華夏視聽

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Cathay Media and Education Group Inc. (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the annual results of the Group for the year ended 31 December 2023 (the "**Reporting Period**"). These annual results have been reviewed by the audit committee of the Company.

FINANCIAL HIGHLIGHTS

The Board recommended the payment of a special dividend of HK$0.06 per share for the year ended 31 December 2023 (for the year ended 31 December 2022: nil). The Company paid 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).

	Year ended 31 December		
	2023	2022	Change (%)
	(RMB'000, except percentages)		
Continuing operations			
Revenue	**759,040**	656,815	15.6%
– Higher education (media and arts) and vocational education	**592,980**	561,747	5.6%
– Entertainment and livestreaming e-commerce	**166,060**	95,068[(1)]	74.7%
Segment (loss) profit	**(171,874)**	107,908	N/A
– Higher education (media and arts) and vocational education	**182,411**	280,746	-35.0%
– Entertainment and livestreaming e-commerce	**(354,285)**	(172,838)[(1)]	105.0%
(Loss) profit for the year from continuing operations	**(181,067)**	78,213	N/A
Profit for the year from discontinued operation	**–**	43,710	-100%
(Loss) profit for the year	**(181,067)**	121,923	N/A
Non-HKFRS: Adjusted Net (Loss) Profit[(2)]	**(1,311)**	118,815	N/A

(1) For the year ended 31 December 2022, the numbers represented revenue and segment results, 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 both livestreaming e-commerce and artist management business, and TV/film production and investment business during the Reporting Period.

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

The following table reconciles our Adjusted Net (Loss) Profit from the most directly comparable financial measure calculated and presented in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") ((loss) profit for the year).

	Year ended 31 December	
	2023	2022
	(RMB'000)	
(Loss) profit for the year	**(181,067)**	121,923
Less: Profit for the year from discontinued operation	**–**	(43,710)
Add: Impairment losses on other receivables (included in impairment losses under expected credit loss model, net of reversal)	**95,549**	4,550
Add: Impairment loss on other receivable (included in cost of revenue)	**63,000**	–
Add: Write-down of inventories	**20,003**	36,052
Add: Equity-settled share-based payments	**1,204**	–
Non-HKFRS: Adjusted Net (Loss) Profit	**(1,311)**	118,815

BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW

Higher education (media and arts) and vocational education

Communication University of China, Nanjing（南京傳媒學院）("CUCN" or our "University")

According to the Chinese Universities Alumni Association, CUCN ranked first among media and arts independent colleges in the People's Republic of China (the "**PRC**" or "**China**") in 2024. As at 31 December 2023, the Group had approximately 29,276 students, including 24,238 undergraduates, 4,558 vocational education students and 480 international preparatory students. The above number of undergraduates included 580 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 year-on-year growth of approximately 8.9%.

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 made 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 the transferor (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 announcement, 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 RMB161.3 million as at 31 December 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, and details of the valuation are set out in "Impairment losses under expected credit loss model, net of reversal" under the section headed "Management Discussion and Analysis".

Segment performance

During the Reporting Period, our higher education (media and arts) and vocational education business segment recorded a total revenue of RMB593.0 million, representing a year-over-year growth of 5.6%, of which tuition fees and boarding fees for our undergraduate programmes amounted to RMB400.4 million, representing a year-over-year growth of 12.7%. The increase in tuition fees and boarding fees for our undergraduate programmes was primarily due to an increase in annual tuition fees for new undergraduate students who enroled from the 2023/2024 school year and the growth in total undergraduate student enrolment, while such increase was partially offset by a decrease in education management service income and entrance examination fee income for the Reporting Period.

The segment profit of our higher education (media and arts) and vocational education business decreased from RMB280.7 million for the year ended 31 December 2022 to RMB182.4 million for the Reporting Period, primarily due to (i) the additional impairment losses of RMB95.5 million on the Bridging Loans included in other receivables as mentioned above and in "Impairment losses under expected credit loss model, net of reversal" under the section headed "Management Discussion and Analysis", (ii) the decrease in education management service income and entrance examination fee income, and (iii) an increase in CUCN's staff salaries mainly resulted from the recruitment of additional teachers. The increase in impairment losses on other receivables was a non-cash item which had no impact on the Group's cash and cash equivalents as at 31 December 2023. Excluding the relevant impairment losses on the Bridging Loans, the segment profit of our higher education (media and arts) and vocational education business for the Reporting Period would be adjusted to RMB277.9 million.

Entertainment and livestreaming e-commerce

During the Reporting Period, we renamed the business segment of "TV/film production and investment" to "entertainment and livestreaming e-commerce" as we commenced our livestreaming e-commerce and artist management business in May 2023. Our entertainment and livestreaming e-commerce business 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)) ("**Huaxia Huyu**") 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. 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. During the period from May 2023 to 31 December 2023, Ms. Qi Wei's livestreaming room has been on air 26 times, with a cumulative gross merchandise value of approximately RMB237 million. In the fourth quarter of 2023, we have completed the set up of vertical livestreaming rooms for Ms. Qi Wei, focusing on beauty and lifestyle products.

Apart from promoting and selling products through livestreaming, Huaxia Huyu also generated revenue during the Reporting Period from the provision of artist management services by arranging Ms. Qi Wei and her spouse, Mr. Li Chengxuan, to participate in certain commercial activities, such as brand endorsement and product promotion and variety programs on certain media platforms. Huaxia Huyu has signed product endorsement and promotion agreements with several well-known brands for Ms. Qi Wei and Mr. Li Chengxuan, including maternal and infant products. In October 2023, Ms. Qi Wei cooperated with Douyin to hold her first online and offline concert, with the number of viewers in her livestreaming room amounted to more than 25 million and the total number of views exceeded 80 million, bringing entertainment content to Ms. Qi Wei's livestreaming room.

In addition to Ms. Qi Wei and Mr. Li Chengxuan, the Group has established cooperative relationships with Mr. Liu Wei, a well-known celebrity streamer, and a number of Internet celebrities with strong realisation capabilities.

During the Reporting Period, our livestreaming e-commerce and artist management business recorded a total revenue of RMB81.0 million, which mainly comprised sales commission and promotion fees from livestreaming sessions, and artist endorsement and cooperation fees.

