保利文化集團股份有限公司
POLY CULTURE GROUP CORPORATION LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3636)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

The board (the "**Board**") of directors (the "**Director(s)**") of Poly Culture Group Corporation Limited (the "**Company**", "**Poly Culture**" or "**we**") is pleased to announce the consolidated results extracted from the audited financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2022. The relevant results have been prepared in accordance with the applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the International Financial Reporting Standards.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2022
*(Expressed in Renminbi ("**RMB**"))*

	Notes	**2022**	2021
		RMB'000	*RMB'000*
Revenue	*4*	**2,617,044**	3,170,312
Cost of sales		**(1,731,694)**	(2,156,610)
Gross profit		**885,350**	1,013,702
Other net income		**103,440**	93,403
Changes in fair value of other equity securities		**20,488**	25,908
Selling and distribution expenses		**(440,828)**	(453,411)
Administrative expenses		**(635,833)**	(566,158)
(Loss)/profit from operations		**(67,383)**	113,444
Finance income		**89,324**	109,392
Finance costs		**(220,297)**	(228,944)
Share of profits less losses of associates		**(49,914)**	(82,726)
Share of profits less losses of joint ventures		**(12,283)**	(14,459)
Loss before taxation	*6*	**(260,553)**	(103,293)
Income tax	*7*	**(21,156)**	(34,108)
Loss for the year		**(281,709)**	(137,401)
Attributable to:			
Equity shareholders of the Company		**(290,196)**	(139,502)
Non-controlling interests		**8,487**	2,101
Loss for the year		**(281,709)**	(137,401)
Loss per share			
Basic and diluted loss per share (RMB)	*8*	**(1.18)**	(0.57)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022
(Expressed in RMB)

	2022	2021
	RMB'000	*RMB'000*
Loss for the year	**(281,709)**	(137,401)
Other comprehensive income for the year, net of tax		
Item that will not be reclassified to profit or loss:		
Remeasurement of pension contribution	**244**	–
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of investments accounted for using the equity method	**(247)**	(2,748)
Exchange differences on translation of financial statements of subsidiaries outside the People's Republic of China (the "**PRC**")	**44,587**	(14,666)
Total comprehensive income for the year	**(237,125)**	(154,815)
Attributable to:		
Equity shareholders of the Company	**(247,016)**	(154,119)
Non-controlling interests	**9,891**	(696)
Total comprehensive income for the year	**(237,125)**	(154,815)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022
(Expressed in RMB)

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		**408,458**	462,081
Right-of-use assets		**600,165**	761,999
Intangible assets		**56,605**	44,355
Goodwill		**79,238**	76,865
Long-term prepayments		**1,927**	2,152
Interest in associates		**475,248**	614,440
Interest in joint ventures		**390,712**	409,087
Other financial assets		**295,265**	265,073
Deferred tax assets		**64,362**	38,674
		2,371,980	2,674,726
Current assets			
Inventories		**2,230,603**	2,248,641
Trade and bills receivables	*9*	**615,855**	551,239
Consignor advances		**1,208,209**	1,527,198
Deposits, prepayments and other receivables		**2,448,211**	2,785,905
Current tax assets		**44**	5,318
Other financial assets		**1,838,963**	1,808,298
Restricted cash		**24,190**	27,649
Deposits with original maturities over three months		**73,192**	59,436
Cash and cash equivalents		**1,129,670**	1,607,593
		9,568,937	10,621,277

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ***(Continued)***
As at December 31, 2022
(Expressed in RMB)

	Note	2022 RMB'000	2021 RMB'000
Current liabilities			
Trade and other payables	*10*	**1,862,896**	2,421,976
Contract liabilities		**651,927**	608,948
Lease liabilities		**207,095**	170,785
Interest-bearing borrowings		**4,027,133**	4,237,066
Current taxation		**49,672**	23,548
		6,798,723	7,462,323
Net current assets		**2,770,214**	3,158,954
Total assets less current liabilities		**5,142,194**	5,833,680
Non-current liabilities			
Interest-bearing borrowings		**1,134,000**	1,348,000
Lease liabilities		**645,842**	819,089
Trade and other payables	*10*	**8,553**	8,700
Deferred revenue		**222**	669
Deferred tax liabilities		**37,740**	32,882
		1,826,357	2,209,340
NET ASSETS		**3,315,837**	3,624,340
CAPITAL AND RESERVES			
Share capital		**246,316**	246,316
Reserves		**2,731,132**	3,011,012
Total equity attributable to equity shareholders of the Company		**2,977,448**	3,257,328
Non-controlling interests		**338,389**	367,012
TOTAL EQUITY		**3,315,837**	3,624,340

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Poly Culture Group Corporation Limited (the "**Company**") was established in the PRC on December 14, 2010 as a joint stock company with limited liability. The Company and its subsidiaries (the "**Group**") is mainly engaged in art business and auction, performance and theatre management and cinema investment and management.

On March 6, 2014, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**HKSE**").

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IAS**") and interpretations issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on HKSE.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at January 1, 2022, and has concluded that none of them is onerous.

4 REVENUE

The Group is principally engaged in art business and auction, performance and theatre management and cinema investment and management.

