVOCI				512
Deferred tax assets				10,106
Cash and cash equivalents				569,902
Consolidated total assets				16,681,158
LIABILITIES				
Segment liabilities	(1,132,720)	(588,511)	(20,063)	(1,741,294)
Unallocated other payables				(11,055)
Unallocated borrowings				(1,646,490)
Contingent consideration payable				(1,322,833)
Current income tax liabilities				(412,616)
Deferred tax liabilities				(510,886)
Consolidated total liabilities				(5,645,174)

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 property, plant and equipment, prepayments, other receivables and deposits, right-of-use assets, 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, lease liabilities, 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 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Content production	48,081	646,372
Online streaming and advertising services	908,025	95,662
Online gaming services	865,074	43,438
Sales of goods	18,379	18,584
	1,839,559	804,056

(e) Geographical information

The Group's operations are located in the PRC and Hong Kong for the six months ended 30 June 2024 and 2023.

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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 SEGMENT INFORMATION (Continued)

(e) Geographical information (Continued)

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

	Six months ended	
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Mainland China	1,822,752	792,255
Europe	5,947	6,678
Hong Kong	7,143	4,136
Others	3,717	987
	1,839,559	804,056

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	Mainland China	6,839,522
Hong Kong	8,168	835
	6,847,690	6,573,134

Notes to the Condensed Consolidated Interim Financial Information (Continued)

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

	Property, plant and equipment RMB'000	Right-of- use assets RMB'000	Other intangible assets RMB'000	Goodwill RMB'000
Six months ended 30 June 2023				
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
Six months ended 30 June 2024				
Opening net book amount at 1 January 2024	44,145	89,394	679,849	4,214,619
Additions	12,470	43,735	21,652	—
Currency translation differences	2	—	—	—
Disposal	(34)	(12,844)	—	—
Depreciation and amortisation charges (Note 20)	(4,391)	(17,832)	(3,545)	—
Closing net book amount at 30 June 2024 (Unaudited)	52,192	102,453	697,956	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 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
At the beginning of the period	34,014	34,897
Additions	—	91
Share of post-tax net profit/(loss) of associates	890	(684)
At the end of the period	34,904	34,304

9 PREPAYMENTS AND OTHER NON-FINANCIAL ASSETS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current portion		
Prepayments for:		
— Film and television programmes rights and productions	362,694	187,992
— Comic books' adaptation rights	—	11,433
— Gaming production, distribution and promotion fees	25,042	11,517
— Film directors' fees	8,000	8,000
— Prepayment to a related party (Note 28(d))	1,000	1,000
Deductible value-added tax	66,730	47,772
Others	11,133	10,402
	474,599	278,116
Non-current portion		
Prepayments for:		
— Investment in acquisition of a subsidiary (Note 27)	51,800	—
— An intangible asset	8,000	—
— A property	25,000	25,000
— Licensed film and television programmes rights	1,849	10,124
	86,649	35,124
Total	561,248	313,240

Notes to the Condensed Consolidated Interim Financial Information (Continued)

10 OTHER RECEIVABLES AND DEPOSITS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Amounts due from related parties (Note 28(d))	58,262	10,318
Receivables from investments in film and television programmes rights (a)	1,187,684	1,175,832
Loans to third parties (a)	36,112	820,208
Others	130,908	126,977
	1,412,966	2,133,335
Less: Impairment for other receivables and deposits (Note 5.2(b))	(80,539)	(72,630)
	1,332,427	2,060,705
Less: non-current portion	(6,457)	(5,533)
	1,325,970	2,055,172

- (a) The balances are unsecured, interest-bearing at fixed rates between 5% to 15%, and repayable within 12 months.

11 FILM AND TELEVISION PROGRAMMES RIGHTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Film and television programmes rights completed	599,738	503,432
Film and television programmes rights under production	2,021,060	1,787,553
Licensed film and television programmes rights	544,038	439,320
	3,164,836	2,730,305
Less: Current portion	(1,512,376)	(1,259,849)
	1,652,460	1,470,456

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
As at 1 January 2024	503,432	1,787,553	439,320	—	2,730,305
Additions	88,509	298,852	339,520	—	726,881
Transfer from prepayment	—	—	4,053	—	4,053
Amortisation (Note 20)	(57,548)	—	(238,855)	—	(296,403)
Transfer	65,345	(65,345)	—	—	—
As at 30 June 2024 (Unaudited)	599,738	2,021,060	544,038	—	3,164,836
As at 1 January 2023	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 (Note 20)	(506,970)	—	(385,772)	—	(892,742)
Transfer	368,138	(368,138)	—	—	—
Change in fair value	—	—	—	31,224	31,224
Derecognition	—	—	—	(2,481)	(2,481)
As at 30 June 2023 (Unaudited)	1,433,138	1,828,348	531,792	41,512	3,834,790

