華夏視聽

2023 Interim Report

CATHAY MEDIA AND EDUCATION GROUP INC.
華夏視聽教育集團
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1981

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Pu Shulin
(Chairperson and Chief Executive Officer)
Ms. Jacqueline Luo *(appointed on 27 June 2023)*
Mr. Yan Xiang *(resigned on 27 June 2023)*
Mr. Wu Ye
Mr. Lau Chi Hung

Independent non-executive Directors

Mr. Zhang Jizhong
Mr. Lee Cheuk Yin Dannis
Mr. Huang Yu

AUDIT COMMITTEE

Mr. Lee Cheuk Yin Dannis *(Chairperson)*
Mr. Zhang Jizhong
Mr. Huang Yu

REMUNERATION COMMITTEE

Mr. Huang Yu *(Chairperson)*
Mr. Pu Shulin
Mr. Lee Cheuk Yin Dannis

NOMINATION COMMITTEE

Mr. Pu Shulin *(Chairperson)*
Mr. Zhang Jizhong
Mr. Lee Cheuk Yin Dannis

COMPANY SECRETARY

Mr. Lau Chi Hung

AUTHORISED REPRESENTATIVES

Mr. Pu Shulin
Mr. Lau Chi Hung

HEADQUARTERS

22/F, Block 12, Wanda Plaza
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Chaoyang District
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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348 Kwun Tong Road
Kowloon, Hong Kong

REGISTERED OFFICE

190 Elgin Avenue, George Town
Grand Cayman KY1-9008, Cayman Islands

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and Registered Public Interest Entity Auditor
35/F One Pacific Place
88 Queensway
Central, Hong Kong

LEGAL ADVISERS

As to Hong Kong and U.S. laws
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15 Queen's Road Central
Hong Kong

As to PRC law
Commerce & Finance Law Offices
12/F – 14/F, China World Office 2
No. 1 Jianguomenwai Avenue
Chaoyang District, Beijing, PRC

As to Cayman Islands law
Walkers (Hong Kong)
15/F, Alexandra House
18 Chater Road, Central, Hong Kong

HONG KONG SHARE REGISTRAR

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008,
Cayman Islands

PRINCIPAL BANKS

DBS Bank (Hong Kong) Limited
Bank of China (HK) Ltd.

STOCK CODE

1981

COMPANY WEBSITE

www.cathaymedia.com

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2023	2022	Change (%)
	(unaudited)	(unaudited and restated)	
	(RMB'000, except percentages)		
Continuing operations			
Revenue	**376,788**	377,660	-0.2%
– Higher education (media and arts) and vocational education	**306,631**	281,819	8.8%
– Entertainment and livestreaming e-commerce	**70,157**	95,841[1]	-26.8%
Gross profit	**151,564**	165,183	-8.2%
(Loss) profit for the period from continuing operations	**(109,932)**	125,872	N/A
Profit for the period from discontinued operation	**–**	43,710	-100%
(Loss) profit for the period	**(109,932)**	169,582	N/A
Non-HKFRS: Adjusted Net (Loss) Profit[2]	**(58,426)**	147,884	N/A

(1) For the six months ended 30 June 2022, the number represented revenue from our TV/film production and investment business only. Since May 2023, the Group has started its livestreaming e-commerce and artist management business and renamed this business segment to include revenue from both livestreaming e-commerce and artist management business, and TV/film production and investment business.

(2) "Adjusted Net (Loss) Profit", which is unaudited, represents (loss) profit for the period after adjustments for profit for the period from discontinued operation, impairment losses recognised on other receivables, impairment losses on television series and film rights subsequently reclassified as write-down of inventories, and equity-settled share-based payments which did not exist in prior periods. Please refer to the reconciliation included in the section headed "Management Discussion and Analysis" for details.

The Board recommended the payment of an interim dividend of HK$0.03 per share for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK$0.06 per share).

BUSINESS REVIEW

Higher education (media and arts) and vocational education

Our University

According to the Chinese Universities Alumni Association, CUCN was ranked first in media and arts independent colleges in China in 2022. As at 30 June 2023, the Group had approximately 27,527 students, including 22,305 undergraduates, 4,823 vocational education students and 399 international preparatory students. The above number of undergraduates included 1,294 undergraduates enrolled by Olympic College under our University's management. Excluding the number of undergraduates of Olympic College, the total number of our students recorded a period-on-period growth of approximately 17.3%.

Currently, CUCN offers more than 50 undergraduate majors, covering multiple media and art fields. Among them, 16 majors were appraised as the first tier at the provincial level of Jiangsu and 4 of which were appraised as the first tier at the national level. Our high-quality courses, ingenious ideas and excellent teaching results are what make CUCN uniquely competitive and attractive.

Our international preparatory programs are supported by our cooperation with more than 70 leading media and art colleges across the world. Students enrolled in these programs can study at the overseas universities we cooperate with to continue their undergraduate courses after completing relevant courses.

Our vocational education programs serve adult students who want to further develop skills for a new job, develop a personal interest, or obtain a degree. We provide self-taught examination preparation program (自考助學課程) to the aforementioned adult students.

Olympic College of Nanjing Sport Institute (南京體育學院奧林匹克學院) ("Olympic College")

In order to facilitate the restructuring in connection with the sale and purchase agreement (the "**Agreement**") entered into in June 2021 with certain independent third parties, including Jiangsu China Red Science and Education Investment Group Nanjing Energy and Technology Co. Ltd.* (江蘇華紅科教投資集團南京能源科技有限公司) (the "**Transferor**") for the acquisition of Olympic College, the Group also entered into two bridging loan agreements (the "**Loan Agreements**") for the principal amounts of RMB250 million and RMB170 million (the "**Bridging Loans**"), respectively, to be extended to the Transferor. The Group is entitled to set-off the consideration payable to the Transferor arising under the Agreement against any amount due to the Group from the Transferor or its associates arising under the Loan Agreements. Please refer to the announcements of the Company dated 22 June 2021 and 19 August 2021 for details.

Up to the date of this report, certain conditions precedent required for the acquisition of Olympic College have not been completed. The total amount of RMB420 million for the Bridging Loans was included in other receivables in the Company's condensed consolidated statement of financial position and the accumulated impairment losses recognised on the Bridging Loans amounted to RMB117.2 million as at 30 June 2023 (as at 31 December 2022: RMB65.8 million). The impairment losses on the Bridging Loans have been provided based on the fair value of Olympic College and the security provided for the Bridging Loans estimated by an independent professional valuer. During the Reporting Period, the impairment losses recognised on the Bridging Loans increased primarily due to the change in the fair value of Olympic College.

Segment performance

During the Reporting Period, our higher education (media and arts) and vocational education segment recorded a total revenue of RMB306.6 million, representing a period-on-period growth of 8.8%, of which tuition and boarding fees generally increased in line with the growth in student enrolment while entrance examination fee income and education management service income decreased. The segment profit of our higher education (media and arts) and vocational education business decreased from RMB147.8 million for the six months ended 30 June 2022 to RMB101.0 million for the Reporting Period, primarily due to the increase in impairment losses of RMB51.4 million on other receivables recognised in relation to the acquisition of Olympic College. However, such increase in impairment losses was a non-cash item which had no impact on the Group's cash and cash equivalents as at 30 June 2023. Excluding the relevant impairment losses on other receivables, the segment profit of our higher education (media and arts) and vocational education business for the Reporting Period would be adjusted to RMB152.4 million.

Entertainment and livestreaming e-commerce

During the Reporting Period, we renamed the business segment of "TV/film production and investment" to "entertainment and live-streaming e-commerce" as we commenced our live-streaming e-commerce and artist management business in May 2023. Our entertainment and livestreaming e-commerce segment currently comprises livestreaming e-commerce and artist management business as well as TV/film production and investment business.

Livestreaming e-commerce and artist management

Since the second quarter of 2023, we have officially entered the livestreaming e-commerce field, opening up a new growth curve. In May 2023, the Group entered into long-term exclusive and comprehensive cooperative agreements (including but not limited to livestreaming e-commerce management and artist management businesses) with Ms. Qi Wei, one of the leading celebrity streamers in the industry, and her spouse, Mr. Li Chengxuan, respectively. The Group and the core members of Ms. Qi Wei's team have also jointly invested in Beijing Huaxia Huyu Culture Communication Co., Ltd. (北京華夏互娛文化傳媒有限公司) (formerly known as Huaxia Youpin (Beijing) Culture Communication Co., Ltd. (華夏優品(北京)文化傳播有限公司)) which is owned as to 70% by a consolidated entity of the Company and owned as to 30% by the core members of Ms. Qi Wei's team.

Ms. Qi Wei formed a strong alliance with us after giving birth to her second child and her comeback has achieved outstanding performance in promoting and selling products through livestreaming. During the period from May 2023 to 30 June 2023, Ms. Qi Wei's livestreaming room has been on air nine times, with a cumulative gross merchandise value ("**GMV**") of nearly RMB80 million. In this year's 618 livestreaming event, the effect of Ms. Qi Wei's livestreaming sessions for the promotion of many brands was remarkable, which not only provided consumers with precise recommendations and enhanced user stickiness, but also empowered the brand's recognition, bringing considerable GMV revenue in a short time, and at the same time gaining high recognitions from a number of brands and consumers. A number of brands cooperating with Ms. Qi Wei have accumulated sales of more than RMB1 million from May to June 2023.

Apart from promoting and selling products through livestreaming, Ms. Qi Wei and her spouse, Mr. Li Chengxuan, have also signed agreements with certain customers, respectively, for brand endorsement and product promotion, pursuant to which Ms. Qi Wei and Mr. Li Chengxuan are entitled to receive fees in return.

During the Reporting Period, our livestreaming e-commerce and artist management business recorded a total revenue of RMB10.6 million, which mainly comprised sales commission and product and brand promotion fees. A number of cosmetic, maternal and infant and fashion brand products were our major income sources for our livestreaming e-commerce business and artist management business.

TV/film production and investment

During the Reporting Period, our TV/film production and investment business recorded a revenue of RMB59.6 million which was mainly attributable to the first round distribution of the TV series Lady's Character (女士的品格) (40% invested by the Group), whereas the revenue of RMB95.8 million for the six months ended 30 June 2022 mainly came from the first round distribution of the TV series A New Home (新居之約) (formerly known as Dreamed House (理想的房子), 55% invested by the Group).

