

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



A8 New Media Group Limited

A8新媒體集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 800)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2023, the profit of the Group amounted to approximately RMB25.1 million, while it was approximately RMB27.1 million for the corresponding period in 2022. For the six months ended 30 June 2023, the profit attributable to the continuing operations was approximately RMB22.6 million.
- Revenue from continuing operations of the Group for the six months ended 30 June 2023 amounted to approximately RMB37.5 million, representing a decrease of approximately 7.4% as compared with the corresponding period in 2022 (2022: approximately RMB40.5 million).
- The gross profit margin ratio from continuing operations of the Group for the six months ended 30 June 2023 was approximately 77.1%, which increased 1.6 percentage point as compared to that of 2022, while it was approximately 75.5% for the corresponding period in 2022.
- Strong balance sheet with cash and cash equivalents and highly liquid short-term assets of approximately RMB681.5 million as at 30 June 2023.

The board of directors (the “**Board**”) of A8 New Media Group Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023. The results have been reviewed by the Audit Committee of the Company, comprising all the independent non- executive Directors.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		For the six months ended	
		30 June	
	<i>Notes</i>	2023	2022
		(Unaudited)	(Unaudited)
			(Restated)
		RMB’000	RMB’000
CONTINUING OPERATIONS			
REVENUE	5	37,505	40,486
Cost of services provided		<u>(8,574)</u>	<u>(9,927)</u>
Gross profit		28,931	30,559
Other income and gains, net	5	22,361	14,336
Selling and marketing expenses		(9)	(1,144)
Administrative expenses		(10,376)	(12,418)
Other expenses, net		(26,291)	(506)
Finance cost	6	–	(2)
Share of profits and losses of associates, net		<u>7,238</u>	<u>7,888</u>
PROFIT BEFORE TAX FROM			
CONTINUING OPERATIONS	7	21,854	38,713
Income tax credit/(expense)	8	<u>711</u>	<u>(3,832)</u>
PROFIT FOR THE PERIOD FROM			
CONTINUING OPERATIONS		22,565	34,881
DISCONTINUED OPERATION			
Profit/(loss) for the period from a discontinued operation	9	<u>2,546</u>	<u>(7,783)</u>
PROFIT FOR THE PERIOD		<u>25,111</u>	<u>27,098</u>
Attributable to:			
Owners of the Company		25,273	26,438
Non-controlling interests		<u>(162)</u>	<u>660</u>
		<u>25,111</u>	<u>27,098</u>

		For the six months ended	
		30 June	
		2023	2022
<i>Notes</i>		(Unaudited)	(Unaudited)
		(Restated)	
		RMB'000	RMB'000
EARNINGS PER SHARE ATTRIBUTABLE			
TO EQUITY HOLDERS OF			
THE COMPANY			
	<i>10</i>		
Basic (RMB per share)			
— For profit for the period		<u>0.92 cents</u>	<u>0.97 cents</u>
— For profit from continuing operations		<u>0.82 cents</u>	<u>1.29 cents</u>
Diluted (RMB per share)			
— For profit for the period		<u>0.91 cents</u>	<u>0.96 cents</u>
— For profit from continuing operations		<u>0.82 cents</u>	<u>1.27 cents</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	25,111	27,098
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	15,701	20,204
Reclassification adjustments of exchange differences for foreign operations disposed of during the period	174	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	15,875	20,204
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Financial assets at fair value through other comprehensive income:		
Changes in fair value	105,102	5,185
Income tax effect	(26,275)	(1,296)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	78,827	3,889
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	94,702	24,093
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	119,813	51,191
Attributable to:		
Owners of the Company	119,975	50,531
Non-controlling interests	(162)	660
	119,813	51,191

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	(Unaudited)	(Audited)
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	111,974	114,301
Investment properties	13	395,000	414,000
Right-of-use assets		11,415	11,576
Intangible assets		785	796
Investments in associates		296,725	289,487
Financial assets at fair value through profit or loss		65,839	72,878
Financial assets at fair value through other comprehensive income		208,691	103,589
Deferred tax assets		11,458	16,316
		<hr/>	<hr/>
Total non-current assets		1,101,887	1,022,943
CURRENT ASSETS			
Inventories		500	503
Trade receivables	14	9,827	7,410
Prepayments, other receivables and other assets		4,867	3,887
Financial assets at fair value through profit or loss		169,275	20,000
Restricted cash balances		65	65
Cash and cash equivalents		512,130	608,766
		<hr/>	<hr/>
		696,664	640,631
Assets of a disposal group classified as held for sale		–	552
		<hr/>	<hr/>
Total current assets		696,664	641,183
		<hr/>	<hr/>

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
CURRENT LIABILITIES			
Trade payables	15	6,872	7,082
Other payables and accruals		34,067	36,383
Tax payable		10,485	15,963
		<u>51,424</u>	<u>59,428</u>
Liabilities directly associated with the assets classified as held for sale		–	4,670
		<u>51,424</u>	<u>64,098</u>
NET CURRENT ASSETS		<u>645,240</u>	<u>577,085</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,747,127</u>	<u>1,600,028</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		107,848	88,082
		<u>107,848</u>	<u>88,082</u>
Total non-current liabilities		<u>107,848</u>	<u>88,082</u>
Net assets		<u>1,639,279</u>	<u>1,511,946</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	23,450	23,162
Reserves		1,615,603	1,490,432
		<u>1,639,053</u>	<u>1,513,594</u>
Non-controlling interests		<u>226</u>	<u>(1,648)</u>
Total equity		<u>1,639,279</u>	<u>1,511,946</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

A8 New Media Group Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were involved in the following principal activities in the People’s Republic of China (the “**PRC**” or “**Mainland China**”):

- cultural business
- property investment

There were no significant changes in the nature of the Group’s principal activities during the period.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The unaudited interim condensed consolidated financial information are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the current period’s unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 — Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

- a. Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- b. Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- c. Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments prospectively to transactions that occurred on or after 1 January 2022, if any. The amendments did not have any impact on the financial position and performance of the Group.
- d. Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- (a) the cultural business segment engages in the provision of (1) music-related entertainment; and (2) film and television production in the PRC; and
- (b) the property investment segment engages in the investment in properties for rental and management fee income in the PRC.