Notes to the Condensed Consolidated Interim Financial Information (Continued)

12 TRADE AND BILLS RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables from related parties (Note 28(d))	880,215	842,364
Trade receivables from third parties	2,103,697	1,648,450
	2,983,912	2,490,814
Less: allowance for impairment of trade receivables (Note 5.2(b))	(212,641)	(162,727)
	2,771,271	2,328,087
Bills receivables	6,000	89,000
	2,777,271	2,417,087

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 90 days	1,603,005	1,452,304
91 days to 180 days	225,117	276,952
181 days to 365 days	503,973	224,561
1 year to 2 years	274,108	273,447
Over 2 years	171,068	189,823
	2,777,271	2,417,087

Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current assets		
Investments in unlisted funds	492,169	521,549
Investments in unlisted companies	2,591,449	2,803,373
Investments in listed equity securities	8,248	78,625
	3,091,866	3,403,547
Current assets		
Film rights investments	111,331	34,591
Investments in listed equity securities	36,485	47,309
Investments in unlisted bonds	34,344	28,933
	182,160	110,833
Total	3,274,026	3,514,380

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

	Six months ended	
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
At the beginning of the period	3,514,380	587,047
Additions	73,055	311,050
Disposals	(4,340)	(85,000)
Fair value changes	(311,792)	(58,043)
Currency translation differences	2,723	10,988
At the end of the period	3,274,026	766,042

Notes to the Condensed Consolidated Interim Financial Information (Continued)

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 1 January 2023 and 30 June 2023 (Unaudited)	10,004,647,545	193,805	9,379,095
At 31 December 2023 and 1 January 2024 (Audited)	11,585,897,545	222,761	11,664,209
Issuance of ordinary shares (a)	918,750,000	16,720	1,319,526
As at 30 June 2024 (Unaudited)	12,504,647,545	239,481	12,983,735

- (a) During the six months ended 30 June 2024, the Company issued a total of 918,750,000 placing shares at the subscription prices of HK\$1.6 per share with gross proceeds of approximately HK\$1,470,000,000 (equivalent to approximately RMB1,337,627,000). After netting off these gross proceeds with share issuance costs, the respective share capital amount was approximately RMB16,720,000 and share premium arising from the issuance was approximately RMB1,319,526,000. The share issuance costs mainly include lawyers' fees and other related costs, which are incremental costs directly attributable to the issuance of the new shares and therefore treated as a deduction against the share premium arising from the issuance.

The directors do not recommend the payment of final dividend for the six months ended 30 June 2024 (2023: Nil).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

15 OTHER RESERVES

	Financial assets at FVOCI RMB'000	Special reserve RMB'000	Capital Surplus RMB'000	Translation reserve RMB'000	Statutory reserve (Note(a)) RMB'000	Share option reserve RMB'000	Reserve fund RMB'000	Enterprise expansion reserve RMB'000	Total RMB'000
Six months ended 30 June 2023									
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 (Note(b))	—	—	—	—	—	39,330	—	—	39,330
Balance at 30 June 2023 (Unaudited)	(359)	18,888	9,471	(226,401)	6,368	139,213	1,153	1,152	(50,515)
Six months ended 30 June 2024									
Balance at 1 January 2024	(338)	18,888	9,471	(211,210)	6,368	182,178	1,153	1,152	7,662
Changes in the fair value of debt instruments at FVOCI	(9)	—	—	—	—	—	—	—	(9)
Currency translation difference	4	—	—	(9,656)	—	—	—	—	(9,652)
Employees share option scheme: — share-based compensation expenses (Note(b))	—	—	—	—	—	34,463	—	—	34,463
Balance at 30 June 2024 (Unaudited)	(343)	18,888	9,471	(220,866)	6,368	216,641	1,153	1,152	32,464

- (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.
- (b) The share option reserve represents the fair value of the number of unexercised share options granted to employees of the Company recognised.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16 BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current other borrowings:		
– Unsecured without guarantee (Note (a))	1,699,762	1,646,490
Current bank and other borrowings:		
– Unsecured with guarantee – other borrowing (Note (b))	86,277	84,408
– Unsecured with guarantee – bank borrowing (Note (c))	5,000	5,000
– Secured bank borrowings (Note (d))	85,110	19,500
	176,387	108,908
Total borrowings	1,876,149	1,755,398

