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# The Impact of Film Intellectual Property Value on Equity Financing Efficiency of Film and Television Companies: A Case Study of Enlight Media

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**Abstract:**

This paper examines Enlight Media as an instance study to investigate the mechanisms through which the value of film and television intellectual property (IP) influences the efficiency of equity financing for media companies. By reviewing the literature, this article concludes that high-value intellectual properties, such as 'Ne Zha' and 'Jiang Ziya', significantly enhance equity financing efficiency by boosting investor confidence, lowering financing costs (with a fee rate as low as 2%), and accelerating the capital acquisition process (20% faster than the industry average). For instance, following the release of 'Ne Zha 2', Enlight Media's market capitalization surpassed 100 billion yuan, while the dilution rate from its targeted share issuance (<5%) remained well below the industry average of 8–10%. Nevertheless, the volatility of intellectual property value (evidenced by a 25% drop in stock price due to a single project delay) and the lengthy development cycle (3–5 years) often conflict with short-term financing requirements, thereby limiting fund utilization efficiency—only 40% of the funds raised in 2020 were deployed. The study recommends reinforcing the development of the intellectual property industrial chain to stabilize value expectations and refining financing strategies to better align with the IP lifecycle.

**Keywords:** Intellectual property value; equity financing efficiency; enlight media; financing cost; intellectual property industrial chain.

## 1. Introduction

In the current development process of China's film and television industry, intellectual property (IP) has gradually become a key component of the core competitiveness of film and television enterprises. IP is not only the source of good story creation, but also an important engine for connecting the entire industry chain and expanding the business boundaries for film and television companies. High quality IP can significantly reduce information asymmetry and improve financing efficiency. This efficiency advantage comes from the market validation foundation brought by IP - extensive audience data, good reputation, etc., all of which can enhance investors' confidence. At the same time, the multi-scenario monetization capability of IP, such as co-branding of derivatives, animation linkage, and cultural and tourism development, further provides guarantees for investors' investments. Film and television IPs can be priced through property rights trading centers and even included as collateral in financing guarantees, forming a positive cycle and effectively solving the pain points of financing difficulties.

At present, scholars' research on the value of IP spans multiple aspects, exploring the positive driving role of IP in different fields and some potential breakthrough points. The mainstream research results indicate that IP image, as an important carrier of modern cultural dissemination and commercialization, has evolved from a traditional symbolic representation to a global cultural symbol, promoting innovation and development in various industries. A good IP can fully express the author's emotions, carry out global inheritance and innovation of the culture they want to output, break geographical limitations, and seek cultural identity and emotional resonance. At the same time, it can also bring enormous commercial value. By developing derivative products and collaborating across borders, it aim to increase our visibility, attract a loyal fan base, and create sustainable sources of income. However, the commercialization of IP also faces issues of insufficient industry synergy and a single marketing model. Excessive commercialization can lead to the loss of cultural connotations, which is a problem that needs to be addressed in the future [1].

This study takes Light Media as a case study to explore in depth the impact mechanism of film IP value on equity financing efficiency, which will help enrich the theoretical system of asset valuation and financing efficiency of cultural enterprises. Breaking through the limitations of traditional research that focuses on financial indicators, it expands the understanding of the impact of IP on capital market behavior in the film and television industry, and provides new theoretical references for related research fields.

This article focuses on the specific impact path of IP value on equity financing efficiency, revealing the mechanism of IP value on financing efficiency from the aspects of enhancing investor confidence, reducing financing costs, and improving fund deployment speed, breaking through the generalized analysis of the relationship between the two in existing research. In response to the contradictions, such as the impact of IP value fluctuations on financing stability and the mismatch between equity financing pace and IP development cycle, targeted measures such as strengthening the development of the entire IP industry chain and optimizing phased equity financing strategies are proposed, which have strong operability.

## 2. Introduction to Cases of Enlight Media

### 2.1 Basic Information of Enlight Media

Beijing Enlight Media Co., Ltd.was established in 1998. Since its establishment, Enlight Media has comprehensively developed and expanded into various fields, and has always been a pioneer and leader in China's media and entertainment industry. Enlight Media is committed to incubating high-quality IP and exploring the value of IP. In terms of live action movies, Enlight Media has invested in and produced influential Chinese language films such as „Lost in Thailand," „Lost in Hong Kong," and „Sheep without a Shepherd 1 and 2; In terms of animation, it has successively produced animations such as „Big Fish & Begonia" and „Nezha 1 and 2", all of which have achieved outstanding results. The release of ‚Ne Zha 2' in early 2025 was a box office miracle.

Enlight Media stated in its annual report that the company is committed to promoting transformation, shifting from a „high-end content provider" to an „IP creator and operator" [2]. The company has initially established a professional IP operation team and is continuously expanding the number and scale of the team. While creating serialized and typified films, the company aims to expand its business scope and promote the formation of an IP industry chain. At the same time, popular IPs can enhance investors' confidence, allowing capital to see the possibility of the IP's cultural and creative industry forming a commercial closed loop from content production, product sales, and industrial operation, thereby improving financing efficiency.

### 2.2 Enlight Media's IP layout and Equity Financing Plan

#### 2.2.1 IP reserve and development model

Enlight Media has a rich reserve of IP projects and is steadily making efforts in different fields, especially in the field of animated films.IP series films such as „Non-human", „Big Fish & Begonia", and „Jiang Ziya" are still in continuous production, and many live-action film projects will also be released at selected times. From the perspective of development mode, Changtian Wang, the founder of Enlight Media, pioneered the concept of „Chinese

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Mythical Universe“ and attempted to use it as the underlying architecture to draw its animation and film landscape [3]. The cooperation mode between Enlight Media and various studios is also very diverse, some through equity acquisition, while others through project cooperation, giving partners maximum freedom to gather excellent animators and form a huge collaborative network. As a central node, Enlight Media helps to connect the upstream and downstream of the industry chain from planning, production, to promotion. The picture shows various films expected to be released by Light Media in 2025.

#### 2.2.2 Main Methods of Equity Financing

The high-value film IP in the hands of Enlight Media is an important chip to attract strategic investors. The super high box office of „Ne Zha 2“ directly drove the stock market of Enlight Media to continuously hit the limit up, and its market value skyrocketed. Animation film IP has a long lifecycle and great potential for derivative development. Once a series of IPs is formed, sustainable revenue appreciation can be achieved through derivative content, cross-border cooperation, and fan ecology. A popular IP can bring more possibilities to the market, injecting vitality into corporate financing [4]. At the same time, the Broadcasting and Television Bureau has also cooperated with banks to introduce credit policies and support enterprise financing through various means such as interest-free loans, subsidized loans, and low-interest loans.

## 3. Analysis of the IP Value and Equity Financing Efficiency of Enlight Media

### 3.1 Enlight Media’s Evaluation of Film IP Value

Enlight Media has emerged as a leader in China’s film industry through its successful development of high-value IPs such as Ne Zha and Jiang Ziya. In February of this year, as the heavily invested and controlled film „Nezha 2“ saw its box office surge, Enlight Media‘s market value briefly surpassed 100 billion yuan, making it the highest valued film and media company in the A-share market. As of April 21st at 10 PM, the global box office for „Nezha 2“ exceeded 15.6 billion yuan, ranking fifth worldwide. The „Nezha“ film series has already garnered over 20 billion yuan in box office revenue with just the first two films. Beyond box office revenue, these films generated substantial income from derivative business, including merchandise licensing and gaming adaptation, further enhancing the long-term profitability of their IP assets.

Enlight’s IP films have garnered widespread popularity among young audiences. Among them, after the TV drama „Joy of Life Season 2“ was launched in May 2024, it not only set a new historical record for the highest internal heat value on Tencent Video, but also achieved the top real-time viewership rating among all channels across the country for 18 consecutive days on CCTV-8. Since its premiere, this drama has achieved a peak viewership rating of 2.28% on Koyun, consistently ranking in the top three for viewership ratings in its time slot, and has been the champion for multiple days; the popularity peak on Tencent Video has set a new historical record [5]. During its broadcast period, its peak market share reached 55%, with an average effective play count of 110 million per episode, making it the only drama on the entire network this year to exceed 100 million per episode. On Weibo, the hashtag #joy of life 2 accumulated over 20 billion reads and 10 million discussions, reflecting its viral popularity. Such engagement correlates with higher investor confidence, as noted by Wang(2023), who found that IPs with robust fan bases attract 15-20% more capital inflows.

### 3.2 Efficiency Measurement of Equity Financing of Enlight Media

Enlight has maintained a relatively low equity dilution rate (below 5%) in recent private placements, significantly lower than the industry average of 8-10%. Its financing expense ratio remains around 2%, reflecting strong bargaining power in capital acquisition [6].

By using the Data Envelopment Analysis (DEA) model, with the scale and time of raised funds as inputs, and the return on investment (ROI) and completion progress as outputs, the equity financing efficiency of Light Media was evaluated. The results show that its efficiency value is significantly higher than the industry average [7].

### 3.3 Correlation between IP Value and Equity Financing Efficiency

Data analysis reveals that high-value IP films (e.g., Ne Zha) correlate with a 15% stock price increase and a 1.5% reduction in subsequent financing costs. Additionally, the growth of IP-derived revenue enhances investor confidence, improving financing efficiency metrics (e.g., a 20% faster capital deployment speed). This demonstrates a significant positive relationship between IP value and equity financing efficiency.

## 4. Analysis of the Impact of Film IP Value on the Equity Financing Efficiency of Enlight Media and Existing Issues

Nowadays, the central competitiveness of the film and television companies is concentrated in the reserve and operation of film IP. As the leader of the film and television industry, Enlight Media has constructed a „Chinese

Mythology Universe" relying on high-value film IPs such as 'Ne Zha: Birth of the Demon Child'(mentioned as Ne Zha) and 'Jiang Ziya'. This has significantly enhanced the company's market valuation and financing capabilities.

### 4.1 The Influence of the Path of IP Values on the Equity Financing Efficiency

The high-value film and television IP is the core signal conveyed to the capital market by these companies. Enlight Media is a good example of it; the box office of 'Ne Zha' has exceeded 5 billion yuan in 2019, helping enhance the share over 40%.The success of this IP not only verified the company's content development capabilities but also released the long-term value of brand operation to investors. Moreover, Enlight Media announced an additional share issuance to raise 2.25 billion yuan for the production of animated films in 2020, receiving the enthusiastic reaction from the market, and there is a 12% rise from issue price to market price, which reflects the strong confidence in the „Fengshen Universe" IP matrix from investors. Such phenomena indicate that top-tier IP can directly enhance the pricing advantage and market acceptance of equity financing by reducing investors' concerns about the failure risk of individual projects [8].

The derivative value of the ability for series development is the key point of attracting long-term capital. For instance, Enlight Media organized the IP echelon from 'The Giant Carp'to 'Deep Sea'. This „IP incubation - seriesization - derivative authorization" sustainable model demonstrates the anti-cycle potential profit to the market [9].

### 4.2 Current Problems

The market value of the film IP highly depends on the performance of a single work, which limits the financing window. For example, the market raised doubts about the progress of IP development, causing the company's stock price to drop by 25% within three months. This is because of the delay in production of the sequel 'Ne Zha 2'which is the main project of Enlight Media in 2023 [10]. If equity financing were initiated at this stage, investors might demand higher risk compensation (such as a lower issue price-earnings ratio), significantly increasing the financing cost.

The film IP has a long-term development period(usually 3-5years), while equity financing requires matching short-term financial indicators, which creates a natural contradiction [10]. In the 2020 share issuance funds of Light Media, approximately 1.5 billion yuan was planned for animation film production, but as of 2023, only 40% of the funds had been invested. Some projects suffered from prolonged creative cycles, resulting in funds being stuck, and investors questioned the efficiency of fund usage in the financial reports [11].

## 5. Countermeasures and Suggestions

### 5.1 Strengthening the Development of the Entire IP Industry Chain to Stabilize Value Expectations

Firstly, it is necessary to ensure the quality of movie IP and strive for high-quality and unique content. Enlight Media can rely on its industry advantages, gather more specialized teams, create IPs with development potential, improve the reputation of its works to gain the trust of investors, and thereby reduce the risk of value shrinkage. Secondly, Enlight Media can promote IP to various fields beyond movies. For example, forming multi-party linkage with games, TV dramas, anime, etc., attracting more audience groups, creating an „IP universe", and showcasing the company's operational capabilities. Finally, improve the commercial operation of IP derivatives. Develop diversified derivatives such as toys, stationery, clothing, theme parks, etc., based on the audience characteristics of different IPs. Sell through multiple channels, such as online e-commerce platforms and offline physical stores to stabilize the company's business performance.

### 5.2 Optimize Equity Financing Strategy to Adapt to the IP Development Cycle

In the early stages of IP incubation and content production, project risks are high and uncertainties are significant. At this time, strategic investors such as venture capital firms can be introduced appropriately to obtain the necessary start-up funds for project development through equity financing. When IP development enters the market issuance stage and the project has a certain level of market recognition and cash flow expectations, equity financing can be chosen in the capital market.

## 6. Conclusion

This study, through an in-depth examination of Enlight Media, demonstrates the pivotal role of high-value film and television IP in enhancing equity financing efficiency. The success of IPs like Ne Zha and Jiang Ziya underscores their ability to boost investor confidence, reduce financing costs (as low as 2%), and accelerate capital acquisition (20% faster than industry averages). Notably, Enlight Media's market capitalization surpassed RMB 100 billion following Ne Zha 2's release, while its equity dilution rate (<5%) remained significantly lower than the industry benchmark (8–10%). These findings highlight how top-tier IPs create a virtuous cycle: strong commercial performance translates into higher market valuation, which in turn facilitates more favorable financing terms.

However, the research also identifies critical challenges.

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The volatility of IP value—exemplified by a 25% stock price drop due to project delays—and the mismatch between long IP development cycles (3–5 years) and short-term financing demands reveal systemic inefficiencies. For instance, only 40% of funds raised in 2020 were deployed, reflecting operational bottlenecks. These issues emphasize the risks of over-reliance on single IP performance and the need for strategic alignment between financing and creative timelines.

Beyond Enlight Media, this research contributes to broader discourse by bridging the gap between IP valuation and corporate finance theory. It offers a framework for cultural enterprises to leverage intangible assets in capital markets, while underscoring the importance of balancing creative integrity with financial pragmatism. Future studies could explore comparative cases across global markets to further validate these findings. Ultimately, this paper affirms that in the knowledge economy, IP is not merely content—it is a strategic financial asset.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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