

煜盛文化集團*



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

CHINA BRIGHT CULTURE GROUP

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1859

2022
Interim Report

* For identification purposes only



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LIU Mu (*Chairman and Chief Executive Officer*)

Mr. XIA Rui (resigned on 21 July 2022)

Independent non-executive Directors

Ms. RAN Hua

Mr. ZHANG Yiwu

Ms. YAO Li

AUDIT COMMITTEE

Ms. RAN Hua (*Chairlady*)

Mr. ZHANG Yiwu

Ms. YAO Li

REMUNERATION COMMITTEE

Mr. ZHANG Yiwu (*Chairman*)

Ms. RAN Hua

Ms. YAO Li

NOMINATION COMMITTEE

Mr. LIU Mu (*Chairman*)

Ms. RAN Hua

Mr. ZHANG Yiwu

COMPANY SECRETARY

Mr. TONG Wing Chi (appointed on 21 July 2022)

Mr. NGAI Tsz Hin, Michael (resigned on 21 July 2022)

AUTHORISED REPRESENTATIVES

Mr. LIU Mu

Mr. TONG Wing Chi (appointed on 21 July 2022)

Mr. NGAI Tsz Hin, Michael (resigned on 21 July 2022)

REGISTERED OFFICE

Floor 4, Willow House

Cricket Square

Grand Cayman

KY1-9010

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 702, 7/F

Harbour Crystal Centre

100 Granville Road

Tsim Sha Tsui East

Kowloon

Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Floor 7, Block A
Shinelong International Building
No. 18 Guangqu Road
Chaoyang District
Beijing
PRC

COMPANY WEBSITE

www.sinozsw.com

STOCK CODE

1859

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
P.O. Box 268
Grand Cayman, KY1-1104
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2022, several of the Group's productions received revenue recognition letters and media platform revenue increased by 56% year-on-year to RMB302.5 million (2021: RMB193.4 million). The eCommerce promotion services segment experienced a significant decline in results due to the COVID-19 pandemic and logistics disruptions in the first half of the year. As for corporate sponsors, the Group is currently working on several network programs which are expected to be completed in the second half of this year to the first half of next year. Due to the low gross profit and net profit margin of the media platform, the overall gross profit margin and net profit of the Group declined.

The increasing impact of new media on content production industry in the PRC was accelerated by COVID-19 in the first half of 2022. In order to maintain a stable cash flow, improve the efficiency of capital turnover and actively grasp the changes in the future development of the industry, the Group entered into strategic cooperation agreements with China Youth Daily Newspaper Office and CCTV Animation Group in 2021, and announced a new project for the construction of a youth cultural data system in the second quarter of 2022, marking the first step in the Group's strategic upgrade and transformation.

We are committed to becoming a first-class cultural services group driven by content+industry strategy. In the second half of 2022, the business strategy will focus on three segments: original content production, data content operation and content derivation. In addition to the upstream and downstream extension of the industry chain, we believe that the strategic upgrade will give full play to the existing resources of the Group, creating more value for its shareholders.

The Group will accelerate the development and upgrade of its business in the second half of 2022, despite that traveling and gathering of people in some cities are still not fully resumed. To ensure business compliance, the Group has engaged professional qualified lawyers and service providers to assess important documents, as well as additional staff who are familiar with regulatory authority to assist in gate-keeping.

The Group is confident about its future development and will make timely announcements on the progress of its business. We will continue to create value for our employees, shareholders, partners and customers by insisting on quality content innovation in spite of the difficulties and changing industry cycles.

OUTLOOK AND PLANS

In the second half of 2022, the Group will accelerate the implementation of new projects around its content+industry strategy while managing the risks of new businesses in order to maximise returns for shareholders.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from research and development, marketing, production and distribution of content, including revenue from media platforms, revenue from corporate sponsors and revenue from live e-commerce. Revenue of the Group increased by 6.7% from RMB310.19 million in the first half of 2021 to RMB331.0 million in the first half of 2022. The following table sets forth the breakdown of revenue by source for the periods indicated:

	For the six months ended 30 June			
	2022		2021	
	Amount (RMB'000) (Unaudited)	Percentage	Amount (RMB'000) (Unaudited)	Percentage
Content-related				
Corporate sponsors	14	0.1%	116,772	37.6%
Media platform	302,515	91.4%	193,418	62.4%
eCommerce promotion	28,486	8.6%		
Total	331,015	100.0%	310,190	100.0%

The Group's revenue from eCommerce promotion for the first half of the year was RMB28.5 million, primary due to the impact of COVID-19 and the Company's plan to optimize its e-Commerce business by focusing on incubating a quality content-focused e-Commerce ecosystem with a more competitive edge.

The Group's key corporate sponsor, Young, is in production stage and revenue from corporate sponsors fell to approximately RMB14,160 in the first half of the year from approximately RMB116.8 million in the first half of 2021, and it is expected that Young will launch its programs in the second half of this year.

The Group's revenue from media platform increased by 56% to RMB302.5 million in the first half of the year from RMB193.4 million in the first half of 2021, primarily due to the receipt of formal settlement confirmation letters for the production of four television programmes.

Management Discussion and Analysis (Continued)

Cost of sales

The Group's cost of sales primarily consists of the cost of sales related to the content that it developed, marketed, produced and distributed. The following table sets forth the cost of sales for the periods indicated:

	For the six months ended 30 June			
	2022		2021	
	Amount (RMB'000) (Unaudited)	Percentage	Amount (RMB'000) (Unaudited)	Percentage
Content-related	257,874	100%	130,062	100.0%

The Group's cost of sales increased from RMB130.1 million for the first half of 2021 to RMB257.9 million for the first half of 2022, primarily due to the increase in the number of programs delivered.

Gross Profit and Gross Profit Margin

The Group's gross profit and gross profit margin for the first half of 2022 were RMB85.8 million and 25% respectively, lower than the RMB180.1 million and 58% recorded for the first half of 2021.