Our TV/film production and investment business recognised additional impairment losses on certain long outstanding trade and other receivables of RMB191.3 million in aggregate and a write-down of inventories of RMB7.9 million during the Reporting Period as the TV/film production industry in China generally remained difficult in the first half of 2023 and the receivable collection process was slower than expected. In view of the challenges faced by the TV/film production industry in China, we did not invest in any new TV/film productions during the Reporting Period.

Segment performance

During the Reporting Period, our entertainment and livestreaming e-commerce segment recorded a total revenue of RMB70.2 million as compared to that of RMB95.8 million from our TV/film production and investment business for the six months ended 30 June 2022. The decrease in revenue of this segment was mainly due to the decrease in revenue from our TV/film production and investment business. The segment loss of our entertainment and livestreaming e-commerce segment increased from RMB12.4 million to RMB208.5 million, primarily due to the increases in impairment losses recognised on certain trade and other receivables and the write-down of inventories from our TV/film production and investment business. However, such increases in impairment losses and the write-down of inventories were non-cash items which had no impact on the Group's cash and cash equivalents as at 30 June 2023.

Discontinued Operation

On 28 March 2022, the Group, the founder of Beijing Shuimu Jinghua Education & Technology Co., Ltd., Monet (Hangzhou) Culture & Art Co., Ltd., Jinan Shuimuyuan Education & Technology Co., Ltd., Shenzhen Shuimuyuan Art Education Co., Ltd., Shenzhen Shuimuyuan Education & Technology Co., Ltd. and Shuimuyuan (Dalian) Education & Technology Co., Ltd. (collectively, "Shuimuyuan"), his associates and Shuimuyuan entered into an unwind agreement (the "Unwind Agreement"), pursuant to which (i) the Group conditionally agreed to sell, and the founder of Shuimuyuan and his associates conditionally agreed to acquire, the entire equity interest in Shuimuyuan at the consideration equivalent to the partly paid acquisition consideration of RMB165 million, and (ii) the parties have agreed to the settlement arrangement relating to the outstanding loan of RMB12.7 million granted to Shuimuyuan by the Group. Please refer to the announcement of the Company dated 28 March 2022 and the circular of the Company dated 25 May 2022 for details.

Transfers of the equity interest in Shuimuyuan to the founder of Shuimuyuan and his associates, respectively, were completed and duly registered with the relevant authorities in the PRC in April 2022. Up to the date of this report, the Group has received RMB112.7 million in aggregate, being the first, second, third and fourth payments of the disposal consideration and the whole outstanding loan amount of RMB12.7 million from Shuimuyuan. Pursuant to the terms of the Unwind Agreement, the fifth and final payments of the disposal consideration, being RMB30 million and RMB35 million, shall be settled by the founder of Shuimuyuan and his associates on or before 31 December 2023 and 31 December 2024, respectively. For the avoidance of doubt, the Group is not required to pay the balance of the acquisition consideration (i.e. RMB135 million) under the Unwind Agreement.

The Group recorded a profit of RMB43.7 million from discontinued operation for the six months ended 30 June 2022 primarily due to the extraordinary gain on the disposal of Shuimuyuan in April 2022. There was no profit or loss from discontinued operation for the Reporting Period.

Recent developments after the Reporting Period

There has been no significant events after the Reporting Period and up to the date of this report.

OUTLOOK

Higher education (media and arts) and vocational education

In the first half of 2023, with the release of policies such as the Implementation Plan for Improving the Integration and Empowerment of Industry and Education in Vocational Education (2023-2025) 《職業教育產教融合賦能提升行動實施方案(2023–2025年)》 and the Notice on Accelerating the Reform of Key Tasks for the Construction of a Modern Vocational Education System 《關於加快推進現代職業教育體系建設改革重點任務的通知》, China emphasized its determination to promote the development of healthy interaction and deep integration of industry and education, as well as to strengthen the modern vocational education system.

In order to promote the integration of the livestreaming e-commerce and our media and arts higher education, the faculty of Jiangsu livestreaming e-commerce and digital economy industries (江蘇直播電商與數字經濟產業學院) of our University has set up livestreaming rooms and related courses to train our students to become potential anchors, internet celebrities and operation crew and actively seeks collaborations with enterprises for providing internships and job opportunities to our students. It is expected that the livestreaming base of our University will be officially in operations in the second half of 2023, and will provide a number of livestreaming rooms for students to carry out practical livestreaming activities.

The entry barrier of the livestreaming e-commerce industry has also been gradually raised, and more and more attention is being paid to the professional training of streamers and operators. Diversified trainings and upgrades improved the professional standards and performances of streamers, which can continually supply talents for the industry, and promote the rapid development of the industry and healthy competition. We have excellent resources of more than 28,000 students and teachers from our media and arts higher education, and the launch of the new business of livestreaming e-commerce can provide better resources and training platform for the integration of industry and education, and truly realize the practice and extension of the principle of "healthy interaction of industry and education, and complementary strengths of schools and enterprises" (「產教良性互動、校企優勢互補」).

Ms. Qi Wei as the representative of the top streamer team will also join the training team as a mentor, to provide applied teaching for students, help students to establish their own livestreaming rooms, nurture and train high-quality talent for the livestreaming e-commerce industry. We will also focus on strengthening cooperation with certain brands in livestreaming training, and actively give full play to the professional advantages of our higher education business, cultivating streamers, operational and related professionals for the industry through education, training, practice and other forms of training. In addition, school-enterprise co-operation projects can also broaden the channels for students' internship and employment.

The Company expects that the maximum capacity of our University may further increase to over 30,000 students, assuming the acquisition of Olympic College is completed.

Entertainment and livestreaming e-commerce

Livestreaming e-commerce and artist management

After several years of rapid development, livestreaming e-commerce is gradually moving from irrational growth to standardization and maturity. Strengthening content development and focusing on nurturing industry professionals have become the new trend of livestreaming e-commerce. In the future, we will provide full life cycle and professional products and services for the upstream and downstream industry chain for livestreaming e-commerce.

With the goal of covering a full range of product networks, we have built a diversified streamer system and the streamer matrix is being gradually being improved. Ms. Qi Wei's livestreaming room cooperates with many brands which mainly focus on the exquisite mother crowd. The sales in the maternal and infant, skin care and beauty fields are more prominent, and it continues to create high-quality content to meet the diversified needs of consumers, guiding consumers to more rational and efficient consumption. Ms. Qi Wei and her spouse, Mr. Li Chengxuan, have signed endorsement and promotion agreements with a number of brands, including certain maternal and infant brands which may become the second largest demographic income source other than cosmetics in the future. In the second half of 2023, Ms. Qi Wei will attend international fashion weeks such as New York, Milan and Paris, and will also combine the attributes of content e-commerce to create a benchmark livestreaming room on fashion and beauty. In addition, we are also actively negotiating with other top streamers for potential cooperations.

Besides, our internet celebrity matrix has signed a number of internet celebrities with strong realization ability, involving dancing, national customs, food, maternal and infant, automobiles and other categories, and each of these celebrities has a stable fan base, which is expected to bring more growth momentum to the Group by the promotion and sales of products through livestreaming and product placement advertisements in the future.

As livestreaming e-commerce enters a new stage of development, supply chain management becomes increasingly important. We continue to optimize our supply chain system in the hope of leveraging the traffic effect brought by livestreaming to boost brand promotion and new product launches. A strong supply chain system can also ensure the best price/performance ratio for our streamers, so that consumers can buy at a good price and the promises to consumers can be fulfilled. In terms of brand incubation, we have also gained the opportunity to cooperate with high-quality brands. In the future, we will develop self-operated and co-branded products in the apparel and fragrance fields to provide consumers with quality products.

TV/film production and investment

Receivables collection is still the primary task of our TV/film production and investment business in the second half of 2023. Given the uncertainties of the TV/film production industry in China and its lengthy revenue and receivables cycle, we are cautious about the future development of our TV/film production and investment business.

Up to the date of this report, the TV/film series Fights Break Sphere (斗破蒼穹) (30% invested by the Group), which has been reclassified as financial assets at fair value through profit or loss ("**FVTPL**") according to certain terms of the investment agreement, is expected to be delivered in the second half of 2023. The TV/film series Galloped Era II (奔騰年代 II) (60% invested by the Group) is in the final stage of scriptwriting, whereas the TV/film series Meteor with White Plume (白羽流星) (50% invested by the Group) is expected to be delivered in the second half of 2023.

Conclusion

We will continue to improve the teaching quality and expand the student capacity for our higher education (media and arts) and vocational education business. We will strive to further expand our livestreaming e-commerce businesses by leveraging the advantages of resources from the faculty of Jiangsu livestreaming e-commerce and digital economy industries (江蘇直播電商與數字經濟產業學院) and the talent pool of over 28,000 students and teachers of our University, and our business network in the TV/film production industry, aiming to increase the return for Shareholders.

CONTINUING OPERATIONS

Revenue

The following table sets forth our revenue by business segment for the six months ended 30 June 2023 and 2022.

	Six months ended 30 June			
	2023 (unaudited)		2022 (unaudited)	
	(RMB'000, except percentages)			
Segment Revenue				
Higher education (media and arts) and vocational education	**306,631**	**81.4%**	281,819	74.6%
Entertainment and livestreaming e-commerce (Note)	**70,157**	**18.6%**	95,841	25.4%
Total	**376,788**	**100.0%**	377,660	100.0%

Note: For the six months ended 30 June 2022, the number represented revenue from our TV/film production and investment business only. Since May 2023, the Group has started its livestreaming e-commerce and artist management business and renamed this business segment to include revenue from both livestreaming e-commerce and artist management business, and TV/film production and investment business.

Total revenue of the Group decreased slightly from RMB377.7 million for the six months ended 30 June 2022 to RMB376.8 million for the six months ended 30 June 2023.

Revenue from our higher education (media and arts) and vocational education segment increased by RMB24.8 million, or 8.8%, from RMB281.8 million for the six months ended 30 June 2022 to RMB306.6 million for the six months ended 30 June 2023, primarily due to the increase in tuition and boarding fees.

Our livestreaming e-commerce and artist management business commenced in May 2023, which generated a revenue of RMB10.6 million for the Reporting Period, whereas there was no such revenue for the six months ended 30 June 2022. However, the overall revenue from our entertainment and livestreaming e-commerce segment decreased from RMB95.8 million for the six months ended 30 June 2022 to RMB70.2 million for the six months ended 30 June 2023, due to the decrease in revenue from our TV/film production and investment.