Notes:

- (a) As at 30 June 2024 and 31 December 2023, 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 costs – net” until maturity.
- (b) As at 30 June 2024 and 31 December 2023, the borrowing was denominated in RMB with fixed interest rate of 7.5% per annum and guaranteed by Mr. Ke Liming (“Mr. Ke”), a director of the Company. The repayment date of the borrowing will be 26 October 2024.
- (c) As at 30 June 2024, the borrowing was denominated in RMB with fixed interest rate of 2.9% per annum, and repayable within 3 months (as at 31 December 2023: fixed interest rate of 2.9% per annum and repayable within 1 year).
- (d) As at 30 June 2024, the borrowing was denominated in RMB with fixed interest rate of 3.25% (As at 31 December 2023: 3.55%) per annum, and repayable within 1 year.

The Group’s borrowings were repayable as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	176,387	108,908
Between 1 and 3 years	1,699,762	1,646,490
	1,876,149	1,755,398

Notes to the Condensed Consolidated Interim Financial Information (Continued)

17 TRADE PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables to:		
– Third parties	479,971	356,997
– Related parties (Note 28(d))	4,138	421
	484,109	357,418

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 60 days	451,294	330,995
61 days to 150 days	31,500	25,125
Over 151 days	1,315	1,298
	484,109	357,418

The carrying amounts of trade payables approximated their fair values as at 30 June 2024 and 31 December 2023.

18 FILM AND TELEVISION PROGRAMMES INVESTMENT FUNDS FROM INVESTORS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Film and television programmes investment funds from investors		
– Third parties	487,481	590,092
– Related parties (Note 28(d))	164,457	149,000
	651,938	739,092

Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 FILM AND TELEVISION PROGRAMMES INVESTMENT FUNDS FROM INVESTORS (Continued)

Represented by	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current portion	611,298	708,452
Non-current portion	40,640	30,640
	651,938	739,092

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.

19 OTHER PAYABLES AND ACCRUALS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Other payables	15,593	17,056
Payables to gaming developers	44,557	42,382
Advance receipt of film and television programmes issuance and production	342,642	151,299
Provisions for other taxes	145,218	110,529
Accrued expenses	25,899	40,473
Consideration payable for an investment in an unlisted company	—	12,000
Amounts due to related parties (Note 28(d))		
— to gaming distribution channels	72,265	105,731
— to an investor in film	14,653	—
— others	5	5
	660,832	479,475

Notes to the Condensed Consolidated Interim Financial Information (Continued)

19 OTHER PAYABLES AND ACCRUALS (Continued)

Other payables and accruals were denominated in the following currencies:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
– RMB	651,591	465,845
– HK\$	9,241	13,630
	660,832	479,475

The carrying amounts of other payables approximate their fair values as at 30 June 2024 and 31 December 2023.

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 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Employees benefit expenses (including directors' emoluments)	133,211	103,866
Costs of gaming development, content revenue-sharing, distribution and promotion and payment handling fees	287,330	205,781
Cost of inventories sold	9,592	7,984
Depreciation		
– Property, plant and equipment (Note 7)	4,391	1,529
– Right-of-use assets (Note 7)	17,832	8,852
Amortisation		
– Film and television programmes rights (Note 11)	296,403	892,742
– Other intangible assets (Note 7)	3,545	1,252
Bandwidth and server custody fees	18,102	17,864
Short-term rental expenses	2,066	1,093
Travelling expenses	2,964	1,204
Others	40,458	30,972
	815,894	1,273,139

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21 FINANCE COSTS — NET

	Six months ended	
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Finance costs:		
— Interests expenses on borrowings	(5,761)	(6,754)
— Interests expenses on film and television programmes investment funds from investors	(3,228)	(1,458)
— Interests expenses on lease liabilities	(1,584)	(959)
— Imputed interest expense	(41,377)	(38,323)
	(51,950)	(47,494)
Finance income:		
— Interest income on saving deposits	6,361	3,495
— Interest income on receivables from investments in film and television programmes rights, loans to third parties and other receivables from a related party	42,165	34,470
	48,526	37,965
Finance costs — net	(3,424)	(9,529)

Notes to the Condensed Consolidated Interim Financial Information (Continued)

22 INCOME TAX EXPENSE/(CREDIT)

	Six months ended	
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Current income tax		
— PRC corporate income tax	253,075	17,570
Deferred income tax	(70,383)	(100,015)
Income tax expense/(credit)	182,692	(82,445)

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

Under the two-tiered profits tax rates regime for the six months ended 30 June 2024 and 2023, the profits tax rate for the first HK\$2,000,000 of assessable profits is lowered to 8.25% (half of the rate specified in Schedule 8 to the Inland Revenue Ordinance). Assessable profits above HK\$2,000,000 continue to be subject to the rate of 16.5%. There is no assessable income for the year under Hong Kong profits tax.