Selling and Marketing Expenses

The Group's selling and marketing expenses primarily consist of staff costs of our employees for content development, production and promotional expenses for our programs. The Group's selling and marketing expenses increased by 19.0% from RMB2.1 million for the first half of 2021 to RMB2.5 million, primarily due to the increase in delivery of production.

General and Administrative Expenses

The Group's general and administrative expenses consist of (1) staff costs for the Group's administrative staff; (2) depreciation and amortisation; (3) expenses for rent, office, transportation and traveling; and (4) professional service fees for legal and accounting services. The Group's general and administrative expenses decreased by 67% from RMB26.2 million for the first half of 2021 to RMB8.6 million, primarily due to the suspension of some operations during the COVID-19 outbreak and the optimisation of manpower for slow-moving projects.

Net Finance Expenses

The Group's net finance expenses represent (1) interest income on bank deposits; (2) interest expenses on bank loans and other borrowings and loans from third parties; (3) interest on lease liabilities; and (4) net foreign exchange loss from the depreciation of certain U.S. dollar bank deposits due to U.S. dollar to Renminbi exchange rate fluctuations. The Group's net finance expenses increased by 35.8% from RMB1.1 million for the first half of 2021 to RMB1.5 million for the first half of 2022.

Management Discussion and Analysis (Continued)

Profit Before Taxation

As a result of the foregoing, the Group's profit before taxation for the first half of 2022 decreased by 60.3% from approximately RMB68.3 million for the first half of 2021 to RMB27.1 million for the first half of 2022.

Income Tax

The Group's income tax expense decreased by 41.0% from approximately RMB10.5 million for the first half of 2021 to approximately RMB6.2 million for the first half of 2022.

Profit for the Period

For the above reasons, the Group's profit for the first half of 2022 decreased by 63.8% to RMB20.9 million from RMB57.8 million for the first half of 2021.

FINANCIAL POSITION

Program Copyrights

The Group's program copyrights consist of programs under production, which increased by 1.9% to RMB540.4 million in the first half of 2022 from approximately RMB530.4 million as at 31 December 2021, primarily due to the new pipeline programs.

Trade Receivables

The Group's trade receivables represent outstanding amounts due from our customers. The Group's trade receivables (net of loss allowance) increased by 8.5% to RMB599.5 million as at 30 June 2022 from RMB552.5 million as at 31 December 2021. This was primarily due to the formal recognition of some of our productions.

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 month	13,306	12,121
1 month to 3 months	2,250	2,438
3 months to 6 months	214,758	15,000
6 months to 1 year	72,600	20,655
1 year to 2 years	235,253	497,377
2 years to 3 years	61,288	4,952
	599,455	552,543

Management Discussion and Analysis (Continued)

Trade Payables

The Group's trade payables mainly relate to amounts payable for services in choreography, lighting and sound for use in the filming of programs and to third party suppliers. Trade payables increased by 7.6% from RMB34.4 million as at 31 December 2021 to RMB37.0 million as at 30 June 2022, primarily due to the increase in services used for content production.

Liquidity and Capital Resources

The Group's cash and cash equivalents amounted to RMB3.6 million as at 31 December 2021, compared to RMB13.7 million as at 30 June 2022. Working capital (current assets less current liabilities) and the total equity of the Group amounted to RMB1,122.0 million and RMB1,175.6 million, respectively, as at 31 December 2021, compared to RMB1,134.2 million and RMB1,204.9 million, respectively, as at 30 June 2022.

The Group continued to maintain a strong financial position. Total assets increased from RMB1,545.6 million as at 31 December 2021 to RMB1,638.2 million as at 30 June 2022, whereas the total liabilities increased from RMB370.0 million as at 31 December 2021 to RMB433.4 million as at 30 June 2022. The debt to asset ratio decreased from 23.9% as at 31 December 2021 to 26.5% as at 30 June 2022. As at 30 June 2022 and as at 31 December 2021, the Group's bank loans and other borrowings payable within one year amounted to RMB40.0 million and RMB20.0 million, respectively. The fixed annual interest rates of the Group's bank loans and other borrowings for the six months ended 30 June 2022 ranged from 4.35% to 6.5%, while the relevant fixed interest rates for the year of 2021 was 3.6%. The Directors are of the opinion that the Group is in a strong and sound financial position and has sufficient resources to support its operations and meet its foreseeable capital expenditures.

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

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(2,258)	(397,347)
Net cash (used in)/generated from investing activities	(9,448)	436,846
Net cash generated from/(used in) financing activities	10,900	(32,225)
Net (decrease)/increase in cash and cash equivalents	(806)	7,274

Net Cash Used in Operating Activities

In the first half of 2022, the net cash used in operating activities was RMB2.2 million, primarily due to the increase in program production expenses.

Net Cash Used in Investing Activities

In the first half of 2022, the net cash used in investing activities was RMB9.4 million, primarily due to the increase in right-to-use assets.

Net Cash Generated from Financing Activities

In the first half of 2022, the net cash used in financing activities was RMB10.9 million, primarily due to the increase in the Group's borrowings.

Net Current Assets

As of 30 June 2022, the net current assets of the Group amounted to RMB1,134.2 million, compared to RMB1,122.0 million as at 31 December 2021.

Gearing Ratio

As at 30 June 2022, the Group's gearing ratio (calculated by dividing bank loans and other borrowings by total equity as at the end of each period) was approximately 3.3%, compared to 1.7% as at 31 December 2021.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

In the first half of 2022, the Group did not have any significant investment held, material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group did not have any plans for material investments and capital assets. The Group may look into business and investment opportunities in different business sectors and consider whether any asset or business acquisitions, restructuring or diversification may become appropriate in order to improve its long-term competitiveness.

CAPITAL EXPENDITURE AND COMMITMENTS

In the first half of 2022, the Group did not incur any capital expenditure. As at 30 June 2022, there were no significant capital commitments outstanding against the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 June 2022.

CHARGES ON GROUP ASSETS

As at 30 June 2022, the Group pledged receivables of RMB87.39 million as security.