The fluctuation of the revenue from our TV/film production and investment in the comparable periods was generally due to a number of reasons including, but not limited to, the price per episode, the number of episodes, the type of TV/film series and our investment portion for each of the TV/film series sold in the comparable periods. During the Reporting Period, our TV/film production and investment recorded a revenue of RMB59.6 million, which was primarily attributable to the first round distribution of the TV/film series Lady's Character (女士的品格) (40% invested by the Group). For the six months ended 30 June 2022, the revenue of RMB95.8 million mainly represented the revenue from the TV series A New Home (新居之約) (55% invested by the Group).

Cost of revenue

	Six months ended 30 June			
	2023 (unaudited)		2022 (unaudited and restated)	
	(RMB'000, except percentages)			
Segment Cost				
Higher education (media and arts) and vocational education	**120,720**	**53.6%**	107,393	50.5%
Entertainment and livestreaming e-commerce (Note)	**104,504**	**46.4%**	105,084	49.5%
Total	**225,224**	**100.0%**	212,477	100.0%

Note: For the six months ended 30 June 2022, the number represented cost of revenue from our TV/film production and investment business only. Since May 2023, the Group has started its livestreaming e-commerce and artist management business and renamed this business segment to include cost of revenue from both livestreaming e-commerce and artist management business, and TV/film production and investment business.

The cost of revenue of our higher education (media and arts) and vocational education segment increased from RMB107.4 million for the six months ended 30 June 2022 to RMB120.7 million for the six months ended 30 June 2023, primarily due to the increase in depreciation for certain new buildings of our University and the increase in teachers' salaries.

The cost of revenue of our entertainment and livestreaming e-commerce segment decreased slightly from RMB105.1 million for the six months ended 30 June 2022 (which was restated after impairment losses on television and film rights have been reclassified as write-down of inventories) to RMB104.5 million for the six months ended 30 June 2023, though revenue from our TV/film production and investment business decreased by RMB36.2 million. During the Reporting Period, the cost of revenue of this segment also recorded (i) the provision for impairment loss of RMB19.8 million on other receivables in relation to the prepayment for television series production and (ii) the write-down of inventories of our TV/film production and investment business amounting to RMB7.9 million.

Gross profit (loss) and gross profit (loss) margin

	Six months ended 30 June			
	2023 (unaudited)		2022 (unaudited and restated)	
	Gross profit (loss)	**Gross margin**	Gross profit (loss)	Gross margin
	(RMB'000, except percentages)			
Higher education (media and arts) and vocational education	**185,911**	**60.6%**	174,426	61.9%
Entertainment and livestreaming e-commerce (Note)	**(34,347)**	**(49.0)%**	(9,243)	(9.6)%
Total	**151,564**	**40.2%**	165,183	43.7%

Note: For the six months ended 30 June 2022, the numbers represented gross loss and gross loss margin, respectively, from our TV/film production and investment business only. Since May 2023, the Group has started its livestreaming e-commerce and artist management business and renamed this business segment to include the corresponding figures of both livestreaming e-commerce and artist management business, and TV/film production and investment business.

As a result of the foregoing, the Group's overall gross profit decreased by 8.2% from RMB165.2 million for the six months ended 30 June 2022 to RMB151.6 million for the six months ended 30 June 2023. The Group's overall gross profit margin decreased from 43.7% for the six months ended 30 June 2022 to 40.2% for the six months ended 30 June 2023.

The gross profit margin for our higher education (media and arts) and vocational education segment decreased from 61.9% for the six months ended 30 June 2022 to 60.6% for the six months ended 30 June 2023, mainly due to the increase in depreciation for certain new buildings of our University.

During the Reporting Period, our entertainment and livestreaming e-commerce segment recorded a gross loss margin of 49%, primarily due to the provision for impairment loss on the prepayment for television series production and the write-down of inventories of our TV/film production and investment business, whereas the gross loss margin of 9.6% for the six months ended 30 June 2022 was mainly due to the write-down of inventories.

Other income and expenses

Other income and expenses decreased from RMB18.7 million for the six months ended 30 June 2022 to RMB12.8 million for the six months ended 30 June 2023, primarily due to the decrease in government grants.

Other gains and losses

Other gains and losses increased from RMB4.0 million for the six months ended 30 June 2022 to RMB13.9 million for the six months ended 30 June 2023, primarily due to the increase in gains from changes in fair value of financial assets measured at FVTPL.

Selling expenses

The Group's selling expenses increased by RMB5.3 million from RMB4.2 million for the six months ended 30 June 2022 to RMB9.5 million for the six months ended 30 June 2023, primarily due to the increase in promotional expenses from our TV/film production and investment business.

Administrative expenses

The Group's administrative expenses increased by RMB6.6 million from RMB48.7 million for the six months ended 30 June 2022 to RMB55.3 million for the six months ended 30 June 2023. The increase was primarily due to the increase in staff costs from the Group's higher education (media and arts) and vocational education business and livestreaming e-commerce and artist management business.

Impairment losses under expected credit loss model, net of reversal

Impairment losses under expected credit loss (net of reversal) comprised mainly impairment losses on certain trade receivables from our TV/film production and investment business and other receivables from our higher education (media and arts) and vocational education business. The Group's impairment losses under expected credit loss model (net of reversal) increased from RMB5.1 million for the six months ended 30 June 2022 to RMB223.1 million for the six months ended 30 June 2023.

During the Reporting Period, the impairment losses on trade receivables increased by RMB167.4 million, primarily due to the collection uncertainties of certain long outstanding trade receivables from our TV/film production and investment business, and the impairment losses on other receivables increased by RMB50.6 million, primarily due to additional impairment losses on the Bridging Loans. However, such impairment losses had no impact on the Group's cash and cash equivalents as at 30 June 2023.

Taxation

The Group recorded income tax credit of RMB0.4 million for the Reporting Period as compared to income tax expense of RMB4.1 million for the six months ended 30 June 2022, primarily due to the tax refund and the decrease in taxable profits of certain consolidated affiliated entities of the Group.

(Loss) profit for the period from continuing operations

As a result of the foregoing, the Group recorded a loss from continuing operations of RMB109.9 million for the Reporting Period as compared to a profit from continuing operations of RMB125.9 million for the six months ended 30 June 2022.

Profit for the period from discontinued operation

Profit for the period from discontinued operation for the six months ended 30 June 2022 comprised the loss of RMB19.6 million from the discontinued operation of Shuimuyuan for the period from 1 January 2022 to the date of completion of the disposal of Shuimuyuan (i.e. 12 April 2022) and the gain on disposal of Shuimuyuan of RMB63.3 million.

There was no profit or loss from discontinued operation for the Reporting Period.

(Loss) profit for the period

As a result of the foregoing, the Group's recorded a loss of RMB109.9 million for the six months ended 30 June 2023 as compared to a profit of RMB169.6 million for the six months ended 30 June 2022.

Non-HKFRS Measure – Adjusted Net (Loss) Profit

In order to supplement the Group's consolidated financial statements, which are presented in accordance with HKFRS, the Group also uses adjusted net (loss) profit ("**Adjusted Net (Loss) Profit**") as an additional financial measure. The Group presents this financial measure because it is used by the Group's management to evaluate the Group's financial performance by eliminating the impact of certain items that the Group does not consider to be indicative of the Group's performance during the Reporting Period. The Group also believes that this non-HKFRS measure provides additional information to investors and others in their understanding and evaluating the Group's results of operations in the same manner as they help the Group's management and in comparing financial results across accounting periods and to those of the Group's peer companies. This non-HKFRS measure is non-recurring in nature and provides an unbiased presentation for investors to understand the Group's results of operations. However, this non-HKFRS measure does not have a standardised meaning prescribed by HKFRS and therefore it may not be comparable to similar measures presented by other companies listed on the the Stock Exchange.

Adjusted Net (Loss) Profit, which is unaudited, represents (loss) profit for the period after adjusting for profit for the period from discontinued operation, impairment losses recognised on other receivables, impairment losses on television series and film rights subsequently reclassified as write-down of inventories, and equity-settled share-based payments which did not exist in prior periods. The Adjusted Net Loss of the Group for the six months ended 30 June 2023 was RMB58.4 million, as compared to the Adjusted Net Profit of RMB147.9 million for the corresponding period in 2022.

The following table reconciles our Adjusted Net (Loss) Profit from the most directly comparable financial measure calculated and presented in accordance with HKFRS ((loss) profit for the period).

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited and restated)
	(RMB'000)	
(Loss) profit for the period	**(109,932)**	169,582
Less: Profit for the period from discontinued operation	**–**	(43,710)
Add: Impairment losses on Bridging Loans included in other receivables	**51,404**	–
Add: Impairment losses on television series and film rights subsequently reclassified as write-down of inventories	**–**	22,012
Add: Equity-settled share-based payments	**102**	–
Non-HKFRS: Adjusted Net (Loss) Profit	**(58,426)**	147,884

Adjusted Net (Loss) Profit is not a measure of performance under HKFRS. The use of Adjusted Net (Loss) Profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant period.

Liquidity, financial resources and capital structure

During the six months ended 30 June 2023, the Group funded its cash requirements principally from its cash generated from operations.

As of 30 June 2023, the Group's cash and cash equivalents amounted to RMB411.9 million (as of 31 December 2022: RMB520.9 million), of which the majority were denominated in RMB and Hong Kong dollars. The decrease in cash and cash equivalents was primarily due to the payment for purchases of property and equipment for our University.

As of 30 June 2023, the Group's structured deposits, unquoted fund investments and listed equity investments classified as financial assets at FVTPL amounted to RMB251.8 million (as of 31 December 2022: RMB459.7 million). The majority of these structured deposits, unquoted fund investments and listed equity investments were purchased for better utilisation of our surplus cash.

The Group continued to maintain a healthy and sound financial position. As of 30 June 2023, the current ratio (the ratio of total current assets to total current liabilities) was 660.3% (as of 31 December 2022: 356.4%). The total assets of the Group decreased from RMB3,225.0 million as of 31 December 2022 to RMB2,769.9 million as of 30 June 2023, while the total liabilities decreased from RMB582.6 million as of 31 December 2022 to RMB237.6 million as of 30 June 2023. The liability-to-asset ratio decreased from 18.1% as at 31 December 2022 to 8.6% as at 30 June 2023.