TV/film production and investment

The TV/film production industry in China remained challenging in 2023. To the best knowledge and information of the Group, traditional advertising income of the TV/film broadcast channels in China has generally declined in recent years, which has affected the decisions of the TV/film broadcast channels on both timing and prices for purchasing TV/film series from the market. Moreover, a number of productions and distributions of TV/film series in the industry have been delayed in the past few years largely due to the impact of COVID-19 in China, leading to a very intense competition environment in the industry in the post-COVID-19 period during which there was a greater supply of TV/film series available for TV/film broadcast channels in China. In light of the abovementioned, the TV/film production industry in China is facing many challenges and uncertainties, including prolonged distribution process, extended receivables collection period and decreasing distribution prices of TV/film series.

During the Reporting Period, our TV/film production and investment business recorded a revenue of RMB85.0 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).

The first and second series of the TV/film series Fights Break Sphere(鬥破蒼穹)(30% invested by the Group), which was recorded as financial assets at fair value through profit or loss ("**FVTPL**") in the Company's consolidated statement of financial position according to certain terms of the investment agreement, were released in the fourth quarter of 2023.

The distribution of the TV/film series Meteor with White Plume(白羽流星)(50% invested by the Group) has been delayed, which is now expected to be released in 2024. Based on the latest market information available, the expected selling price of the TV/film series Meteor with White Plume (白羽流星)will reduce and accordingly, the Group recognised a write-down of inventories of RMB7.9 million which was included in the cost of revenue for the Reporting Period.

Given the challenges and uncertainties faced by the TV/film production industry in China as mentioned above, after due and careful consideration, the Board has decided not to further invest in the TV/film series Galloped Era II(奔騰年代 II) (60% invested by the Group in 2021). In this regard, the Group recognised an impairment loss on the initial investment in the TV/film series Galloped Era II(奔騰年代 II) of RMB63 million (included in other receivables of the Group), as the Group believes that the recovery of the investment amount is uncertain. Such impairment was recorded in the cost of revenue of our TV/film production and investment business.

During the Reporting Period, our TV/film production and investment business recognised credit impairment losses on certain long outstanding trade receivables amounting to RMB241.1 million. For details of the impairment losses on trade receivables of our TV/film production and investment business, please refer to "Impairment losses under expected credit loss model, net of reversal" under the section headed "Management Discussion and Analysis".

Segment performance

During the Reporting Period, our entertainment and livestreaming e-commerce segment recorded a total revenue of RMB166.1 million for the Reporting Period as compared to that of RMB95.1 million from our TV/film production and investment business for the year ended 31 December 2022. The increase in revenue from this business segment was mainly due to the commencement of our livestreaming e-commerce business during the Reporting Period.

The segment loss of our entertainment and livestreaming e-commerce business segment increased from RMB172.8 million for the year ended 31 December 2022 to RMB354.3 million for the Reporting Period, primarily due to the increases in impairment losses recognised on certain trade and other receivables from our TV/film production and investment business. However, the increases in impairment losses were non-cash items which had no impact on the Group's cash and cash equivalents as at 31 December 2023. For details of the impairment losses on trade receivables of our TV/film production and investment business, please refer to "Impairment losses under expected credit loss model, net of reversal" under the section headed "Management Discussion and Analysis".

Discontinued operation

As mentioned in the Company's interim results announcement and interim report for the six months ended 30 June 2023 (of which the terms "**Shuimuyuan**" and "**Unwind Agreement**" used in this announcement shall have the same meaning thereto), the Group recorded a profit of RMB43.7 million from discontinued operation for the year ended 31 December 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.

Up to the date of this announcement, the Group has received RMB142.7 million in aggregate, being the first, second, third, fourth and fifth payments of the disposal consideration and the whole outstanding loan amount of RMB12.7 million due from Shuimuyuan. Pursuant to the terms of the Unwind Agreement, the final payments of the disposal consideration, being RMB35 million, shall be settled by the founder of Shuimuyuan and his associates on or before 31 December 2024.

Regulatory update

As advised by the Company's PRC legal advisor, 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.

Recent developments after the Reporting Period

On 1 March 2024, the Board proposed to (i) change the English name of the Company from "Cathay Media and Education Group Inc." to "Cathay Group Holdings Inc." and the dual foreign name of the Company from "華夏視聽教育集團" to "華夏集團控股有限公司" (the "**Proposed Change of Company Name**") and (ii) amend the third amended and restated memorandum and articles of association of the Company (the "**Existing M&A**") to reflect the Proposed Change of Company Name by adopting the fourth amended and restated memorandum and articles of association of the Company incorporating and consolidating all the proposed amendments, in substitution for, and to the exclusion of, the Existing M&A, subject to certain conditions, including approval by the Shareholders at an extraordinary meeting scheduled for 10 April 2024. Please refer to the Company's announcement dated 1 March 2024 and circular dated 15 March 2024 for more details.

OUTLOOK

Higher education (media and arts) and vocational education

In 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 business and our media and arts higher education business, 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 to provide internships and job opportunities to our students.

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 enhanced trainings improve the professional standards and performances of streamers, which foster continuous supply of talents for the industry, and promote the rapid development of the industry and healthy competition. We have excellent resources of more than 30,000 students and teachers from our media and arts higher education, and the launch of the new business of livestreaming e-commerce provides better resources and training platform for the integration of industry and education, and truly realises 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 continue to 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 Group will continue to expand the student capacity of its higher education (media and arts) and vocational education programs, including the exploration of possibilities to lease certain properties eligible for operating higher education and vocational education businesses.

Entertainment and livestreaming e-commerce

Livestreaming e-commerce and artist management

According to data released by the Ministry of Commerce, China's online retail sales reached RMB15.42 trillion in 2023, a year-on-year increase of 11%, being the world's largest online retail market for 11 consecutive years indicating that online shopping has become an important channel for consumers' daily consumption. According to statistics from the China Internet Network Information Center, the number of online livestreaming users in China continues to grow. In June 2023, the number of online livestreaming users reached 765 million, of which 526 million were livestreaming e-commerce users. It can be seen that watching live broadcasts has gradually become one of people's habits on the Internet, and the huge number of livestreaming users is an important foundation for commercial realisation in the livestreaming e-commerce industry. From 2017 to 2022, the scale of livestreaming e-commerce transactions has grown rapidly, reaching RMB3.5 trillion in 2022. At the end of the first half of 2023, the scale of livestreaming e-commerce transactions has reached RMB2 trillion and accordingly, livestreaming sales have now become one of the important sales models of e-commerce.