Revenue mainly represents commission from auction services, the sales value of artworks and cultural relic collections, art investment consultation and other services, income from theatre management, box office income from performances and income from cinema box office.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
– Revenue from art business and auction	**573,915**	644,528
– Revenue from performance and theatre management	**1,647,691**	1,867,419
– Revenue from cinema investment and management	**255,810**	452,827
– Revenue from other services	**32,566**	14,537
	2,509,982	2,979,311
Revenue from other sources		
– Revenue from art business and auction	**87,864**	160,719
– Revenue from performance and theatre management	**11,068**	14,343
– Revenue from cinema investment and management	**8,130**	15,939
	2,617,044	3,170,312

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 5(a) and 5(c) respectively.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and therefore the information about remaining performance obligations is not disclosed for contracts that have an original expected duration of one year or less and also for those performance obligations which are regarded as satisfied as invoiced.

There was no individual customer that represents more than 10 percent of the Group's revenue during the years ended December 31, 2022 and 2021.

5 SEGMENT REPORTING

The Group manages its businesses by subsidiaries, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments:

– Art business and auction business: including auction, buy and sell of antiques, modern and contemporary calligraphy and painting, ancient calligraphy and painting, oil painting and sculpture and other cultural relics and artwork. It also provides artwork investment consultation and other services, earns interest income and revenue from consignor advances and loans granted under financial arrangements.

– Performance and theatre management business: including daily management of theatre, arrangement of performances, leases of theatres and theatre design consultation services.

– Cinema investment and management business: including cinema construction and cinema operation.

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all assets with the exception of interest in associates and joint ventures, other equity investment, current tax assets, deferred tax assets and other corporate assets. Segment liabilities include all liabilities with the exception of tax payables, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments.

Segment profit represents revenue less cost of sales, and includes selling and distribution expenses and administrative expenses directly attributable to the segment. Items that are not specifically attributable to individual segments, such as unallocated head office and corporate other net income, share of profits less losses of associates, share of profits less losses of joint ventures, changes in fair value of other equity securities, impairment losses on non-current assets, depreciation and amortisation, finance income, finance costs and unallocated head office and corporate expenses are not included in segment profit. In addition to receiving segment information concerning segment profit, management is also provided with segment information concerning depreciation, amortisation, finance income and finance costs and impairment losses to non-current segment assets used by the segment in their operations.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended December 31, 2022 and 2021 is set out below:

	Year ended December 31, 2022			
	Art business and auction *RMB'000*	**Performance and theatre management** *RMB'000*	**Cinema investment and management** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	**578,490**	**1,647,691**	**246,860**	**2,473,041**
Over time	**83,289**	**11,068**	**17,080**	**111,437**
Revenue from external customers and reportable segment revenue	**661,779**	**1,658,759**	**263,940**	**2,584,478**
Reportable segment profit (adjusted EBITDA)	**121,450**	**55,755**	**28,056**	**205,261**
Depreciation and amortisation	**(42,445)**	**(29,293)**	**(121,435)**	**(193,173)**
Finance income	**76,109**	**11,745**	**1,451**	**89,305**
Finance costs	**(187,192)**	**(1,255)**	**(56,981)**	**(245,428)**
Impairment of				
– property, plant and equipment	**–**	**–**	**(17,435)**	**(17,435)**
Reportable segment assets	**8,360,361**	**1,043,385**	**1,125,303**	**10,529,049**
Reportable segment liabilities	**6,684,126**	**642,718**	**1,612,552**	**8,939,396**

	Year ended December 31, 2021			
	Art business and auction *RMB'000*	Performance and theatre management *RMB'000*	Cinema investment and management *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	644,622	1,867,419	440,260	2,952,301
Over time	160,625	14,343	28,506	203,474
Revenue from external customers and reportable segment revenue	805,247	1,881,762	468,766	3,155,775
Reportable segment profit (adjusted EBITDA)	201,072	42,186	135,054	378,312
Depreciation and amortisation	(42,994)	(27,624)	(148,579)	(219,197)
Finance income	90,472	12,572	8,394	111,438
Finance costs	(201,801)	(659)	(63,386)	(265,846)
Impairment of				
– property, plant and equipment	–	–	(24,670)	(24,670)
– Investment in joint ventures	–	–	(1,140)	(1,140)
Reportable segment assets	9,513,141	946,787	1,284,276	11,744,204
Reportable segment liabilities	7,791,482	567,284	1,615,874	9,974,640

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2022	2021
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**2,584,478**	3,155,775
Revenue from other sources	**32,566**	14,537
Consolidated revenue *(Note 4)*	**2,617,044**	3,170,312
Loss		
Reportable segment profit (adjusted EBITDA)	**205,261**	378,312
Revenue from other sources	**32,566**	14,537
Unallocated corporate net income	**42,881**	19,216
Share of profits less losses of associates	**(49,914)**	(82,726)
Share of profits less losses of joint ventures	**(12,283)**	(14,459)
Changes in fair value of other equity securities	**20,488**	25,908
Impairment losses on non-current assets	**(106,021)**	(25,810)
Depreciation and amortisation	**(204,289)**	(221,677)
Finance income	**89,324**	109,392
Finance costs	**(220,297)**	(228,944)
Unallocated corporate expenses	**(58,269)**	(77,042)
Consolidated loss before taxation	**(260,553)**	(103,293)

	2022	2021
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**10,529,049**	11,744,204
Elimination of inter-segment receivables	**(4,747,291)**	(4,937,863)
Other equity securities	**285,697**	265,073
Interests in associates	**475,248**	614,440
Interests in joint ventures	**390,712**	409,087
Current tax assets	**44**	5,318
Deferred tax assets	**64,362**	38,674
Unallocated corporate assets	**4,943,096**	5,157,070
Consolidated total assets	**11,940,917**	13,296,003
Liabilities		
Reportable segment liabilities	**8,939,396**	9,974,640
Elimination of inter-segment payables	**(4,747,291)**	(4,937,863)
Current taxation	**49,672**	23,548
Deferred tax liabilities	**37,740**	32,882
Unallocated corporate liabilities	**4,345,563**	4,578,456
Consolidated total liabilities	**8,625,080**	9,671,663

(c) Geographic information

The Group's operations are mainly located in the Mainland China, Hong Kong, Macau and Canada.

Information about the Group's revenue from its operations from external customers is presented based on the Company's operation location of incorporation/establishment. Information about the Group's non-current assets other than financial instruments and deferred tax assets is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**2,445,892**	3,014,153	**1,994,056**	2,338,853
Others	**171,152**	156,159	**18,297**	32,126
	2,617,044	3,170,312	**2,012,353**	2,370,979

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2022	2021
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**727,413**	730,315
Expenses recognised in respect of defined benefit retirement plan	**170**	8,950
Contributions to defined contribution retirement plans	**99,420**	90,128
	827,003	829,393

Pursuant to the relevant labour rules and regulations in the PRC, the Company and its PRC subsidiaries participated in defined contribution retirement schemes (the "**PRC Schemes**") organised by the relevant local government authorities for its employees. The Group is required to make contributions to the PRC Schemes at 13% to 16% (2021: 13% to 16%) of average basic salaries of the employees in the cities where the Group operates. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution. The local government authorities are responsible for the entire retirement obligations payable to retired employees.

In addition, the Company and some of its PRC subsidiaries have implemented a supplementary defined contribution retirement scheme for the staffs on the voluntary basis. Under the scheme, the Company and its PRC subsidiaries are required to make contributions to the PRC Schemes at 5% to 8% of average basic salaries of the employees in the cities where the Group operates.

The Group announced post-employment benefit plan to its retired employees in the PRC. These benefits were only applicable to the qualifying employees. The actuarial valuations of the present value of the defined benefit obligations as at December 31, 2022 were carried out by an independent firm of actuaries, Willis Towers Watson, a member of China Association of Actuaries. The present value of the defined benefit obligations, and the related current service cost were measured using the projected unit credit method.

	2022	2021
	RMB'000	*RMB'000*
Depreciation		
– property, plant and equipment	**66,206**	82,603
– right-of-use assets	**132,689**	135,042
Amortisation	**5,394**	4,032
Impairment losses recognised/(reversed) in administrative expenses		
– trade and bills receivables	**6,212**	2,426
– deposits, prepayments and other receivables	**6,446**	(10,184)
– property, plant and equipment	**17,435**	24,670
– interest in joint ventures	**–**	1,140
– interest in associates	**88,586**	–

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2022	2021
	RMB'000	*RMB'000*
Current tax – PRC corporate income tax		
Provision for the year	**32,431**	23,877
Under-provision in respect of prior years	**41**	484
	32,472	24,361
Current tax – Other regions		
Provision for the year	**9,850**	14,060
Over-provision in respect of prior years	**(947)**	(2,128)
	8,903	11,932
Deferred tax		
Origination and reversal of temporary differences	**(20,219)**	(2,185)
	21,156	34,108

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to ordinary equity shareholders of the Company of RMB290,196,000 for the year ended December 31, 2022 (2021: loss attributable to ordinary equity shareholders of the Company of RMB139,502,000) and the weighted average number of ordinary shares in issue during the year of 246,316,000 shares (2021: 246,316,000 shares).

(b) Diluted loss per share

The Company did not have any potential dilutive shares throughout the years of 2022 and 2021. Accordingly, diluted loss per share is the same as the basic loss per share.

9 TRADE AND BILLS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade and bills receivables for sale of goods and rendering of services, net of credit loss allowance, due from		
– related parties	**7,174**	4,621
– third parties	**608,681**	546,618
Financial assets measured at amortised cost	**615,855**	551,239

All trade and bills receivables (net of credit loss allowance) of the Group are expected to be recovered within one year.

Ageing analysis

As of December 31, 2022 and 2021, the ageing analysis of trade and bills receivables of the Group, based on the invoice date and net of allowance for doubtful debts, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**136,472**	108,280
1 to 3 months	**18,765**	16,627
3 to 6 months	**24,463**	22,727
6 to 12 months	**39,822**	68,822
Over 1 year	**396,333**	334,783
	615,855	551,239

Trade and bills receivables are generally due immediately without credit or within a credit period of two months.

10 TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Current		
Trade payables to		
– related parties	**55,168**	52,899
– third parties	**135,457**	114,480
	190,625	167,379
Interest payables		
– related parties	**12,990**	8,500
– third parties	**30,386**	41,735
Payables for staff related costs	**66,155**	53,149
Payables for other taxes and surcharges	**64,594**	57,539
Dividends payable	**12,544**	10,343
Payment to consignors	**892,768**	1,570,939
Deposits received	**144,531**	108,625
Payables on acquisition of non-controlling interests	**45,189**	65,275
Other accruals and payables		
– related parties	**155,173**	55,633
– third parties	**247,941**	282,859
Financial liabilities measured at amortised cost	**1,862,896**	2,421,976
Non-current		
Pension contribution	**8,553**	8,700

As at December 31, 2022 and 2021, the ageing analysis of trade payables of the Group presented based on the invoice date is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 12 months	**127,001**	108,876
Over 12 months	**63,624**	58,503
	190,625	167,379

11 DIVIDENDS

The directors do not recommend the payment of final dividend for the year ended December 31, 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

In 2022, due to the severe impact of the COVID-19 pandemic, Poly Culture experienced the most difficult times: 3,617 performances were canceled and 2,267 performances were postponed; the 2022 Autumn Auction of Beijing Poly International Auction Corporation Ltd. ("**Beijing Poly Auction**") was postponed to February 2023, and 67 cinemas were suspended. Facing the unfavorable situation, Poly Culture, under the leadership of the Board of Directors, resolutely implemented the overall guidelines of "preventing risks, stabilizing operations, strengthening management, improving quality and seeking development". First, Poly Culture enhanced its brand influence, undertaken its responsibilities, built its brand, implemented the national cultural development strategy, organized various exhibitions at the national level, promoted poverty alleviation through cultural development and rural revitalization, and kept the publicity of mainstream media, continuously improving its social influence and brand appeal; Second, Poly Culture focused on stabilizing operations, making every effort to seize the market and increase operation performance. The number of films and television works and original plays produced with Poly Culture as the main investor steadily increased. Poly Culture's internal coordination became smoother, and the external resources richer, and it boosted the development of local cultural tourism, with its main business indicators outperforming the general trend of the industry, and the year-on-year performance better than the industry average; Third, Poly Culture proactively promoted reform, focused on major projects and prevented risks. It was rated as an "Excellent Enterprise" in the assessment of the "Double-hundred Actions" (雙百行動) by the State-owned Assets Supervision and Administration Commission of the State Council ("**SASAC**"). Furthermore, Poly Culture comprehensively promoted the works such as the reform of State-Owned Enterprises, lean management and comprehensive governance, laying a solid foundation for further development.

Under the adverse influence of repeated COVID-19 pandemic and cyclical economic fluctuations, all the staff of Poly Culture kept their mission firmly in mind, prepared to carry responsibilities, worked hard to forge ahead and overcome the difficulties shoulder to shoulder. While continuing to do a good job of pandemic prevention and control, Poly Culture endeavored to restore normal operation of each business segment, with the indicators of principal businesses outperformed the industry trend.

I. SEGMENT BUSINESS INFORMATION

The performance and theater management business saw the steady increase in the scale of theaters and further improvement in the quality of original plays

In terms of theater circuit management, in 2022, Beijing Poly Theatre Management Corporation Limited ("**Poly Theatre**") achieved presence in 68 cities nationwide with 76 theaters under operation and management. While striving to seize the window period of market, it completed 7,890 performances. Poly Theatre has made positive progress in outdoor performance business, and successfully held the "Yuanxiang Lake Art Festival" (遠香湖藝術節) in Shanghai and the "Concert for Nightlife in Riverside under Bright Moon" (夜生活江畔明月音樂會) in Chongqing; and promoted the production of original plays, and produced 10 plays. The drama "Battle of Triangle Hill" (《上甘嶺》) won many awards at the Chinese Drama Festival, and was shortlisted for the "Excellent Stage Art Exhibition to Celebrate the 100th Anniversary of the Founding of the Communist Party of China". Poly Theatre specially planned a series of performances such as the "Red Theme Performance Season to Celebrate the Success of the 20th Chinese Community Party National Congress" and the "Performance Season to Celebrate the Centenary of the Communist Youth League of China".

Further integrated online and offline platforms of artwork operation and auction business

Affected by the COVID-19 pandemic, the Autumn Auction of Beijing Poly Auction could not commenced in 2022, which had an adverse impact on the business, and the Group achieved a total auction turnover of RMB3.5 billion throughout the year. In the face of difficulties, Beijing Poly Auction solicited auction lots online, continuing to lead the Spring Auction in the Chinese Mainland with a turnover of RMB1.772 billion. Beijing Poly Auction upgraded its online platform and held 127 online auctions throughout the year, with an online auction turnover of more than RMB200 million. Poly Auction (Hong Kong) Limited achieved a total auction turnover of RMB1.09 billion, promoting private sales business and achieving a turnover of nearly RMB300 million.

Business focusing on the layout of "Content + Channel + Technology" in cinema investment management has achieved initial results

In 2022, China's film market indicators plummeted, and the supply of film sources and audience demand reduced significantly. Poly Film Investment Corporation Ltd. ("**Poly Film**") operated 68 directly-operated cinemas, and recorded a box office of RMB239 million, with turnovers for a single cinema and for a single screen both higher than the industry average. The film "The Tipping Point" (《掃黑行動》) produced by Poly Film achieved a box office of RMB174 million and won the Special Award of Macau International Film Festival. The co-produced film "Battle at Lake Changjin II" (《長津湖之水門橋》) won the box office championship in the Spring Festival; the co-produced television series "A Lifelong Journey" (《人世間》) achieved excellent ratings and won four awards at China Golden Eagle Television Art Festival. In addition, Poly Film jointly released the films "My Heart is Flying" (《我心飛揚》) and "A Man of the People" (《鄧小平小道》), which received good social response. Digital watermarking technology and Internet publicity technology empowered content production, distribution and projection, and has initially formed an industrial layout of "Content + Channel + Technology".

Focus on innovative business and accelerate market development

In terms of digital business, first, Poly Culture carried out strategic discussions and cooperation on digitalization. Poly Culture cooperated with partners to build Poly Digital Artwork Trading Platform, promoted the content of digital artworks and the dissemination of public digital art, explored the digital performance and digital derivative development of Peking Opera, and held seminars on digital culture business to discuss the future development of digital culture with other enterprises, universities, and research institutes. Second, Poly Culture explored the cultural business development empowered by digital technology. Poly Culture released three digital artwork collections such as the "Bronze Statue of the Tiger Head of the Old Summer Palace", which were highly recognized by the market; and Poly Culture produced digital artworks based on the phoenix statue and the wine container with divine faces as gifts to important customers for the Spring Auction; Poly Joy Spreader Digi-Entertainment Co., Ltd. set up a "Service Platform for Film and Television Entertainment Digital Assets", and released digital souvenir seals, digital records and film souvenir shirts; in addition, Beijing Poly Contemporary Art Co., Ltd. undertook the global exhibition of digital artworks during the Mid-Autumn Festival of 2022.

In terms of art education business, Poly Culture persisted in carry out offline cultural activities and competitions to enrich students' experience, explored the teaching and marketing mode of online and offline integration, devoted significant efforts to develop a series of summer camp products, and finally implemented the preparatory program of the Royal Northern College of Music.

In terms of the cultural asset operation and management business, the construction and cooperative operation of Shenzhen Buji Culture and Sports Center project were steadily advanced, and Hainan International Cultural Relics and Artwork Trading Center was officially unveiled at the beginning of 2022 with a management team formed to promote the project implementation; Cixi Poly Art Museum completed its renovation and opening in 2022.

II. RESULTS ANALYSIS AND DISCUSSION

Business Overview

Revenue

Total revenue decreased by 17.5% from RMB3,170.3 million for the year ended December 31, 2021 to RMB2,617.0 million for the year ended December 31, 2022. Mainly due to the resurgence of COVID-19 pandemic, the impact on the Group's operation and financial position was aggravated. The art business and artworks collection were affected by the travel restrictions at home and abroad, resulting in the postponement of the 2022 Autumn Auction of Beijing Poly Auction to February 2023. The Group suspended all performances and cinema operations in areas with severe affected by COVID-19 pandemic.

The respective segment revenue of the Group in 2022 and 2021 is as follows:

	Years ended December 31,		
	2022	2021	
	RMB in millions	*RMB in millions*	*% of change*
Art Business and Auction	**661.8**	805.2	(17.8)
Performance and Theatre Management	**1,658.8**	1,881.8	(11.9)
Cinema Investment and Management	**263.9**	468.8	(43.7)

Gross profit

Gross profit decreased by 12.7% from RMB1,013.7 million for the year ended December 31, 2021 to RMB885.4 million for the year ended December 31, 2022. Gross profit margin increased from 32.0% for the year ended December 31, 2021 to 33.8% for the year ended December 31, 2022.

Other net income

Other net income (mainly including government grants) increased from RMB93.4 million for the year ended December 31, 2021 to RMB103.4 million for the year ended December 31, 2022.

Selling and distribution expenses

Selling and distribution expenses decreased by 2.8% from RMB453.4 million for the year ended December 31, 2021 to RMB440.8 million for the year ended December 31, 2022, primarily due to the impact of COVID-19 pandemic mentioned above.

Administrative expenses

Administrative expenses increased by 12.3% from RMB566.2 million for the year ended December 31, 2021 to RMB635.8 million for the year ended December 31, 2022, primarily due to the increase in impairment losses.

Reportable segment profit

As a result of the aggravating of the COVID-19 pandemic during the year, reportable segment profit was RMB205.3 million for the year ended December 31, 2022 compared with the reportable segment profit of RMB378.3 million for the year ended December 31, 2021.

The respective reportable segment profit of the Group in 2022 and 2021 is as follows:

	Years ended December 31,		
	2022	2021	
	RMB in millions	*RMB in millions*	*% of change*
Art Business and Auction	**121.5**	201.1	(39.6)
Performance and Theatre Management	**55.8**	42.2	32.2
Cinema Investment and Management	**28.0**	135.0	(79.3)

Finance income

Finance income decreased by 18.4% from RMB109.4 million for the year ended December 31, 2021 to RMB89.3 million for the year ended December 31, 2022, mainly due to a decrease in interest income from consignor advances.

Finance costs

Finance costs decreased by 3.8% from RMB228.9 million for the year ended December 31, 2021 to RMB220.3 million for the year ended December 31, 2022, primarily due to the decrease in the average amount of bank loans, short-term debentures and bonds.

Income tax

Income tax decreased by 37.8% from RMB34.1 million for the year ended December 31, 2021 to RMB21.2 million for the year ended December 31, 2022, primarily due to a decrease in taxable income caused by the decrease in the profit.

Loss for the year

As a result of the impact of the COVID-19 pandemic mentioned above, the loss for the year ended December 31, 2022 amounted to RMB281.7 million compared with the loss of RMB137.4 million of the year ended December 31, 2021, and net profit margin decreased from -4.3% for the year ended December 31, 2021 to -10.8% for the year ended December 31, 2022.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2022, the Group maintained a stable financial position and adequate liquidity. As at December 31, 2022, the Group's cash and cash equivalents amounted to RMB1,129.7 million (2021: RMB1,607.6 million), decreased by 29.7% as compared to that of December 31, 2021.

During the year ended December 31, 2022, the net cash inflow from operating activities amounted to RMB5.2 million, compared with the net cash inflow of RMB753.9 million for the year ended December 31, 2021. During the year ended December 31, 2022, the net cash inflow from investing activities amounted to RMB365.1 million representing an increase of RMB84.7 million as compared with the net cash inflow of RMB280.4 million for the year ended December 31, 2021. During the year ended December 31, 2022, the net cash outflow from financing activities of the Group was RMB848.2 million, which representing an increase of RMB96.4 million as compared with RMB751.8 million for the year ended December 31, 2021. For the year ended December 31, 2022, the decrease in cash and cash equivalents was approximately RMB477.9 million as compared to the end of last year.

CHANGES TO KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Property, plant and equipment mainly include, but are not limited to cinema equipment and self-owned offices. Our property, plant and equipment decreased by 11.6% from RMB462.1 million as at December 31, 2021 to RMB408.5 million as at December 31, 2022. The main reason of the decrease is impairment and depreciation of property, plant and equipment.

Current assets and current liabilities

The current assets decreased by 9.9% from RMB10,621.3 million as at December 31, 2021 to RMB9,568.9 million as at December 31, 2022. The decrease of current assets is primarily due to the decrease of consignor advances and other financial assets. Current liabilities decreased by 8.9% from RMB7,462.3 million as at December 31, 2021 to RMB6,798.7 million as at December 31, 2022. The decrease of current liabilities is primarily due to the decrease of the payment to consignors.

Inventories

Our inventories decreased by 0.8% from RMB2,248.6 million as at December 31, 2021 to RMB2,230.6 million as at December 31, 2022.

Consignor advances

The consignor advances decreased by 20.9% from RMB1,527.2 million as at December 31, 2021 to RMB1,208.2 million as at December 31, 2022, primarily due to efficient payment from well-known collectors.

Deposits, prepayments and other receivables

The deposits, prepayments and other receivables decreased by 12.1% from RMB2,785.9 million as at December 31, 2021 to RMB2,448.2 million as at December 31, 2022.

INDEBTEDNESS

As at December 31, 2022, we incurred interest-bearing borrowings of RMB5,161.1 million, which were mainly borrowed from reputable financial institutions and were unsecured. Bank loans decreased from RMB2,900.9 million as at December 31, 2021 to RMB2,490.3 million as at December 31, 2022 mainly due to the repayment of bank loans. On February 28, 2020, the Company issued a mid-term note with an aggregate principal amount of RMB500 million with a term of three years, nominal value per unit of RMB100 and coupon rate of 3.60% per annum respectively. On April 22, 2021 and November 17, 2021, the Company issued corporate bonds with an aggregate principal amount of RMB500 million and RMB300 million, respectively, with a term of three years, nominal value per unit of RMB100 and coupon rate of 4.57% and 4.38% per annum, respectively.

As at the date of this announcement, other than disclosed in this announcement, the Group did not have any significant contingent liabilities nor any other off-balance sheet commitments and arrangements.

CAPITAL EXPENDITURE

Our capital expenditures primarily comprised of the purchases of property, plant and equipment, and intangible assets which amounted to RMB47.3 million and RMB59.6 million, respectively, for the years ended December 31, 2022 and 2021.

OTHER FINANCIAL INDICATORS

Our debt-to-asset ratio which is calculated by dividing the total debts by total assets decreased from 72.7% as at December 31, 2021 to 72.2% as at December 31, 2022 due to the decrease of interest-bearing borrowings.

EMPLOYEE REMUNERATION AND POLICY

As at December 31, 2022, the Group had 8,175 employees in total. The remuneration policy for our employees has been determined by the remuneration and assessment committee of the Board taking into consideration the performance, experience and operational capacity of our employees. As at December 31, 2022, there has been no material change to our remuneration policy and training plans.

III. RISK FACTORS

The Company's exposure to risks in connection with its operations mainly includes: market risk, risk of staff turnover, competition risk, interest rate and exchange rate risk.

1. Market Risk

Uncertainties in the operation environment

The outbreak of COVID-19 pandemic since early 2020 has brought more uncertainties to the Group's operation environment. At present, the COVID-19 pandemic is still spreading around the world, and the enormous impact of the pandemic on the world economy will continue to develop and evolve. The external environment is becoming more complex, severe and uncertain. In 2022, China's GDP has grown by 3% year on year. China's economy has continued to recover steadily, but it still faces triple pressures of shrinking demand, supply shock and weakening expectations. The operation performance of our art business and auction segment is particularly exposed to the risks arising from volatilities in domestic and overseas economic and financial environment. In order to mitigate the negative impact of the economic volatilities, the Company will, on the premise of continuing to do a good job of pandemic prevention and control, actively resume work and production, integrate the brand and resources of Poly Culture, actively develop innovative business models when focusing on its three existing principal businesses, carry out the online operation and explore more profit growth engines.

Unpredictability of the market for artworks

The market for artworks is influenced by various factors, including the overall economic and political environment, changes in the collecting categories that are most sought after and preferences of collectors. For example, under our auction operation, a decrease in market demand may cause a decline in artworks auction turnover, which could result in lower commission income earned by us. In addition, when we are in the process of art business operations, we may not be able to collect favorable artworks at reasonable prices amidst keen market demands and we may find it difficult to gain expected returns on selling the relevant artworks under declining market demands. We will keep an eye on the market changes, understand rotation rules of hotspots in the artwork sector and work out countermeasures appropriately. In particular, we will focus on expanding the portfolio of new international clients and variety of artworks, as well as enhancing overseas sourcing so as to reduce the risks arising from volatility in the market demand.

2. Risk of staff turnover

Our success has been substantially attributable to the contribution of the excellent management professionals. In terms of the art business and auction segment, we rely on a number of industry professionals to provide authentication and valuation of artworks services, who require long-term practices to accumulate sufficient experience to provide professional and reliable advice. In other business segments, we also rely on qualified employees to ensure that we can manage our theatres and cinemas with unified and high standards to improve the audience's experience, enhance our brand recognition and profitability. We strive to attract the best talent through excellent human resources management and provide them with good career development opportunities. We will actively enhance internal talent cultivation, further enlarge the pool of key management and professional talent, enhance the loyalty of key talent, and make innovations in the talent motivation mechanism.

3. All our business segments face competition

For the art business and auction segment, we mainly compete with key auction houses in the local and foreign markets throughout the operation chain. The competition may possibly reduce our commission income, and increase our costs in sourcing, purchasing and selling artworks, as well as expenses in recruitment of talent in the industry. In the performance and theatre management segment, we compete with other theatre management companies in China in terms of program resources, theatre network coverage and brand recognition. In the cinema investment and management segment, we mainly compete with other cinema operators in regions where we operate cinemas. The Company will seek to gain a more precise understanding of the market demands and enhance core competitiveness so as to maintain the leading market position.

4. Risks relating to fluctuation of interest rates and exchange rate

In addition, due to our expansion of overseas business, we may generate revenue in terms of foreign currency in the future, and the contract we entered into with overseas customers may also be in the value denominated in the Euro or the U.S. dollar. Therefore, exchange rate fluctuation (especially among the RMB, the Euro and the U.S. dollar) may increase our costs and decrease our profitability due to the decline in foreign exchange. We will keep an eye on policies and changes relating to the domestic and foreign financial markets, and adopt a specific financing pattern to partially offset impact of changes in the interest rates on the finance costs during the interest rate hike cycle and interest rate reduction cycle.

IV. OUTLOOK

The internal and external environment for the development of China's cultural industry is undergoing profound changes. The foundation for economic recovery in China is not solid yet, and the normal business order is still facing uncertainty in the short term. But, in general, the fundamentals of China's long-term economic growth remain unchanged, the general trend of high-quality development remains the mainstream, and the overall operation of the cultural market is expected to see a steady recovery. We believe that: **first, with the rebound of consumption, the cultural market is expected to recover.** The long-term repeated outbreak of COVID-19 pandemic has brought a huge impact on both the supply and demand sides of the industry, and the security of the industrial chain and supply chain of the cultural market has been compromised. However, under the context "to foster a new pattern of development that is focused on the domestic economy and features a positive interplay between domestic and international economic flows", cultural consumption, as service consumption and new consumption, is an important part of expanding domestic demand. The favorable policies are expected to usher in an industrial recovery and restore market confidence and performance. **Second, the creation of high-quality content is still an urgent demand, and we need to stick to our main business.** The development of cultural industry and artistic creation in the new era should adhere to the principle of people-centered creation, uphold integrity and innovation, and stick to the position of Chinese culture. The content supply side still needs to take creation as the core task and high-quality works as the development foundation to improve both social and economic benefits. **Third, with technical innovation, science and technology will promote high-quality industrial development.** The implementation of the national strategy of cultural digitization and the strategy of strengthening China with science and technology and the promotion of the digital transformation of traditional cultural business have become the core driving force for the development of the cultural industry. **Fourth, the integration of culture and tourism will reach a new level with the interplay between culture and tourism.** The in-depth integration of culture and tourism, accommodating the trend of younger consumers, helps to complement each other's advantages, expands the scale and improves the quality of cultural tourism consumption, and jointly creates a high-quality cultural life. **Fifth, we will build a "new engine" for local construction with the integration of culture and industry.** Based on the cultural resources with local characteristics, we will jointly build a new public cultural pattern and characteristic consumption cluster to revitalize the urban culture.

In 2023, Poly Culture will make proper analysis of the market and competitors, pay close attention to the recovery of the domestic cultural consumption market and cultural exchanges at home and abroad as well as the relevant national policies, conduct pre-arranged planning to cope the rapid recovery or slow recovery of the market, so as to seize the opportunities with advance preparations and implement various management work throughout the year as directed by goals.

Performance and theater management business

The Company will spare no effort to properly handle the renew of expired theaters, follow up and promote the new theater projects, and actively study and explore the cultivation and development of small theaters and cinemas; properly conduct the tour of domestic projects and introduction of foreign projects, and strive to complete 10,000 performances throughout the year; create high-quality original plays and complete the production of 15 original plays; accelerate the implementation of "Theater+" emerging formats such as the theater integrating culture, business and travel, internet + performance, and the immersive experience of digital art; hold international forums and lead the establishment of an international theater alliance to strengthen exchanges between China and foreign countries.

Artwork operation and auction business

Facing the special situation that the auction structure in the new year is different from that in previous years, we will strengthen the business coordination between Beijing and Hong Kong to ensure the successful progress of each auction; effectively strengthen the collection, private sales and marketing, improve the online auction ability, expand overseas markets, and maintain a leading position in the artwork auction in China; we will continue to push forward the implementation of receivables and inventory control to effectively reduce operational risks. Poly Art Centre will formulate artwork sales plans based on scientific studies, optimize inventory management, develop business of chain museums/art galleries, and revitalize inventory artworks. For Hainan International Cultural Relics and Artwork Trading Center Project, we should fully learn from industry experience, develop overall design, strengthen internal coordination, and implement relevant policies as soon as possible.

Cinema investment management business

In terms of cinema management, we will strip off cinemas with long-term losses or close them in stages and batches, so as to achieve practical results in rent reduction; reasonably expand and develop high-quality asset-light projects, and realize a development situation of "rational advancing and withdrawal"; implement the "third-generation cinema" business mode, try to integrate operations, strive to reduce costs, and improve industry ranking and profitability. In terms of film investment, we will explore a content investment mechanism suitable for central enterprises, creates at least 1-2 high-quality film and television works with the project development mode of "main control, professional cooperation, mixed ownership and financial assistance", strengthen the reserve of high-quality content, and establish a brand of a cultural central enterprise of film and television content; continue to deepen the integration of film and television technology and cultivate and incubate new profit growth drives.

Art education business

Poly Art Education Investment Co., Ltd. will continue to optimize the curriculum system, focus on increasing the intake of students, accelerate the business expansion of studying abroad, and increase cooperation with foreign institutions. Poly WeDo will continue to improve the teaching quality, optimize the student experience, enhance the brand influence, increase the number and scale of schools when appropriate, and improve its profit level.

Key business to develop

Poly Performing Arts Co., Ltd. will strengthen cooperation with theater companies to focus on the production of original plays; expand cultural and tourism integration projects, undertake large-scale cultural and performance activities, and create a cultural and tourism performance brand with high popularity and influence.

Beijing Poly Ticket Development Co., Ltd. will continue to promote the researach and development and upgrading of the ticketing system, and constantly optimize and improve the system functions; continue to expand cooperative relationships with theaters not belonging to Poly Theatre's cinemas, and expand the scope of business coverage; strengthen the construction of sub-brands such as "Poly Cloud Theater" and "Yuboya" (娛伯牙) to enhance its influence in the industry.

Beijing Poly Contemporary Art Co., Ltd. will increase the floor space of the urban digital art museum, enhance the digital art creativity and IP productivity, and deepen the integration of businesses with new technologies like blockchain.

The digital business will speed up the industry exploration, fully understand the digital strategy development direction of cultural industry in the era of digital economy, compile industry analysis reports on a regular basis, integrate business data and establish the big data platform to provide support for decision-making. Moreover, Poly Culture will promote the digital upgrade of principal businesses, gradually realize the online, informatization and intellectualization of auction, theater, film industry, art education and other businesses, promote the construction of "intelligent theater", strengthen the technology of "digital watermarking", explore the transaction and management of digital assets, and create new business scenarios with the technologies such as blockchain and metauniverse.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Mr. Yip Wai Ming resigned as the independent non-executive Director, the chairman of the remuneration and assessment committee of the Board and the member of the audit committee of the Board due to personal work arrangement, with effect from June 21, 2022.

Mr. Zhang Xi resigned as the chairman of the Company and the chairman of the strategy committee of the Board due to age reason, with effect from September 9, 2022. Meanwhile, Mr. Zhang Xi resigned as the executive Director, with effect from November 30, 2022.

On June 21, 2022, the Company held the 2021 annual general meeting. Mr. Fung Edwin has been appointed as the independent non-executive Director of the fourth session of the Board. His appointment has been effective from the date of approval at the shareholders' general meeting until the expiry of the term of office of the fourth session of the Board. The Board agreed to appoint Mr. Fung Edwin as the chairman of the remuneration and assessment committee of the Board and the member of the audit committee of the Board at the Board meeting immediately following the 2021 annual general meeting, with a term of office commencing from June 21, 2022 until the expiry of the term of office of the fourth session of the Board.

On September 9, 2022, Mr. Wang Bo has been appointed by the Board as the chairman of the fourth session of the Board and the chairman of the strategy committee of the Board, with effect from the date of approval at the Board meeting by way of resolution until the expiry of the term of office of the fourth session of the Board.

The Company held the 2022 first extraordinary general meeting on November 30, 2022. Mr. Guo Wenpeng has been appointed as the executive Director of the fourth session of the Board. Mr. Guo Wenpeng has also been appointed as a member of the strategy committee of the Board from the same date. His appointment will be effective from the date of approval at the shareholders' general meeting until the expiry of the term of office of the fourth session of the Board.

Senior Management

On September 9, 2022, Mr. Wang Bo ceased to be the general manager of the Company due to work arrangement. On the same day, Mr. Guo Wenpeng has been appointed by the Board as the general manager of the Company with a tenure of three years, with effect from the date of approval at the Board meeting by way of resolution.

SUBSEQUENT EVENTS

Save as disclosed in this announcement, there were no any significants events after December 31, 2022 and up to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has committed to delivering and maintaining a higher standard of corporate governance to meet business needs and shareholders' expectation. During the year ended December 31, 2022 (the "**Reporting Period**"), the Company had complied with all applicable code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules and had adopted most of the recommended best practices as set out therein.

COMPLIANCE WITH THE MODEL CODE

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

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

Neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

PROFIT DISTRIBUTION

The Board has not made any recommendation on the distribution of final dividend for the year ended December 31, 2022.

REVIEW OF THE ANNUAL RESULTS

The annual results of the Group for the year ended December 31, 2022, have been reviewed by the audit committee of the Company.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in this annual results announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This results announcement will be published on the Company's website (www.polyculture.com.cn) and the HKExnews website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk).

The Company's 2022 Annual Report containing all information required under the Listing Rules will be dispatched to the shareholders of the Company and will be published on the Company's website (www.polyculture.com.cn) and the HKExnews website of the Stock Exchange (www.hkexnews.hk).

By order of the Board
Poly Culture Group Corporation Limited
Wang Bo
Chairman

Beijing, the PRC, March 31, 2023

As of the date of this announcement, the executive Directors of the Company are Mr. Wang Bo, Mr. Jiang Yingchun, Mr. Guo Wenpeng and Mr. Xu Bei, the non-executive Directors are Ms. Zhang Hong and Mr. Fu Chengrui, and the independent non-executive Directors are Ms. Li Xiaohui, Mr. Sun Hua and Mr. Fung Edwin.