Management Discussion and Analysis (Continued)

FOREIGN EXCHANGE RISK

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

CREDIT RISK

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

LIQUIDITY RISK

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

CHANGE OF THE USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Stock Exchange on the 13 March 2020 (the "**Listing Date**"), and the subscription price was HK\$2.26 per share. The Company received net proceeds of approximately HK\$829.9 million (approximately RMB749.2 million) (after deduction of underwriting commission and related costs and expenses) from the issuance of 400 million shares under the Global Offering. The business objectives, future plans and planned use of proceeds as stated in the Prospectus of the Company dated 28 February 2020 (the "**Prospectus**") were based on the best estimation and assumption of future market conditions and industry development made by the Company at the time of preparing the Prospectus while the proceeds will be applied based on the actual development of the Group's business and the industry.

Management Discussion and Analysis (Continued)

Details of the use of proceeds are as follows:

Use of proceeds as described in the Prospectus	Expected amounts to be utilised as disclosed in the Prospectus (RMB'000)	Amounts unutilised as at 30 June 2022 (RMB'000)	Movement after the redemption of USD64.0 million from the AMTD Investments up to 30 June 2022
			(RMB'000)
A. Funding the development of our new pipeline programs	636,799	–	266,522
A(1). Of which: Funding the programs that are expected to be released in 2020	524,423	–	266,522
Of which: A(1)(a) TV variety programs in the food, work/career, youth and police/crime genres	217,260	–	86,186
A(1)(b) TV drama series in the urban and police/crime genres	202,278	–	114,561
A(1)(c) Made-for-internet drama series in the urban, youth and police/crime genres	104,885	–	65,775
A(2). Funding the programs that are expected to be released in 2021	112,376	–	–
B. Expanding our team	37,459	–	28,330
C. For working capital and general corporate purposes	74,918	–	8,269
IPO proceeds sub-total	749,176	–	303,121⁽¹⁾
Temporary usages			
The AMTD Investments	–	448,000 ⁽³⁾⁽⁴⁾	(448,000) ⁽³⁾
The Loan	–	–	144,879 ⁽²⁾
Total	749,176	448,000	

Notes:

- (1) The amount utilised as at 30 June 2021 includes the Group's purchase of the three program copyrights of drama in the urban, youth and police/crime genres of the amount of RMB161 million (of which two of the three programs with the amount of RMB101 million is under the "TV drama series in the urban and police/crime genres", and the remaining one program with the amount of RMB60 million is under the "made-for-internet drama series in the urban, youth and police/crime genres") as mentioned in Note 17(iv) to the consolidated financial information as disclosed in the results announcement dated 27 August 2021.

Management Discussion and Analysis (Continued)

- (2) The approximately RMB144.9 million of the net proceeds has been used to fund the secured loan of principal amount of RMB179 million (the “**Loan**”) to Tianjin Fangzhou Technology Development Company Limited* (天津方舟科技發展有限公司) (“**Tianjin Fangzhou**”) pursuant to the loan agreement dated 16 June 2021 (“**Loan Agreement**”), and the remaining principal amount of the Loan (i.e. RMB34.1 million) was funded by its internal resources. For more details, please refer to the announcements of the Company dated 12 August 2021 and 3 September 2021 and the paragraphs in Note 10 – Prepayments and other receivables of the notes to the unaudited interim condensed consolidated financial statements in this report. The Loan has been matured on 1 January 2022 and remained outstanding as at 30 June 2022. The Group is currently negotiating the repayment proposal with Tianjin Fangzhou and further announcement will be made by the Company as and when appropriate.
- (3) For illustration purpose only, conversion of USD into RMB in the table above are based on the exchange rate USD1.00: RMB7.00. Such conversion shall not be construed as representations that amount of such currency was or may have been converted into RMB and vice versa at such rates or any other exchange rates.
- (4) For more details in relation to the acquisition and redemption of the AMTD Investments and the reasons therefor, please refer to the announcement of the Company dated 3 September 2021.

The use of proceeds from the Global Offering on (i) AMTD Investments and (ii) the Loan constituted a change in use of proceeds as disclosed in the Prospectus. For the reasons for entering into the AMTD Investments, please refer to the announcement of the Company dated 28 August 2020. Due to the impact of COVID-19 pandemic, it was estimated that approximately 60% to 70% of the net proceeds would not be immediately required by the Company in implementing the business strategies as disclosed in the Prospectus. In order to preserve and make use of the anticipated idle proceeds, the Board resolved to change the use of the idle proceeds on AMTD Investments.

There were several major variety programs production progress in 2020, namely completion of broadcasting of “The Taste of Time” (《穿越時間的味道》), release of “Hello! Interviewer” (《你好! 面試官》). Preparations for the production of new projects such as the “New Super Winner” (《新超級大贏家》) had also been commenced. After making a comprehensive planning on the Company’s cash demand and operation development, and considering the changes on overall market conditions, including the swift recovery from the COVID-19 pandemics in the PRC, the Company decided to redeem the AMTD Investments and had fully redeemed the same between November 2020 and June 2021. As at 31 December 2021 and 30 June 2022, the AMTD Investments had been fully redeemed without any interests or any return from the AMTD Investments.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 7 to the unaudited interim condensed consolidated financial statements.

HUMAN RESOURCES

As at 30 June 2022, the Group had 56 full-time employees (as compared with 83 full-time employees as at 30 June 2021), all of whom were based in the PRC. The following table sets forth the number of our employees by function:

	Number of employees	% of total
Content development	14	25.0%
Marketing	15	26.8%
Administrative and human resources	6	10.7%
Finance and capital raising	6	10.7%
Management and support	15	26.8%
Total	56	100.0%

The Company's employee benefit expense (excluding directors' remuneration), including salaries, bonuses and other employee's benefits, amounted to approximately RMB7.8 million for the Reporting Period (30 June 2021: approximately RMB5.5 million). The increase in staff costs was mainly due to the decrease in exemption of contributions to defined contribution retirement plans during the Reporting Period.