We focus on creating the value of intellectual property rights in livestreaming content and building a complete livestreaming e-commerce ecological chain, with "livestreaming e-commerce, expert operations, brand incubation and technology empowerment" as the core business development direction. In addition, we plan to establish cooperative relationships with more top streamers and well-known Internet celebrities with stable followers to cover multiple fields such as food, Chinese culture, clothing, maternal and infant, etc., through livestreaming, advertising placement and etc., bringing more growth momentum to the Group. In the future, in addition to Douyin, we plan to create a "livestreaming +" content matrix on mainstream e-commerce platforms such as Xiaohongshu, actively cooperate with top companies in the field of clothing and beauty, incubate new brands, lead new consumption trends, and explore the possibility of expanding into diverse fields such as e-sports and music. In 2024, we plan to make use of Ms. Qi Wei's personal intellectual property rights to produce short videos on Douyin in order to strengthen the business development of livestreaming e-commerce on Douyin.

We adhere to the customer-oriented principle and select high-quality and cost-effective products for our customers. We bring excellent living experience to consumers through strict product traceability and quality testing, combined with practical aesthetic designs. We plan to incubate self-operated or joint-venture brands in the fields of food, skin care, clothing, etc., and actively build a strong supply chain to ensure that streamers can provide consumers with the most cost-effective products, fulfill our commitment to consumers, and meet their expectation of new consumption concepts. We will continue to promote the self-operated product strategy of our livestreaming e-commerce business and strive to improve the product quality and service standards of our own brands, ensuring that we provide consumers with excellent product experience and service quality. We also plan to increase our cooperation with content creators and use high-quality content to enhance user attraction, thereby increasing user stickiness and activity.

With the high-quality resources of more than 30,000 teachers and students in our media and arts higher education, we will cultivate diversified and professional streamers and operation talents for the livestreaming e-commerce industry. We will continue to explore new business models and advanced technologies in the livestreaming e-commerce industry.

TV/film production and investment

Given the challenges and uncertainties of the TV/film production industry in China and its lengthy revenue and receivables cycle, we continue to be cautious about the future development of our TV/film production and investment business. Receivables collection remains the primary task of our TV/film production and investment business in 2024.

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 30,000 students and teachers of our University, and our business network in the TV/film production industry, aiming to increase the return for shareholders of the Company (the "**Shareholders**").

MANAGEMENT DISCUSSION AND ANALYSIS

Continuing Operations

Revenue

The following table sets forth our revenue by business segment for the years ended 31 December 2023 and 2022.

	Year ended 31 December			
	2023		2022	
	(RMB'000, except percentages)			
Segment Revenue				
Higher education (media and arts) and vocational education	**592,980**	**78.1%**	561,747	85.5%
Entertainment and livestreaming e-commerce*(Note)*	**166,060**	**21.9%**	95,068	14.5%
Total	**759,040**	**100.0%**	656,815	100.0%

Note: For the year ended 31 December 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 during the Reporting Period.

As a result of the increase in revenue from both business segments of higher education (media and arts) and vocational education, and livestreaming e-commerce and artist management, total revenue from continuing operations of the Group increased by 15.6% from RMB656.8 million for the year ended 31 December 2022 to RMB759.0 million for the year ended 31 December 2023,

Revenue from our higher education (media and arts) and vocational education business segment increased by RMB31.3 million, or 5.6%, from RMB561.7 million for the year ended 31 December 2022 to RMB593.0 million for the year ended 31 December 2023, primarily due to the increase in tuition and boarding fees for our undergraduate programs. During the Reporting Period, tuition and boarding fees for CUCN's undergraduate programs increased primarily due to the increase in annual tuition fees for new undergraduate students who enroled from the 2023/2024 school year and the growth in total undergraduate student enrolment, while our entrance examination fee income and education management service income decreased.

Revenue from entertainment and livestreaming e-commerce business segment comprises i) revenue from livestreaming e-commerce and artist management business and ii) revenue from TV/film production and investment business of the Group.

Our livestreaming e-commerce and artist management business commenced in May 2023, which generated a total revenue of RMB81.0 million for the Reporting Period, whereas there was no such revenue for the year ended 31 December 2022.

Revenue from our TV/film production and investment business decreased from RMB95.1 million for the year ended 31 December 2022 to RMB85.0 million for the Reporting Period. 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. Revenue from our TV/film production and investment business for the Reporting Period was primarily 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 for the year ended 31 December 2022 mainly represented the revenue from the TV series A New Home（新居之約）(55% invested by the Group).

As a result of the foregoing, the overall revenue from our entertainment and livestreaming e-commerce business segment increased from RMB95.1 million for the year ended 31 December 2022 to RMB166.1 million for the year ended 31 December 2023.

Cost of revenue

	Year ended 31 December			
	2023		2022	
	(RMB'000, except percentages)			
Segment Cost				
Higher education (media and arts) and vocational education	**254,759**	**52.9%**	220,222	64.8%
Entertainment and livestreaming e-commerce(Note)	**226,483**	**47.1%**	119,392	35.2%
Total	**481,242**	**100.0%**	339,614	100.0%

Note: For the year ended 31 December 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 during the Reporting Period.

The cost of revenue of our higher education (media and arts) and vocational education business segment increased from RMB220.2 million for the year ended 31 December 2022 to RMB254.8 million for the year ended 31 December 2023, primarily due to (i) the increase in teacher salaries mainly resulted from the recruitment of additional teachers by CUCN and (ii) the increase in repair and maintenance costs for CUCN.

The cost of revenue from our entertainment and livestreaming e-commerce business segment comprises i) the cost of live-streaming e-commerce and artist management business and ii) the cost of TV/film production and investment business of the Group.

The Group commenced its livestreaming e-commerce and artist management business in May 2023 and, accordingly, recognised the relevant costs during the Reporting Period, including the amortisation of cooperation fee paid in relation to the exclusive cooperations with Ms. Qiwei and her spouse amounting to RMB8.8 million, whereas there was no such costs for the year ended 31 December 2022.

During the Reporting Period, our TV/film production and investment business recorded the provision for impairment loss of RMB63 million in relation to the initial investment in the TV/film series Galloped Era II（奔騰年代 II）as mentioned above in the section headed "Business Review".

As a result of the principal reasons mentioned above, the overall cost of revenue of our entertainment and livestreaming e-commerce business segment increased from RMB119.4 million for the year ended 31 December 2022 to RMB226.5 million for the year ended 31 December 2023.

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

	Year ended 31 December			
	2023		2022	
	Gross profit (loss)	**Gross margin**	Gross profit (loss)	Gross margin
	(RMB'000, except percentages)			
Higher education (media and arts) and vocational education	**338,221**	**57.0%**	341,525	60.8%
Entertainment and livestreaming e-commerce*(Note)*	**(60,423)**	**-36.4%**	(24,342)	-25.6%
Total	**277,798**	**36.6%**	317,201	48.3%

Note: For the year ended 31 December 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 during the Reporting Period.

As a result of the foregoing, the Group's overall gross profit decreased by 12.4% from RMB317.2 million for the year ended 31 December 2022 to RMB277.8 million for the year ended 31 December 2023, whereas the Group's overall gross profit margin decreased from 48.3% for the year ended 31 December 2022 to 36.6% for the year ended 31 December 2023.

The gross profit margin for our higher education (media and arts) and vocational education business segment decreased from 60.8% for the year ended 31 December 2022 to 57.0% for the year ended 31 December 2023, mainly due to (i) the decrease in entrance examination fee income and education management service fee income, (ii) the increase in teacher salaries mainly resulted from the recruitment of additional teachers by CUCN, and (iii) the increase in repair and maintenance costs for CUCN.

During the Reporting Period, our entertainment and livestreaming e-commerce business segment recorded a gross loss margin of 36.4% and the gross loss margin further increased, primarily due to the increase in impairment loss on other receivable from our TV/film production and investment business as mentioned above.

Other income

Other income decreased from RMB32.1 million for the year ended 31 December 2022 to RMB21.4 million for the year ended 31 December 2023, primarily due to a decrease in government grants.

Other gains and losses

Other gains and losses changed from a gain of RMB3.1 million for the year ended 31 December 2022 to a loss of RMB52,000 for the year ended 31 December 2023, primarily due to a decrease in gains from changes in fair value of financial assets measured at FVTPL.

Selling expenses

The Group's selling expenses increased by RMB12.4 million from RMB15.5 million for the year ended 31 December 2022 to RMB27.9 million for the year ended 31 December 2023, primarily due to an increase in promotion expenses since the commencement of our livestreaming e-commerce business during the Reporting Period.

Administrative expenses

The Group's administrative expenses increased by RMB19.5 million from RMB95.0 million for the year ended 31 December 2022 to RMB114.5 million for the year ended 31 December 2023. The increase was primarily due to the increase in staff salaries for CUCN and an increase in administrative expenses resulted from the commencement of our livestreaming e-commerce and artist management business during the Reporting Period.

Impairment losses under expected credit loss model, net of reversal

Impairment losses under expected credit loss (net of reversal) comprised the recognition of impairment losses on (a) trade receivables from three customers (the "**Customers**") of the Group's TV/film production and investment business (the "**Impairment on Major Trade Receivables from TV Production**"), (b) other trade receivables in aggregate (the "**Impairment on Other Trade Receivables**"), and (c) the two Bridging Loans (the "**Impairment on Bridging Loans**") included in other receivables, which were assessed with the support of an independent valuer, details of which are as follows:

(a) Impairment on Major Trade Receivables from TV Production

The Group entered into transfer agreement(s) in late 2020 and 2021 with each of the Customers, which are independent third parties principally engaged in TV/film production and distribution in China, in relation to the sale of certain TV series rights by the Group to each of the Customers. The consideration of each of the agreement(s) shall be settled by three installments with credit periods ranging from 3 to 12 months or 5 to 12 months. The Customers were unable to settle part or any of the consideration under the respective agreements when the consideration falls due. To the best knowledge of the Group, the Customers were unable to settle the relevant consideration mainly because their cash flows were affected by the slow inventory turnover of their on-going TV series/web film projects and substantial price reductions primarily caused by the impact of COVID-19 and its subsequent impact on the TV/film production industry in China.

As part of the annual impairment assessment for the Reporting Period, the Group conducted interviews with the Customers to obtain the latest information from the Customers (including the progress of the subsequent distribution of the respective TV series in TV stations/online video platforms and the substantial price reduction on the TV series, etc.) for the valuation of receivables and determination of the impairment amount. The total impairment amount recognised on trade receivables from the Customers for the Reporting Period amounted to RMB239.6 million.

(b) Impairment on Other Trade Receivables

These trade receivables comprise various trade receivables ("**Other Trade Receivables**") from both business segments of higher education (media and arts) and vocational education and entertainment and livestreaming e-commerce of the Group. The total impairment amount recognised on these trade receivables for the Reporting Period amounted to RMB1.5 million.

(c) Impairment on Bridging Loans

As mentioned in the section headed "Business Review", since certain conditions precedent for the acquisition of Olympic College have not been fulfilled, the Bridging Loans could not be set-off against the consideration for the acquisition and the Transferor has failed to repay the Bridging Loans when it falls due. Since the entering into of the Bridging Loans in June 2021, the Group has made impairment losses for each of the years ended 31 December 2021 and 31 December 2022, and for the Reporting Period, the impairment losses recognised on the Bridging Loans amounted to RMB95.5 million, which was due to the decrease in fair value of the security as a result of the decrease in the market values of comparable listed companies engaged in higher education in China.

Movement and basis of assessment of the impairment losses

Below sets out the movement of the impairment losses for the Reporting Period:

	Accumulated impairment as at 31 December 2022	Impairment for the Reporting Period	Accumulated impairment as at 31 December 2023
	RMB'000	*RMB'000*	*RMB'000*
Impairment on Major Trade Receivables from TV Production (in aggregate)	165,972	239,625	405,597
Impairment on Other Trade Receivables	5,198	1,492	6,690
Impairment on total trade receivables	171,170	241,117	412,287
Impairment on Bridging Loans	65,757	95,549	161,306
Total	236,927	336,666	573,593

In order to determine the amount of impairment losses, the Group engaged an independent valuer to conduct valuation based on the valuation method as set out below:

Receivables	**Valuation method**	**Principal inputs/assumptions**
• Major Trade Receivables from TV Production	Discounted cash flow method – individual assessment	Taking into account (i) the number of episodes of the relevant TV series, (ii) the expected price per episode that may be offered by TV stations and online video platforms, (iii) the percentage of interest attributable to the Group (ranging from 27% to 100%), (iv) the discount rate (ranging from 14.39% to 14.41%), (v) the expected broadcasting time, and (vi) the expected payment time.
• Other Trade Receivables	Credit rating method	Taking into account (i) exposure at default, (ii) probability of default, (iii) loss given default, and (iv) forward-looking indicator.

Receivables	Valuation method	Principal inputs/assumptions
• Bridging Loans	Market approach	Taking into account (i) the past 12 months' revenue from the assets pledged (equity interests in companies which own a private independent college and Olympic College respectively) for the two Bridging Loans, (ii) the average price-to-sales ratio of comparable listed companies, (iii) the percentage of interest attributable to the security (i.e. 9% and 100% in aggregate) provided for the Bridging Loans, (iv) the lack of marketability discount rate of 30% for unlisted equity interests pledged for the security, and (v) control premium of 14.3% for equity interests pledged in Olympic College.

The Company has formalized action plans to recover the trade receivables, which include the negotiation of feasible timetables to recover the receivables from the respective parties and the assignment of an executive Director to lead the execution of such plans. Further, the Group has also initiated proceedings to actively recover the outstanding amount of the Bridging Loans from the respective parties. The Group will use its best efforts to recover these amounts from the relevant parties.

Taxation

The Group's income tax changed from an expense of RMB17.8 million for the year ended 31 December 2022 to a credit of RMB0.2 million for the year ended 31 December 2023, primarily due to a deferred tax credit for the Reporting Period.

(Loss) profit for the year from continuing operations

As a result of the foregoing, the Group recorded a loss from continuing operations of RMB181.1 million for the year ended 31 December 2023 as compared to a profit of RMB78.2 million for the year ended 31 December 2022.

Profit for the period from discontinued operation

Profit for the year from discontinued operation for the year ended 31 December 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 year ended 31 December 2023.

(Loss) profit for the year

As a result of the foregoing, the Group recorded a loss of 181.1 million for the year ended 31 December 2023 as compared to a profit of 121.9 million for the year ended 31 December 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 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 Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Adjusted Net (Loss) Profit, which is unaudited, represents (loss) profit for the year after adjusting for profit for the year from discontinued operation, impairment losses recognised on other receivables, write-down of inventories, and equity-settled share-based payments which did not exist in prior years. The Adjusted Net (Loss) Profit of the Group for the year ended 31 December 2023 was RMB1.3 million, as compared to an adjusted net profit of RMB118.8 million for the Group for the year ended 31 December 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 year).

	Year ended 31 December	
	2023	2022
	(RMB'000)	
(Loss) profit for the year	**(181,067)**	121,923
Less: Profit for the year from discontinued operation	**–**	(43,710)
Add: Impairment losses on other receivables (included in impairment losses under expected credit loss model, net of reversal)	**95,549**	4,550
Add: Impairment loss on other receivable (included in cost of revenue)	**63,000**	–
Add: Write-down of inventories	**20,003**	36,052
Add: Equity-settled share-based payments	**1,204**	–
Non-HKFRS: Adjusted Net (Loss) Profit	**(1,311)**	118,815

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 year(s).

Liquidity, financial resources and capital structure

During the year ended 31 December 2023, the Group funded its cash requirements principally from cash generated from operations.

As at 31 December 2023, the Group's cash and cash equivalents amounted to RMB342.0 million (as at 31 December 2022: RMB520.9 million), of which the majority were denominated in Renminbi ("**RMB**") and Hong Kong dollars. The decrease in cash and cash equivalents was primarily due to the placement of time deposits of RMB375.3 million which were excluded from cash and cash equivalents.

As at 31 December 2023, the Group's structured deposits, unquoted fund investments and listed equity investments classified as financial assets at FVTPL amounted to RMB376.0 million (as at 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 at 31 December 2023, the current ratio (the ratio of total current assets to total current liabilities) was 257.0% (as at 31 December 2022: 356.4%). The total assets of the Group decreased from RMB3,225.0 million as of 31 December 2022 to RMB3,078.2 million as at 31 December 2023, while the total liabilities increased from RMB582.6 million as at 31 December 2022 to RMB662.2 million as at 31 December 2023. The liability-to-asset ratio increased from 18.1% as at 31 December 2022 to 21.5% as at 31 December 2023.

As at 31 December 2023, the Group did not have interest-bearing borrowings (as at 31 December 2022: nil). As at 31 December 2023, the Group's total equity amounted to RMB2,416.0 million (as at 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 at 31 December 2023, as the Group did not have any interest-bearing borrowings, its gearing ratio was zero (as at 31 December 2022: zero).

Capital expenditure and commitment

During the year ended 31 December 2023, the Group paid RMB254.2 million for the purchases of property and equipment primarily for our University.

As at 31 December 2023, capital commitment of the Group was RMB5.0 million (as at 31 December 2022: RMB194.0 million).

Foreign exchange exposure

During the year ended 31 December 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 at 31 December 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 at 31 December 2023, the Group had no pledge of assets (as at 31 December 2022: nil).

Contingent liabilities

Save as disclosed in note 16 to the consolidated financial statements, the Group had no material contingent liabilities as at 31 December 2023 (as at 31 December 2022: RMB41,784,000).

Significant investments

The Group did not make or hold other significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 December 2023) during the Reporting Period.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the year ended 31 December 2023.

Future plans for material investments or capital assets

As at 31 December 2023, the Group did not have detailed future plans for material investments or capital assets.

Employees and remuneration

As at 31 December 2023, the Group had a total of 2,193 employees (as at 31 December 2022: 1,755). The following table sets forth the total number of employees by function as of 31 December 2023:

Function	**Number of employees**
Higher education (media and arts) and vocational education	
Teachers	1,895
Administration	184
Livestreaming e-commerce and artist management	
Operations	73
Administration	7
TV/film production and investment	
Operations	14
Administration	20
Total	2,193

The total remuneration cost incurred by the Group for the year ended 31 December 2023 was RMB176.9 million, as compared to RMB145.2 million for the year ended 31 December 2022.

The Company has adopted a post-IPO share award scheme (the "**Post-IPO Share Award Scheme**") and a post-IPO share option scheme on 22 June 2020. Please refer to the annual report of the Company for the year ended 31 December 2023 to be published for details of the Post-IPO Share Award Scheme and the post-IPO share option scheme.

CORPORATE GOVERNANCE

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 (the "**CG Code**") as set out in Appendix C1 (formerly Appendix 14) to the Listing Rules during the year ended 31 December 2023, save for the deviation set out below.

Code provision C.2.1 of the CG 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 Shulin ("**Mr. Pu**") performs both the roles of the chairperson of the Board (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.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2023.

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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules, 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 year ended 31 December 2023 and up to the date of this announcement.

Audit committee

The Group 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 chairperson of the audit committee.

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023 and has met with the independent auditor, Messrs. Deloitte Touche Tohmatsu. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, risk management and internal control and financial reporting matters with senior management members of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 27 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

OTHER INFORMATION

Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme conditionally adopted pursuant to the Shareholders' resolutions dated 22 June 2020 has been effective from 15 July 2020, the date on which the shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange. The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons (the "**Eligible Persons**") with those of our Group through ownership of the 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 our Group. For the avoidance of doubt, the Post-IPO Share Award Scheme was adopted before the new Chapter 17 has come into effect since 1 January 2023. Since 1 January 2023, the Company has relied on the transitional arrangements provided for the existing share schemes and will comply with the new Chapter 17 to the applicable extent.

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 31 December 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 was granted during the Reporting Period.

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 announcement, the Company was not involved in other material litigation or arbitration proceedings during the year ended 31 December 2023 and the Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this announcement.

Special dividend

The Board recommended a special dividend of HK$0.06 per Share for the year ended 31 December 2023 (for the year ended 31 December 2022: nil). The special dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on 30 May 2024 (the "**AGM**") and the special dividend is expected to be payable on or before 28 June 2024 to the Shareholders whose names appear on the register of members of the Company on 14 June 2024.

Closure of register of members

The register of members of the Company will be closed for the purpose of determining the identity of members who are entitled to attend the AGM from 27 May 2024 to 30 May 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend the AGM, 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 May 2024.

The register of members of the Company will be closed for the purpose of determining the identify of members who are entitled to receive the special dividend from 12 June 2024 to 14 June 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified for the special 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 11 June 2024.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

		Year ended 31 December	
		2023	2022
	NOTES	***RMB'000***	*RMB'000*
Continuing operations			
Revenue	*4*	**759,040**	656,815
Cost of revenue		**(481,242)**	(339,614)
Gross profit		**277,798**	317,201
Other income	*5*	**21,351**	32,050
Other gains and losses	*6*	**(52)**	3,106
Selling expenses		**(27,870)**	(15,502)
Administrative expenses		**(114,463)**	(95,042)
Impairment losses under expected credit loss model, net of reversal	*7*	**(336,666)**	(145,188)
Finance costs		**(1,327)**	(578)
(Loss) profit before tax		**(181,229)**	96,047
Income tax credit (expense)	*8*	**162**	(17,834)
(Loss) profit for the year from continuing operations	*9*	**(181,067)**	78,213
Discontinued operation			
Profit for the year from discontinued operation (including derecognised contingent considerations of RMB56,000,000)	*10*	**–**	43,710
(Loss) profit for the year		**(181,067)**	121,923
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**(1,067)**	261,340
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**20**	(240,704)
Release of translation reserve on disposal of subsidiaries		**–**	(5,061)
Other comprehensive (expense) income for the year		**(1,047)**	15,575
Total comprehensive (expense) income for the year		**(182,114)**	137,498

		Year ended 31 December	
		2023	2022
	NOTE	***RMB'000***	*RMB'000*
(Loss) profit for the year attributable to owners of the Company:			
– from continuing operations		**(196,265)**	51,827
– from discontinued operation		**–**	44,640
(Loss) profit for the year attributable to owners of the Company		**(196,265)**	96,467
Profit (loss) for the year attributable to non-controlling interests:			
– from continuing operations		**15,198**	26,386
– from discontinued operation		**–**	(930)
Profit for the year attributable to non-controlling interests		**15,198**	25,456
		(181,067)	121,923
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(197,312)**	112,042
Non-controlling interests		**15,198**	25,456
		(182,114)	137,498
Total comprehensive (expense) income for the year attributable to owners of the Company:			
– from continuing operations		**(197,312)**	67,402
– from discontinued operation		**–**	44,640
		(197,312)	112,042
(Loss) earnings per share	*12*		
From continuing and discontinued operations			
– Basic (RMB cents)		**(12.09)**	5.92
– Diluted (RMB cents)		**(12.09)**	5.92
From continuing operations			
– Basic (RMB cents)		**(12.09)**	3.18
– Diluted (RMB cents)		**(12.09)**	3.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		As at 31 December	
		2023	2022
	NOTES	***RMB'000***	*RMB'000*
Non-current Assets			
Property and equipment		**1,242,257**	1,039,886
Right-of-use assets		**136,639**	148,491
Intangible assets		**34,280**	1,128
Deferred tax assets		**163**	–
Other receivables	*13*	**–**	29,072
Rental deposit		**1,061**	1,061
		1,414,400	1,219,638
Current Assets			
Inventories		**33,975**	109,126
Trade and other receivables	*13*	**490,896**	818,712
Financial assets at fair value through profit or loss ("**FVTPL**")		**421,571**	514,624
Restricted bank deposits		**–**	42,000
Time deposits		**375,311**	–
Cash and cash equivalents		**342,044**	520,872
		1,663,797	2,005,334
Current Liabilities			
Trade and other payables	*14*	**245,356**	236,796
Contract liabilities		**376,309**	300,507
Tax liabilities		**478**	845
Dividend payable		**20,950**	20,950
Lease liabilities		**4,192**	3,601
		647,285	562,699
Net Current Assets		**1,016,512**	1,442,635
Total Assets less Current Liabilities		**2,430,912**	2,662,273

	NOTE	As at 31 December **2023** ***RMB'000***	 2022 *RMB'000*
Non-current Liabilities			
Lease liabilities		**14,576**	19,054
Deferred tax liabilities		**–**	130
Deferred income		**372**	669
		14,948	19,853
Net Assets		**2,415,964**	2,642,420
Capital and Reserves			
Share capital	*15*	**117**	117
Reserves		**2,215,625**	2,457,279
Equity attributable to owners of the Company		**2,215,742**	2,457,396
Non-controlling interests		**200,222**	185,024
Total Equity		**2,415,964**	2,642,420

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 the 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 and livestreaming e-commerce and artist management in the PRC.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**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 consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers from continuing operations

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Types of goods or services		
Recognised over time		
Higher and vocational education service income		
– Higher education programmes	**400,355**	355,127
– Continuing education programmes	**107,000**	100,238
– International preparatory programmes	**45,522**	42,766
Promotion income from livestreaming e-commerce	**17,995**	–
Other income from higher and vocational education	**5,981**	27,133
	576,853	525,264
Recognised at a point in time		
Sales of inventories	**85,003**	95,068
Entrance examination fees and others	**34,122**	36,483
Artist management service income	**40,646**	–
Commission income from livestreaming e-commerce	**22,416**	–
	182,187	131,551
	759,040	656,815
Geographical markets *(Note i)*		
Mainland China	**758,771**	655,860
Others	**269**	955
	759,040	656,815

Note:

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

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 current year, 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-commence segment.

Segment revenues and results

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

Continuing operations

	Higher and vocational education *RMB'000*	Entertainment and livestreaming e-commerce *RMB'000*	Total *RMB'000*
For the year ended 31 December 2023			
Segment revenue			
External sales	**592,980**	**166,060**	**759,040**
Segment profit (loss)	**182,411**	**(354,285)**	**(171,874)**
Unallocated			
Other income			**7,591**
Other gains and losses			**23**
Corporate administrative expenses			**(16,969)**
Loss before tax from continuing operations			**(181,229)**
For the year ended 31 December 2022			
Segment revenue			
External sales	561,747	95,068	656,815
Segment profit (loss)	280,746	(172,838)	107,908
Unallocated			
Other income			4,148
Other gains and losses			(1,113)
Corporate administrative expenses			(14,896)
Profit before tax from continuing operations			96,047

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Customer A	**82,075**	–
Customer B	**–**	67,669

5. OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Government grants *(Note)*	**6,160**	22,789
Interest income from consideration receivables *(note 13)*	**2,878**	3,215
Non-regular service income	**4,733**	3,053
Interest income from banks	**4,713**	933
Others	**2,867**	2,060
	21,351	32,050

Note: Government grants mainly represented subsidies granted by 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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Gains from changes in fair value of financial assets measured at FVTPL	**1,537**	4,219
Losses on termination of lease agreements	**(76)**	–
Losses on disposal of property and equipment	**(1,536)**	–
Net foreign exchange gains (losses)	**23**	(1,113)
	(52)	3,106

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Impairment losses recognised:		
– trade receivables	**241,117**	140,638
– other receivables	**95,549**	4,550
	336,666	145,188

8. INCOME TAX (CREDIT) EXPENSE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
PRC Enterprise Income Tax ("**EIT**")		
– current tax	**131**	1,169
– deferred tax	**(293)**	16,665
	(162)	17,834

The Company was incorporated in the Cayman Islands and its directly owned subsidiary, Cathay Media Group (BVI) Inc. was incorporated in the BVI, and are tax exempted as they involve 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 of Hong Kong Profits Tax was made in these consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax during both years.

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 years.

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 31 December 2023 and 2022, the Conversion was still in process and the tax positions of CUCN has not been changed for both years. CUCN followed previous EIT preferential treatments according to the current tax practice. During the year ended 31 December 2023, the non-taxable income amounted to RMB586,533,000 (2022: RMB558,801,000), and the related non-deductible expenses amounted to RMB399,685,000 (2022: RMB261,224,000).

9. (LOSS) PROFIT FOR THE YEAR

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Directors' remuneration	**5,682**	4,878
Other staff costs		
– salaries and other allowances	**149,071**	120,117
– retirement benefit scheme contributions	**21,013**	20,238
– equity-settled share-based payments	**1,204**	–
Total staff costs	**176,970**	145,233
Depreciation of property and equipment	**56,495**	49,006
Depreciation of right-of-use assets	**12,246**	8,669
Amortisation of other intangible assets	**9,107**	472
Total depreciation and amortization	**77,848**	58,147
Less: Capitalised in construction in progress	**(85)**	(843)
	77,763	57,304
Write-down of inventories (included in cost of revenue)	**20,003**	36,052
Impairment loss on prepayment for television series production (included in cost of revenue)	**63,000**	–
Auditor's remuneration	**3,962**	3,580

10. DISCONTINUED OPERATION AND DISPOSAL OF SHUIMUYUAN

On 29 December 2021, the management of the Group decided to exit art training service business carried out by 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**"), 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.

On 28 March 2022, Nanjing Bicheng entered into the unwind agreement (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 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 were lapsed and included in the calculation of the gain or loss on disposal of Shuimuyuan.

Gain for the year from discontinued operation was set out below:

	1 January 2022 to 12 April 2022
	RMB'000
Loss for the year from discontinued operation	(19,568)
Gain on disposal of Shuimuyuan	63,278
	43,710

Details of the consideration, assets and liabilities in relation to the discontinued operation disposed of were set out below:

	12 April 2022
	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property and equipment	54,306
Right-of-use assets	210,385
Other intangible assets	155,487
Deferred tax assets	50,593
Trade and other receivables	17,456
Tax recoverable	2,752
Bank balances and cash	15,267
Trade and other payables	(47,052)
Amount due to the Founder of Shuimuyuan	(17,980)
Amount due to Nanjing Lanchou	(12,675)
Contract liabilities	(19,397)
Lease liabilities	(204,342)
Deferred tax liabilities	(95,422)
Net assets disposed of (excluding goodwill)	109,378

	RMB'000
Consideration received:	
Cash received	100,000
Deferred cash consideration *(note 13)*	57,376
Total consideration received	157,376
Gain on disposal of Shuimuyuan:	
Consideration received and receivables	157,376
Contingent considerations derecognised in relation to the acquisition of Shuimuyuan	56,000
Net assets disposed of (excluding goodwill)	(109,378)
Attributable goodwill	(55,379)
Non-controlling interests	9,598
Release of translation reserve	5,061
Gain on disposal	63,278
Net cash inflow arising on disposal:	
Cash consideration	100,000
Less: bank balances and cash disposed of	(15,267)
	84,733

11. DIVIDENDS

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 interim dividend of HK$0.03 (2022: 2022 interim dividend of HK$0.06) per share	**45,546**	90,049
2022 final dividend of nil (2022: 2021 final dividend of HK$0.03) per share	**–**	42,283
2022 special dividend of nil (2022: 2021 special dividend of HK$0.03) per share	**–**	42,284
	45,546	174,616

Subsequent to the end of the reporting period, the board of directors of the Company recommended the distribution of a special dividend of HK$0.06 per share for the year ended 31 December 2023 (2022: Nil).

12. (LOSS) EARNINGS PER SHARE

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:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company from continuing operations for the purpose of basic and diluted (loss) earnings per share	**(196,265)**	51,827

	Year ended 31 December	
	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,622,937**	1,629,654
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**	1,629,654

Note: The computation of diluted loss per share for the year ended 31 December 2023 did not assume the exercise of the Company's share options granted under the Post-IPO Share Option Scheme as the exercise price of the share options was higher than the average market price for shares for the year. There were no potential ordinary shares in issue for the year ended 31 December 2022.

From continuing and discontinued operations

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	**(196,265)**	96,467

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

From discontinued operation

For the year ended 31 December 2023, basic earnings per share for the discontinued operation was RMB2.74 cents per share based on the profit for the year from the discontinued operation of RMB44,640,000 and the denominators detailed above for both basic earnings/loss per share.

13. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables		
– from entertainment and livestreaming e-commerce	**575,594**	512,303
– from higher and vocational education	**4,980**	4,585
	580,574	516,888
Less: Allowance for credit losses	**(412,287)**	(171,170)
	168,287	345,718
Other receivables and prepayments		
Loan Receivables (defined below) *(Note i)*	**420,000**	420,000
Less: Allowance for credit losses *(Note i)*	**(161,306)**	(65,757)
	258,694	354,243
Consideration Receivables *(Note ii)*	**33,469**	60,591
Prepayment for television series production	**–**	63,000
Prepayment for services	**9,815**	7,226
Value added tax recoverable	**6,415**	6,584
Receivables from canteen operators	**4,292**	5,326
Deposits for short-term leases	**2,933**	1,453
Others	**6,991**	3,643
	322,609	502,066
	490,896	847,784
Analysed as:		
– Current	**490,896**	818,712
– Non-current	**–**	29,072
	490,896	847,784

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

The directors of the Company are of the view that, after seeking 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 RMB258,694,000 (2022: RMB354,243,000) as at the end of the reporting period, and the Group has recognised allowance for credit loss amounting to RMB161,306,000 (2022: RMB65,757,000) as at the end of the reporting period.

ii. Pursuant to the Unwind Agreement (defined in note 10), 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 adjusted for the effects of time value of money using an effective interest rate of 4.75% per annum. During the current year, the imputed interest income amounted to RMB2,878,000 (2022: RMB3,215,000 was recognised and the remaining consideration receivables (the "**Consideration Receivables**") are analysed as at 31 December 2023 and 2022 as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Consideration Receivables		
– Current	**33,469**	31,519
– Non-current	**–**	29,072
	33,469	60,591

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.

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB470,612,000.

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Less than 1 year	**88,958**	26,765
1 to 2 years	**–**	143,000
2 to 3 years	**38,349**	175,953
Over 3 years	**40,980**	–
	168,287	345,718

The Group allows a credit period ranging from three months to one year to its customers. As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB79,329,000 (2022: RMB318,953,000) which are past due but not impaired as at the reporting date.

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables	**63,462**	63,669
Payables for property and equipment	**121,821**	115,663
Payroll payables	**22,990**	21,568
Miscellaneous deposits received from students	**18,059**	17,034
Deposits from construction suppliers	**8,434**	8,578
Discretionary subsidies received on behalf of students	**574**	4,278
Value added tax and other taxes payable	**4,878**	4,751
Other payables	**5,138**	1,255
	245,356	236,796

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**17,395**	17,557
1 to 2 years	**2,206**	1,463
Over 2 years	**43,861**	44,649
	63,462	63,669

15. SHARE CAPITAL

	Number of shares	Share Capital *HK$*	Shown in the consolidated financial statements *RMB'000*
Ordinary shares of HK$0.00001 each			
Authorised:			
At 1 January 2022, 31 December 2022, and 31 December 2023	5,000,000,000	50,000	
Issued and fully paid:			
At 1 January 2022	1,660,000,000	16,600	118
Shares repurchased and cancelled	(5,063,000)	(51)	(1)
At 31 December 2022 and 2023	1,654,937,000	16,549	117

During the year ended 31 December 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		Aggregate consideration paid	
		Highest *HK$*	Lowest *HK$*	*HK$'000*	*Equivalent to 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 year ended 31 December 2023, there were no shares repurchased and cancelled by the Company.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

16. 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. Up to the date of the consolidated financial statements, there were no formal judgments from the PRC court.

After seeking 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 for the year ended 31 December 2023.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cathaymedia.com). The annual report for the year ended 31 December 2023 will be dispatched to the Shareholders (upon requests from Shareholders) and made available on the abovementioned websites of the Stock Exchange and the Company in due course.

By order of the Board
Cathay Media and Education Group Inc.
Pu Shulin
Chairperson and Executive Director

China, 27 March 2024

As at the date of this announcement, the executive Directors are Mr. Pu Shulin, Ms. Jacqueline Luo, Mr. Wu Ye and Mr. Lau Chi Hung, and the independent non-executive Directors are Mr. Zhang Jizhong, Mr. Lee Chuek Yin Dannis and Mr. Huang Yu.