As of 30 June 2023, the Group did not have interest-bearing borrowings (as of 31 December 2022: nil). As of 30 June 2023, the Group's total equity amounted to RMB2,532.3 million (as of 31 December 2022: RMB2,642.4 million). The Board will evaluate the Group's capital structure from time to time based on the Group's operations, its business growth, the relevant funding requirements and available financial resources.

Gearing ratio

The Group's gearing ratio is calculated as total interest-bearing borrowings divided by total equity. As of 30 June 2023, as the Group did not have any interest-bearing borrowings, its gearing ratio was zero (as of 31 December 2022: zero).

Capital expenditure and commitment

During the six months ended 30 June 2023, the Group paid RMB160.7 million for the purchases of property and equipment primarily for the expansion of the capacity of our University.

As of 30 June 2023, capital commitment of the Group was RMB123.0 million (as of 31 December 2022: RMB194.0 million).

Foreign exchange exposure

During the six months ended 30 June 2023, the Group mainly operated in China and the majority of the transactions were settled in RMB, which is the Company's primary subsidiaries and consolidated affiliated entities' functional currency. As of 30 June 2023, except for certain bank balances and deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. The Group did not enter into any financial instrument for hedging purpose as it is expected that foreign exchange exposure will not be material.

Pledge of assets

As of 30 June 2023, the Group had no pledge of assets (as of 31 December 2022: nil).

Contingent liabilities

Save as disclosed in note 24 to the condensed consolidated financial statements, the Group had no material contingent liabilities as of 30 June 2023 (as of 31 December 2022: RMB41,784,000).

Significant investment

Save for certain bank's structured deposits included in financial assets at FVTPL, the Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 per cent, or more of the Company's total assets as at 30 June 2023) during the six months ended 30 June 2023.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures during the six months ended 30 June 2023.

Future plans for material investments or capital assets

As of 30 June 2023, the Group did not have detailed future plans for material investments or capital assets.

Employees and remuneration

As of 30 June 2023, the Group had a total of 1,820 employees. The following table sets forth the total number of employees by function as of 30 June 2023:

Function	**Number of employees**
Higher education (media and arts) and vocational education	
Teachers	1,497
Administration	210
Livestreaming e-commerce and artist management	
Operation	49
Administration	23
TV/film production and investment	
Content creation	23
Administration	18
Total	1,820

The total remuneration cost incurred by the Group for the six months ended 30 June 2023 was RMB87.6 million, as compared to RMB75.0 million for the six months ended 30 June 2022.

The Company also has adopted the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme on 22 June 2020. Further details are set out in the section headed “Share schemes” in this interim report.

The Board is committed to achieving high standards of corporate governance, which are crucial to the Company's development and safeguard the interests of shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board believes that transparency and good corporate governance will lead to long-term success for the Company.

The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2023, save for the deviation set out below.

Code provision C.2.1 of Part 2 of the Corporate Governance Code recommends, but does not require, that the roles of chairperson and chief executive should be separate and should not be performed by the same person. Mr. Pu performs both the roles of the Chairperson and the chief executive officer of the Company. Mr. Pu is the founder of the Group and has extensive experience in the business operations and management of the Group. The Board believes that vesting the roles of both chairperson and chief executive officer in Mr. Pu has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. This structure will enable the Company to make and implement decisions promptly and effectively.

The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors. The Board will reassess the division of the roles of chairperson and the chief executive officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Management Trading of Securities Policy (the "**Company's Code**"), with terms no less exacting that the Model Code, as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Company's Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Company's Code during the Reporting Period and up to the date of this report.

DISCLOSURES PURSUANT TO RULES 13.13 AND 13.20 OF THE LISTING RULES

In order to facilitate the restructuring in connection with the acquisition of the Olympic College of Nanjing Sport Institute as disclosed in the section headed "Business Review and Outlook" in this report, the Group entered into the Loan Agreements for the principal amounts of RMB250 million (the "**1st Loan**") and RMB170 million (the "**2nd Loan**"), respectively, to be extended to the Transferor.

The 1st Loan and the 2nd Loan are free of interest and repayment of these loans shall be at the earlier of six (6) months from the drawdown date of the respective Loan Agreements, or the completion date pursuant to the respective Loan Agreement, or the compulsory early repayment date pursuant to the respective Loan Agreement. Mr. Ye Hua and Ms. Gao Jiehong, two of the founders of the Olympic College, have executed share pledges in favour of Nanjing Lanchou over the entire interest of the Transferor and 9% equity interest in Jiangsu Zijin Science and Education Investment Co. Ltd.* (江蘇紫金科教投資有限公司) as collateral relating to the 1st Loan and the 2nd Loan.

As at 30 June 2023, the 1st loan and the 2nd loan provided under the Loan Agreements remained outstanding, and the aggregate amount (before allowance for credit losses) was RMB420 million, which exceeded 8% under the assets ratio (as defined under Chapter 14 of the Listing Rules) and constituted an advance to an entity under Rule 13.13 of the Listing Rules.

For details of the Loan Agreements in relation to the 1st Loan and 2nd Loan, please see the Company's announcement dated 22 June 2021.

AUDIT COMMITTEE

The Company has established an audit committee comprising three members, being Mr. Lee Cheuk Yin Dannis, Mr. Zhang Jizhong and Mr. Huang Yu, with Mr. Lee Cheuk Yin Dannis (being the Company's independent non-executive Director with the appropriate professional qualifications) as the chairperson of the audit committee.

The audit committee has reviewed the unaudited interim results and the interim report of the Group for the six months ended 30 June 2023 and has met with the independent auditor, Deloitte Touche Tohmatsu. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and financial reporting matters with senior management members of the Company.

In addition, the independent auditor of the Company, Deloitte Touche Tohmatsu, has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

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

MATERIAL LITIGATION

Save as disclosed in this report, the Directors are not aware of other material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this report.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend for the six months ended 30 June 2023 of HK$0.03 per share to Shareholders whose names appear on the register of members of the Company at the close of business on 27 October 2023. The interim dividend will be distributed to Shareholders on or about 10 November 2023.

The register of members of the Company will be closed for the purpose of determining the identity of members who are entitled to the interim dividend from 25 October 2023 to 27 October 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration, no later than 4:30 p.m. on 24 October 2023.

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION PURSUANT TO LISTING RULE 13.51B(1)

Mr. Lee Cheuk Yin Dannis, an independent non-executive Director, was appointed as an independent non-executive director of Luen Thai Holdings Limited (stock code: 311) on 25 May 2023.

As disclosed in the Company's announcement dated 27 June 2023, Mr. Yan Xiang resigned as an executive Director with effect on 27 June 2023 and Ms. Jacqueline Luo was appointed as an executive Director with effect on the same date.

Save as disclosed above, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the 2022 annual report of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ASSOCIATED CORPORATIONS

As of 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange are set out below:

Interest in the Company

Name of Director	Nature of interest	Number of ordinary shares	Approximate percentage of holding[1]
Mr. Pu	Founder of a discretionary trust	1,176,670,000	71.10%
Ms. Jacqueline Luo[2]	Interest of spouse	1,176,670,000	71.10%
Mr. Lau Chi Hung	Beneficial owner	100,000	0.00%

Notes:

(1) The calculation is based on the total number of 1,654,937,000 Shares in issue as of 30 June 2023.

(2) Ms. Jacqueline Luo is the spouse of Mr. Pu. Under the SFO, Ms. Jacqueline Luo is deemed to be interested in any Shares in which Mr. Pu is interested.

Interest in associated corporations

Associated corporation	Name of director	Nature of interest	Number of shares/amount of contribution to registered capital	Interest in associated corporation
Cathay Media Holding Inc.	Mr. Pu	Interest of controlled corporation	1	100%

Save as disclosed above, as of 30 June 2023, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of 30 June 2023, the following persons (other than the Directors and chief executives whose interests have been disclosed in this interim report), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding(1)
Mr. Pu(2)	Founder of a discretionary trust	1,176,670,000	71.10%
Cathay Media Holding Inc.(2)	Beneficial owner	1,176,670,000	71.10%
Media One International (PTC) Limited(2)	Trustee	1,176,670,000	71.10%
Winning Global Ventures Limited(2)	Interest of controlled corporation	1,176,670,000	71.10%
Aero Holdings Limited	Interest of controlled corporation	88,874,000	5.37%
Highland Pines Limited	Beneficial owner	88,874,000	5.37%
Lam Lai Ming	Interest of controlled corporation	88,874,000	5.37%
Li Gabriel	Interest of controlled corporation	88,874,000	5.37%

Notes:

(1) The calculation is based on the total number of 1,654,937,000 Shares in issue as of 30 June 2023.

(2) Cathay Media Holding Inc. is wholly-owned by Winning Global Ventures Limited. Mr. Pu, as settlor, controls Winning Global Ventures Limited through a discretionary trust.

Save as disclosed herein, as of 30 June 2023, no person, other than the Directors and chief executives whose interests are set out in this interim report, had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE SCHEMES

The Company has two existing share schemes, namely the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on 1 January 2023. The Company has complied and will continue to comply with Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

10,000,000 new Shares, representing approximately 0.62% of the weighted average number of issued Shares of the Company for the Reporting Period (excluding any ungranted and unvested Shares under the Post-IPO Share Award Scheme), may be issued in respect of all options granted during the Reporting Period to eligible participants pursuant to the Post-IPO Share Option Scheme.

Further details and relevant breakdown of each of the share schemes of the Company are set out below:

(i) Post-IPO Share Award Scheme

Maximum number of shares available for grant

The maximum aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Shares which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 32,000,000 Shares (representing approximately 2% of the total issued Shares as of the Listing Date) without further Shareholders' approval (the "**Share Award Scheme Limit**"), subject to an annual limit of 1% of the total number of issued Shares of the relevant times. Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested Shares that may be granted to a selected participant under the scheme.

Pursuant to the rules of the Post-IPO Share Award Scheme, the Company entered into a trust deed with Tricor Trust (Hong Kong) Limited (the "**Trustee**") on 24 September 2021 in respect of, among others, granting, administration or vesting of any award shares (the "**Award Shares**").

As at 30 June 2023, the Trustee has purchased a total of 32,000,000 Shares (as at 31 December 2022: 32,000,000 Shares) on the Stock Exchange, and no Award Shares had been granted and agreed to be granted under the Post-IPO Share Award Scheme. As of 1 January 2023 and 30 June 2023, the total number of Award Shares available for grant under the Post-IPO Share Awards Scheme was 32,000,000 Shares and 32,000,000 Shares, respectively.

Further details of the Post-IPO Share Award Scheme are set out in the Prospectus.