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%, except for a subsidiary of the Group which are entitled to preferential tax rate applicable to advanced and new technology enterprises of 15% in the six months ended 30 June 2024 and 2023 on the estimated assessable profit for the year, based on the existing legislation, interpretations and practices in respect thereof.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

23 OTHER (LOSS)/GAIN – NET

	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Fair value change in contingent consideration payable (Note 25)	(590,439)	187,217
Remeasurement of film and television programmes investment fund from investors	—	(3,187)
Fair value change in financial assets at FVPL (including film right investments) (Note 13)	(311,792)	(26,819)
Others	(983)	2,907
Other (loss)/gain – net	(903,214)	160,118

24 LOSSES PER SHARE

(a) Basic

Basic losses per share is calculated by dividing the losses 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 2024 (Unaudited)	30 June 2023 (Unaudited)
Losses attributable to equity holders of the Company (RMB'000)	(114,653)	(262,250)
Weighted average number of ordinary shares in issue (thousands)	11,742,246	10,004,648
Basic losses per share (RMB cents per share)	(0.98)	(2.62)

(b) Diluted

Diluted losses 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 categories 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 losses per share.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

24 LOSSES PER SHARE (Continued)

(b) Diluted (Continued)

	Six months ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Weighted average number of ordinary shares for calculation of basic losses per share (thousands)	11,742,246	10,004,648
Weighted average number of ordinary shares for diluted losses per share (thousands)	11,742,246	10,004,648
Losses attributable to equity holders of the Company (RMB'000)	(114,653)	(262,250)
Diluted losses per share (RMB cents per share) for the period	(0.98)	(2.62)

The share options granted by the Company should also have potential dilutive effect on the losses per share. During the six months ended 30 June 2024 and 2023, these share options have anti-dilutive effect to the Group's diluted losses per share.

As the Group incurred losses for the six months ended 30 June 2024, 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 2024 are the same as basic losses per share.

25 CONTINGENT CONSIDERATION PAYABLE

	RMB'000
As at 1 January 2023	1,180,571
Fair value change of the contingent consideration payable	(187,217)
Currency translation differences	29,927
As at 30 June 2023 (Unaudited)	1,023,281
As at 1 January 2024	1,322,833
Fair value change of the contingent consideration payable	590,439
Currency translation differences	11,895
As at 30 June 2024 (Unaudited)	1,925,167

Notes to the Condensed Consolidated Interim Financial Information (Continued)

25 CONTINGENT CONSIDERATION PAYABLE (Continued)

On 20 January 2021 (“acquisition date”), the Group completed its acquisition (“Acquisition”) of 100% of all issued shares in Virtual Cinema Entertainment Limited (“Virtual Cinema”), which, together with its subsidiaries and variable interest entities, are principally engaged in film and television programmes production and online streaming platform.

The consideration of the Acquisition was settled by a combination of (i) HK\$3,913,182,000 (approximately RMB3,260,985,000) of the consideration settled in 1,154,330,943 shares (after share consolidation) at the issue price of HK\$3.39 (after share consolidation); and (ii) a maximum of HK\$2,907,300,000 (approximately RMB2,422,750,000) of the consideration settled by way of allotment and issue at maximum 1,834,279,307 warrants (after share consolidation) at the initial warrants exercise price of HK\$0.96 (after share consolidation) per each warrant.

The warrants are divided into three tranches being 611,426,436 warrants for tranche 1, 611,426,436 warrants for tranche 2, and 611,426,435 warrants for tranche 3.

The contingent consideration payable at maximum of 1,834,279,307 new shares were subject to the consolidated net profit after income tax of Virtual Cinema during the period of three years, being the years ended 31 December 2021 (“FY2021”), 2022 (“FY2022”) and 2023 (“FY2023”), which were successfully achieved by Virtual Cinema.

The fair value of the contingent consideration arrangement as at 30 June 2024 and 31 December 2023 was determined by using binomial option pricing model based on the valuation undertaken by an external independent valuer. The significant unobservable inputs into the model as at 30 June 2024 and 31 December 2023 are as follows:

	At 30 June 2024	At 31 December 2023
Stock price (HK\$)	2.10	1.73
Expected volatility (%)	44.37	48.18

Fair value change of the contingent consideration payable during the six months ended 30 June 2024 was primarily attributable to increase in stock price of the Company.

26 COMMITMENTS

As at 30 June 2024, the Group had the following capital commitments not provided for:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Investment in acquisition of a subsidiary (Note 27)	207,200	—

Notes to the Condensed Consolidated Interim Financial Information (Continued)

27 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

In May 2024, the Group entered into an equity transfer agreement and conditionally agreed to acquire 100% equity of Beijing C4-Games Technology Co., Ltd (the “Acquisition”). As at 30 June 2024, the Group had paid approximately RMB51,800,000 as prepayments (Note 9) for the Acquisition, which was subsequently completed in July 2024.

28 RELATED PARTY BALANCES AND 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	Director and the Chairman of the board of the Company
Tencent Holdings Limited 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’s family
Beijing Ruyi Xinxin Film Investment Co., Ltd.	A company controlled by Mr. Ke
Shanghai Ruyi Investment Management Co., Ltd	A company controlled by Mr. Ke
Beijing Chuangwai Film and Television Culture Media Co., Ltd.	An associate of the Group
Sichuan Wenyoudao Film and Television Culture Co., Ltd	An associate of the Group
Wanda Film Holdings and its subsidiaries (Collectively “Wanda Group”)	A group controlled by Mr. Ke

Notes to the Condensed Consolidated Interim Financial Information (Continued)

28 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) Transactions with related parties

During the six months ended 30 June 2024 and 2023, the Group had the following significant transactions with related parties:

	Six months ended	
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
(i) Rental expenses:		
– Beijing Ruyi Xinxin Film Investment Co., Ltd	1,097	—
– Shanghai Ruyi Investment Management Co., Ltd	804	—
	1,901	—
(ii) Internet and content delivery network cost		
– Tencent Group	2,719	1,407
(iii) Gaming promotion and other expenses		
– Wanda Group	4,856	—
(iv) Gaming distribution channel fees payable		
– Tencent Group	45,659	11,795
(v) Gaming promotion revenue		
– Tencent Group	600,185	39,463
(vi) Interest income		
– Sichuan Wenyoudao Film and Television Culture Co., Ltd	1,084	—
(vii) Personal guarantee provided by a director		
During the six months ended 30 June 2024 and 2023, one of the Group's borrowings was secured by personal guarantee from Mr. Ke as set out in Note 16.		

Notes to the Condensed Consolidated Interim Financial Information (Continued)

28 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(c) Key management compensation

	Six months ended	
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Key management compensation		
— Salaries and other benefits	5,299	7,012
— Share-based payments	2,498	12,539
	7,797	19,551

(d) Balances with related parties

As at 30 June 2024 and 31 December 2023, the Group had the following significant balances with related parties:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivable from related parties:		
— Tencent Group	880,215	842,364
Other receivables from related parties:		
— Beijing Ruyi Xingrong Culture Media Co., Ltd	800	800
— Beijing Ruyi Xinxin Film Investment Co., Ltd	8,218	8,218
— Beijing Zhumeng Qiming Culture & Arts Co., Ltd.	1,300	1,300
— Sichuan Wenyoudao Film and Television Culture Co., Ltd (Note (a))	47,944	—
	58,262	10,318
Prepayment to a related party:		
— Beijing Chuangwai Film and Television Culture Media Co., Ltd	1,000	1,000

Notes to the Condensed Consolidated Interim Financial Information (Continued)

28 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(d) Balances with related parties (Continued)

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables to related parties:		
— Tencent Group	421	421
— Wanda Group	3,717	—
	4,138	421
Other payables to related parties:		
— Tencent Group	72,265	105,731
— Wanda Group	14,653	—
— Beijing Ruyi Xinxin Film Investments Co., Ltd	5	5
	86,923	105,736
Film and television programmes investment funds from related parties:		
— Tencent Group	149,000	149,000
— Wanda Group	15,457	—
	164,457	149,000

Note:

- (a) The balances included RMB40,524,000 that are unsecured, interest-bearing at fixed rates of 8% and repayable within 12 months.