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

LOAN AND GUARANTEE

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	331,015	310,190
Cost of sales		(252,909)	(130,062)
Gross profit		78,106	180,128
Other net income		191	937
Selling and marketing expenses		(2,472)	(2,057)
General and administrative expenses		(13,069)	(26,169)
Impairment losses on trade and other receivables, net		(34,312)	(82,800)
Profit from operations		28,444	70,039
Net finance expenses	4(a)	(1,382)	(1,128)
Fair value changes on investments measured at fair value through profit or loss		–	(596)
Profit before taxation	4	27,062	68,315
Income tax	5	(6,154)	(10,503)
Profit attributable to equity shareholders of the Company for the period		20,908	57,812
Earnings per share			
Basic and diluted (RMB)	6	0.013	0.04

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Profit for the period	20,908	57,812
Other comprehensive income/(expense) for the period (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation into presentation currency of the Group	4,558	(3,258)
Other comprehensive income/(expense) for the period	4,558	(3,258)
Total comprehensive income attributable to equity shareholders of the Company for the period	25,466	54,554

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	7(b)	252	302
Right-of-use assets	7(a)	28,494	13,139
Deferred tax assets		50,374	50,374
		79,120	63,815
Current assets			
Program copyrights	8	540,389	530,442
Trade receivables	9	599,455	552,543
Prepayments and other receivables	10	405,508	395,166
Cash and cash equivalents		13,731	3,610
		1,559,083	1,481,761
Current liabilities			
Bank loans		40,000	20,000
Contract liabilities		60,625	69,552
Trade payables	11	37,019	34,356
Accruals and other payables	12	145,469	115,775
Lease liabilities		3,458	2,914
Current taxation		138,324	117,167
		424,895	359,764
Net current assets		1,134,188	1,121,997
Total assets less current liabilities		1,213,308	1,185,812
Non-current liabilities			
Lease liabilities		8,457	10,219

Consolidated Statement of Financial Position (Continued)

As at 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
NET ASSETS		1,204,851	1,175,593
Equity			
Share Capital	14	73	73
Reserves		1,204,778	1,175,520
Equity attributable to the equity shareholders of the Company		1,204,851	1,175,593
TOTAL EQUITY		1,204,851	1,175,593

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 – unaudited

	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Capital reserves	Exchange reserves	Share-based	Retained profit	Total equity
					payment reserve		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2021 (audited)	73	882,836	137,106	(33,076)	-	117,603	1,104,542
Changes in equity for the six months ended 30 June 2021:							
Profit and other comprehensive expenses for the period	-	-	-	(3,258)	-	57,812	54,554
As at 30 June 2021 (unaudited)	73	882,836	137,106	(36,334)	-	175,415	1,159,096
As at 1 January 2022 (audited)	73	882,836	137,106	(36,960)	25,466	167,072	1,175,593
Changes in equity for the six months ended 30 June 2022:							
Profit and other comprehensive income for the period	-	-	-	4,558	-	20,908	25,466
Equity-settled share-based payments	-	-	-	-	3,792	-	3,792
As at 30 June 2022 (unaudited)	73	882,836	137,106	(32,402)	29,258	187,980	1,204,851

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022 – unaudited

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net cash generated from/(used in) operating activities	3,896	(397,347)
Net cash (used in)/generated from investing activities	(9,448)	436,846
Net cash generated from/(used in) financing activities	10,900	(32,225)
Net increase in cash and cash equivalents	5,348	7,274
Cash and cash equivalents at the beginning of the period	3,610	1,292
Effect of exchange rate fluctuations on cash held	4,773	(6,307)
Cash and cash equivalents at the end of the period	13,731	2,259

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 Basis of Preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is compliance with the requirements of International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). This interim financial report was authorised for issue on 22 August 2022.

Except for the changes in accounting policies which are expected to be reflected in the annual financial statements for the year of 2022, the interim financial report has adopted the same accounting policies as those adopted in the financial statements for the year of 2021. Details of the changes in accounting policies are set out in note 2.

The management has made judgements, estimates and assumptions that affect the application of policies and the amounts of assets, liabilities, income and expenses presented on a year to date basis when preparing the interim financial report in conformity with the requirements of the International Accounting Standard 34. Actual results may differ from these estimated amounts.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the publication of the annual financial statements for the year of 2021. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

2 Changes in accounting policies

Application of amendment to IFRSs

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendment to IFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*
- Amendment of IFRS 3, *Reference to the Conceptual Framework*
- Amendment of IFRAS 16, *Property, Plant and Equipment – Proceeds before Intended use*
- Amendment of IFRAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendment of IFRSs, *Annual Improvements to IFRSs 2018- 2020*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

(Expressed in RMB unless otherwise indicated)

3 Revenue and Segment Reporting

(a) Revenue

The principal activities of the Group are video content operation and eCommerce promotion services.

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Content related program		
– Media platforms	302,515	116,772
– Corporate sponsors	14	193,418
	302,529	310,190
eCommerce promotion services	28,486	–
	331,015	310,190

During the period, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective periods are set out below:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Customer A (content related programs)	N/A*	131,288
Customer B (content related programs)	N/A*	86,331
Customer C (content related programs)	225,113	N/A*
Customer D (content related programs)	85,613	N/A*

* Transactions with this customer did not exceed 10% of the Group's revenue or did not have any transactions in the respective periods.

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

(Expressed in RMB unless otherwise indicated)

3 Revenue and Segment Reporting (Continued)

(a) Revenue (Continued)

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Over time:		
– Revenue from advertising and licensing of IP	302,529	128,119
– Revenue from eCommerce promotion services	28,486	–
	331,015	128,119
Point in time:		
– Revenue from licensing of broadcasting rights of programs	–	182,071
	331,015	310,190

(b) Segment reporting

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the consolidated financial statements provided regularly to the Group's senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they a majority of these criteria.

The main operation of the Group is engaged in the video content operation in the PRC. During the year, the Group commenced a new operation for provision in eCommerce promotion services in PRC.