(ii) Post-IPO Share Option Scheme

Maximum number of Shares available for grant

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of the Company is 160,000,000, representing 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "**Option Scheme Mandate Limit**"). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of our Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

As of 1 January 2023 and 30 June 2023, the total number of options available for grant under the Post-IPO Share Option Scheme was 160,000,000 Shares and 150,000,000 Shares, respectively.

Details of the movements of the options granted under the Post-IPO Share Option Scheme during the Reporting Period:

					Number of options									
Name or category of grantee	Date of grant	Exercise period	Vesting period	Exercise price (HK$/Share)	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2023	Closing price of the Shares immediately before the date of grant (HK$/Share)	Fair value of options at the date of grant (HK$)	Weighted average closing price immediately before the exercise date (HK$/Share)	Performance targets for vesting
Employee Participant	31 May 2023	31 May 2023 – 30 May 2028	20% will vest on 30 April 2024, 30% will vest on 30 April 2025, 30% will vest on 30 April 2026, and 20% will vest on 30 October 2026. (Note 1)	1.40	–	10,000,000	–	–	–	10,000,000	1.34	2,701,000 (Note 2)	N/A	(Note 1)
Total					–	10,000,000	–	–	–	10,000,000				

SHARE SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

Maximum number of Shares available for grant (continued)

Notes:

(1) The options shall vest in accordance with the vesting periods if the audited net profit of a consolidated affiliated entity of the Company is not less than a specified figure for each of the financial years preceding the relevant vesting dates (or in respect of the vesting date of 30 April 2024, the period from 1 May 2023 to 31 December 2023, and in respect of the vesting date of 30 October 2026, for the period from 1 January 2026 to 30 April 2026). The Board and the remuneration committee of the Company have the discretion to vest the options to the grantee on a pro-rata basis according to the actual results performance of the relevant consolidated affiliated entity. For the avoidance of doubt, the final vesting percentage will not exceed the percentages set out above.

(2) The estimated value of the options granted under the Post-IPO Share Option Scheme during the Reporting Period was calculated using the binomial option-pricing model as at the date of grant of the options. Please refer to note 20 to the condensed consolidated financial statements for more details.

Further details of the Post-IPO Share Option Scheme are set out in the Prospectus.

REGULATORY UPDATE

As advised by the PRC Legal Adviser, there has been no significant PRC regulatory update relating to our business in China since the publication of the Company's 2022 annual report. Please refer to the Company's 2022 annual report published on 28 April 2023 for details.

Qualification requirements

There has been no significant update since the publication of the Company's 2022 annual report. Please refer to the Company's 2022 annual report published on 28 April 2023 for details.

Jacqueline Luo
Executive Director
29 August 2023

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Cathay Media and Education Group Inc.
華夏視聽教育集團
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Cathay Media and Education Group Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 57, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	NOTES	Six months ended 30 June 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited and restated)
Continuing operations			
Revenue	4	376,788	377,660
Cost of revenue		(225,224)	(212,477)
Gross profit		151,564	165,183
Other income and expenses	5	12,809	18,732
Other gains and losses	6	13,896	4,001
Selling expenses		(9,460)	(4,174)
Administrative expenses		(55,297)	(48,653)
Impairment losses under expected credit loss model, net of reversal	7	(223,135)	(5,113)
Finance costs		(675)	–
(Loss) profit before tax		(110,298)	129,976
Income tax credit (expense)	8	366	(4,104)
(Loss) profit for the period from continuing operations	9	(109,932)	125,872
Discontinued operation			
Profit for the period from discontinued operation (including derecognised contingent considerations of RMB56,000,000)	10	–	43,710
(Loss) profit for the period		(109,932)	169,582
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		(977)	10,085
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		662	444
Release of translation reserve on disposal of subsidiaries		–	(5,061)
		662	(4,617)
Other comprehensive (expense) income for the period		(315)	5,468
Total comprehensive (expense) income for the period		(110,247)	175,050
(Loss) profit for the period attributable to owners of the Company:			
– from continuing operations		(119,055)	112,543
– from discontinued operation		–	44,640
(Loss) profit for the period attributable to owners of the Company		(119,055)	157,183

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	NOTE	Six months ended 30 June **2023** **RMB'000** **(unaudited)**	 2022 RMB'000 (unaudited and restated)
Profit (loss) for the period attributable to non-controlling interests:			
– from continuing operations		**9,123**	13,329
– from discontinued operation		**–**	(930)
Profit for the period attributable to non-controlling interests		**9,123**	12,399
		(109,932)	169,582
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(119,370)**	162,651
Non-controlling interests		**9,123**	12,399
		(110,247)	175,050
Total comprehensive (expense) income for the period attributable to owners of the Company:			
– from continuing operations		**(119,370)**	118,011
– from discontinued operation		**–**	44,640
		(119,370)	162,651
(Loss) earnings per share	12		
From continuing and discontinued operations			
– Basic (RMB cents)		**(7.34)**	9.60
– Diluted (RMB cents)		**(7.34)**	9.60
From continuing operations			
– Basic (RMB cents)		**(7.34)**	6.88
– Diluted (RMB cents)		**(7.34)**	6.88

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	NOTES	**30 June 2023 RMB'000 (unaudited)**	31 December 2022 RMB'000 (audited)
Non-current Assets			
Property and equipment	13	**1,111,539**	1,039,886
Right-of-use assets	13	**145,229**	148,491
Intangible assets	13	**40,821**	1,128
Other receivables	15	**29,072**	29,072
Rental deposits		**1,276**	1,061
		1,327,937	1,219,638
Current Assets			
Inventories	14	**44,882**	109,126
Trade and other receivables	15	**630,176**	818,712
Financial assets at fair value through profit or loss ("FVTPL")	16	**305,981**	514,624
Restricted bank deposits	24	**49,000**	42,000
Cash and cash equivalents		**411,948**	520,872
		1,441,987	2,005,334
Current Liabilities			
Trade and other payables	17	**157,123**	236,796
Contract liabilities	18	**36,174**	300,507
Tax liabilities		**–**	845
Dividend payable		**20,950**	20,950
Lease liabilities		**4,129**	3,601
		218,376	562,699
Net Current Assets		**1,223,611**	1,442,635
Total Assets less Current Liabilities		**2,551,548**	2,662,273
Non-current Liabilities			
Lease liabilities		**18,536**	19,054
Deferred tax liabilities		**216**	130
Deferred income		**521**	669
		19,273	19,853
Net Assets		**2,532,275**	2,642,420
Capital and Reserves			
Share capital	19	**117**	117
Reserves		**2,338,011**	2,457,279
Equity attributable to owners of the Company		**2,338,128**	2,457,396
Non-controlling interests		**194,147**	185,024
Total Equity		**2,532,275**	2,642,420

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 June 2023

	Attributable to owners of the Company										
	Share capital RMB'000	Shares held for share award scheme RMB'000	Share premium RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022 (audited)	118	(34,778)	1,052,889	247,627	(97,830)	–	379,076	998,805	2,545,907	169,166	2,715,073
Profit for the period (unaudited)	–	–	–	–	–	–	–	157,183	157,183	12,399	169,582
Other comprehensive income for the period (unaudited)	–	–	–	–	5,468	–	–	–	5,468	–	5,468
Total comprehensive income for the period (unaudited)	–	–	–	–	5,468	–	–	157,183	162,651	12,399	175,050
Disposal of a subsidiary (note 10) (unaudited)	–	–	–	–	–	–	–	–	–	(9,598)	(9,598)
Purchases of shares under share award scheme (note 20) (unaudited)	–	(17,633)	–	–	–	–	–	–	(17,633)	–	(17,633)
Repurchase and cancellation of shares (note 19) (unaudited)	(1)	–	(8,255)	–	–	–	–	–	(8,256)	–	(8,256)
Transaction costs attributable to repurchase and cancellation of shares (unaudited)	–	–	(48)	–	–	–	–	–	(48)	–	(48)
Dividend recognised as distribution (note 11) (unaudited)	–	–	(84,567)	–	–	–	–	–	(84,567)	–	(84,567)
At 30 June 2022 (unaudited)	117	(52,411)	960,019	247,627	(92,362)	–	379,076	1,155,988	2,598,054	171,967	2,770,021
At 1 January 2023 (audited)	117	(52,411)	869,970	247,627	(82,255)	–	408,644	1,065,704	2,457,396	185,024	2,642,420
(Loss) profit for the period (unaudited)	–	–	–	–	–	–	–	(119,055)	(119,055)	9,123	(109,932)
Other comprehensive expense for the period (unaudited)	–	–	–	–	(315)	–	–	–	(315)	–	(315)
Total comprehensive (expense) income for the period (unaudited)	–	–	–	–	(315)	–	–	(119,055)	(119,370)	9,123	(110,247)
Recognition of equity-settled share-based payments (note 20) (unaudited)	–	–	–	–	–	102	–	–	102	–	102
At 30 June 2023 (unaudited)	117	(52,411)	869,970	247,627	(82,570)	102	408,644	946,649	2,338,128	194,147	2,532,275

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(118,161)**	(143,224)
INVESTING ACTIVITIES		
Interest received	**2,183**	433
Purchases of property and equipment	**(160,721)**	(52,605)
Payments for right-of-use assets	**–**	(17,366)
Purchases of intangible assets	**(44,307)**	(321)
Payments for rental deposits	**(286)**	–
Purchases of financial assets at FVTPL	**(1,046,089)**	(250,500)
Redemptions of financial assets at FVTPL	**1,268,635**	775,948
Net cash inflow on disposal of Shuimuyuan (defined in note 4)	**–**	34,733
Net cash from investing activities	**19,415**	490,322
FINANCING ACTIVITIES		
Dividend paid	**–**	(84,567)
Payments for shares under share award scheme	**–**	(17,633)
Payment on repurchase and cancellation of shares	**–**	(8,256)
Transaction costs attributable to repurchase and cancellation of shares	**–**	(48)
Repayments of leases liabilities	**(3,646)**	(353)
Net cash used in financing activities	**(3,646)**	(110,857)
Net (decrease) increase in cash and cash equivalents	**(102,392)**	236,241
Transfer from cash and cash equivalents to restricted bank deposits (note 24)	**(7,000)**	–
Cash and cash equivalents at the beginning of the period, represented by		
bank balances and cash	**520,872**	249,953
bank balances and cash classified as held for sale	**–**	62,418
	411,480	548,612
Effect of foreign exchange rate changes	**468**	1,689
Cash and cash equivalents at the end of the period, represented by bank balances and cash	**411,948**	550,301

1. GENERAL INFORMATION

Cathay Media and Education Group Inc. (the "Company") was incorporated in the Cayman Islands on 4 January 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 July 2020. Its immediate holding company is Cathay Media Holdings Inc, a company incorporated in the British Virgin Islands (the "BVI") and its ultimate holding company is Media One International (PTC) Limited, a company incorporated in the BVI, which is the trustee of a trust established in January 2021 of which the settlor is Mr. Pu Shulin, who is also an executive director and chairman of the board of directors of the Company. The address of the Company's registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively referred as the "Group") are principally engaged in the provision of higher and vocational education services television series and film productions, entertainment and livestreaming e-commerce in the People's Republic of China (the "PRC").

