

August 25, 2021

# 2021 Interim Results Presentation



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# Speakers



## LIU Xiaofeng

### Chairman of the Board & CEO

- About 20 years of experience in media industry
- Produced and/or distributed more than 20 drama series with over 1,000 episodes
- The first to initiate the “Online first, TV next” broadcasting model
- A first-mover in cooperation with online video platforms, so having seized the opportunities brought by the rise of such platforms
- The first to have adopted the platform business model to integrate premium industry resources
- 2020 Leading Talent in China’s Radio, Television, and Internet Audiovisual Industries



## ZHAI Fang

### Executive Director & COO

- More than 10 years of experience in equity investment and management
- Worked for China Allied Shengshi Culture (Beijing) Co., Ltd. Which is a subsidiary of Alibaba Pictures Group Limited (Stock Code: 1060.HK and S91.SGX), Shanghai Fosun Capital Investment Management Co., Ltd., and Ping An Asset Management Co., Ltd.

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## Chapter 1

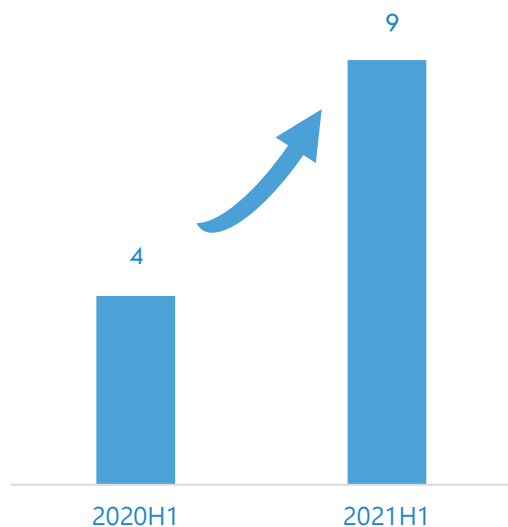
# Business Updates



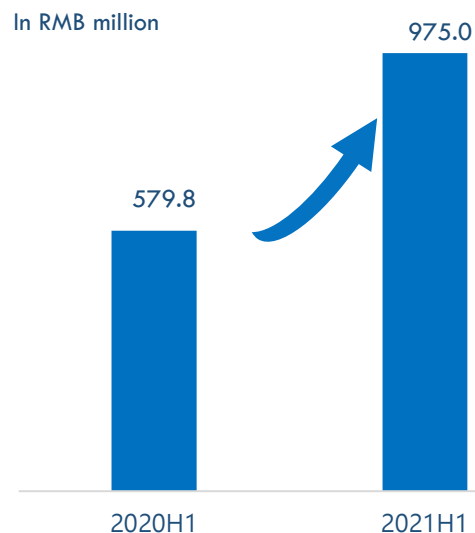
## Interim Results Summary

- By continuously deepening its platform business model and giving full play to its brand influence, the Group effectively integrated high-quality resources in the industry, achieved the large-scale production of content driven by the industrial production model, and recorded a rapid growth in the number of drama series broadcast, revenue, and profit scale.

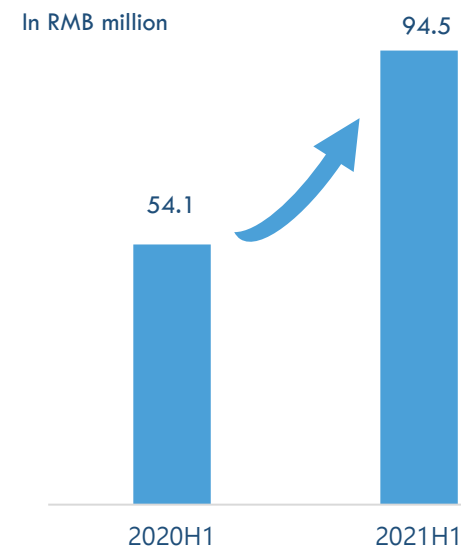
**The number of drama series broadcast increased 125% YOY**



**Revenue increased 68.1% YOY**



**Net Profit increased 74.5% YOY**



# Prominence of Large-Scale Effect

## Diversified IP Reserves

- As of June 30, 2021, the Group has **13 original IP** and **34 adapted IP** of various genres · including Teen drama, Comedy Romance, Office drama, Family drama, Period romance, History, and other themes.
- The Group continues to develop IPs including Please Bestow the Sedan Chair(请君赐轿) by Yuan Zai, On The Silent And Lonely Stream (在寂与寞的川流上) by Meiyuzhe and Two Capitals (两京十五日) by Ma Boyong.

## Resource Integration Capability

- Take full advantages of platform business model, effectively integrating key resource, such as screenwriters, directors and actors, production studios, quality control specialists and distribution channels, into well-established ecosystem.
- As of June 30, 2021 · the Group **successfully established two entities with top tier screenwriters and directors** to co-develop and produce high-quality content.



## Industrial Production Capacity

- Continue to strengthen industrial production capacity · standardize production process, and specialize in different industry value chain.
- Developing intelligence production through high-technology research in **virtual production and VFX management**.

## Brand Influence

- **"Class A Permit"holder** : holding **Television Drama Production Permit (Class A)** for five consensus years since 2017; one of the 41 holders in 2021-2023; the only non-state-owned holder in Jiangsu province.
- **Awards** : Unbending Will (石头开花) and Inside Man (局中人) won **2020-2021 Jiangsu Province TV Series Award** from Jiangsu Provincial Radio and Television Administration and **Global Recommended Drama series** selected by the Global Times .
- **Founder** : Liu Xiaofeng was selected as one of **2020 Leading Talents in China's Radio, Television, and Internet Audiovisual Industries** by NRTA.

## Broadcasted Drama Series Examples

- The Group broadcasted 9 drama series, 5 more drama series compared with 4 drama series broadcasted during the same period in 2020, through large-scale effect



### Spirit Realm(灵域)

**Major cast members :** Fan Chengcheng (范丞丞)  
Cheng Xiao(程潇)

**Broadcast date :** Jan. 2021

**Genre :** Fantasy

**Introduction :** Qinlie, a young guy who lost his memory, after going through all the dangers, grows up and starts a new journey in Spirit Realm, together with his childhood friend Ling Yushi and other friends.



### Breath of Destiny(一起深呼吸)

**Major cast members :** Qi Wei (戚薇)  
Yang Youning (杨祐宁)

**Broadcast date :** Mar. 2021

**Genre :** Group Portrait

**Introduction :** A Chinese foreign aid medical team challenges the extreme environment and tries its best to save lives in an overseas island full of unknown and out of control.



### Vocation of Love (假日暖洋洋)

**Major cast members :** Yao Chen (姚晨)  
Bai Yu (白宇)  
Zhang Jingchu (张静初)

**Broadcast date :** Jan. 2021

**Genre :** Comedy Romance

**Introduction :** During Spring Festival, Xu keyi, Hou Hao, Chen Binbin, Song Xiaoke and other visitors come to True Love Resort, and three warm and healing stories happen in the resort.



### One Boat One World(海洋之城)

**Major cast members :** Zhang Han (张翰)  
Wang Likun (王丽坤)

**Broadcast date :** Mar. 2021

**Genre :** Office drama

**Introduction :** The world's first Chinese cruise ship captain was born. Ding Kai, Tian Yue, Chen Anni, Wang Ziyang and other young people realize their dreams there.

## To be broadcasted/Filming/Pre-production Series

- The Group strengthened effective development and large-scale production
- As of June 30, 2021, the Group had several drama series that had commenced shooting or were under active preparation

### To be broadcasted series examples



#### My Bargain Queen

**Major cast members :**  
Lin Gengxin (林更新)  
Wu Jinyan (吴谨言)  
Wu Qilong (吴奇隆)

**Status :**  
Post production

**Genre :**  
Metropolitan romance



#### Party Group

**Major cast members :**  
Zhang Luyi (张鲁一)  
Nie Yuan (聂远)  
Han Xue (韩雪)

**Status :**  
Post production

**Genre :**  
War/Spy

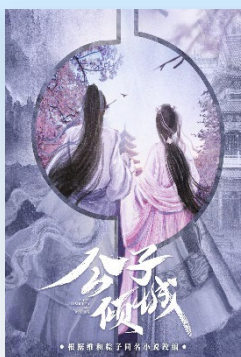


#### Flying to the Moon

**Major cast members :**  
Zhang Binbin (张彬彬)  
Xu Lu (徐璐)

**Status :**  
Post production

**Genre :**  
Period Fantasy



#### Handsome Young Master

**Major cast members :**  
Bu Guanjin (卜冠今)  
Wang Xingyue (王星越)

**Status :**  
Post production

**Genre :**  
Period Romance

### Filming/pre-production series examples



#### The Bachelors

**Major cast members :**  
Guo Jingfei (郭京飞)  
Jia Nailiang (贾乃亮)  
Tan Zhuo (谭卓)  
Xiong Ziqi (熊梓淇)

**Status :** Filming

**Genre :** Metropolitan



#### Our Destiny In Self-Redemption

**Major cast members :**  
Wang Hedi (王鹤棣)  
Chen Yuqi (陈钰琪)

**Status :** Filming

**Genre :** Period Legend



#### My Girlfriend is The Antidote

**Major cast members :**  
Jia Yi (嘉羿)  
Jin Zixuan (金子璇)

**Status :** Filming

**Genre :** Metropolitan



#### Legend of Bikini

**Major cast members :**  
Qiao Shan (乔杉)  
Yang Zishan (杨子姗)

**Status :** Pre-production

**Genre :** Metropolitan



#### Trap Thieves

**Major cast members :**  
Huang Jingyu (黄景瑜) Xiu Rui (修睿)

**Status :** Pre-production

**Genre :** Crime

## Chapter 2

# Financial Updates

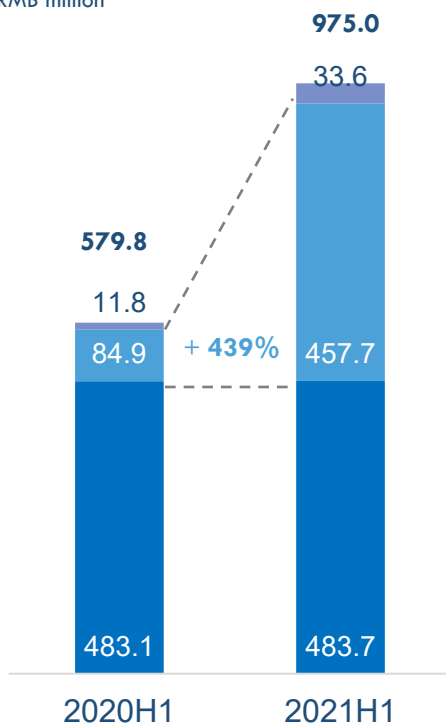


# Growth in Revenue and Gross Profit

## Revenue by Business Line

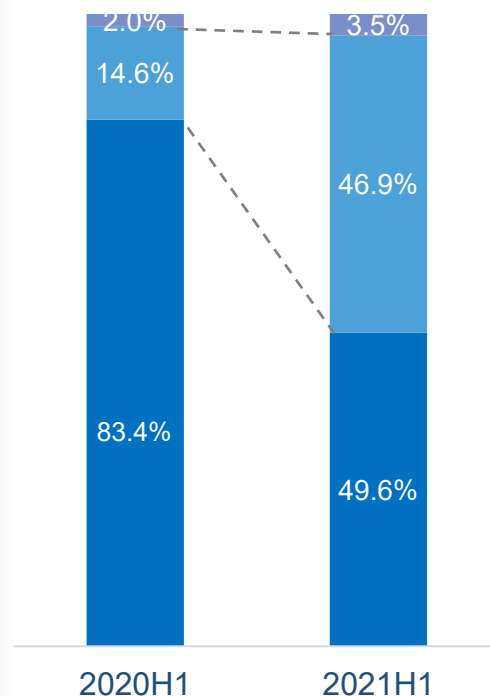
### Revenue

In RMB million



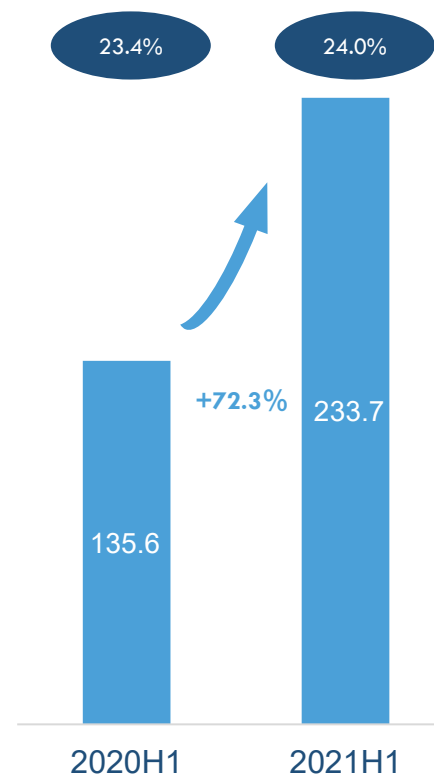
- Licensing of the broadcasting rights of drama series
- Made-to-order drama series production
- others

### Revenue proportion



- Licensing of the broadcasting rights of drama series
- Made-to-order drama series production
- others

## Gross Profit and Gross Profit Margin



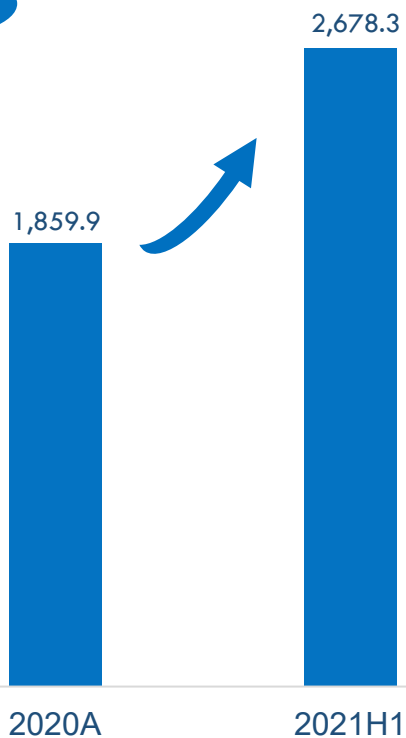
In RMB million

- Gross Profit

## Growth in Total Assets and Net Assets

### Total Assets

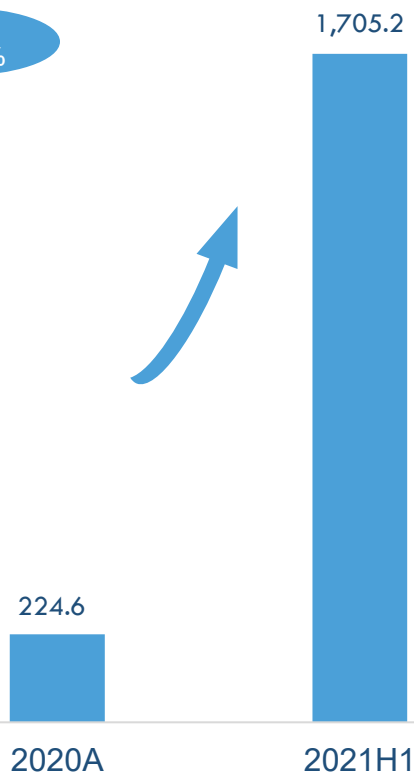
YOY  
+44.0%



In RMB million

### Net Assets

YOY  
+659.1%



In RMB million

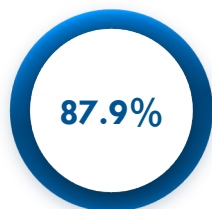
# Key Operation Ratios

## Decrease in liabilities-to-assets ratio, enhancement in debt-paying ability

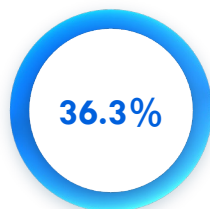
### Liabilities-to-assets Ratio

Decrease 51.6pts

2020H1



2021H1



### Current Ratio

YOY+ 79.8%

2020A



2021H1



## Shortening in turnover days reflects the improvement in operation efficiency

### Trade and Notes Receivables Turnover Days [1]

Shorten 63 days

2020A



2021H1



### Inventory Turnover Days[2]

Shorten 290 days

2020A



2021H1



\*[1]The trade and notes receivables turnover days was calculated using the average of the opening and closing trade and notes receivables(before deduction of loss allowance) balances for the period, divided by revenue for the relevant period, multiplied by 365 days for 2020 and 180 days for the six months ended June 30,2021.

\*[2]Inventory turnover days was calculated using the average of the opening and closing inventory balances for the period, divided by cost of sales for the relevant period, multiplied by 365 days for 2020 and 180 days for the six months ended June 30,2021.

## Financial Data: Statement of Profit or Loss

In RMB '000	2020H1	2021H1	YOY
REVENUE	579,832	974,983	68.1%
Cost of sales	(444,190)	(741,261)	66.9%
Gross profit	135,642	233,722	72.3%
Other income and gains	10,448	17,831	70.7%
Selling and distribution expenses	(32,364)	(76,286)	135.7%
Administrative expenses	(29,831)	(30,555)	2.4%
Other expenses	-	(622)	N/A
Finance costs	(5,513)	(5,426)	( 1.6% )
Share of profits and losses of joint ventures	-	(1,082)	N/A
Changes in fair value of financial liabilities at fair value through profit or loss	(3,720)	(1,610)	( 56.7% )
PROFIT BEFORE TAX	74,662	135,972	82.2%
Income tax expense	(20,534)	(41,492)	102.6%
PROFIT FOR THE PERIOD	54,128	94,480	74.5%
Attributable to owners of the parent	54,128	94,147	73.9%
Adjusted net profit*	72,081	108,367	50.3%

\*Adjusted net profit as profit for the period adjusted by adding back changes in fair value of financial liabilities at fair value through profit or loss, equity-settled share award expense and/or listing expenses incurred during the respective period

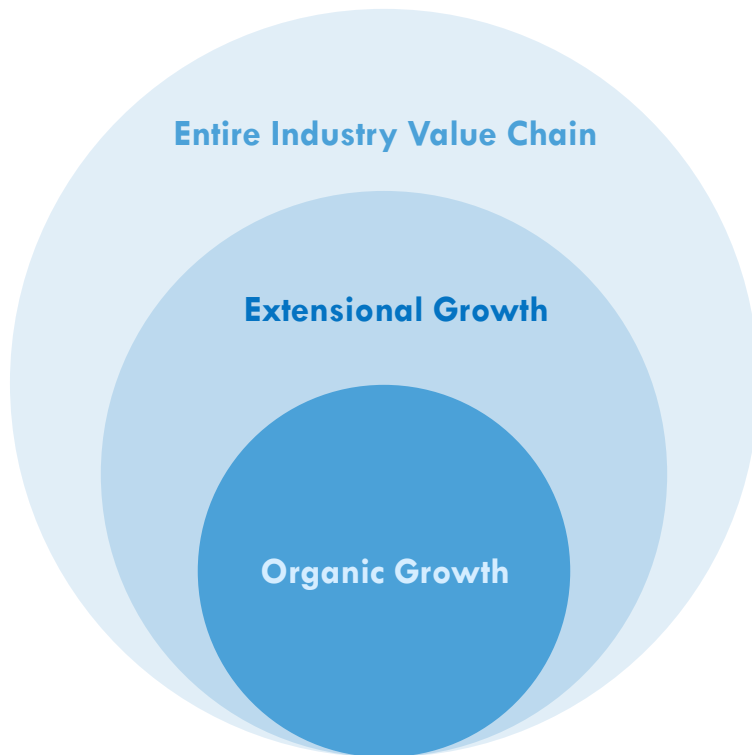
## Chapter 3

# Outlook



# Outlook

- Deepening platform business model, **strengthening large-scale production effect**
- Leveraging our position as a scarce integration platforms, **creating extensional long-term growth**
- Tapping the entire value chain of cultural and entertainment industry, **exploring industrial frontiers**



## 01 Organic Growth

- Continue to deepen platform business model and enhance Comprehensive Middle Platform services capability, to ensure a rapid growth in our main business and increase the market share
- Achieve stable organic growth through enhancing efficiency development and large-scale production effect, including integration and selection excellent artists(leading and cutting-edge directors and screenwriters), and strategic cooperation

## 02 Extensional Growth

- Continue to seek cooperation within the existing content segments, strengthen cooperation with leading writers, leading copywrite operators, and leading network literature platforms
- Explore business cooperation and equity investment with high quality content studios in different segments and D2C content studios

## 03 Entire Industry Value Chain

- Continue to expand new business and new segment layout in the cultural and entertainment industry, unleash the value of the entire industry chain and constantly explore industrial frontiers
- Broader contents layout · keep exploration on different type of content; actively explore diversified monetization from large-scale and high-quality contents, such as IP merchandize business opportunities generated from new consumption and new branding

Q&A

Thank you