In 2022, the Group entered into an equity transfer agreement to dispose of its game development and publishing business which was included in the cultural business segment for the six months ended 30 June 2022. Since the game development and publishing business represented a major line of cultural business segment, the game development and publishing business was regarded as a discontinued operation in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Accordingly, the related financial information of the game development and publishing business was not included in the operating segment information from the continuing operations and the comparative information for the six months ended 30 June 2022 was reclassified to conform with the current period's presentation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that bank interest income and corporate and other unallocated income and expenses, net are excluded from such measurement.

Information regarding these reportable segments, together with their related comparative information is presented below.

For the six months ended 30 June

	Cultural business		Property investment		Total	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000 (Restated)	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000 (Restated)
Segment revenue	268	751	37,237	39,735	37,505	40,486
Cost of services provided	(542)	(1,899)	(8,032)	(8,028)	(8,574)	(9,927)
Gross profit	<u>(274)</u>	<u>(1,148)</u>	<u>29,205</u>	<u>31,707</u>	<u>28,931</u>	<u>30,559</u>
Segment results	6,925	4,555	8,745	31,127	15,670	35,682
Reconciliation:						
Bank interest income					12,280	2,208
Corporate and other unallocated income and expenses, net					<u>(6,096)</u>	<u>823</u>
Profit before tax from continuing operations					<u>21,854</u>	<u>38,713</u>

5. REVENUE, OTHER INCOME AND GAINS, NET

As analysis of revenue, other income and gains, net from continuing operations are as follows:

	For the six months ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
		(Restated)
Revenue from contracts with customers		
Music-related entertainment	215	710
Film and television production	53	41
Property management services	7,968	8,244
	<u>8,236</u>	<u>8,995</u>
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	891	909
Other lease payments, including fixed payments	28,378	30,582
	<u>29,269</u>	<u>31,491</u>
	<u>37,505</u>	<u>40,486</u>
Other income and gains, net		
Bank interest income	12,280	2,208
Fair value gains on financial assets at fair value through profit or loss, net	–	5,458
Fair value gains on investment properties	–	1,000
Foreign exchange differences, net	2,871	3,131
Dividend income from financial assets at fair value through profit or loss	2,363	1,261
Dividend income from a financial asset at fair value through other comprehensive income	3,004	–
Others	1,843	1,278
	<u>22,361</u>	<u>14,336</u>

6. FINANCE COST

An analysis of finance cost from continuing operations is as follows:

	For the six months ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Interest on lease liabilities	—	2
	<u> </u>	<u> </u>

7. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Depreciation of property, plant and equipment	2,325	2,680
Depreciation of right-of-use assets	162	162
Amortisation of intangible assets	11	364
Fair value loss/(gain) on financial assets at fair value through profit or loss	7,039	(5,458)
Fair value loss/(gain) on investment properties	19,000	(1,000)
	<u> </u>	<u> </u>

8. INCOME TAX

The income tax for the subsidiaries operating in Mainland China is calculated at the prevailing tax rates in the jurisdictions in which the subsidiaries operate.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the periods.

An analysis of the income tax charge/(credit) for the six months ended 30 June 2023 and 2022 is as follows:

	For the six months ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current — PRC		
Charge for the period	940	2,142
Deferred	(1,651)	1,690
	<u> </u>	<u> </u>
Total tax charge/(credit) for the period from continuing operations	(711)	3,832
Total tax charge for the period from a discontinued operation	—	—
	<u> </u>	<u> </u>
Total tax charge/(credit) for the period	<u>(711)</u>	<u>3,832</u>

9. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

On 23 December 2022, the Group entered into an equity transfer agreement with the other shareholders of Blueowlgames Limited (“**Blueowlgames**”) and Shanghai Mu77 Network Technology Co., Ltd. (“**Shanghai Mu77**”), pursuant to which the Group agreed to sell its 51% equity interests in Blueowlgames and Shanghai Mu77 at considerations of RMB286,000 and RMB346,000, respectively, to the other shareholders. Blueowlgames and Shanghai Mu77 are principally engaged in game development and game publishing services (collectively referred to as “**Disposed Game Development and Publishing Services**”) and represented a major line of the Group’s business in the Cultural Business segment for operating segment information and the Disposed Game Development and Publishing Services was regarded as a discontinued operation. The disposal is part of the Group’s strategic plan to reallocate its resources to fit its business plan. The disposal of Blueowlgames and Shanghai Mu77 was completed during the period and a gain on disposal of subsidiaries of RMB2,571,000 was recognised during the period.

The results of the Disposed Game Development and Publishing Services for the periods ended 30 June 2023 and 2022 are presented below:

	For the six months ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue	–	9,271
Cost of services provided	–	(1,991)
	<u>–</u>	<u>(1,991)</u>
Gross profit	–	7,280
Other income and gains	–	235
Impairment of goodwill	–	(9,278)
Selling and marketing expenses	–	(281)
Administrative expenses	(25)	(5,727)
Finance costs	–	(12)
	<u>–</u>	<u>(12)</u>
	(25)	(7,783)
Gain on disposal of subsidiaries	<u>2,571</u>	<u>–</u>
Profit/(loss) before tax from a discontinued operation	2,546	(7,783)
Income tax expense	<u>–</u>	<u>–</u>
Profit/(loss) for the period from a discontinued operation	<u>2,546</u>	<u>(7,783)</u>

10. INTERIM DIVIDEND

The board of directors (the “**Board**”) did not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

11. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Basic earnings per share are calculated by dividing the profit for the period attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2022.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to the ordinary equity holders of the Company and the total of (i) the weighted average number of ordinary shares as used in the basic earnings per share calculation and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings/(loss)		
Profit/(loss) for the period attributable to ordinary equity holders of the Company for the purpose of basic and diluted earnings per share		
From continuing operations	22,715	34,954
From a discontinued operation	2,558	(8,516)
	<u>25,273</u>	<u>26,438</u>

The calculations of basic and diluted earnings/(loss) per share are based on:

	Number of shares	
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	2,755,930	2,712,098
Effect of dilution — weighted average number of ordinary shares:		
Share options	11,583	34,878
	<u>2,767,513</u>	<u>2,746,976</u>

12. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2023, the Group had disposals of property, plant and equipment of RMB6,000.

During the period ended 30 June 2022, the Group had disposals of property, plant and equipment of RMB39,000.

13. INVESTMENT PROPERTIES

	(Unaudited)
	RMB'000
At 1 January 2023	414,000
Fair value losses on investment properties	<u>(19,000)</u>
At 30 June 2023	<u>395,000</u>

14. TRADE RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables	11,633	9,216
Impairment	(1,806)	(1,806)
	<u>9,827</u>	<u>7,410</u>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 1 month	2,162	1,954
1 to 2 months	1,612	1,739
2 to 3 months	269	1,484
Over 3 months	5,784	2,233
	<u>9,827</u>	<u>7,410</u>

The Group has no formal credit period communicated to its customers but the customers usually settle the amounts due to the Group within a period of 30 to 120 days.

15. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 1 month	–	–
1 to 3 months	–	–
4 to 6 months	–	–
Over 6 months	6,872	7,082
	<u>6,872</u>	<u>7,082</u>

The trade payables are non-interest-bearing and are normally settled on 30-day to 180-day terms.

16. ISSUED CAPITAL

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Authorised:		
3,000,000,000 (31 December 2022: 3,000,000,000) ordinary shares of HK\$0.01 each	<u>26,513</u>	<u>26,513</u>
Issued and fully paid:		
2,772,834,628 (31 December 2022: 2,740,388,628) ordinary shares of HK\$0.01 each	<u>23,450</u>	<u>23,162</u>

A summary of movements in the Company's share capital is as follows:

	Number of issued and fully paid ordinary shares	Nominal value of ordinary shares	Share premium	Equivalent nominal value of ordinary shares	Equivalent share premium
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	2,740,388,628	27,404	1,161,557	23,162	978,350
Issue of new shares	<u>(a) 32,446,000</u>	<u>324</u>	<u>6,626</u>	<u>288</u>	<u>5,903</u>
As at 30 June 2023	<u><u>2,772,834,628</u></u>	<u><u>27,728</u></u>	<u><u>1,168,183</u></u>	<u><u>23,450</u></u>	<u><u>984,253</u></u>

Note:

- (a) The subscription rights attaching to 2,734,000, 9,730,000 and 19,982,000 share options were exercised at the subscription price of HK\$0.255, HK\$0.221 and HK\$0.167 per share, respectively, resulting in the issue of 32,446,000 shares for a total cash consideration, before expenses, of approximately HK\$6,184,000 (equivalent to approximately RMB5,484,000). An amount of approximately RMB707,000 was transferred from the employee share-based compensation reserve to share premium upon the exercise of the share options.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW AND OUTLOOK

Business Review for the First Half of 2023

In the first half of 2023, the global macroeconomic situation is rapidly changing. Facing the development and changes of the market environment, the Group adjusted the operating strategies of each business segment, we divested the loss-making online game business, and continued to strengthen and develop the online literature business. We also enhanced the cost management and control, and implemented various measures to improve service quality for industrial park business. At the same time, the Group has been strengthening the products and market research and investigation in the fields of technology, Internet, and new energy, and it has been strengthening the control of project approval and project risk control, and prepares for investment in these areas at the appropriate timing.

Cultural Business

The Group provides cultural business including online literature, online games, film and television. During the reporting period, the company disposed its online game business and strengthened the development of other cultural businesses. Below are the detailed descriptions of each part of cultural business.

Online Literatures

北京掌文信息技术有限公司 (Beijing Zhangwen Information Technology Co., Ltd) (“**Beijing Zhangwen**”) focuses on the incubation, production and global distribution of high-quality cultural recreation content IP. Beijing Zhangwen currently mainly operates four business segments: online literature content research and development, audiobook and audio content research and development, animation content research and development and video content research and development. For the six months ended 30 June 2023, Beijing Zhangwen’s operating income increased by 67% compared to the same period in 2022. This growth is mainly due to the refined operation of the two business sectors, audio content strategic cooperation and online literature content, and the increase in the market share of short video content.

For online literature business, during the reporting period, the number of users of Beijing Zhangwen’s own platform increased significantly. As of 30 June 2023, the accumulative number of registered users of Beijing Zhangwen’s own platform has maintained an average annual compound growth rate of 45% for five consecutive years. In addition to providing users with high quality reading services on its own platform, Beijing Zhangwen also has authorized cooperation with influential third-party platforms in the industry. In the first half year of 2023, a number of original literatures and adaptations of derivative literatures of Beijing Zhangwen have been on the top of the bestseller on platforms for a long time such as Ali Literature (“阿里文學”), Palm Reader Literature (“掌閱文學”), Himalaya (“喜馬拉雅”), Tomato Novels (“西紅柿小說”), Qimao Novels (“七貓小說”), Baidu Wenxue (“百度文學”), MiGu Culture (“咪咕文化”), iQIYI (“愛奇藝”), Tencent Video (“騰訊視頻”), etc. Its self-made short video series which were adapted from original literary works have continued to occupy the TOP10 of Douyin videos list since its launch, laying a quality content producer of online literature. It has completed a smooth transition from online literature to short videos.

For audiobook and audio content business, Beijing Zhangwen’s agencies added over 100,000 hours of audiobooks and audio content compared to last year, and many of its audiobooks have entered the top 10 best-seller lists of Himalayan FM (“喜馬拉雅FM”), Irts.me (“懶人聽書”) and Dragonfly FM (“蜻蜓FM”), etc. The anchor MCN agencies are in the top 3 of the anchor charts of Himalayan FM, and its audio advertising and anchor merchandising business continued to grow. At the same time, its agencies have also established a Trade Union Confederation based on high-quality voice actors to ensure the production of more high-quality audiobooks and high-quality audio content in the future.

For animation business, a number of long-form original worldview comics from Beijing Zhangwen’s agencies have made it to the top 10 of Tencent Comics’ New Releases List, Soaring List and Bestseller List. The high-quality original comics content was successfully launched overseas, and the original comics was launched on mainstream Japanese comics platforms, ranking second on the New Work List and first on the Popularity List.

For video business, the fantasy series film “Mr. Illusion” (“幻術先生”) produced and distributed by Beijing Zhangwen’s film and television platform was broadcast on iQiyi and Tencent Video. During its peak popularity, it reached the top 6 on iQiyi’s Hot Search List, top 2 on the Hot Search Movie List, top 1 on the Hot Broadcast List, and top1 on the Soaring List. On Tencent Video, it reached the highest position of top 4 on the Hot Search Film List and top 16 on the Overall Hot Search List. It continuously dominated the top 3 on Maoyan Network’s film Popularity List for 4 days. On Dengta Network’s real-time Popularity List, it reached the highest position of top 1. It remained in the top 5 on Yunhe Data Network’s film list for 5 days. It also dominated the top 5 on Guduo’s popularity list for 9 days. The total number of views for #Mr. Illusion-related topics on Douyin exceeded 800 million.

In the first half of 2023, Beijing Zhangwen was honored with the “Specialized and Innovative” title in Beijing. “Specialized and Innovative” Enterprises are certified companies that have the characteristics of “specialization, refinement, differential, and Innovation”. This recognition will contribute to the development of Beijing Zhanwen.

Game Business

During the reporting period, the Group’s revenue from the online game business was mainly derived from independent game research and development companies, Shanghai Mu77 Network Technology Co., Ltd. (上海木七七網絡科技有限公司, “MU77SH”) and Mu77 Network Technology Hongkong Limited (香港木七七網絡科技有限公司, “MU77HK”) (collectively “Mu77”). Subject to the influence of the national policies on the protection of minors and factors such as fierce competition in the game industry, and accelerated product updates and iterations, the development of game business of the group was severely hampered, and the cash is insufficient to maintain its business operations. In order to avoid causing further losses to the Group, the Group disposed 51% of the shares of Mu77 held by the Group at the end of 2022. The disposal transaction was completed during the period.

Film & Television Business

During the reporting period, the previous film and television business still generated a small amount of revenue, which was mainly derived from the light funny idol costume drama “Matchmakers of Great Zhou Dynasty” (“大周小冰人”) developed by A8 Film and Television. The Group currently has no plans to venture into new film and television businesses.

Industrial Park Business

During the reporting period, the Group’s revenue was derived from the rent and property services income of the National Music Industry Park — A8 Music Building. A8 Music Building is located in the core area of Shenzhen Bay Area. It has a superior location with a total gross floor area of 52,500 square meters, which includes commercial office, podium commercial property and parking lots.

In the first half of 2023, the recovery of the business environment has not met expectations, leading to an oversupply in the office market and increased competition in the industry, which is putting pressure on the leasing business of the industrial parks. Facing challenges, the group has adopted multiple measures to attract new tenants and maintain existing tenants: (I) We have introduced customized well-decorated services to provide fully furnished services for our clients. This service includes ten modules such as design, renovation, furniture, soft furnishings, office appliances, water supply, and cleaning. (II) We have refined our marketing strategies and introduced short-term leasing options to attract new

customers. In June 2023, A8 Music Building was honored to receive the “Water-saving Unit” awarded by the Shenzhen Water Affairs Bureau. In the first half of the year 2023, it contributed approximately RMB37,200,000 in rental income and property management service revenue, generating a steady and continuous cash flow for the Group.

Relying on the A8 Music Building, the Group’s A8 Live is an offline performance brand. The management will continue to explore a new business development path for A8 Live.

Business Outlook for the Second Half of 2023

For the second half of 2023, the Group will continue to strengthen the existing cultural industry business which mainly based on online literature, and the industrial park business, and meanwhile, the Group will also actively seek business breakthroughs and development opportunities, further to strengthen our research on technology, the internet, new energy and other fields, and launch related businesses or investments when the time is right. The Group will also strengthen project management, continuously optimize processes, and control risks while seeking business development and investment opportunities.

2. FINANCIAL REVIEW

Operating Business

Revenue

For the six months ended 30 June 2023, the revenue from continuing operations of the Group amounted to approximately RMB37.5 million, representing a decrease of approximately 7.4% as compared with the corresponding period in 2022 (2022: approximately RMB40.5 million).

Cultural Business

For the six months ended 30 June 2023, the revenue from continuing operations of cultural business amounted to approximately RMB0.3 million, representing a significant decrease of approximately 64.3% as compared with the corresponding period in 2022 (2022: approximately RMB0.8 million). The decrease was mainly due to a decrease of approximately RMB0.3 million revenue from the A8 Live business. The Group has adjusted and explored the business development paths for A8 Live.

Property investment business

For the six months ended 30 June 2023, the revenue of property investment business derived from the rentals and management fee amounted to approximately RMB37.2 million, representing a decrease of approximately 6.3% as compared with the corresponding period in 2022 (2022: approximately RMB39.7 million).

Cost of services provided

For the six months ended 30 June 2023, the cost of services provided from continuing operations by the Group amounted to approximately RMB8.6 million, representing a decrease of approximately 13.6% as compared with the corresponding period in 2022 (2022: approximately RMB9.9 million). The decrease was mainly due to the decrease in the cost of the cultural business, as detailed below.

Cultural business

For the six months ended 30 June 2023, the cost of services provided from continuing operations of Cultural business amounted to approximately RMB0.5 million, representing a significant decrease of approximately 71.5% as compared with the corresponding period in 2022 (2022: approximately RMB1.9 million). The decrease was mainly due to the decrease in depreciation as certain fixed assets became fully depreciated during the period.

Property investment business

For the six months ended 30 June 2023, the cost of services provided from continuing operations of property investment business amounted to approximately RMB8.0 million, which was basically flat as compared with the corresponding period in 2022.

Gross profit

For the six months ended 30 June 2023, the gross profit from continuing operations of the Group amounted to approximately RMB28.9 million, representing a decrease of approximately 5.3% as compared with the corresponding period in 2022 (2022: approximately RMB30.6 million). The overall gross margin from continuing operations of the Group (which is calculated based on gross profit divided by revenue) was 77.1% for the six months ended 30 June 2023, as compared with 75.5% for the corresponding period in 2022. The increase was mainly due to the fact that the reduction rate of cost was higher than the reduction rate of revenue for the six months ended 30 June 2023.

Other income and gains, net

For the six months ended 30 June 2023, the other income and gains, net from continuing operations of the Group were approximately RMB22.4 million, representing a significant increase of approximately 56.0% as compared with the corresponding period in 2022 (2022: approximately RMB14.3 million). The increase was mainly due to the increase in bank interest income from bank wealth management products by approximately RMB10.0 million as compared with the corresponding period in 2022, and etc.

Selling and marketing expenses

For the six months ended 30 June 2023, the selling and marketing expenses from continuing operations of the Group was less than RMB0.01million, representing a significant decrease of approximately 99.2% as compared with the corresponding period in 2022 (2022: approximately RMB1.1 million). The decrease was mainly caused by the reduction in expenditure due to the needs of the Group's business stage and development strategy.

Administrative expenses

For the six months ended 30 June 2023, the administrative expenses from continuing operations of the Group amounted to approximately RMB10.4 million, representing a decrease of approximately 16.4% as compared with the corresponding period in 2022 (2022: approximately RMB12.4 million). The decrease was mainly due to the litigation with Lanlanlanlan Film & Television, the Group's Arbitration-related costs attributed to approximately RMB1.4million in the same period of last period which was minimal in the current period.

Other expenses, net

For the six months ended 30 June 2023, the other expenses, net from continuing operations of the Group amounted to approximately RMB26.3 million, representing a significant increase as compared with the corresponding period in 2022 (2022: approximately RMB0.5 million). The increase was mainly due to (i) fair value loss on investment properties amounted to approximately RMB19.0 million, while fair value gain on investment properties amounted to approximately RMB1.0 million in the corresponding period in 2022; and (ii) the fair value loss on financial assets at fair value through profit or loss amounted to approximately RMB7.0 million, while the fair value gain on financial assets at fair value through profit or loss amounted to approximately RMB5.5 million in the corresponding period in 2022.

Share of profits and losses of associates, net

For the six months ended 30 June 2023, the Group's share of profits or losses of associates, net, from continuing operations amounted to approximately RMB7.2 million, representing a decrease of approximately 8.2% as compared with the corresponding period in 2022 (2022: approximately RMB7.9 million).

Income tax credit/(expense)

For the six months ended 30 June 2023, income tax credit from continuing operations of the Group amounted to approximately RMB0.7 million, while the income tax expense from continuing operations of the Group for the corresponding period in 2022 amounted to approximately RMB3.8 million. This change was mainly due to (i) the increase of deferred tax credit of approximately RMB5.0 million arising from the increase of fair value loss on investment properties through profit and loss; (ii) the increase of deferred tax credit of approximately RMB3.1 million arising from the increase of fair value loss on financial assets through profit and loss; (iii) deferred tax charges of RMB4.9 million by utilisation of the tax losses; and (iv) decrease of current tax charges in PRC of RMB1.2 million.

Profit for the period from a discontinued operation

For the period ended 30 June 2023, the Group obtained a profit of approximately RMB2.5 million from a discontinued operation.

Profit attributable to equity holders of the Company

As a result of above-mentioned, for the period ended 30 June 2023, profit attributable to equity holders of the Company amounted to approximately RMB25.3 million, compared to a profit of approximately RMB26.4 million for the period ended 30 June 2022.

Liquidity and Financial Resources

As at 30 June 2023, cash and cash equivalents and highly liquid short-term assets of the Group including, restricted cash and financial assets at fair value through profit or loss amounted to approximately RMB681.5 million (2022: approximately RMB628.8 million). Among which, approximately RMB110.4 million, or approximately 16.2% was denominated in RMB.

As at 30 June 2023 and at 31 December 2022, the Group has no interest-bearing bank borrowings.

The Group's exposure to changes in interest rate is mainly attributable to its deposits placed with banks. The Group mainly operates in the Mainland China with most of the transactions settled in RMB.

As at 30 June 2023 and at 31 December 2022, the Group did not have any derivatives for hedging against both the interest and exchange rate risks.

Financial assets at fair value through profit or loss (“FVPL”)

As at 30 June 2023, the Group's financial assets at fair value through profit or loss amounted to approximately RMB235.1 million (2022: approximately RMB92.9 million), which was comprised of investments in funds included in non-current assets and wealth management products and listed investments included in current assets.

Set out below are details of financial assets at fair value through profit or loss as at 30 June 2023:

Investment category	Fair value as at 30 June 2023 (RMB'000)	Fair value as at 31 December 2022 (RMB'000)	Percentage increase/ (decrease)
Fund investments ¹	65,839	72,878	(9.7)
Wealth management products ²	169,275	20,000	>100.0
Total	235,114	92,878	>100.0

Notes:

- (1) Including investments in Shenzhen Qianhai Qingsong Venture Investment Fund Management Enterprise (Limited Partnership) (“**Qingsong Fund II**”), Shenzhen Qingsong Phase III Equity Investment Fund Partnership Enterprise (Limited Partnership) (“**Qingsong Fund III**”), Shenzhen Qianhai tianhe Cultural Industry Investment Center (Limited Partnership) (深圳前海天和文化產業投資中心(有限合夥)), and Shenzhen Qingsong Small and Medium Enterprises Development Investment Partnership Enterprise (Limited Partnership) (“**Qingsong Fund IV**”). For the investments in Qingsong Fund II, Qingsong Fund III and Qingsong IV, please refer to the announcements of the Group dated 24 January 2014, 15 May 2017 and 21 January 2020, respectively.
- (2) As at 30 June 2023, the total amount of Treasury Bond ETF purchased by the Group for the open market with its temporarily idle self-owned funds was approximately USD11.9 million. The details of the Treasury Bond ETF can be referred to the announcements of date 19 May 2023, 21 May 2023, 25 May 2023 and 14 June 2023.

None of above-mentioned investments have a carrying amount that accounts for more than 5% of the Group's total assets as at 30 June 2023.

Financial assets at fair value through other comprehensive income (“FVOCI”)

As at 30 June 2023, the Group’s financial assets at fair value through other comprehensive income amounted to approximately RMB208.7 million (2022: approximately RMB103.6 million). These financial assets at fair value through other comprehensive income was comprised of listed and unlisted equity investments.

Set out below are details of financial assets at fair value through other comprehensive income as at 30 June 2023:

Investment category	Fair value as at 30 June 2023 (RMB’000)	Fair value as at 31 December 2022 (RMB’000)	Percentage increase/ (decrease)
Game development companies ¹	196,301	90,096	>100.0
Information technology services company ²	12,390	13,493	(8.2)
Total	<u>208,691</u>	<u>103,589</u>	<u>>100.0</u>

Notes:

- (1) Game development companies include Xiamen Mengjia Network technology Co., Ltd. (“**Xiamen Mengjia**”) and Shanghai Hanqu Network technology Co., Ltd. (上海瀚趣網絡科技有限公司). Among them, Xiamen Mengjia was listed on the National Equities Exchange and Quotations (the “**NEEQ**”) (stock code: 839039), and delisted from NEEQ on 2 January 2019.
- (2) Information technology services company refers to Shenzhen Lemon Network Technology Co., Ltd (“**Lemon Network**”), a company listed on NEEQ (stock code: 835924).

Except for Xiamen Mengjia, none of other invested companies above-mentioned has a carrying amount that accounts for more than 5% of the Group’s total assets as at 30 June 2023. Details of Xiamen Mengjia was set out in the “**MATERIAL INVESTMENTS**”.

Contingent Liabilities

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

Human resources

As at 30 June 2023, the Group had 20 employees (as at 30 June 2022: 29 employees). The average headcounts of the period was 20 while it was 20 for the corresponding period in 2022. Total employee costs of the Group from continuing operations for the six months ended 30 June 2023, including directors' emoluments, amounted to approximately RMB5.8 million, representing an increase of 19.4% over the corresponding period in 2022 (2022: approximately RMB7.2 million). The decrease in the number and total costs of employees were mainly due to the fact that the needs of development strategy of the Group through reducing headcounts for improvement of efficiency and cutting down expenses.

Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system which is reviewed regularly. A share option scheme has also been put in place for the Company to encourage employees to work towards enhancing the value of the Company and promote the long-term growth of the Company. Furthermore, the Group offers training programs for employees to upgrade their skills and knowledge on a regular basis.

3. MATERIAL INVESTMENTS

As at 30 June 2023, the details of significant investments of the Group were set out as follows:

Investment category	Name of the investment	Investment cost RMB'000	Percentage of investment held as at	Fair value/ Carrying amount as at	Change in fair value/ share of profit for the period ended	Fair value/ Carrying amount as at	Size as compared to the Group's total assets as at	Total amount of dividends received for the period ended	Principal activities
			30 June 2023 (%)	31 December 2022 RMB'000	30 June 2023 RMB'000	30 June 2023 RMB'000	30 June 2023 (%)	30 June 2023 RMB'000	
FVOCI	Xiamen Mengjia	20,024	10	89,825	105,938	195,763	10.9	3,004	Games development
Investment in associate	Beijing Zhangwen	195,098	35	278,515	7,942	286,457	15.9	-	Incubation and operations of IP and provision of online book reading

Save as disclosed above, as of 30 June 2023, the Company did not have any material investments. However, the Group will continue to consolidate the current businesses, while seeking new opportunities to complement and strengthen our existing business operations.

4. USE OF PROCEEDS

On 19 December 2016, the Company entered into a subscription agreement with Ever Novel Holdings Limited (“**Subscriber**”) pursuant to which the Subscriber agreed to subscribe for in cash, and the Company agreed to allot and issue 931,800,000 new shares of the Company at a subscription price of HK\$0.41 per Share (“**Subscription**”). Completion of the Subscription took place on 20 February 2017. The gross proceeds and net proceeds from the Subscription were approximately HK\$382.0 million and HK\$380.5 million respectively.

As of the date of this announcement, the accumulated amount of RMB101.3 million of the proceeds from the Subscriptions have been used. Among which, approximately RMB59.6 million of the net proceeds from the Subscription were utilized for the acquisition of 51% equity interest in MU77SH, approximately RMB41.7 million were used for the acquisition of MU77HK and controlling MU77SH through implementing a series of VIE agreements and arrangements. As of 30 June 2023, the remaining amount of the proceeds from the Subscription was RMB235.9 million.

Factors such as the strengthen of regulations in relation to the protection of minor and the fierce competition among game industry of recent years have brought negative effects to the development of the game industry and it is not an appropriate timing to invest in the game industry. Whereas favorable policies have recently emerged in the technology, internet and big consumption sectors in China and bring attractive investment opportunities. In addition, management of the Company have kept on eyes on the research and have obtained related investment experience in the technology, internet and big consumption sectors. After careful consideration, the Board has resolved on 23 August 2022 to change the use of the proceeds for investment in the technology, internet and big consumption sectors to keep consistence with the direction of national policies, which will be beneficial to the Group to seize investment opportunities in the market. It is also conducive to expand the Group’s investment base and sources of profit. The Board is of the view that the reallocation of the net proceeds is in line with the business strategy of the Group and is more favourable to the Group’s long term business development, which is in the best interest of the Company and the Shareholders as a whole. The aforementioned change in use of proceeds will not have any material adverse effect to the existing business and operations of the Group.

Details of the original allocation of the net proceeds, revised allocation of net proceeds, utilized and unutilized net proceeds as at the date of this announcement are set out as below:

Proposed Usage	Original allocation of the Proceeds (RMB million)	Reallocation of the Proceeds (RMB million)	Utilised Net Proceeds as at the date of this announcement (RMB million)	Unutilised Net Proceeds as at the date of this announcement (RMB million)
Acquisition of upstream and downstream mobile online game	337.2	–	101.3	–
Investment in technology, internet and big consumption industry, etc.	–	200.5	–	200.5
General Working capital	–	35.4	–	35.4
Total	337.2	235.9	101.3	235.9

The Directors of the Company will continuously review the plan of the use of the unutilised net proceeds and may amend such plan where necessary so as to cope with the changing market conditions and strive for better business performance of the Group.

5. MAJOR RISKS AND UNCERTAINTIES

The Group's operating performance, financial position and development prospects may be affected by risks and uncertainties directly or indirectly related to the Group's business. The risk factors listed below may lead to significant differences in the Group's operating performance, financial position and development prospects from expected or past performance. These factors are not comprehensive. In addition to the following, there may be other risks and uncertainties that are not known by the Group or may not be significant at present, but may become significant in the future.

Business Risk

The business of the Group's property investment segment is mainly leasing and property management, which may be affected by fluctuations in market prices of rent and property management fees, intensified competition and uncertainty of tenant mobility.

Cultural business segment is engaged in online literature related business. With the deep intervention of We media in the online literature industry, as well as user's increasing appetite for innovation in products and services, changeable tastes of audiences and fierce competition within the industry. If the Group fails to adapt and respond successfully, it may adversely affect the business performance and development prospects.

The Group's investment performance in projects is mainly determined by the operation of these invested companies. If the invested companies fail to achieve the expected performance target, it might adversely affect the Group's business.

Policy Risk

In order to carry out kinds of business, the Group must abide by various policies and regulations. Changes in policies and regulations will affect the development of the Group's business, such as the related authorities adjustments to online literatures industry and film and television, etc., which may lead to significant changes in operating and investing positions of the Group's business.

Economic and Political Environment

Adverse macroeconomic changes and geopolitical risks may affect the business environment and hence the operating results. The Group will maintain a prudent attitude in tracking macroeconomic changes and political environment and adjust its operating strategies and business plans promptly in response to different market conditions.

Banking Risk

In March 2023, the liquidity and solvency issues of Silicon Valley Bank and other banks attracted widespread attention. So far, the situation is still in the process of rapid change. This may bring risks to the safety of the group's funds. The management will check the Group's major banks on occasion to assess liquidity risks.

Foreign Exchange Risks

On 30 June 2023, HK Dollars and US Dollars denominated cash and cash equivalents held by the Group were approximately HK\$8.7 million and US\$70.2 million. The Group's main business is located in Mainland China, and most of its revenues and expenditures are settled in RMB. Therefore, the Group may face the risk of foreign currency exchange.

6. UPDATE ON THE FULFILLMENT OF PERFORMANCE OF LANLANLANLAN FILM & TELEVISION

As at the date of this announcement, the Group held an aggregate of 29.52% share in Lanlanlanlan Film & television, an associate of the Company. As Lanlanlanlan Film & television and its subsidiaries did not meet the respective target profit for the financial years ended 31 December 2017, 2018 and 2019, pursuant to the relevant transaction documents, the Group shall be compensated by the founders of Lanlanlanlan Film & television by cash or equity. Also, the disposal of an aggregate of 23.56% equity interests in Lanlanlanlan Film & Television by the Group, has yet to be completed. As at the date of this announcement, RMB5 million has been paid by the founders to the Group for such disposal.

The founders of Lanlanlanlan Film & Television have undertaken to the Group to perform its obligations in relation to the compensation and the disposal by 24 March 2022. The founders of Lanlanlanlan Film & Television have failed to fulfill such undertaking and the Group has filed an arbitration application with the Shenzhen Court of International Arbitration (the “SCIA”) on 15 March 2022, requesting for the payment of the equity repurchase amount of RMB141,380,434.37 and penalty interest of RMB59,043,116 by the founders of Lanlanlanlan Film & Television to the Group, totaling RMB200,423,550.37. The case was closed through mediation by the SCIA. According to the arbitration mediation statement, the founders of Lanlanlanlan Film & Television shall pay the Group a share repurchases fee and interest penalty totaling RMB200,423,550.37 before 20 November 2022. Since the founders of Lanlanlanlan Film & Television failed to fulfill the arbitration mediation agreement on time, the Group has applied to the People’s Court for enforcement and is currently in the enforcement procedure.

For further details of the capital increase, acquisition, disposal and compensation, please refer to the announcements of the Company dated 18 December 2017, 13 March 2018, 3 September 2018, 25 March 2019 and 25 March 2020 and the circular of the Company dated 5 June 2019.

OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of an interim dividend for 2023.

Purchase, Redemption or Sale of Listed Securities of the Company

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

Compliance with the Code on Corporate Governance Practices

During the period ended 30 June 2023, all the code provisions set out in the Code on Corporate Governance Practices (“**CG Code**”) contained in Appendix 14 of the Listing Rules were met by the Company, except for the deviation from code provision C.2.1 providing for the roles of chairman and chief executive officer (the “**CEO**”) to be performed by different individuals.

Mr. Liu has diversified experience in the technology, internet and investment areas and has been being responsible for overall management and strategic planning of the Group. The Board considered that Mr. Liu is able to make better business decision for the Group in performing the roles of the chairman and CEO. Therefore, Mr. Liu has had the dual roles of the chairman and CEO of the Company despite deviation from code provision C.2.1 during this reporting period.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Own Code which covers the Model Code as set out in Appendix 10 of the Listing Rules on the Stock Exchange as its code of conduct governing the Directors' dealings in the Company's securities. Having made specific enquiries with all the Directors, they all confirmed that they have complied with the required standards set out in the Own Code (covering the Model Code) throughout the period under review.

Review of Financial Information

The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2023. Based on this review and discussions with the management, the Audit Committee was satisfied that the financial information was prepared in accordance with applicable accounting standards and fairly presented the Group's financial position and results for the six months ended 30 June 2023.

Audit Committee

The Audit Committee consists of three members and all members are independent non-executive directors, the Chairman Mr. Chan Yiu Kwong has appropriate professional qualifications and experience in financial matters. The main responsibilities of the Audit Committee is for reviewing and supervising the financial reporting process and internal control system of the Group.

The Audit Committee of the Company has discussed and reviewed with management the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023, which was of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

Publication of 2023 Interim Results Announcement and Interim Report

The 2023 interim results announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and that of the Company (<http://www.a8nmg.com>), and the Interim Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Group and published on the above websites in due course.

On behalf of the Board
A8 New Media Group Limited
Chairman & Executive Director
Liu Xiaosong

Hong Kong, 22 August 2023

As at the date of this announcement, the Board of the Company comprises:

- (1) Executive Directors namely Mr. Liu Xiaosong and Mr. Ji Bo; and*
- (2) Independent Non-Executive Directors namely Mr. Chan Yiu Kwong, Ms. Wu Shihong and Mr. Gao Shenglin.*