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is different from the Company's functional currency of United States dollars ("US$"). Since the majority of the assets and operations of the Group are located in the PRC, the condensed consolidated financial statements are presented in RMB.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The Group's higher and vocational education business was carried out by Nanjing Lanchou Corporate Management Co., Ltd. (南京藍籌企業管理有限公司) ("Nanjing Lanchou"), Nanjing Meiya Education Investment Co., Ltd. (南京美亞教育投資有限公司) ("Nanjing Meiya"), Communication University of China, Nanjing (南京傳媒學院) ("CUCN"), while the television series and film production business was carried out by Dongyang Huaxia Audio-Visual Film Culture Co., Ltd. (東陽華夏視聽影視文化有限公司) ("Dongyang Audio-Visual"), Huaxia Audio-Visual Global Media (Beijing) Holdings Co., Ltd. (華夏視聽環球傳媒(北京)股份有限公司) ("Huaxia Audio-Visual") and Beijing Huaxia Mutual Entertainment Cultural Communication Co., Ltd. (北京華夏互娛文化傳播有限公司) (formerly known as Beijing Huaxia Audio-Visual Online Cultural Development Co., Ltd. (北京華夏視聽在線文化發展有限公司)) ("Huaxia Communication") (collectively as the "Consolidated Affiliated Entities").

2. BASIS OF PREPARATION (continued)

Due to the restriction of foreign ownership in the operation of higher and vocational education business and television series and film production business, the Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the contractual arrangements entered by Bicheng Art Consulting (Nanjing) Co., Ltd. (碧城藝術諮詢(南京)有限公司) ("Nanjing Bicheng"), a wholly owned subsidiary of the Group, with the Consolidated Affiliated Entities operating higher and vocational education business and Mr. Pu Shulin, while Dongyang Huaxia Audio-Visual Culture Consulting Co., Ltd. (東陽華夏視聽文化諮詢有限公司) ("Dongyang Huaxia"), a wholly owned subsidiary of the Group, with the Consolidated Affiliated Entities operating television series and film production business, Mr. Pu Shulin and Mr. Liu Chang, respectively (the "Contractual Arrangements"), the Group is able to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders' voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interests and returns generated by the Consolidated Affiliated Entities, in consideration for the technical and consulting services provided by the Group, at the Group's discretion;
- obtain the irrevocable and exclusive right for the Group or their designated persons to purchase all or part of the equity interests in the Consolidated Affiliated Entities from equity holders at a minimum purchase price permitted under the PRC laws and regulations at the Group's sole and absolute discretion to the extent permitted by PRC law; and
- obtain a pledge over the entire equity interests in the Consolidated Affiliated Entities from their equity holders to secure the performance of their obligations under the Contractual Arrangements.

Certain comparative figures for the six months ended 30 June 2022 have been reclassified to conform to the current period presentation.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Other than additional/change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers from continuing operations

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Types of goods or services		
Recognised over time		
Higher and vocational education service income		
– Higher education programmes	**193,476**	163,438
– Continuing education programmes	**57,050**	45,420
– International preparatory programmes	**22,463**	20,522
Education management service income	**–**	8,500
Other income from higher and vocational education	**5,358**	7,456
Other income from livestreaming e-commerce	**2,718**	–
	281,065	245,336
Recognised at a point in time		
Sales of inventories	**59,575**	95,841
Entrance examination fee income	**28,284**	36,483
Commission income from livestreaming e-commerce	**7,864**	–
	95,723	132,324
	376,788	377,660
Geographical markets (Note)		
Mainland China	**376,788**	376,744
Others	**–**	916
	376,788	377,660

Note: Information about the Group's revenue from continuing operations is presented based on the location of the customers.

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment information

The Group's operating segments are based on information prepared and reported to the chief executive officer and executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and performance assessment.

The CODM had identified two reportable and operating segments, namely higher and vocational education segment and entertainment and livestreaming e-commerce segment. During the six months ended 30 June 2023, the Group has commenced its livestreaming e-commerce and artist management businesses. These new businesses, together the television series and film production business, are included in the entertainment and livestreaming e-commerce segment.

Upon the completion of acquisition of Beijing Shuimu Huaxia Education Technology Co., Ltd. (北京水木華夏教育科技有限公司) and its subsidiaries (collectively referred as "Shuimuyuan") on 6 April 2021, the Group commenced the business in provision of art training services in the PRC. The business was considered as a separate reportable and operating segment, namely art training services segment.

In December 2021, the management of the Group determined to dispose of Shuimuyuan. On 28 March 2022, the board of directors of the Company approved to unwind the agreement in order to dispose of Shuimuyuan to the original owners, and the disposal had been completed on 12 April 2022. Accordingly, Shuimuyuan was reported as a discontinued operation in the condensed consolidated financial statements for the period ended 30 June 2022, which was not reported in the following segment information. Details of the discontinued operation are set out in the published annual report of the Group for the year ended 31 December 2022.

Segment results represent the profits earned/loss incurred by each segment and excluding certain other income and expenses, other gains and losses and corporate administrative expenses. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

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

Continuing operations

	Higher and vocational education RMB'000	Entertainment and livestreaming e-commerce RMB'000	Total RMB'000
For the six months ended 30 June 2023 (unaudited)			
Segment revenue			
External sales	**306,631**	**70,157**	**376,788**
Segment profit (loss)	**100,967**	**(208,507)**	**(107,540)**
Unallocated			
Other income and expenses			**3,610**
Other gains and losses			**(7)**
Corporate administrative expenses			**(6,361)**
Loss before tax from continuing operations			**(110,298)**
For the six months ended 30 June 2022 (unaudited)			
Segment revenue			
External sales	281,819	95,841	377,660
Segment profit (loss)	147,776	(12,390)	135,386
Unallocated			
Other income and expenses			1,537
Other gains and losses			422
Corporate administrative expenses			(7,369)
Profit before tax from continuing operations			129,976

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

Information about major customers

Revenue from contracts with customers of the corresponding periods contributed over 10% of the total sales of the Group are as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Customer A	**59,434**	–
Customer B	**–**	67,669

5. OTHER INCOME AND EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Continuing operations		
Government grants (Note)	**1,985**	14,780
Non-regular service income	**2,666**	1,693
Interest income from consideration receivables (note 10)	**1,427**	1,104
Donation income	**615**	500
Interest income from banks	**2,183**	433
Others	**3,933**	222
	12,809	18,732

Note: Government grants mainly represented subsidies granted by certain local governments for encouraging domestic business development and recognised upon receipt. There were no unfulfilled conditions or contingencies relating to these subsidies.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Continuing operations		
Gains from changes in fair value of financial assets measured at FVTPL	**13,903**	3,579
Net foreign exchange (losses) gains	**(7)**	422
	13,896	4,001

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Continuing operations		
Impairment losses recognised:		
– trade receivables	**171,731**	4,344
– other receivables	**51,404**	769
	223,135	5,113

8. INCOME TAX CREDIT (EXPENSE)

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
– current tax	**452**	(6,313)
– deferred tax	**(86)**	2,209
	366	(4,104)

8. INCOME TAX CREDIT (EXPENSE) (continued)

The Company was incorporated in the Cayman Islands and its direct owned subsidiary, Cathay Media Group (BVI) Inc. was incorporated in the BVI that are tax exempted as no business carried out in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI, respectively.

No provision for Hong Kong profits tax was made in the condensed consolidated financial statements as the Group had no assessable profit subject to Hong Kong profits tax for both periods.

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the "EIT Law of the PRC"), the statutory tax rate of the PRC subsidiaries is 25% for both periods.

According to the relevant provisions of Implementation Rules for the Law for Promoting Private Education and the Implementation Rules, private schools, which are providing academic qualification education, are eligible to enjoy income tax exemption treatment if the school sponsors of such schools do not require reasonable returns or the schools are elected to be not-for-profit schools. In June 2021, the Group submitted the application for the election for the conversion of CUCN into for-profit private school (the "Conversion") in accordance with these laws and regulations. As at 30 June 2023 and 2022, the Conversion was still in process and the tax positions of CUCN has not been changed for both interim periods. CUCN followed previous EIT preferential treatments according to the current tax practice. During the six months ended 30 June 2023, the non-taxable income amounted to RMB305,104,000 (six months ended 30 June 2022: RMB279,849,000), and the related non-deductible expenses amounted to RMB151,401,000 (six months ended 30 June 2022: RMB129,658,000).

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred tax liabilities regarding the withholding tax has been provided as the PRC subsidiaries will not declare any dividend to holding companies outside mainland China in the foreseeable future.

9. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period from continuing operations has been arrived at after charging the following items:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Directors' remuneration	2,968	2,433
Other staff costs		
– salaries and other allowances	72,193	63,101
– retirement benefit scheme contributions	12,328	9,441
– equity-settled share-based payments	102	–
Total staff costs	87,591	74,975
Depreciation of property and equipment	26,967	23,676
Depreciation of right-of-use assets	6,314	3,196
Amortisation of intangible assets	2,135	116
Total depreciation and amortization	35,416	26,988
Less: capitalised in construction in progress	(85)	–
	35,331	26,988
Write-down of inventories (included in cost of revenue)	7,925	22,012
Impairment of prepayment for television series production (included in cost of revenue)	19,800	–

10. DISCONTINUED OPERATION AND DISPOSAL OF SHUIMUYUAN

On 6 April 2021, Nanjing Bicheng, a wholly owned subsidiary of the Group, completed the acquisition of entire equity interests of Shuimuyuan, from its sole shareholder, Mr. Ma Xiaochuan (the "Founder of Shuimuyuan"), at an aggregate consideration of RMB300,000,000, which comprised 1) cash consideration of RMB165,000,000 which has been fully paid upon completion of the acquisition and 2) contingent consideration of RMB45,000,000 for each of the three years ended/ending 31 December 2021, 2022 and 2023 subject to satisfaction of certain conditions as agreed in investment agreements (the "Acquisition Agreement").