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

(Expressed in RMB unless otherwise indicated)

3 Revenue and Segment Reporting (Continued)

(b) Segment reporting (continued)

The following is an analysis of the Group's revenue and results by segment:

(i) Segment results

The following is an analysis of the Group's revenue and results by reportable segments:

	For the six months ended 30 June							
	Content Related programs		eCommerce Promotion Services		Unallocated		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Segment revenue	302,529	310,190	28,486	-	-	-	331,015	310,190
Segment results	32,400	97,328	11,394	-	-	-	43,794	97,328
Unallocated other income							191	937
Unallocated corporate expenses							(16,923)	(29,950)
Profit before taxation							27,062	68,315
Income tax							(6,154)	(10,503)
Profit for the year							20,908	57,812

Amounts included in the measure of segment profits or loss or segment assets:

	For the six months ended 30 June							
	Content Related programs		eCommerce Promotion Services		Unallocated		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Impairment loss on trade and other receivables	34,312	69,698	-	-	-	13,102	34,312	82,800

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the result from each segment without allocation of central administration costs, director's emoluments, and finance costs. This is the measure reported to the senior executive management for the purpose of resource allocation and performance assessment.

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

(Expressed in RMB unless otherwise indicated)

3 Revenue and Segment Reporting (Continued)

(b) Segment reporting (continued)

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Segment assets		
— Content related programs	1,139,844	1,286,354
— eCommerce promotion services	138,160	—
Total reportable segment assets	1,278,004	1,286,354
Unallocated assets	360,199	191,183
Consolidated assets	1,638,203	1,477,537

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Segment liabilities		
— Content related programs	37,019	65,955
— eCommerce promotion services	24,116	—
Total reportable segment liabilities	61,135	65,955
Unallocated liabilities	372,217	252,486
Consolidated liabilities	433,352	318,441

For the purposes of monitoring segment performance and allocating resources between segments:

- Segment assets include trade receivables, prepayments and program copyrights; and
- Segment liabilities include trade payables.

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

(Expressed in RMB unless otherwise indicated)

3 Revenue and Segment Reporting (Continued)

(b) Segment reporting (continued)

(iii) Segment other information

Group's operating assets and non-current assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

4 Profit Before Taxation

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

(a) Net finance expenses

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Finance income:		
Interest income on loan receivable	(98)	–
Interest income on bank balances	(9,016)	(7)
	(9,114)	(7)
Finance cost:		
Interest expenses	10,132	942
Interest on lease liabilities	364	168
Net foreign exchange loss	–	25
	10,496	1,135
Net finance expenses	1,382	1,128

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

(Expressed in RMB unless otherwise indicated)

4 Profit Before Taxation (continued)

(b) Other items

The following expenses are included in cost of sales, selling and marketing expenses, general and administration expenses and research and development expenses.

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of program copyrights	252,909	37,738
Short-term leases	–	75
Depreciation and amortisation		
– Property, plant and equipment	50	143
– Right-of-use assets	3,692	889
Impairment losses on trade and other receivables, net	34,312	82,800

5 Income Tax in the Consolidated Statements of Profit or Loss

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax – PRC		
Enterprise Income Tax		
Provision for the period	6,154	10,503
Deferred tax expense		
Origination and reversal of temporary differences	–	–
	6,154	10,503

The Group has no assessable profit in Hong Kong for the six months ended 30 June 2022 and is not subject to any Hong Kong profits tax. The Hong Kong profits tax rate is 16.5%.

In accordance with the Enterprise Income Tax Law (“**Income Tax Law**”) of the PRC, enterprise income tax rate for the Group’s PRC subsidiaries is 25% for the six months ended 30 June 2022.

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

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

(Expressed in RMB unless otherwise indicated)

6 Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB20,908,000 (six months ended 30 June 2021: RMB57,812,000) and the weighted average number of ordinary shares of 1,600,000,000 shares (six months ended 30 June 2021: 1,600,000,000 ordinary shares in issue) in issue during the interim period.

There were no dilutive potential ordinary shares in existence for the six months ended 30 June 2022 and 2021.

7 Property, Plant and Equipment

(a) Right-of-use assets

During the six months ended 30 June 2022, the Group has enter into additional lease agreements for use of certain buildings for its office and business operation approximately RMB19,048,000 (for the six months ended 30 June 2021: RMBNil).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2022 and 2021, the Group did not acquire items of property, plant and equipment. No items of plant and machinery was disposed of during the six months ended 30 June 2022 and 30 June 2021.

8 Program Copyrights

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Programs under production	540,389	530,442

(b) Movements of program copyrights are as follows:

	2022 RMB'000	2021 RMB'000
As at 1 January (audited)	530,442	346,573
Additions	245,764	314,442
Recognised as cost of sales	(235,817)	(130,573)
As at 30 June (unaudited)/31 December (audited)	540,389	530,442

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

(Expressed in RMB unless otherwise indicated)

9 Trade Receivables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amounts due from third parties	963,589	882,365
Less: loss allowance	(364,134)	(329,822)
	599,455	552,543

Ageing analysis

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 month	13,306	12,121
1 month to 3 months	2,250	2,438
3 months to 6 months	214,758	15,000
6 months to 1 year	72,600	20,655
1 to 2 years	235,253	497,377
2 to 3 years	61,288	4,952
	599,455	552,543

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

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

(Expressed in RMB unless otherwise indicated)

10 Prepayments and Other Receivables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Prepayments		
Prepayments to eCommerce provider	138,159	132,782
Prepayments to third parties (i)	83,557	89,313
	221,716	222,095
Other receivables		
Loan to third party (ii)	197,726	188,711
Others	18,660	16,954
	216,386	205,665
Less: loss allowance	(32,594)	(32,594)
	183,792	173,071
	405,508	395,166

Notes:

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

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

(Expressed in RMB unless otherwise indicated)

11 Trade Payables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Payables to third parties	37,019	34,356

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	13,334	14,606
1 to 2 years	7,926	5,325
2 to 3 years	15,244	14,425
over 3 years	515	–
	37,019	34,356

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

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

(Expressed in RMB unless otherwise indicated)

12 Accruals and Other Payables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amounts due to Mr. LIU Mu (Note)	–	4,239
Amounts due to third parties	10,000	20,000
Program and IP content research and development expenses	24,624	14,245
Payroll payables	11,461	4,650
Other taxes and levies	44,943	45,754
Interest payables	6,652	9,797
Unrecognised government grant	10,000	10,000
Others	37,789	7,090
	145,469	115,775

Note: Amounts due to Mr. LIU Mu, the controlling shareholder and executive Director, represent the unsecured borrowing of RMB8,669,000 from Mr. LIU Mu with interest rate of 4.35% per annum.

On 8 September 2020, Zhongguang Yusheng borrowed RMB10,000,000 from Huasheng Yihong Investment Management Co., Ltd. (華盛一泓投資管理有限公司), which was guaranteed by Mr. LIU Mu. The borrowing was due on 15 September 2020.

13 Dividends

During the six months ended 30 June 2022, no dividends were declared to the shareholders of the Company (during the six months ended 30 June 2021: nil).

14 Share Capital

	No. of shares	Amount RMB'000
Ordinary shares, issued and fully paid:		
As at 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	1,600,000,000	73

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

(Expressed in RMB unless otherwise indicated)

15 Equity-settled share-based payments

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

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

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

(a) Details of shares granted are as follows:

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

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

(Expressed in RMB unless otherwise indicated)

15 Equity-settled share-based payments (continued)

(a) Details of shares granted are as follows: (continued)

Notes:

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

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

	Weighted average exercise price	Number of options
Outstanding at 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	HK\$0.97	64,000,000
Exercisable at the end of the period (unaudited)	HK\$0.97	30,680,000

During the year ended 30 June 2022, 64,000,000 share options were granted and 30,680,000 share (31 December 2021: 30,680,000 share) options became exercisable as at 30 June 2022.

The share options outstanding as at 30 June 2022 had an exercise price of HK\$0.97 and a weighted average remaining contractual life of 8.5 years (31 December 2021: 9 years).

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

(Expressed in RMB unless otherwise indicated)

16 Material Related Party Transactions

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

Names of related parties	Nature of relationship
Mr. LIU Mu (劉牧)	Controlling shareholder and executive director of the Company

- (b) Transactions with related parties during the Reporting Period

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Amounts received from Mr. LIU Mu	2,522	42,940
Amounts repaid to Mr. LIU Mu	9,040	48,281
Interest expense	2,066	911

- (c) Balances with related parties at the end of the Reporting Period

	As at	As at
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Included in accruals and other payables (Note 12):		
Amounts due to Mr. LIU Mu	–	4,239
Included in prepayment and other receivables (Note 10):		
Amounts due from Mr. LIU Mu	213	–

OTHER INFORMATION

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

As at 30 June 2022, save as disclosed below and to the best knowledge of the Directors, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

Name	Name of Corporation	Capacity/ Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of the Shareholding as at 30 June 2022 (%)
Mr. LIU Mu	The Company	Interest in controlled corporations ⁽¹⁾	669,263,739	Long position	41.83%
	Double K Limited	Beneficial owner	636,365,961	Long position	39.74%
	Blueberry Culture Limited	Beneficial owner	32,897,778	Long position	2.06%
Mr. XIA Rui	The Company	Beneficial owner ⁽²⁾	16,000,000	Long position	1.00%

Notes:

- (1) The Shares are registered under the name of Double K Limited and Blueberry Culture Limited, the issued share capital of both of which are owned as to 100% by Mr. Liu. Accordingly, Mr. Liu is deemed to be interested in all the Shares held by Double K Limited and Blueberry Culture Limited for the purpose of Part XV of the SFO.
- (2) Mr. XIA Rui holds 16,000,000 underlying shares under the options granted under the Share Option Scheme. Mr. XIA Rui resigned as executive Director with effect from 21 July 2022.
- (3) As at 30 June 2022, the issued share capital of the Company is 1,600,000,000 Shares.

Other Information (Continued)

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

As at 30 June 2022, save as disclosed below and to the best knowledge of the Directors, the Directors were not aware of any persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company as at 30 June 2022 (%)
Mr. LIU Mu ⁽¹⁾	Interest in controlled corporations	669,263,739	Long position	41.83%
Ms. CHANG Xing ⁽²⁾	Interest of spouse	669,263,739	Long position	41.83%
Double K Limited ⁽¹⁾	Beneficial owner	636,365,961	Long position	39.74%
China Zenith Limited ⁽³⁾	Beneficial owner	106,752,945	Long position	6.67%
Star Fortune Investment Holdings Limited ⁽³⁾	Interest in a controlled corporation	106,752,945	Long position	6.67%
Mr. LIU Chuanjun ⁽³⁾	Interest in a controlled corporation	106,752,945	Long position	6.67%
Eastern Pearl Capital Fund SPC-Eastern Pearl Caelus Fund SP	Beneficial owner	192,679,000	Long position	12.05%
Ms. LIU Yang ⁽⁴⁾	Interest in controlled corporations	176,736,000	Long position	11.05%
Atlantis Capital Group Holdings Limited ⁽⁴⁾	Interest in controlled corporations	176,736,000	Long position	11.05%
Atlantis Investment Management Limited ⁽⁴⁾	Interest in controlled corporations	176,736,000	Long position	11.05%
OBOR Stable Growth Fund Limited ⁽⁴⁾	Beneficial owner	120,000,000	Long position	7.50%

Notes:

- (1) The entire issued share capital of Double K Limited is directly owned by Mr. Liu. Mr. Liu is also the beneficial owner of Blueberry Culture Limited which directly holds 32,897,778 Shares. Accordingly, Mr. Liu is deemed to be interested in the Shares held by Double K Limited and Blueberry Culture Limited.
- (2) Ms. CHANG Xing (常星) is the spouse of Mr. Liu. Accordingly, she is deemed to be interested in the relevant Shares.
- (3) The entire issued share capital of China Zenith Limited is wholly owned by Star Fortune Investment Holdings Limited, which is wholly owned by Mr. LIU Chuanjun (劉傳軍), an independent third party of the Group. Accordingly, each of Star Fortune Investment Holdings Limited and Mr. LIU Chuanjun is deemed to be interested in the Shares held by China Zenith Limited.
- (4) The entire issued share capital of OBOR Stable Growth Fund Limited is wholly owned by Atlantis Investment Management Limited, which is wholly owned by Atlantis Capital Group Holdings Limited. Atlantis Capital Group Holdings Limited is wholly owned by Ms. LIU Yang (劉央). Accordingly, Atlantis Capital Group Holdings Limited and Ms. LIU Yang are respectively deemed to be interested in the Shares held by Atlantis Investment Management Limited and OBOR Stable Growth Fund Limited.
- (5) As at 30 June 2022, the issued share capital of the Company is 1,600,000,000 Shares.

SHARE OPTION SCHEME

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

As at 30 June 2022, the Company had 77,000,000 share options outstanding (“**Outstanding Share Options**”) under the Share Option Scheme. On 8 December 2020, the Board has approved the grant of the Outstanding Share Options to 10 grantees including 1 Director and 9 employees (the “**Grantees**”) under the Share Option Scheme. The Outstanding Share Options were granted with both service condition and performance condition to purchase 77,000,000 ordinary shares with an exercise price of HK\$0.97 per share (which was same as the closing price of the shares on the date immediately before the date of grant), all of which were granted to the Grantees based on the mutual understanding of the key terms and conditions of the performance conditions. Among the Outstanding Share Options, 16,000,000 options were granted to Mr. Xia Rui, an executive Director and 61,000,000 options were granted to the other 9 employees. The validity period of the options granted is 10 years from the date of grant (i.e. from 8 December 2020 to 7 December 2030). For details, please refer to the announcement of the Company dated 8 December 2020. Save as disclosed above, no share options have been granted or agreed to be granted, exercised, lapsed or cancelled under the Share Option Scheme during the Reporting Period.

During the period ended 30 June 2022, details of movements in share options under the Share Option Scheme are as follows:

Type/name of the grantee	Date of grant	Validity Period	Exercise period	Exercise price per share (HKD)	Closing price per share immediately before the date of grant (HKD)	Number of options			
						Balance as at 1 January 2021	Granted/ Exercised/ lapsed/ cancelled during the Reporting Period	Balance as at 30 June 2021	Vesting period
Director									
XIA Rui (note 4)	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	16,000,000	–	16,000,000	Note 1
Others									
4 employees and a former employee of the Company	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	24,000,000	–	24,000,000	Note 1
an external consultant	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	8,000,000	–	8,000,000	Note 2
an employee	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	16,000,000	–	16,000,000	Note 3
Total						64,000,000	–	64,000,000	

Other Information (Continued)

Note:

1. The options granted are exercisable in accordance with the following vesting schedule: subject to the fulfilment of both the service assessment condition and business performance condition for each of the financial years 2021, 2022 and 2023 as set out in the grant letter, (i) the first 16.7% of the options granted to the relevant grantee, is exercisable commencing from 12 months after the date of acceptance of the relevant options; (ii) the next 33.3% of the options granted to the relevant grantee, is exercisable commencing from 24 months after the date of acceptance of the relevant options and (iii) the remaining 50.0% of the options granted to the relevant grantee, is exercisable commencing from 36 months after the date of acceptance of the relevant options.
 2. The options granted are exercisable in accordance with the fulfilment of the service assessment condition for the financial year 2021 as set out in the grant letter.
 3. The options granted are exercisable in accordance with the fulfilment of service assessment condition for the financial year 2021 as set out in the grant letter.
 4. Mr. Xia Rui resigned as Director with effect from 21 July 2022.
- * Save as disclosed above, no share options had been exercised, cancelled or lapsed during the six months ended 30 June 2022.

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

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

LEGAL PROCEEDINGS AND COMPLIANCE

For the six months ended 30 June 2022, the Company complied with the relevant laws and regulations that have a significant impact on the Company.

DISCLOSURE PURSUANT TO RULE 13.13

As disclosed in the announcement dated 12 August 2021, On 16 June 2021, the Group's wholly-owned subsidiary, Yueying Xingyao Information Technology (Tianjin) Company Limited ("**Yueying Xingyao**", 月影星耀信息技術(天津)有限公司), entered into a loan agreement with Tianjin Fangzhou Technology Development Company Limited ("**Tianjin Fangzhou**", 天津方舟科技發展有限公司), a limited liability company established in the PRC (the "**Loan Agreement**"). Pursuant to the Loan Agreement, Yueying Xingyao as the lender, made available a principal amount of RMB179.0 million to Tianjin Fangzhou as the borrower for a term ending on 31 December 2021 and with an annual interest rate of 10%. Such loan is secured by 35% of the total issued shares of Tianjin Fangzhou owned by its ultimate beneficial owner, namely Mr. Chen Lin (陳林), an independent third party of the Company.

Since the aggregate amount of advances to Tianjin Fangzhou under the Loan Agreement exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules and triggers a general disclosure obligation under Rule 13.13 of the Listing Rules and the details of the Loan Agreement have been disclosed in the Company's announcement dated 12 August 2021.

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

EVENTS AFTER THE REPORTING PERIOD

On 20 July 2022, the Company received a petition (the “**Petition**”) from Capital 9 Limited (“**Capital 9**”) in the matter of Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) (the “**CWUMPO**”) filed in the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) under Companies (Winding-Up) Proceedings No. 247 of 2022 that the Company may be wound up by the High Court on the ground that the Company is deemed to be insolvent and unable to pay its debts amounting to HK\$132,352.94, being the then outstanding service fees due to Capital 9, pursuant to section 178(1)(a) of the CWUMPO.

The Company then fully settled the outstanding amount due to Capital 9. Upon the application by the Petitioner, on 9 August 2022, the High Court has granted the leave for the Petitioner to withdraw the Petition.

Save as disclosed above and in the sections headed “Outlook and Plans” in this report, no significant event took place subsequent to 30 June 2022.

CHANGE OF DIRECTORS’ INFORMATION

Upon specific enquiry by the Company and following confirmations from the Directors, save as disclosed hereunder, there is no change in the information of the Directors required to be disclosed pursuant to Listing Rules since the Company’s last published annual report. The change of Directors’ information is set out below:

1. Mr. Xia Rui resigned as an Executive Director, a member of the Remuneration Committee of the Company on 21 July 2022.
2. Mr. Yang Chengjia resigned as an Independent Non-Executive Director and a member of Audit Committee on 21 July 2022.
3. Ms. Yao Li appointed as a member of Remuneration Committee of the Company on 21 July 2022.
4. Mr. Zhang Yiwu appointed as a member of Audit Committee of the Company on 21 July 2022.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company, comprising Ms. RAN Hua, Mr. ZHANG Yiwu and Ms. YAO Li, has discussed with the management and reviewed the unaudited interim consolidated financial statements of the Group for the Reporting Period.

CORPORATE GOVERNANCE

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Company’s corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and account of the Board to all Shareholders (the “**Shareholders**”). The Company has adopted the new Corporate Governance Code (the “**New CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), which is effective for the financial year commencing on 1 January 2022, as its own corporate governance code.

Other Information (Continued)

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

	Code Provision	Deviation	Considered Reason for Deviation
C.2.1	The roles of chairman and chief executive officer should be separated and should not be performed by the same individual	Mr. Liu Mu (“ Mr. Liu ”) is the chairman and chief executive officer of the Company.	Mr. Liu is mainly responsible for overseeing the overall operation and management, strategic planning and major decision-making of the Group, and he has considerable experience in strategic planning and has been assuming day-to-day responsibilities in operating and managing the Group since August 2015. The Board considers that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for and communication with the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. As at the date of this report, the Board comprises only Mr. Liu as execution Director and three independent non-executive Directors and therefore has a strong independence element in its composition.
C.1.8	The Company should arrange appropriate insurance cover in respect of legal action against the Directors.	The Company has not arranged for appropriate insurance cover in respect of legal action against its directors during the Period.	The Company is in the course of arranging renewal of the Director’s and Officers liability insurance with the insurance company in accordance with the requirement under the CG Code.
D.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer’s performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13.	The management could not provide the Directors with updated financial information of the Company each month due to the lockdown of certain cities in China during the outbreak of Covid-19.	The Board members of the Company were still informed by the management of the Company by email, by WeChat or by phone on the updated information of the Company’s performance and future business plan from time to time.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Directors. Having made specific enquiries to all Directors, all of them confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

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

INTERIM DIVIDEND

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

DEFINITIONS

“AMTD”	AMTD Global Markets Limited
“AMTD Investments”	the investments of an aggregate amount of USD70.8 million that the Company acquired pursuant to an asset management agreement with AMTD dated 13 March 2020. Details of which and the redemption thereof are set out in the announcements of the Company dated 28 August 2020, 31 March 2021, 24 June 2021 and 3 September 2021
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of our Company
“CG Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this interim report, references in this interim report to the PRC or China do not include Taiwan, Hong Kong or Macau
“Company”, “our Company”, or “the Company”	China Bright Culture Group, an exempted company incorporated in the Cayman Islands with limited liability on 28 May 2019 and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1859)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Zhongguang Yusheng, WFOE and the Registered Shareholders, details of which are described in the section headed “Report of the Directors – Connected Transactions – Contractual Arrangements” in the 2020 Annual Report
“Controlling Shareholders”	has the meaning ascribed thereto in the Listing Rules and unless the context requires otherwise, refers to Mr. Liu, Double K Limited and Blueberry Culture Limited
“Director(s)”	the director(s) of our Company
“Dongyang Qianyuxing”	Zhejiang Dongyang Qianyuxing Video Culture Co., Ltd.* (浙江東陽千雨杏影視文化有限公司), a company established under the laws of the PRC with limited liability on 17 August 2016
“Global Offering”	the Hong Kong Public Offering and the International Offering

Definitions (Continued)

“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company, its subsidiaries and the PRC Operating Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Mr. Liu”	Mr. LIU Mu, our chairman of the Board, executive Director, chief executive officer and one of our Controlling Shareholders
“PRC Operating Entity(ies)”	the entity(ies) controlled by the Company through the Contractual Arrangements, being Zhongguang Yusheng and its subsidiaries, namely Dongyang Qianyuxing, Yili Zhongsheng and Shanghai Yusheng
“Prospectus”	the prospectus of the Company dated 28 February 2020 in relation to its initial public offering
“Registered Shareholders”	Mr. Liu, Zhuhai Mubi No.2 Private Equity Investment Fund Management Enterprise (Limited Partnership)* (珠海木筆二號私募股權投資基金管理企業(有限合夥)), Jiaxing Datai Investment Partnership (Limited Partnership)* (嘉興達泰投資合夥企業(有限合夥)), Ningbo Meishan Bonded Area Xin Dong Neng Zhongguang Investment Partnership (Limited Partnership)* (寧波梅山保稅港區新動能中廣投資合夥企業(有限合夥)), CHEN Dazhi, CHEN Kai, REN Feng, MA Zihui, WU Yeheng, Beijing Xingwen Equity Investment Partnership (Limited Partnership)* (北京興文股權投資合夥企業(有限合夥)), LI Zhanrong and QIN Weilun
“Reporting Period”	six months ended 30 June 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

Definitions (Continued)

“Shanghai Yusheng”	Shanghai Yusheng Culture Media Co., Ltd* (上海煜盛文化傳媒有限公司), a company established under the laws of the PRC with limited liability on 25 December 2018
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.00001 each
“Share Option Scheme”	the share option scheme adopted by our Company on 27 February 2020
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“United States,” “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“WFOE”	Beijing Yusheng Culture Co., Ltd.* (北京煜盛文化有限公司), a company established in the PRC with limited liability on 15 July 2019 and a wholly-owned subsidiary of our Company
“Yili Zhongsheng”	Yili Zhongsheng Quanxing Media Co., Ltd.* (伊犁中盛全興影視傳媒有限公司), a company established under the laws of the PRC with limited liability on 8 September 2016
“Zhongguang Yusheng”	Beijing Sino-Prosperity Culture Group Co., Ltd.* (北京中廣煜盛文化傳播有限公司), a company established in the PRC with limited liability on 3 April 2014
“%”	per cent

* For identification purposes only

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

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