On 29 December 2021, the management of the Group decided to exit art training service business carried out by Shuimuyuan, taking into account that the tightening regulatory requirements for off-campus training (including non-curriculum-based tutoring) released since the fourth quarter of 2021, together with the notices of temporary closure of offline off-campus training institutions due to COVID-19 issued by certain municipal and provincial government authorities, may have a potential adverse impact on the operations, results and performance of Shuimuyuan. The Group's art training service business operation was treated as a discontinued operation prior to the disposal mentioned hereinbelow.

On 28 March 2022, Nanjing Bicheng entered into the unwind agreement with the Founder of Shuimuyuan, Ms. You Xiaofei, the spouse of the Founder of Shuimuyuan and Qingdao Yangjin Culture and Art Partnership (Limited Partnership) (青島央金文化合夥企業(有限合夥)), whose ultimate beneficial owner is the Founder of Shuimuyuan (collectively referred as the "Purchasers"), to dispose of all equity interests in Shuimuyuan at the consideration of RMB165,000,000 (the "Unwind Agreement") and the settlement arrangement relating to the outstanding loan amounted to RMB12,675,000 granted by Nanjing Lanchou to Shuimuyuan. The loan was settled by 31 December 2022. The disposal was completed on 12 April 2022 and the contingent considerations in the Acquisition Agreement had lapsed and were included in the calculation of the gain or loss on disposal of Shuimuyuan.

Pursuant to the Unwind Agreement, the deferred considerations amounted/amounting to RMB25,000,000, RMB25,000,000, RMB30,000,000 and RMB35,000,000 have been settled in four instalments by 15 August 2022, 15 December 2022, 31 December 2023 and 31 December 2024, respectively. The deferred considerations have been secured by the Purchasers' equity interests of Shuimuyuan, and the deferred considerations have been adjusted for the effects of time value of money using an effective interest rate of 4.75% per annum. In the current period, imputed interest income amounted to RMB1,427,000 (six months ended 30 June 2022: RMB1,104,000) was recognised and such consideration receivables were analysed at 30 June 2023 and 31 December 2022 as follows:

10. DISCONTINUED OPERATION AND DISPOSAL OF SHUIMUYUAN (continued)

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Consideration receivables		
– Current	**32,946**	31,519
– Non-current	**29,072**	29,072
	62,018	60,591

Details of the business combination, the gain for the period from discontinued operation, the results of the discontinued operation and the disposal of discontinued operation were set out in note 9 of the consolidated financial statements in the published 2022 annual report.

11. DIVIDEND

On 31 March 2022, a final dividend of HK$3 cents per share (equivalent to approximately RMB2.55 cents) and a special dividend of HK$3 cents per share (equivalent to approximately RMB2.55 cents) in respect of the year ended 31 December 2021 were declared to owners of the Company. The aggregate amounts of the final dividend and special dividend declared and paid in the current period amounted to approximately HK$99,296,000 (equivalent to approximately RMB84,567,000).

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK$3 cents per share amounting to HK$49,648,000 (equivalent to approximately RMB45,774,000) in aggregate (six months ended 30 June 2022: HK$6 cents per share amounting to HK$99,296,000 (equivalent to approximately RMB90,049,000) in aggregate) will be paid to the owners of the Company whose names appear in the register of members of the Company on 27 October 2023.

12. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted (loss) earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	**(119,055)**	157,183

	Six months ended 30 June	
	2023	2022
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,622,937**	1,636,484
Effect of dilutive potential ordinary shares – share options (Note)	**–**	N/A
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,622,937**	1,636,484

Note: The computation of diluted loss per share for the six months ended 30 June 2023 did not assume the exercise of the Company's share options granted under the Post-IPO Share Option Scheme as defined in note 20 as the exercise price of the share options was higher than the average market price for shares for the period.

12. (LOSS) EARNINGS PER SHARE (continued)

From continuing operations

The calculation of basic and diluted (loss) earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company from continuing operations for the purpose of basic and diluted (loss) earnings per share	**(119,055)**	112,543

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share.

From discontinued operation

For the six months ended 30 June 2022, basic and diluted earnings per share from discontinued operation is RMB2.72 cents per share based on the profit for the period from discontinued operation of RMB44,640,000) and the denominators detailed above for both basic and diluted earnings/loss per share.

13. MOVEMENTS IN PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the six months ended 30 June 2023, the Group incurred approximately RMB84,555,000 (six months ended 30 June 2022: RMB67,704,000) for construction costs for new teaching buildings and dormitories of CUCN and approximately RMB14,065,000 (six months ended 30 June 2022: RMB13,410,000) for acquisitions of furniture and fixtures, motor vehicles, education equipment and office equipment.

During the current interim period, the Group entered into a new lease agreement for the use of leased property with lease term of 3 years. On date of lease commencement, the Group recognised right-of-use assets of RMB3,052,000 (six months ended 30 June 2022: Nil) and lease liabilities of RMB2,981,000 (six months ended 30 June 2022: Nil).

13. MOVEMENTS IN PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS (continued)

On 12 May 2023, the Group entered into an exclusive cooperation agreement (the "Exclusive Cooperation Agreement") with an independent third-party entity and three individuals, pursuant to which the parties agreed to exclusive cooperation in the livestreaming e-commerce and entertainment management for three-years period and made lump sum upfront payments of RMB43,800,000. On the commencement date, the Group recognised RMB41,321,000 (excluding value added tax) of intangible assets. The intangible assets will be amortised over three years. Details of the Exclusive Cooperation Agreement are set out in the announcement of the Company dated on 31 May 2023.

As at 30 June 2023, the Group is in the process of obtaining title deeds of buildings with carrying value of RMB431,768,000 (31 December 2022: RMB434,976,000).

As at 30 June 2023, the carrying values of the leasehold lands of RMB110,873,000 (31 December 2022: RMB112,323,000) are allocated by the government, which have no definite lease term stated in the relevant leasehold lands certificates. However, without the relevant administrative authorities' permission, the Group cannot transfer, lease or pledge as security such leasehold lands allocated by the government.

14. INVENTORIES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Scripts	**7,673**	7,659
Finished goods	**37,209**	101,467
	44,882	109,126

15. TRADE AND OTHER RECEIVABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade receivables		
– from television series and film production	566,023	512,303
– from higher and vocational education	2,941	4,585
	568,964	516,888
Less: Allowance for credit losses	(342,901)	(171,170)
	226,063	345,718
Other receivables and prepayments		
Loan Receivables (defined below) (Note i)	420,000	420,000
Less: Allowance for credit losses (Note i)	(117,161)	(65,757)
	302,839	354,243
Consideration receivables (note 10) (Note ii)	62,018	60,591
Prepayment for television series production	43,200	63,000
Value added tax recoverable	7,576	6,584
Prepayment for services	6,699	7,226
Receivables from canteen operators	6,621	5,326
Deposits for short-term leases	1,466	1,453
Others	2,766	3,643
	433,185	502,066
	659,248	847,784

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Analysed as:		
– Current	630,176	818,712
– Non-current	29,072	29,072
	659,248	847,784

15. TRADE AND OTHER RECEIVABLES (continued)

Notes:

i. On 21 June 2021, Nanjing Lanchou entered into the sale and purchase agreement with Jiangsu China Red Science and Education Investment Group Nanjing Energy and Technology Co. Ltd. (江蘇華紅科教投資集團南京能源科技有限公司) (the "Transferor"), pursuant to which Nanjing Lanchou agreed to acquire the entire equity interests of Jiangsu China Red Science and Education and Investment Group Co., Ltd. (江蘇華紅科教投資集團有限公司) (the "Target Company") for an aggregate cash consideration of RMB450,000,000 which may be adjusted to RMB250,000,000 if certain conditions precedent (including completion of transfer of an additional land lot for the operation of the Olympic College of Nanjing Sport Institute (南京體育學院奧林匹克學院) (the "Olympic College") cannot be satisfied within 36 months from the date of the sale and purchase agreement.

To facilitate the series of restructuring stated in the sale and purchase agreement, Nanjing Lanchou has also entered into two loan agreements, pursuant to which Nanjing Lanchou shall grant to the Transferor two bridging loans in the principal amounts of RMB250,000,000 ("250M Bridging Loan") and RMB170,000,000 ("170M Bridging Loan"), respectively (collectively referred as the "Loan Receivables"). The Loan Receivables were non-interest bearing with maturity date of six months, among which RMB410,000,000 shall not be used for any purpose other than agreed terms in the loan agreements. Mr. Ye Hua and Ms. Gao Jiehong, the founders of the Transferor, has provided the personal guarantee and pledged their 67% and 33% of equity interests in the Transferor as well as their 9% equity interests in Jiangsu Zijin Science and Education Investment Co., Ltd.(江蘇紫金科教投資有限公司) ("Jiangsu Zijin") to Nanjing Lanchou as collaterals for the Loan Receivables.

As at 30 June 2023 and 31 December 2022, the Loan Receivables were not repaid and were overdue by the Transferor.

In view of the directors of the Company, after seeking the legal advice and support from the independent valuer, the market value of the pledged assets held by the Transferor and the founders of the Transferor, including 100% equity interests of the Transferor and 9% equity interests of Jiangsu Zijin, will be approximately RMB302,839,000 (2022: RMB354,243,000) as at the end of the reporting period, and the Group has recognised allowance for credit loss amounting to RMB117,161,000 (2022: RMB65,757,000) as at the end of the reporting period.

ii. Consideration receivables were secured by 40% equity interests of Shuimuyuan. As at the end of the reporting period, the Group has not recognised a loss allowance for consideration receivables as a result of these collaterals.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the revenue recognition dates:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Less than 1 year	**57,397**	26,765
1 to 2 years	**79,368**	143,000
2 to 3 years	**89,298**	175,953
	226,063	345,718

16. FINANCIAL ASSETS AT FVTPL

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Financial assets mandatorily measured at FVTPL (Note):		
– Listed equity investments in the PRC	4,737	3,479
– Unquoted fund investments in the PRC	63,113	–
– Structured deposits	183,926	456,171
– Film production investment	54,205	54,974
	305,981	514,624
Analysed as:		
– Current	305,981	514,624

Note: Details of the fair value measurement for financial assets at FVTPL are set out in note 21.

17. TRADE AND OTHER PAYABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade payables	50,845	63,669
Payables for property and equipment	53,477	115,663
Payroll payables	20,425	21,568
Miscellaneous deposits received from students	14,103	17,034
Deposits from construction suppliers	9,156	8,578
Discretionary subsidies received on behalf of students	1,201	4,278
Value added tax and other taxes payable	3,185	4,751
Other payables	4,731	1,255
	157,123	236,796

17. TRADE AND OTHER PAYABLES (continued)

The following is an aging analysis of trade payables presented based on the transaction date.

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Within 1 year	**5,112**	17,557
1 to 2 years	**1,337**	1,463
Over 2 years	**44,396**	44,649
	50,845	63,669

18. CONTRACT LIABILITIES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Contract liabilities		
– from higher and vocational education	**4,567**	273,876
– from television series and film production	**18,770**	26,631
– from livestreaming e-commerce	**12,837**	–
	36,174	300,507
Analysed as:		
– Current	**36,174**	300,507

19. SHARE CAPITAL

	Number of shares	Share capital	Shown in the condensed consolidated financial statements
		HK$	RMB'000
Ordinary shares of HK$0.00001 each			
Authorised:			
At 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	5,000,000,000	50,000	
Issued and fully paid:			
At 1 January 2022 (audited)	1,660,000,000	16,600	118
Shares repurchased and cancelled	(5,063,000)	(51)	(1)
At 30 June 2022 (unaudited)	1,654,937,000	16,549	117
At 1 January 2023 (audited) and 30 June 2023 (unaudited)	**1,654,937,000**	**16,549**	**117**

During the six months ended 30 June 2022, the Company repurchased and cancelled its own ordinary shares in the Stock Exchange as follows:

Month of Repurchase	No. of ordinary shares	Price per share Highest	Price per share Lowest	Aggregate consideration paid	Aggregate consideration paid Equivalent to
		HK$	HK$	HK$'000	RMB'000
January 2022	2,182,000	1.94	1.68	3,990	3,412
February 2022	2,881,000	2.08	1.87	5,662	4,844
Total	5,063,000			9,652	8,256

During the six months ended 30 June 2023, there were no shares repurchased and cancelled by the Company.

20. SHARE-BASED PAYMENT TRANSACTIONS

The Company has adopted two share schemes, namely the post initial public offering share award scheme (the "Post-IPO Share Award Scheme") and the post initial public offering share option scheme (the "Post-IPO Share Option Scheme").

20. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Post-IPO Share Award Scheme

On 24 September 2021, the Company adopted the share award scheme (the "Post-IPO Share Award Scheme") to align the interests of eligible persons with those of the Company through ownership of shares, dividends and other distributions paid on shares and/or the increase in value of the shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group. The Company has set up the Cathay Media and Education Share Incentive (the "Trust") to administer and hold the Company's shares before they are vested and transferred. The Trust purchased the Company's shares from the open market using cash contributed by the Company, not permitted to exceed 32,000,000 shares without further shareholders' approval.

During the six months ended 30 June 2022, 18,259,000 shares amounted to HK$20,565,000 (equivalent to approximately RMB17,633,000) were purchased under the Post-IPO Share Award Scheme. As at 30 June 2023 and 31 December 2022, 32,000,000 shares in a total consideration of HK$63,102,000 (equivalent to approximately RMB52,411,000) were recognised as treasury shares in the condensed consolidated statement of changes in equity.

No shares were granted under the Post-IPO Share Award Scheme by the Company for both periods.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted pursuant to the written resolutions of the shareholders passed on 22 June 2020 to provide eligible persons with the opportunity to acquire proprietary interests in the Company and to encourage the eligible person to work towards enhancing the value of the Company.

On 30 May 2023, the Company granted 10,000,000 options to an employee of the Group pursuant to the Post-IPO Share Option Scheme. The details of the Post-IPO Share Option Scheme are as follows:

Date of grant	Vesting period	Exercise period	Number of options to be vested	Fair value at grant date
				HK$
31 May 2023	31 May 2023 ~30 April 2024	1 May 2024 ~ 30 May 2028	2,000,000	545,000
31 May 2023	31 May 2023 ~30 April 2025	1 May 2025 ~ 30 May 2028	3,000,000	821,000
31 May 2023	31 May 2023 ~30 April 2026	1 May 2026 ~ 30 May 2028	3,000,000	806,000
31 May 2023	31 May 2023 ~30 October 2026	1 November 2026 ~ 30 May 2028	2,000,000	529,000

20. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Post-IPO Share Option Scheme (continued)

No option was exercised during the current interim period. The Group recognised the total expense of RMB102,000 during the six months ended 30 June 2023 in relation to Post-IPO Share Option granted by the Company (six months ended 30 June 2022: Nil).

The fair value of the Post-IPO Share Option was determined at the date of grant using the binomial option-pricing model. Option valuation model requires the input of highly subjective assumptions, including the option's expected life and the price volatility of the underlying shares, and changes in the subjective input assumptions can materially affect the fair value estimate of share options.

Stock price as at grant date	HK$1.4
Exercise price	HK$1.4
Expected volatility	38.78%
Expected life	2.32 years
Risk-free rate	0.3337%
Expected dividend yield	6.43%

The binomial option-pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Expected volatility was determined by using the historical volatility of comparable company's share prices with discounts for lack of marketability. Changes in variables and assumptions may result in changes in the fair value of the options.

As at 30 June 2023, the number of shares in respect of which options had been granted and remained outstanding under the Post-IPO Share Option Scheme was 10,000,000 (31 December 2022: Nil).

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value measurements and valuation processes (continued)

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value at 30 June 2023 RMB'000 (unaudited)	Fair value at 31 December 2022 RMB'000 (audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Financial assets at FVTPL:						
– Listed equity investments	4,737	3,479	Level 1	Quoted prices in active markets	N/A	N/A
– Unquoted fund investments	63,113	–	Level 2	Net asset value as published by the fund manager	N/A	N/A
– Structured deposits	183,926	456,171	Level 3	Discounted cash flow method was used/ expected return rate	Expected return rates from 1.5% to 4.3% (2022: 2.2% to 4.28%)	The higher the expected return, the higher the fair value, vice versa
– Film production investment	54,205	54,974	Level 3	Discounted cash flow method was used/ expected return rate	Expected return rate of 30% (2022: 3.3% to 30%)	The higher the expected return, the higher the fair value, vice versa

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

The following table presents the reconciliation of Level 3 measurements during both periods:

	Financial assets at FVTPL	**Financial liabilities at FVTPL**
	RMB'000	RMB'000
At 1 January 2022 (audited)	628,223	(56,000)
Purchases	250,500	–
Redemptions	(775,948)	–
Gains in profit or loss	6,345	56,000
At 30 June 2022(unaudited)	109,120	–
At 1 January 2023 (audited)	**511,145**	**–**
Purchases	**860,373**	**–**
Redemptions	**(1,139,471)**	**–**
Gains in profit or loss	**6,084**	**–**
At 30 June 2023(unaudited)	**238,131**	**–**

22. CAPITAL COMMITMENTS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Capital expenditures contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of		
– property and equipment	**123,030**	193,991

23. RELATED PARTY TRANSACTIONS

(i) Non-trade balances with a related party

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Dividend payables to a non-controlling shareholder	**20,950**	20,950

(ii) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management of the Group is as follows:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Short-term employee benefits	**2,918**	2,408
Post-employment benefits	**50**	25
	2,968	2,433

24. CONTINGENT LIABILITIES

Three independent plaintiffs raised litigation claims against CUCN in the PRC court. The aggregate claims from plaintiffs were approximately RMB105,784,000 plus petition cost and attorneys' fees in relation to variable construction cost of the school campus. In December 2022 and April 2023, the PRC court also approved to freeze two bank accounts of the Group with balances of RMB42,000,000 and RMB7,000,000, respectively, which was disclosed under the restricted bank deposits in the condensed consolidated financial statements as at 30 June 2023. Up to the date of the condensed consolidated financial statements, there were no formal judgments from the PRC court.

After seeking the independent legal advice, the directors of the Company consider that the outcome and the amounts of final payments, if any, are uncertain, and no provision has been made during the six months ended 30 June 2023.

DEFINITIONS

"Board"	the board of Directors
"Chairperson"	the chairperson of the Board
"China" or "PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Cathay Media and Education Group Inc. (華夏視聽教育集團), an exempted company incorporated in the Cayman Islands with limited liability on 4 January 2017
"Consolidated Affiliated Entity(ies)"	Dongyang Huaxia, Nanjing Lanchou and their subsidiaries and affiliated entities, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of contractual arrangements
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules and except where the context requires otherwise, refers to Mr. Pu, Cathay Media Holding Inc. and Winning Global Ventures Limited
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules, as amended from time to time
"CUCN" or "University"	南京傳媒學院(Pinyin: Nanjing Chuanmei Xueyuan), formally known as Communication University of China, Nanjing (中國傳媒大學南廣學院), which received the certificate of registration for a privately-run non-enterprise unit on 31 January 2005
"Director(s)"	the director(s) of our Company
"Dongyang Huaxia"	Dongyang Huaxia Audio-Visual Film Culture Co., Ltd. (東陽華夏視聽影視文化有限公司), a company established in the PRC on 18 June 2019 and a Consolidated Affiliated Entity

"Group", "we" or "us"	the Company, its subsidiaries, and the Consolidated Affiliated Entities from time to time, and in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Listing Date"	15 July 2020, the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Mr. Pu"	Mr. Pu Shulin (蒲樹林), our founder, executive Director, chief executive officer, chairperson of the Board and our Controlling Shareholder
"Nanjing Lanchou"	Nanjing Lanchou Corporate Management Co., Ltd. (南京藍籌企業管理有限公司), a company established in the PRC on 26 October 2017 and a Consolidated Affiliated Entity
"Post-IPO Share Award Scheme"	the post-IPO share award scheme conditionally approved and adopted by our Company on 22 June 2020
"Post-IPO Share Option Scheme"	the post-IPO share option scheme conditionally approved and adopted by our Company on 22 June 2020
"PRC Legal Adviser"	Commerce & Finance Law Offices

"Prospectus"	the prospectus of the Company dated 30 June 2020
"RMB"	Renminbi yuan, the lawful currency of PRC
"Reporting Period"	the six months ended 30 June 2023
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent