煜盛文化集團*

CHINA BRIGHT CULTURE GROUP

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1859

2022 Annual Report

* For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. SU Lei *(Chairman and Chief Executive Officer)*
Mr. MA Hongsen

Non-executive Directors

Mr. WANG Daotie
Ms. WU Yaping

Independent non-executive Directors

Mr. TO Siu Lun
Mr. HAN Hao
Mr. SHAN Yiqi

AUDIT COMMITTEE

Mr. TO Siu Lun *(Chairman)*
Mr. WANG Daotie
Ms. WU Yaping
Mr. HAN Hao
Mr. SHAN Yiqi

REMUNERATION COMMITTEE

Mr. HAN Hao *(Chairman)*
Mr. MA Hongsen
Mr. TO Siu Lun
Mr. SHAN Yiqi

NOMINATION COMMITTEE

Mr. SU Lei *(Chairman)*
Mr. HAN Hao
Mr. SHAN Yiqi

COMPANY SECRETARY

Mr. YUNG Kai Wing

AUTHORISED REPRESENTATIVES

Mr. YUNG Kai Wing
Mr. SU Lei

AUDITOR

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants and
Public Interest Entity Auditor
24/F., Siu On Centre
188 Lockhart Road
Wanchai, Hong Kong

REGISTERED OFFICE

89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1203B, 12/F, World Wide House
19 Des Voeux Road Central
Central, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Floor 7
Block A, Shidong International Building
No. 18 Guangqu Road
Chaoyang District
Beijing
The People's Republic of China (the "**PRC**")

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

Bank of Communications, Beijing East District Branch
No. 21 Guangqu Avenue
Chaoyang District, Beijing
The PRC

China Merchants Bank, Beijing Wantong Centre Branch
1st Floor, Wantong Centre
No. A6 Chaoyangmennei Avenue
Chaoyang District, Beijing
The PRC

COMPANY WEBSITE

www.sinozswh.com

STOCK CODE

1859

CHAIRMAN'S STATEMENT

I am pleased to present our annual report for the year ended 31 December 2022.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2022 amounted to approximately RMB63.8 million, representing a decrease of 83.6% from approximately RMB389.7 million in 2021.

- Profit for the year ended 31 December 2022 amounted to approximately RMB10.2 million, representing a decrease of 94.1% from approximately RMB173.3 million in 2021.

- Total assets for the year ended 31 December 2022 amounted to approximately RMB1,758.6 million, representing an increase of 5.3% from approximately RMB1,669.4 million in 2021.

- Net assets for the year ended 31 December 2022 amounted to approximately RMB1,314.6 million, representing an increase of 1.2% from approximately RMB1,299.4 million in 2021.

- Earnings per share for the year ended 31 December 2022 amounted to approximately RMB0.006, representing a decrease of RMB0.102 from approximately RMB0.108 in 2021.

BUSINESS REVIEW

In 2022, under the pressure of the changing media environment and COVID-19 pandemic, the Group proactively sought changes and continued to deepen the development of the industry while strengthening its principal business. The Group's annual revenue in 2022 decreased by 83.6% as compared to that of 2021 and the Group recorded a profit in 2022 decreased by 94.1% as compared to that of 2021. The Group's total assets increased by 5.3% as compared to the previous year.

In 2022, the eCommerce promotion services segment experienced a significant decline in results due to the COVID-19 pandemic and logistics disruptions. As for corporate sponsors, the Group has restructured the cooperation model with TV stations and is currently working on several network programs which are expected to be completed in the first half of next year. Due to the low gross profit and net profit margin of the media platform, the overall gross profit margin and net profit of the Group declined.

The increasing impact of new media on content production industry in the PRC was accelerated by COVID-19 in 2022. In order to maintain a stable cash flow, improve the efficiency of capital turnover and actively grasp the changes in the future development of the industry, the Group entered into strategic cooperation agreements with China Youth Daily Newspaper Office and CCTV Animation Group in 2021, and announced a new project for the construction of a youth cultural data system in the second quarter of 2022, marking the first step in the Group's strategic upgrade and transformation.

We are committed to becoming a first-class cultural services group driven by content+industry strategy. In 2023, the business strategy will continue to focus on three segments: original content production, data content operation and content derivation. In addition to the upstream and downstream extension of the industry chain, we believe that the strategic upgrade will give full play to the existing resources of the Group, creating more value for its shareholders.

The Group will accelerate the development and upgrade of its business in 2023. To ensure business compliance, the Group has engaged professional qualified lawyers and service providers to assess important documents. The Group will make timely announcements on the progress of its business. We will continue to create value for our employees, shareholders, partners and customers by insisting on quality content innovation in spite of the difficulties and changing industry cycles.

OUTLOOK

In 2023, the Group will maintain sufficient projects on-hand under the rapidly developing new consumption mode.

The Group will continue to focus on vertical areas, dedication and other aspects in terms of the research and development of projects, and signifies the achievements of real economy by following the consumption preference in terms of content development. By adhering to its strategic objective of "Business Value First", the Group focuses more on the front-end communication between the market and the platform for all of its projects in 2023. For the copyright and content creation of films and TV dramas, the Group upholds the principle that the platform will only be initiated with customization. For variety shows, the Group holds fast to the business red line that large investment scale will only be implemented after attaining 70% of the business solicitation, thereby safeguarding project safety and profitability to a certain extent.

The Group will accelerate the implementation of new projects around its content + industry strategy while managing the risks of new businesses in order to maximise returns for shareholders.

Mr. SU Lei
Chairman
Beijing, the PRC, 25 June 2024

FINANCIAL HIGHLIGHTS

Consolidated statement of profit or loss and other comprehensive income (selected items)

	For the year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Audited)	(Audited)	(Audited)
Operating results					
Revenue	**63,849**	389,692	505,848	475,566	282,931
Gross profit	**33,132**	259,119	261,806	267,181	115,953
Profit/(Loss) from operations	**19,593**	180,705	(118,998)	195,694	92,767
Profit/(Loss) before taxation	**21,143**	179,096	(137,036)	186,554	90,340
Net profit/(loss)	**10,228**	173,294	(198,575)	147,868	85,733

Consolidated statement of financial position (selected items)

	As at 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Audited)	(Audited)	(Audited)
Non-current assets	**19,065**	22,540	7,914	26,867	11,865
Current assets	**1,739,574**	1,646,861	1,438,599	914,477	359,704
Total assets	**1,758,639**	1,669,401	1,446,513	941,344	371,569
Total equity	**1,314,623**	1,299,418	1,104,542	572,284	281,916
Non-current liability	**6,597**	10,219	5,312	12,416	5,839
Current liabilities	**437,419**	359,764	336,659	356,644	83,814
Total liabilities	**444,016**	369,983	341,971	369,060	89,653
Total equity and liabilities	**1,758,639**	1,669,401	1,446,513	941,344	371,569

BUSINESS REVIEW

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FINANCIAL REVIEW

Revenue

The Group's revenue primarily consists of revenue related to the content that it developed, marketed, produced and distributed, including revenue from media platforms and revenue from corporate sponsors, revenue from live e-commerce and fair value gain on TV program investments. The total revenue of the Group decreased by 83.6% from approximately RMB389.7 million in 2021 to approximately RMB63.8 million in 2022. The following table sets forth the breakdown of revenue by source for the years indicated.

	For the year ended 31 December			
	2022		2021	
	Amount	Percentage	Amount	Percentage
	(RMB'000, except for percentages)			
Video content operation				
– Media platforms	**47,816**	**74.9%**	11,793	3.0%
– Corporate sponsors	**–**	**–**	49,627	12.7%
eCommerce promotion services	**13,951**	**21.8%**	241,521	62.0%
Fair value gain on TV program investments	**2,082**	**3.3%**	86,751	22.3%
Total	**63,849**	**100.0%**	389,692	100.0%

The Group's content-related revenue from media platforms increased by 305.1% from approximately RMB11.8 million in 2021 to approximately RMB47.8 million in 2022. The increase was primarily due to more TV programs productions have been completed during the year.

The Group's relevant revenue from corporate sponsors decreased by 100% from approximately RMB49.6 million in 2021. The decrease was primarily attributable to the restructuring of the cooperation model during the year ended 31 December 2022. TV stations cooperate with the corporate sponsors since early of 2022. As a result, the revenue from corporate sponsors decreased as compared with 2021.

The Group's relevant revenue from e-commerce was newly commenced in 2021 and recorded approximately RMB14.0 million in 2022. This e-commerce business is mainly about traffic promotion services, allowing sales scenes (including live streaming product promotions and webpage advertising of products) to be seen by more people and converted more efficiently. The decrease in e-commerce promotion services is mainly due to the temporary suspension of e-commerce at the first half of the year due to the COVID-19 pandemic and the increase in cost and competition in e-commerce business.

The fair value gain on TV program investments decreased by 97.6% from approximately RMB86.8 million in 2021 to approximately RMB2.1 million in 2022. The decrease in fair value gain was contributed to the completion stage of most TV program investments in 2021.

Cost of Sales

The Group's cost of sales primarily consists of the cost of sales related to the content that it developed, marketed, produced and distributed.

The Group's cost of sales decreased by 76.5% from approximately RMB130.6 million in 2021 to approximately RMB30.7 million in 2022, primarily due to the decrease in revenue from e-commerce promotion services.

Gross Profit and Gross Profit Margin

The Group recorded the gross profit of approximately RMB33.1 million and the gross profit margin of 51.9% in 2022, compared with the gross profit of approximately RMB259.1 million and the gross profit margin of 66.5% in 2021. The decrease in gross profit is mainly due to the decrease in revenue from projects of higher profit margin.

Selling and Marketing Expenses

The Group's selling and marketing expenses primarily consist of (1) staff costs of our employees for content development, production and sales and marketing; (2) marketing and promotional expenses for our programs; and (3) traveling and transportation expenses in relation to selling and marketing activities. The Group's selling and marketing expenses decreased by 9.5% from approximately RMB4.2 million in 2021 to approximately RMB3.8 million in 2022, which was primarily due to the decrease in promotional expenses in 2022.

General and Administrative Expenses

The Group's general and administrative expenses primarily consist of (1) staff costs for the Group's administrative staff; (2) depreciation and amortisation; (3) expenses for rent, office, transportation and traveling; and (4) professional service fees for legal and accounting services. The Group's general and administrative expenses decreased by 82.0% from approximately RMB101.0 million in 2021 to approximately RMB18.2 million in 2022, such decrease was mainly due to the suspension of some operations during the COVID-19 outbreak and decrease in share-based expenses.

Impairment losses recognised/reversed on trade and other receivables, net

The Group recorded reversal of impairment losses on trade and other receivables of approximately RMB30.1 million in 2021 and recognised impairment loss on trade and other receivables of approximately RMB3.5 million in 2022. The increase in impairment loss recognised was mainly due to the decrease in recovery of other receivables in 2022.

Net Finance Income/Expenses

The Group's net finance income/expenses represent (1) interest income on bank deposits and loan receivable; (2) interest expenses on bank loans and other borrowings and loans from third parties; (3) interest on lease liabilities; and (4) net foreign exchange loss due to the fluctuations in U.S. dollars to Renminbi exchange rate. The Group's net finance expenses turnaround from approximately RMB1.6 million in 2021 to income of approximately RMB1.6 million in 2022, primarily due to the increase in interest income from loan receivable.

Profit Before Taxation

As a result of the foregoing, the Group's profit before taxation was approximately RMB21.1 million in 2022, representing a decrease of 88.2% from approximately RMB179.1 million in 2021.

Income Tax Expense

The Group's income tax expense amounted to approximately RMB10.9 million in 2022, compared to the Group's income tax expense of approximately RMB5.8 million in 2021, mainly due to the decrease in deferred taxation.

Profit for the Year

As a result of the foregoing, the Group's profit was approximately RMB10.2 million in 2022, compared to approximately RMB173.3 million in 2021.

FINANCIAL POSITION

Program Copyrights

The Group's program copyrights consist of programs under production.

The Group's program copyrights increased by 4.6% from approximately RMB530.4 million as at 31 December 2021 to approximately RMB554.8 million as at 31 December 2022, primarily due to the new pipeline programs.

Trade Receivables

The Group's trade receivables represent outstanding amounts due from its customers. As at 31 December 2021 and 2022, the Group's total trade receivables (after deduction of loss allowance) were approximately RMB390.4 million and approximately RMB506.1 million, respectively, representing an increase of 29.6% as compared to 2021. The accumulated loss allowance decreased by 5.3% from approximately RMB251.5 million as of 31 December 2021 to approximately RMB238.2 million as of 31 December 2022.

TV Program Investments

The Group's TV program investments consist of programs production completed.

The Group's TV program investments increased by 0.6% from approximately RMB327.3 million as at 31 December 2021 to approximately RMB329.4 million as at 31 December 2022, the increase was due to the fair value change on the TV program investments.

Prepayments and Other Receivables

The Group's prepayments and other receivables primarily consist of (1) prepayments to eCommerce service providers; and (2) loan receivable of approximately RMB125.7 million due from independent third party. The Group's prepayments and other receivables decreased by 11.7% from approximately RMB395.2 million as at 31 December 2021 to approximately RMB348.8 million as at 31 December 2022.

Trade Payables

The Group's trade payables primarily relate to payments due to third party suppliers for services such as content arrangement, video, lighting and sound. Its trade payables increased by 13.1% from approximately RMB34.4 million as at 31 December 2021 to approximately RMB38.9 million as at 31 December 2022.

Liquidity and Capital Resources

The Group's cash and cash equivalents amounted to approximately RMB0.4 million as at 31 December 2022, compared to approximately RMB3.6 million as at 31 December 2021.

Working capital (current assets less current liabilities) and the total equity of the Group amounted to approximately RMB1,302.2 million and approximately RMB1,314.6 million, respectively, as at 31 December 2022, compared to approximately RMB1,287.1 million and approximately RMB1,299.4 million, respectively, as at 31 December 2021.

As at 31 December 2021 and 2022, the Group's bank loans payable within one year amounted to approximately RMB20 million and approximately RMB59 million, respectively. For the year ended 31 December 2022, the Group generated a net profit of RMB10.2 million and a net operating cash outflows of RMB18.3 million. The suspension of trading of the Company's shares and the prolonged impact of Covid-19 have adverse impacts on the Group's operations. The Group faced longer average trade receivables turnover days than its average trade payables turnover days. In view of this, the measures that the Group has taken and will continue to take to manage its liquidity requirements and improve its financial position include, but are not limited to: (i) continuing to pay close attention to the TV media industry and making good use of its resources with an aim to attain positive and sustainable cash flow from operations; and (ii) putting extra efforts on collecting its trade and other receivables and procuring the distribution of the drama series.

Gearing Ratio

As at 31 December 2022, the Group's gearing ratio (calculated by dividing bank loans by total equity as at the end of each year) was approximately 4.5%, compared to approximately 1.5% as at 31 December 2021.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not have any significant investment held, material acquisitions or disposals of subsidiaries and associates.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2022, the Group did not have any plans for material investments and capital assets. The Group may look into business and investment opportunities in different business sectors and consider whether any asset or business acquisitions, restructuring or diversification may become appropriate in order to improve its long-term competitiveness.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Stock Exchange on the Listing Date, and the subscription price was HK$2.26 per share. The Company received net proceeds of approximately HK$829.9 million (approximately RMB749.2 million) (after deduction of underwriting commission and related costs and expenses) from the issuance of 400 million shares under the Global Offering. The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions and industry development made by the Company at the time of preparing the Prospectus while the proceeds will be applied based on the actual development of the Group's business and the industry.

Details of the use of proceeds are as follows:

Use of proceeds as described in the Prospectus	Expected amounts to be utilised as disclosed in the Prospectus (RMB'000)	Amounts unutilised as at 31 December 2022 (RMB'000)	Movement after the redemption of USD64.0 million from the AMTD Investments up to 31 December 2022 (RMB'000)
A. Funding the development of our new pipeline programs	636,799	–	266,522
A(1). Of which: Funding the programs that are expected to be released in 2020	524,423	–	266,522
Of which: A(1)(a) TV variety programs in the food, work/career, youth and police/crime genres	217,260	–	86,186
A(1)(b) TV drama series in the urban and police/crime genres	202,278	–	114,561
A(1)(c) Made-for-internet drama series in the urban, youth and police/crime genres	104,885	–	65,775
A(2). Funding the programs that are expected to be released in 2021	112,376	–	–
B. Expanding our team	37,459	–	28,330
C. For working capital and general corporate purposes	74,918	–	8,269
IPO proceeds sub-total	749,176	–	303,121[1]
Temporary usages			
The AMTD Investments	–	448,000 [3][4]	(448,000)[3]
The Loan	–	–	144,879[2]
Total	749,176	448,000	

Notes:

(1) The amount utilised as at 30 June 2021 includes the Group's purchase of the three program copyrights of drama in the urban, youth and police/crime genres of the amount of RMB161 million (of which two of the three programs with the amount of RMB101 million is under the "TV drama series in the urban and police/crime genres", and the remaining one program with the amount of RMB60 million is under the "made-for-internet drama series in the urban, youth and police/crime genres") as mentioned in note 17(iv) to the consolidated financial information as disclosed in the results announcement dated 27 August 2021.

(2) The approximately RMB144.9 million of the net proceeds has been used to fund the secured loan of principal amount of RMB179 million (the "**Loan**") to Tianjin Fangzhou Technology Development Company Limited* (天津方舟科技發展有限公司) ("**Tianjin Fangzhou**") pursuant to the loan agreement dated 16 June 2021 ("**Loan Agreement**"), and the remaining principal amount of the Loan (i.e. RMB34.1 million) was funded by its internal resources. For more details, please refer to the announcements of the Company dated 12 August 2021 and 3 September 2021 and the paragraphs in note 18 – Prepayments and other receivables of the consolidated financial statements in this report. The Loan has been matured on 31 December 2021 and principal amount of approximately RMB129,000,000 remained outstanding as at 31 December 2022. The Group is currently negotiating the repayment proposal with Tianjin Fangzhou and further announcement will be made by the Company as and when appropriate.

(3) For illustration purpose only, conversion of USD into RMB in the table above are based on the exchange rate USD1.00: RMB7.00. Such conversion shall not be construed as representations that amount of such currency was or may have been converted into RMB and vice versa at such rates or any other exchange rates.

(4) For more details in relation to the acquisition and redemption of the AMTD Investments and the reasons therefor, please refer to the announcement of the Company dated 3 September 2021.

The use of proceeds from the Global Offering on (i) AMTD Investments; and (ii) the Loan constituted a change in use of proceeds as disclosed in the Prospectus. For the reasons for entering into the AMTD Investments, please refer to the announcement of the Company dated 28 August 2020. Due to the impact of COVID-19 pandemic, it was estimated that approximately 60% to 70% of the net proceeds would not be immediately required by the Company in implementing the business strategies as disclosed in the Prospectus. In order to preserve and make use of the anticipated idle proceeds, the Board resolved to change the use of the idle proceeds on AMTD Investments.

There were several major variety programs production progress in 2020, namely completion of broadcasting of "The Taste of Time" （《穿越時間的味道》）, release of "Hello! Interviewer" （《你好！面試官》）. Preparations for the production of new projects such as the "New Super Winner" (《新超級大贏家》) had also been commenced. After making a comprehensive planning on the Company's cash demand and operation development, and considering the changes on overall market conditions, including the swift recovery from the COVID-19 pandemics in the PRC, the Company decided to redeem the AMTD Investments and had fully redeemed the same between November 2020 and June 2021. As at 31 December 2022, the AMTD Investments had been fully redeemed without any interests or any return from the AMTD Investments.

CAPITAL EXPENDITURE AND COMMITMENTS

The Group's capital expenditures in 2022 primarily related to improvements to leased properties and purchase of electronic equipment and other office equipment. In 2021 and 2022, no capital expenditures incurred by the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 31 December 2022.

CHARGES ON GROUP ASSETS

As at 31 December 2022, the Group did not have any charges on its assets. As at 31 December 2022, the Group did not have any charges on its assets other than those disclosed in note 20 to the consolidated financial statements in this report.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk primarily arisen from the cash balances denominated in foreign currencies generated from bank deposits. The currency giving rise to such risk mainly consists of U.S. dollars. The Group did not hedge against any fluctuation in foreign exchange during the Reporting Period but will closely monitor the exposure and take measures when necessary to ensure that the foreign exchange risk is under control.

CREDIT RISK

The Group's credit risk is primarily attributable to trade receivables and influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate. Therefore, significant concentration of credit risk arises when it has significant exposure to individual customers.

LIQUIDITY RISK AND FUNDING AND TREASURY POLICY

The Group regularly monitors its liquidity requirements to ensure that it maintains sufficient reserves of cash and capital for the short and long term.

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the year ended 31 December 2022. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

OUTLOOK AND PLANS

Since 31 December 2022 and up to the date of this announcement, the Group maintained normal operation in all of its businesses.

In 2023, the Group will maintain sufficient projects on-hand under the rapidly developing new consumption mode.

The Group will continue to focus on vertical areas, dedication and other aspects in terms of the research and development of projects, and signifies the achievements of real economy by following the consumption preference in terms of content development. By adhering to its strategic objective of "Business Value First", the Group focuses more on the front-end communication between the market and the platform for all of its projects in 2023. For the copyright and content creation of films and TV dramas, the Group upholds the principle that the platform will only be initiated with customization. For variety shows, the Group holds fast to the business red line that large investment scale will only be implemented after attaining 70% of the business solicitation, thereby safeguarding project safety and profitability to a certain extent.

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DIRECTORS AND SENIOR MANAGEMENT

The biography of each Director, senior management and the company secretary is set out below.

OUR DIRECTORS

Executive Directors

Mr. SU Lei（蘇磊）("Mr. Su"), aged 39, has been appointed as the Chairman, an executive Director and the chairman of the Nomination Committee with effect from 26 February 2024.

Mr. Su currently serves as the marketing director of Co-High Investment Management Limited, where he is responsible for implementing various private equity investment projects of entertainment industry. From July 2006 to December 2013, Mr. Su served in Unit 91024 of Chinese People's Liberation Army（中國人民解放軍91024部隊）. From December 2013 to August 2017, Mr. Su served in the human resource department of Chengdu Municipal Housing and Urban-Rural Development Bureau（成都市城鄉房產管理局人事處）as senior staff（主任科員）.

Mr. Su obtained a bachelor's degree in public health management from the Air Force Medical University（中國人民解放軍空軍軍醫大學）in the PRC and a master's degree in business administration from Hong Kong Metropolitan University in Hong Kong.

Mr. MA Hongsen（馬洪森）("Mr. Ma"), aged 42, has been appointed as an executive Director and a member of the Remuneration Committee with effect from 15 March 2024.

Mr. Ma is currently the partner of Houshi Private Equity Fund Management (Hainan) Co., Ltd.（厚石私募基金管理（海南）有限公司）and is mainly responsible for market research and investment-related management in relation to the private equity projects. From December 2015 to May 2021, Mr. Ma was the partner of Beijing Yunsen Investment Management Co., Ltd.（北京雲森投資管理有限公司）and was mainly responsible for the investment management in Chinese and Hong Kong stock markets. From September 2011 to December 2015, Mr. Ma served as the associate director of UBS AG (Hong Kong) and was mainly responsible for managing overseas assets for domestic high-net-worth clients and providing tax planning and wealth investment advice for the clients. From August 2004 to September 2011, Mr. Ma served as the branch manager at Standard Chartered Bank (Huamao Sub-branch) and was mainly responsible for team building management.

Mr. Ma obtained a bachelor's degree in investment from the Central University of Finance and Economics in the PRC in 2004.

Non-executive Directors

Mr. WANG Daotie（王道鐵）("Mr. Wang"), aged 34, has been appointed as a non-executive Director and a member of the Audit Committee with effect from 28 March 2023. Mr. Wang graduated from the Central Academy of Drama in the PRC with major in performing art. Mr. Wang has over 8 years of experience as the producer and director of various media companies in the PRC.

Ms. WU Yaping（伍亞萍）("Ms. Wu"), aged 26, has been appointed as a non-executive Director and a member of the Audit Committee with effect from 15 March 2024.

Ms. Wu currently serves as the general industry marketing manager-in-charge in Beijing Feishu Technology Co., Ltd., where she is responsible for the implementation of marketing activities, content development and dissemination planning for target markets. From November 2020 to July 2022, Ms. Wu served as the marketing manager in Huawei Technologies Co., Ltd. ("**Huawei**") and was responsible for the cooperative expansion and dissemination of the Huawei TECH4ALL digital inclusion project. From August 2018 to November 2020, Ms. Wu served as the customer relationship manager in Huawei and was responsible for managing the relationship with several high-level clients. Ms. Wu obtained a bachelor's degree in broadcasting and hosting from Hunan University in 2018.

Independent non-executive Directors

Mr. HAN Hao（韓浩）("Mr. Han"), aged 54, has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee with effect from 15 March 2024.

Mr. Han currently serves as the vice chairman of the board and the chief executive officer in Beijing Xinyuanli Technology Co., Ltd.（北京新元麗科技有限公司）. From April 2019 to November 2021, Mr. Han served as chief planning officer and vice president in Crazy Sports Group Limited (formerly known as V1 Group Limited), the shares of which are listed on the Stock Exchange (stock code: 82), and was responsible for the formulation and implementation of the development strategy of the Crazy Sports Group Limited. From July 2007 to April 2019, Mr. Han served as the director（處長）of Beijing Radio, Film and Television Bureau（北京市廣播電影電視局）(now known as Beijing Municipal Radio and Television Bureau（北京市廣播電視局）after reorganization). From August 1992 to July 2007, Mr. Han worked as a producer in Beijing Radio and Television Station（北京廣播電視台）(formerly known as Beijing Television Station（北京電視台）) and was responsible for the production of many influential TV programs.

Mr. Han obtained a bachelor's degree in foreign language for specific purposes from the Beijing University of Technology in the PRC in 1992, and a master's degree in television journalism from the Communication University of China (formerly known as Beijing Broadcasting Institute) in the PRC in 2018.

Mr. SHAN Yiqi（單亦琦，also known as Shan Ye（單也））, aged 58, has been appointed as an independent non-executive Director, a member of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee with effect from 24 April 2024.

Mr. Shan currently serves as the director and general manager of Huoerguosi Primary Entertainment Movie Co., Ltd.（霍爾果斯頭部娛樂影業有限公司）since May 2017. From May 1995 to November 1999, Mr. Shan served as the art director of Fun Entertainment Limited（天星娛樂有限公司）. From March 2003 to July 2006, Mr. Shan served as the co-founder of the Ocean Butterflies Music Pte Ltd.（北京海蝶音樂有限公司）. Mr. Shan also served as the general manager in the district of China of Seed Music Limited（種子音樂有限公司中國區）from August 2006 to April 2007 and as the vice president of Ocean Butterflies Music Pte Ltd.（海蝶音樂集團）from 2007 to 2009.

Mr. Shan obtained a bachelor's degree in orchestral instrument majoring in horn from the Central Conservatory of Music in the PRC in 1988.

Mr. TO Siu Lun（杜紹麟）("Mr. To"), aged 55, has been appointed as an independent non-executive Director, chairman of the Audit Committee and a member of the Remuneration Committee with effect from 26 February 2024.

Mr. To has over 33 years of experience in accounting, tax consultation, and asset management in the PRC and Hong Kong. From July 1990 to August 2000, he served as a manager of the department of tax and business consultation in Arthur Andersen LLP. From March 2003 to March 2019, Mr. To served as a partner in RSM Hong Kong (formerly known as RSM Nelson Wheeler). Since April 2019, he serves as a partner in ORI Capital Limited, a licensed corporation registered under the SFO to carry out Type 9 (asset management) regulated activity since 31 January 2020, and he serves as the licensed representative of ORI Capital Limited since 27 April 2020.

Mr. To is currently an independent non-executive director of China MeiDong Auto Holdings Limited (the shares of which are listed on the Stock Exchange (stock code: 1268)), an independent non-executive director of Resverlogix Corporation (the shares of which are listed on the Toronto Stock Exchange (TSX:RVX)) and an independent non-executive director of Combine Will International Holdings Limited (the shares of which are listed on the Singapore Stock Exchange (SCX: N0Z)).

Mr. To was conferred a bachelor's degree in social science by the University of Hong Kong in 1990, and was conferred a master of arts in training and human resource development by the University of Technology, Sydney in July 2005. Mr. To is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, and a member of The Taxation Institute of Hong Kong.

SENIOR MANAGEMENT

The senior management is responsible for the daily management and operation of business. The executive Directors also hold senior management positions in the Group. Please refer to the disclosure above for their respective biography.

COMPANY SECRETARY

Mr. YUNG Kai Wing ("Mr. Yung") has been appointed as the company secretary, and the authorized representative of the Company under the Listing Rules and the authorized representative of the Company under the Companies Ordinance in place of Mr. Tong Wing Chi, all with effect from 19 May 2023. Mr. Yung has more than 8 years of experience in serving as a company secretary of companies listed on the Stock Exchange and providing related company secretarial services. He obtained a bachelor's degree in accountancy from the Hong Kong Baptist University. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yung confirmed that he has complied with the professional training requirement under Rule 3.29 of the Listing Rules during the Reporting Period.

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS UNDER RULE 13.51B(1) OF THE LISTING RULES

As of the Latest Practicable Date, there was no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES

We are an original video content service provider and as such, we not only develop, produce, market and distribute video content (including but not limited to long, medium and short scale video content) for media platforms (including TV media platforms and online video platforms). While retaining the intellectual property rights of the original video content, we maximise the commercial value of the content through direct contact with the corporate sponsors. We also rely on the original content produced to serve the various industries involved.

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 87 of this annual report.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the year ended 31 December 2022 (2021: Nil).

BUSINESS REVIEW

The business review and performance analysis of the Group for the Reporting Period is set out in the section headed "Chairman's Statement" from pages 4 to 5 and "Management Discussion and Analysis" from pages 7 to 14 of this annual report. These discussions form a part of this Report of the Directors.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

Details of the use of the proceeds are set out in the section headed "Management Discussion and Analysis" on page 12 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, the Group's five largest customers contributed to a total of 90% of the Group's total revenue and the Group's largest customer contributed to a total of 55% of the Group's total revenue.

For the year ended 31 December 2022, the Group's five largest suppliers contributed to a total of 99% of the Group's total purchase and the Group's largest supplier contributed to a total of 42% of the Group's total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the Reporting Period are set out in note 12 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a socially responsible corporation, the Group has endeavored to strictly comply with laws and regulations regarding environmental protection.

The Company recognizes the importance of environmental protection. The Company is committed to providing an eco-friendly energy environment for our staff and has developed energy conservation and carbon reduction policy so as to minimize negative environmental impacts.

Further details of the environmental policies and performance of the Group are disclosed in the section headed "Environmental, Social and Governance Report".

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 27 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 90.

DISTRIBUTABLE RESERVES

As of 31 December 2022, the Company's reserves available for distribution, amounted to approximately RMB773.5 million (2021: RMB774.9 million as restated).

BANK LOANS

Particulars of bank loans of the Group as of 31 December 2022 are set out in note 20 to the consolidated financial statements.

LOAN AND GUARANTEE

During the year ended 31 December 2022, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or any of their respective connected persons.

DIRECTORS

The Directors during the Reporting Period and as of the date of this annual report are:

Executive Directors:

Mr. SU Lei *(Chairman and Chief Executive Officer)* (appointed on 26 February 2024)
Mr. MA Hongsen (appointed on 15 March 2024)
Mr. LIU Mu *(Chairman and Chief Executive Officer)* (resigned on 9 February 2024)
Mr. NIE Lei (appointed on 28 March 2023 and resigned on 15 March 2024)
Mr. XIA Rui (resigned on 21 July 2022)

Non-executive Directors:

Mr. WANG Daotie (appointed on 28 March 2023)
Ms. WU Yaping (appointed on 15 March 2024)

Independent Non-executive Directors:

Mr. HAN Hao (appointed on 15 March 2024)
Mr. TO Siu Lun (appointed on 26 February 2024)
Mr. SHAN Yiqi (appointed on 24 April 2024)
Mr. YU Xuezhong (appointed on 31 August 2022 and resigned on 15 March 2024)
Dr. LU Di (appointed on 28 March 2023 and resigned on 23 April 2024)
Ms. SUN Jing (appointed on 17 April 2023 and resigned on 15 March 2024)
Mr. YANG Chengjia (resigned on 21 July 2022)
Ms. YAO Li (resigned on 27 February 2023)
Mr. ZHANG Yiwu (resigned on 27 February 2023)
Ms. RAN Hua (resigned on 17 April 2023)

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders to be dispatched before the AGM.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 15 to 17 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors, and the Company considers such Directors to be independent during the Reporting Period.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of our former executive Directors, being Mr. LIU Mu and Mr. NIE Lei, has entered into a service contract with the Company for a term of three years with effect from the commencement date of the service contract, which will be automatically renewed every three years thereafter and continue to be effective unless terminated earlier.

Mr. WANG Daotie, the Non-executive Director, has entered into an appointment letter with the Company for an initial term of three years commencing from 28 March 2023, which will be automatically renewed every three years thereafter and continue to be effective unless terminated earlier.

Each of Mr. YU Xuezhong, Dr. LU Di and Ms. SUN Jing, the former independent non-executive Directors, has entered into an appointment letter with the Company. The initial term of the appointment of Mr. YU Xuezhong shall be three years from 31 August 2022 and shall be automatically renewed every three years thereafter and continue to be effective, the initial term of the appointment of Dr. LU Di shall be three years from 28 March 2023 and shall be automatically renewed every three years thereafter and continue to be effective, the initial term of the appointment of Ms. SUN Jing shall be three years from 17 April 2023 and shall be automatically renewed every three years thereafter and continue to be effective, until terminated by giving to the other not less than one month's prior notice in writing in accordance with the terms and conditions of their appointment letters.

None of the Directors has entered into a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Material related party transactions" in note 29 to the consolidated financial statement contained in this annual report, no Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed "Material related party transactions" in note 29 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and any Controlling Shareholder or any of its subsidiaries during the year ended 31 December 2022 or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 December 2022 or subsisted at the end of the year.

REMUNERATION POLICY

A remuneration committee was set up for reviewing the Group's remuneration policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors, and five highest paid individuals during the Reporting Period are set out in notes 9 and 10 to the consolidated financial statements, respectively. The remuneration of the Directors shall be approved by the shareholders at the general meeting. Other emoluments are determined by the Board with reference to the duties, responsibilities and performance of the Directors and the results of the Group.

DIRECTORS' REMUNERATION POLICY

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors. The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as of 31 December 2022, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required 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 they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of Directors and Chief Executives in the Company or Associated Corporation of the Company

Name	Name of Corporation	Capacity/ Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of the Shareholding (%)
Mr. LIU Mu	The Company	Interest in controlled corporations(1)	457,648,739	Long position	28.60%

Notes:

(1) The Shares are registered under the name of Double K Limited and Blueberry Culture Limited, the issued share capital of which is owned as to 100% by Mr. Liu. Accordingly, Mr. Liu is deemed to be interested in all the Shares held by Double K Limited and Blueberry Culture Limited for the purpose of Part XV of the SFO.

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

Save as disclosed below, as of 31 December 2022, to the best knowledge of the Directors, the Directors were not aware of any persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
Mr. LIU Mu[(1)]	Interest in controlled corporations	457,648,739	Long position	28.60%
Ms. CHANG Xing[(2)]	Interest of spouse	457,648,739	Long position	28.60%
Double K Limited[(1)]	Beneficial owner	456,750,961	Long position	28.55%
Eastern Pearl Capital Fund SPC-Eastern Pearl Caelus Fund SP	Beneficial owner	231,301,933	Long position	14.46%
Ms. LIU Yang[(3)]	Interest in controlled corporations	176,736,000	Long position	11.05%
Atlantis Capital Group Holdings Limited[(3)]	Interest in controlled corporations	176,736,000	Long position	11.05%
Memory Ocean Technology Limited	Interest in controlled corporations	175,636,000	Long position	10.98%
ZHANG Jizhen	Interest in controlled corporations	175,636,000	Long position	10.98%
OBOR Stable Growth Fund Limited[(3)]	Beneficial owner	113,501,000	Long position	7.09%
Star Fortune Investment Holdings Ltd.[(4)]	Interest in controlled corporations	106,752,945	Long position	6.67%
China Zenith Limited[(4)]	Interest in controlled corporations	106,752,945	Long position	6.67%
Mr. LIU Chuanjun[(4)]	Interest in controlled corporations	106,752,945	Long position	6.67%

Notes:

(1) The entire issued share capital of Double K Limited is directly owned by Mr. Liu. Mr. Liu is also the beneficial owner of Blueberry Culture Limited which directly holds 897,778 Shares. Accordingly, Mr. Liu is deemed to be interested in the Shares held by Double K Limited and Blueberry Culture Limited.

(2) Ms. CHANG Xing (常星) is the spouse of Mr. Liu. Accordingly, she is deemed to be interested in the relevant Shares.

(3) The entire issued share capital of OBOR Stable Growth Fund Limited is wholly owned by Atlantis Investment Management Limited, which is wholly owned by Atlantis Capital Group Holdings Limited. Atlantis Capital Group Holdings Limited is wholly owned by Ms. LIU Yang (劉央). Accordingly, Atlantis Capital Group Holdings Limited and Ms. LIU Yang are respectively deemed to be interested in the Shares held by OBOR Stable Growth Fund Limited.

(4) The entire issued share capital of China Zenith Limited is wholly owned by Star Fortune Investment Holdings Limited, which is wholly owned by Mr. LIU Chuanjun (劉傳軍), an independent third party of the Group. Accordingly, each of Star Fortune Investment Holdings Limited and Mr. LIU Chuanjun is deemed to be interested in the Shares held by China Zenith Limited.

SHARE OPTION SCHEME

On 7 February, 2020, the Company conditionally adopted the Share Option Scheme.

On 8 December 2020, the Directors approved the grant of 77,000,000 options ("**Options**") under the Share Option Scheme to ten grantees ("**Grantees**") pursuant to the Share Option Scheme, of which eight Grantees have accepted the an aggregate of 64,000,000 Options on 1 January 2021 upon the agreement of the vesting conditions attached to the Options. The purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group. As at 31 December 2022, the Company had 48,000,000 share options outstanding ("**Outstanding Share Options**") under the Share Option Scheme. The Outstanding Share Options were granted with both service condition and performance condition to purchase 48,000,000 ordinary shares with an exercise price of HK$0.97 per share (which was same as the closing price of the shares on the date immediately before the date of grant), all of which were granted to the Grantees based on the mutual understanding of the key terms and conditions of the performance conditions. Among the Outstanding Share Options, 48,000,000 options were granted to the 7 other individuals including 6 employees and an external consultant. The validity period of the options granted is 10 years from the date of grant (i.e. from 1 January 2021 to 7 December 2030). Save as disclosed above, no share options have been granted or agreed to be granted, exercised or cancelled under the Share Option Scheme during the Reporting Period.

The following table sets out the details of the options under the Share Option Scheme:

Type/name of the grantee	Date of grant	Validity period	Exercisable period	Exercise price per share *(HKD)*	Closing price per share immediately prior to the date of grant *(HKD)*	Fair value of share options at the date of grant during the year *(HKD)*	Outstanding as at 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at 31 December 2022	Vesting period
Director													
Xia Rui (note (iv))	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	0.64	16,000,000	–	–	(16,000,000)	–	–	note (i)
Others													
5 employees	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	0.64	24,000,000	–	–	–	–	24,000,000	note (i)
an external consultant (note (v))	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	0.64	8,000,000	–	–	–	–	8,000,000	note (ii)
an employee	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	0.64	16,000,000	–	–	–	–	16,000,000	note (iii)
							64,000,000	–	–	(16,000,000)	–	48,000,000	

Notes:

(i) The options granted are exercisable in accordance with the following vesting schedule: subject to the fulfilment of business performance or both service assessment condition and business performance condition for each of the financial years 2021, 2022 and 2023 as set out in the grant letter, (a) the first 16.7% of the options granted to the relevant grantee, is exercisable commencing from 12 months after the date of acceptance of the relevant options; (b) the next 33.3% of the options granted to the relevant grantee, is exercisable commencing from 24 months after the date of acceptance of the relevant options; and (c) the remaining 50.0% of the options granted to the relevant grantee, is exercisable commencing from 36 months after the date of acceptance of the relevant options.

(ii) The options granted are exercisable in accordance with the fulfilment of the service assessment condition for the financial year 2021 as set out in the grant letter.

(iii) The options granted are exercisable in accordance with the fulfilment of service assessment condition for the financial year 2021 as set out in the grant letter.

(iv) Mr. Xia Rui resigned as Director with effect from 21 July 2022.

(v) These share options were granted to a consultant ("**Consultant**"), who is an independent third party, for being the investment consultant of the Company, offering Hong Kong and PRC investment consultancy services to the Company. As Consultant has provided services which contributed to the value of the Group, the Board believes that granting these share options to Consultant as consideration for its services was align with the objective of the Share Option Scheme.

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme:

The purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

2. Participants of the Share Option Scheme:

The Board may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

(a) directors and employees of the Group (including persons who are granted options under the Share Option Scheme as an inducement to enter into employment contracts with these companies) ("**employee participants**");

(b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company ("**related entity participants**"); and

(c) persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group ("**service providers**").

3. Grant of option under the Share Option Scheme:

   An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of the Company of US$0.00001 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

4. Total number of Shares available for grant under the Share Option Scheme and percentage of issued share capital as at 1 January 2022 and 31 December 2022:

   The total number of shares available for issue under the Share Option Scheme must not exceed 144,000,000 Shares, representing approximately 9% of the issued share capital of the Company.

   As at 1 January 2022 and 31 December 2022, the total number of Shares which may be issued under the Share Option Scheme is 48,000,000.

   The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 December 2022 divided by the weight average number of Shares in issue for the year ended 31 December 2022 is 3%.

5. Maximum entitlement of each participant under the Share Option Scheme:

   Unless approved by the shareholders of the Company in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of Shares issued and to be issued to that grantee on exercise of his options (including both exercised and outstanding options) during any 12 month period exceeding 1% of the total Shares then in issue.

6. The period within which the options must be exercised under the Share Option Scheme:

   The vesting period for options granted under the Share Option Scheme shall not be less than 12 months and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

7. The basis of determining the exercise price:

   The amount payable on acceptance of a share option is HK$1 and the period within which payments must be made is within 21 days.

   Subject to any adjustments resulting from any alteration in the capital structure of the Company, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of: (i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

8. The remaining life of the Share Option Scheme:

   The remaining life of the Share Option Scheme is 8 years. There were 48,000,000 outstanding options, and there were no options granted, exercised or cancelled pursuant to the Share Option Scheme during the Year and as at the date of this report. As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 144,000,000, representing 9% of the issued shares of the Company.

   The number of share options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2022 and 31 December 2022 is 83,000,000.

   The number of shares that may be issued in respect of options granted under all schemes of the Company during the Year are 48,000,000, representing 3% of the weighted average number of shares of the relevant class in issue of the Company for the Year.

EQUITY-LINKED AGREEMENTS

Other than the share incentive plans as described above, no equity-linked agreements that will or may result in the Company issuing shares, or that require the Company to enter into any agreements that will or may result in the Company issuing shares, were entered into by the Company from the Listing Date to the date of this annual report or subsisted as at the date of this annual report.

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

During the Reporting Period, neither the Company nor any of its subsidiaries or operating entities in the PRC purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Reporting Period, other than being a director of the Company, its subsidiaries and/or any of the PRC Operating Entities.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

No related party transactions disclosed in note 29 to the consolidated financial statements constituted as a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

Save as disclosed below in this annual report, during the year ended 31 December 2022, the Company had complied with the disclosure requirement pursuant to Chapter 14A of the Listing Rules and had no connected transactions or continuing connected transactions which fell to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

Contractual Arrangements

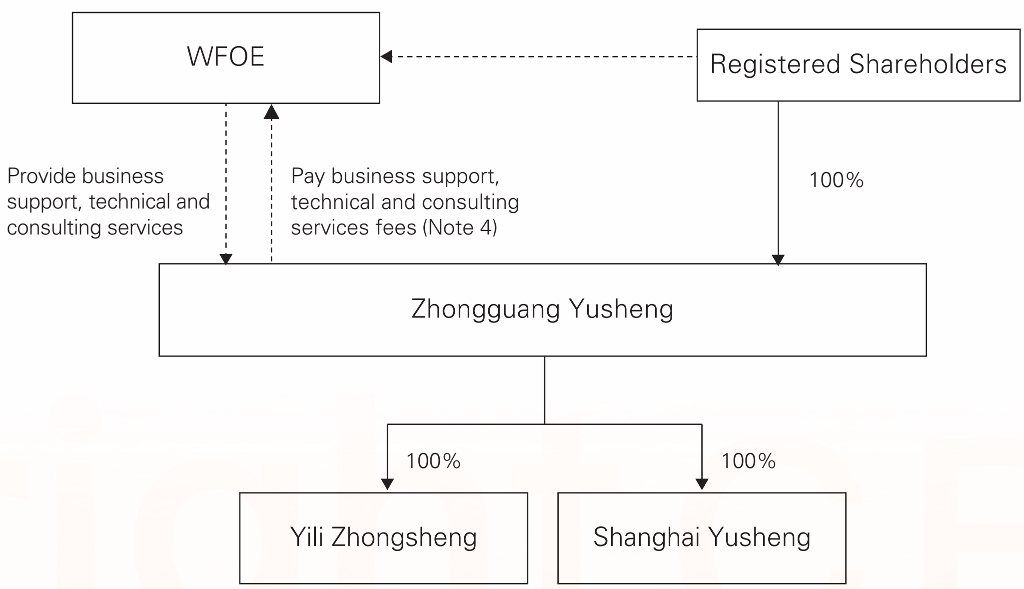
Our Group has entered the Contractual Arrangements with, among other, the WFOE, Zhongguang Yusheng and the Registered Shareholders, to enable us to, among others, exercise control over and derive the economic benefits from our PRC Operating Entities and consolidated their results of operations into those of our Group.

The following simplified diagram illustrates the flow of economic benefits from our PRC Operating Entities to our Group stipulated under the Contractual Arrangements:

(1) Powers of attorney to exercise all shareholders' rights in Zhongguang Yusheng (Note 1)

(2) Exclusive option to acquire all or part of the equity interest in and/or assets of Zhongguang Yusheng (Note 2)

(3) First priority security interest over the entire equity interest in Zhongguang Yusheng (Note 3)



(1) Please refer to "Contractual Arrangements – Shareholders' Rights Proxy Agreement" for details.

(2) Please refer to "Contractual Arrangements – Exclusive Option Agreement" for details.

(3) Please refer to "Contractual Arrangements – Equity Pledge Agreement" for details.

(4) Please refer to "Contractual Arrangements – Exclusive Business Collaboration Agreement" for details.

A brief description of each of the specific agreements that comprise the Contractual Arrangements is set out as follows:

(a) Exclusive Business Collaboration Agreement

Pursuant to the exclusive business collaboration agreement dated 15 July 2019 (the "**Exclusive Business Collaboration Agreement**") between Zhongguang Yusheng and WFOE, the WFOE agreed to be engaged as the exclusive provider to PRC Operating Entities of comprehensive technical support, business support and relevant consultation services for annual service fees, including but not limited to the following services: providing business management consultation; providing marketing and promotional services; providing customer order management and customer service and assist in maintaining relationships with customers; licensing the use of relevant intellectual property rights.

Pursuant to the Exclusive Business Collaboration Agreement, the service fee shall be equivalent to the total consolidated profit of Zhongguang Yusheng, after offsetting the prior-year loss (if any), operating costs, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, WFOE shall have the right to adjust the level of the service fee based on the actual service scope and with reference to the operating conditions and expansion needs of the PRC Operating Entities and send the service fee payment notification to Zhongguang Yusheng within 40 days after each fiscal year end for the services provided in the preceding fiscal year. Zhongguang Yusheng has agreed to pay the service fee within 30 days after receiving WFOE's notification.

The Exclusive Business Collaboration Agreement shall remain effective unless terminated (a) in accordance with the provisions of the Exclusive Business Collaboration Agreement; (b) in writing by WFOE; or (c) all the equity interest or assets of Zhongguang Yusheng has been legally transferred to WFOE or the nominee(s) designated by WFOE. WFOE shall always have the rights to terminate this agreement by giving a prior written notice of termination 30 days in advance.

(b) Exclusive Option Agreements

WFOE, Zhongguang Yusheng and the Registered Shareholders entered into an exclusive option agreement on 15 July 2019 (the "**Exclusive Option Agreement**"), pursuant to which the Registered Shareholders jointly and severally granted irrevocably and unconditionally to WFOE the rights to require the Registered Shareholders to transfer any or all their equity interests in Zhongguang Yusheng and/or to require Zhongguang Yusheng to transfer all of its assets to WFOE and/or a third party designated by it, in whole or in part at any time and from time to time, at a minimum purchase price permitted under PRC laws and regulations. The Registered Shareholders have also undertaken that, subject to the relevant PRC laws and regulations, they will return to WFOE any consideration they receive in the event that WFOE exercises the options under the Exclusive Option Agreement to acquire the equity interests and/or assets in Zhongguang Yusheng.

The Exclusive Option Agreement commenced on 15 July 2019 being the date of the agreement, until it is terminated (i) in writing by all parties, or (ii) upon the transfer of the entire equity interests held by the Registered Shareholders and/or the transfer of all the assets of Zhongguang Yusheng to WFOE or its designated person. Nonetheless, WFOE shall always have the rights to terminate this agreement by giving a prior written notice of termination 30 days in advance.

(c) Equity Pledge Agreements

WFOE, Zhongguang Yusheng and the Registered Shareholders entered into an equity pledge agreement on 15 July 2019 (the "**Equity Pledge Agreement**"), pursuant to which each of the Registered Shareholders agreed to pledge all of their respective equity interests in Zhongguang Yusheng to WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the Contractual Arrangements.

The Equity Pledge Agreement takes effect upon the execution date and shall remain valid until (i) all the obligations under the Contractual Arrangements (other than the Equity Pledge Agreement) have been fulfilled; (ii) each of the Registered Shareholders has transferred his equity interests in Zhongguang Yusheng in accordance with the Exclusive Option Agreement; (iii) Zhongguang Yusheng has transferred all of its assets in accordance with the Exclusive Option Agreement; (iv) all the agreements underlying the Contractual Arrangements (other than the Equity Pledge Agreement) have been terminated; and (v) the Equity Pledge Agreement has been unilaterally terminated by WFOE.

(d) Shareholders' Rights Proxy Agreement

Each of Zhongguang Yusheng, the Registered Shareholders and WFOE entered into an shareholders' rights proxy agreement (the "**Shareholders' Rights Proxy Agreement**") on 15 July 2019, pursuant to which, each Registered Shareholder irrevocably, unconditionally and exclusively appoints WFOE or its designated person, as his attorney-in-fact to exercise such shareholder's rights in Zhongguang Yusheng.

The Shareholders' Rights Proxy Agreement has an indefinite term and will be terminated in the event that all the equity interest or assets has been legally and effectively transferred to WFOE in accordance with the Exclusive Option Agreement. Nonetheless, WFOE shall always have the rights to terminate this agreement by giving a prior written notice of termination 30 days in advance.

(e) Spouse undertaking

The spouse of each of the Registered Shareholders, where appropriate, has signed an undertaking (the "**Spouse Undertaking**") to the effect that: (i) the equity interests of Zhongguang Yusheng held and to be held by each of the Registered Shareholders (together with any other interests therein) do not fall within the scope of communal properties; (ii) the spouse irrevocably and unconditionally abandons any right or interest over the equity interests of Zhongguang Yusheng held by his/her spouse that he/she might be granted according to any applicable law, and undertakes that he/she will not take any claim relating to such equity interests; (iii) the rights and obligations under the Contractual Arrangements do not apply to the spouse. The performance, amendment or termination of the Contractual Arrangements or the signing of other documents to replace the Contractual Arrangements by the Registered Shareholders does not require consent from the spouse; and (iv) in the event that the spouse obtains any equity interests in Zhongguang Yusheng, he/she will be subject to and abide by the terms of the Contractual Arrangements as if he/she was a signing party to such Contractual Arrangements, and at the request of WFOE, she will sign any documents in the form and substance consistent with the Contractual Arrangements.

For the purpose of conducting the Group's existing business of production and distribution of radio and television programs in the PRC, (i) the WFOE, the Existing OpCo and the registered shareholders of the Existing OpCo agreed to terminate the Existing Contractual Arrangements; and (ii) the WFOE entered into the New Contractual Arrangements with the New PRC Operating Entity and the New Registered Shareholders, the effect of which would enable the Company to exercise control over and derive the economic benefits from the New PRC Operating Entity and its subsidiaries (if any) and consolidate their results into those of the Group.

In light of the Reorganisation, (i) the agreements under the Existing Contractual Arrangements would be terminated upon the signing of the New Contractual Arrangements and the completion of the transfer of the business of the Existing OpCo Group to the New PRC Operating Entity; and (ii) the New Contractual Arrangements were entered into on substantially the same terms and conditions as those currently in place under the Existing Contractual Arrangements with effect from 24 July 2023.

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between our Group and our PRC Operating Entities during the year ended 31 December 2022 and as at the date of Annual Report. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the year ended 31 December 2022.

For the year ended 31 December 2022, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As of 31 December 2022, we had not encountered interference or encumbrance from any PRC governing bodies in operating our businesses through our PRC Operating Entities under the Contractual Arrangements.

The revenue of the PRC Operating Entities amounted to approximately RMB63.6 million for the year ended 31 December 2022, representing a decrease by 83.7% from approximately RMB389.7 million for the year ended 31 December 2021. For the year ended 31 December 2022, the revenue of the PRC Operating Entities accounted for approximately 100% of the revenue for the year of our Group (2021: 100%).

Reasons for Adopting the Contractual Arrangements

As disclosed in the section headed "Contractual Arrangements" in the Prospectus, the production and distribution of radio and TV programs of the PRC Operating Entities constitute a business restricted to foreign investment in the PRC. Therefore, we cannot directly acquire equity interests in the PRC Operating Entities. As a result, our Group has entered into a series of agreements narrowly tailored to provide our Group with control over the PRC Operating Entities and grant our Group the right to acquire interests of the PRC Operating Entities when and to the extent permitted by the PRC laws and regulations. Under the Contractual Arrangements, our Group supervises and controls the business operations of and derives economic benefit from the PRC Operating Entities. For details of the foreign investment restrictions relating to the Contractual Arrangements, please refer to the sections headed "Contractual Arrangements – Background" and "Contractual Arrangements – Development in Legislation on Foreign Investment in Mainland China" of the Prospectus.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business operations, have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by the PRC Operating Entities and any member of our Group ("**New Intergroup Agreements**" and each of them, a "**New Intergroup Agreement**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement, circular and independent shareholders' approval requirements.

Risks Relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

(a) if the PRC Government authorities determine that our Contractual Arrangements do not comply with applicable regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our PRC Operating Entities;

(b) substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations;

(c) our Contractual Arrangements may not be as effective in providing operational control as direct ownership and the PRC Operating Entities or the Registered Shareholders may fail to perform their obligations under our Contractual Arrangements;

(d) we may lose the ability to use and enjoy assets and licenses held by the PRC Operating Entities that are important to the operation of our business if any of the PRC Operating Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding;

(e) our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of Shareholders' investment;

(f) the Registered Shareholders may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests; and

(g) we conduct our video content operation business in the PRC through the PRC Operating Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

Further details of these risks are set out in the section headed "Risk Factors – Risks relating to Our Contractual Arrangements" of the Prospectus. Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(a) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(b) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(c) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and

(d) Our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOE and our PRC Operating Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Listing Rules Implications and Waivers from the Stock Exchange

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing as certain of the parties to the Contractual Arrangements, namely Mr. LIU Mu (an executive Director, our former chief executive officer and one of our controlling shareholders) is a connected person. Accordingly, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing.

In relation to the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) the requirement of setting maximum aggregate annual value (i.e. an annual cap) for the fees payable to our Group under the Contractual Arrangements; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to the following conditions:

(a) no change without independent non-executive Directors' approval;

(b) no change without independent Shareholders' approval;

(c) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the PRC Operating Entities;

(d) on the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and Zhongguang Yusheng, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and

(e) we will disclose details relating to the Contractual Arrangements on an on-going basis.

Annual Review by the Independent Non-Executive Directors and the Auditor

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

(a) the transactions carried out during the year ended 31 December 2022 had been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(b) no dividends or other distributions had been made by our PRC Operating Entities to the holders of its equity interests which were not otherwise subsequently assigned or transferred to our Group;

(c) no new contracts had been entered into, renewed and/or reproduced between our Group and the PRC Operating Entities; and

(d) the Contractual Arrangements had been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interest of our Group and our Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board has engaged the Auditor to perform certain procedures on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

After performing the procedures related to the disclosed continuing connected transactions, the Auditor has concluded in a letter to the Board that:

(a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board;

(b) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with a series of contractual arrangements disclosed in the section headed "Contractual Arrangements" in the Prospectus governing such transactions; and

(c) nothing has come to their attention that causes them to believe that dividends or other distributions have been made by Zhongguang Yusheng and its subsidiaries to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

DONATIONS

During the Reporting Period, the Group did not make any charitable donations (2021: nil).

LEGAL PROCEEDINGS AND COMPLIANCE

The Group mainly operates in the PRC through its subsidiaries. Therefore, the Group is required to comply with relevant PRC laws and regulations, including but not limited to the provisions in relation to the production and distribution of films and variety shows, intellectual property rights, environmental protection, labor and human resources and other laws and regulations. Meanwhile, as a company established in the Cayman Islands and listed on the Stock Exchange, the Company is subject to the Cayman Islands Companies Act, the Listing Rules and the SFO. For the year ended 31 December 2022, save as disclosed in note 32 to the consolidated financial statements, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

EVENTS AFTER THE REPORTING PERIOD

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 31 March 2023 due to the delay in the publication of the Annual Results.

References is made to the Announcement dated 24 May 2023. As the recommendation from the Audit Committee, McMillan Woods (Hong Kong) CPA Limited ("McMillan Woods") has been appointed as the new auditor of the Company with effect from 24 May 2023 to fill the casual vacancy following the resignation of Elite Partners and to hold office until the conclusion of the next annual general meeting of the Company.

Reference is made to the Announcement dated 25 July 2023 in relation to continuing connected transactions termination of the existing contractual arrangements and entering into the new contractual arrangements. For the purpose of conducting the Group's existing business of production and distribution of radio and television programs in the PRC, (i) the WFOE, the Existing OpCo and the registered shareholders of the Existing OpCo agreed to terminate the Existing Contractual Arrangements; and (ii) the WFOE entered into the New Contractual Arrangements with the New PRC Operating Entity and the New Registered Shareholders, the effect of which would enable the Company to exercise control over and derive the economic benefits from the New PRC Operating Entity and its subsidiaries (if any) and consolidate their results into those of the Group.

In light of the Reorganisation, (i) the agreements under the Existing Contractual Arrangements would be terminated upon the signing of the New Contractual Arrangements and the completion of the transfer of the business of the Existing OpCo Group to the New PRC Operating Entity; and (ii) the New Contractual Arrangements were entered into on substantially the same terms and conditions as those currently in place under the Existing Contractual Arrangements with effect from 24 July 2023.

Reference is made to the announcement dated 26 April 2024, the Company has been served with an order (the "**Order**") issued by the High Court of The Hong Kong Special Administrative Region (the "**High Court**") dated 15 April 2024, whereby Bank Sinopac (China) Limited, Guangzhou Branch ("**Bank Sinopac**") has been granted leave to enforce an arbitral award obtained in the Shenzhen Court of International Arbitration（深圳國際仲裁院）against, among others, the Company (the "**Award**") as a judgment or order of the High Court. The Award relates to the repayment of a bank facility (the "**Facility**") granted by Bank Sinopac to Beijing Sino-Prosperity Culture Group Co., Ltd.*（北京中廣煜盛文化傳播有限公司）("**Zhongguang Yusheng**"), the then wholly-owned subsidiary of the Company, with guarantees provided by the Company and Mr. Liu Mu (the then chairman of the Board of the Company, "**Mr. Liu**"). As the Facility matured on 7 March 2023, the Award was entered into against Zhongguang Yusheng, the Company and Mr. Liu to jointly repay (i) the outstanding principal amount of the Facility of approximately RMB27,353,121, (ii) default interests in sum of approximately RMB54,326 calculated up to 30 May 2023, with additional default interests calculated thereafter at an annual rate of 6.5%, and (iii) related legal and arbitration costs.

The Company is seeking legal advice in connection with the Order and the Award, and will consider such options which will protect the benefit of the Company and Shareholders as a whole.

Save as disclosed in the section headed "Outlook and Plans" and notes 32 and 34 to the consolidated financial statements in this report, no significant event took place subsequent to 31 December 2022.

AUDIT COMMITTEE

The Audit Committee have reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements during the Reporting Period.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 39 to 57 of this annual report.

HUMAN RESOURCES

As at 31 December 2022, the Group had 61 full-time employees (2021: 84), all of whom were based in the PRC. The following table sets forth the number of our employees by function.

	Number of employees	% of total
Content development	30	49.2
Marketing	12	19.7
Administrative and human resources	3	4.9
Finance and capital raising	12	19.7
Management and support	4	6.5
Total	61	100.0

The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches thereof and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, bonuses, share options and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The remuneration policy for the employees of the Group is formulated by the Board on the basis of their merit, qualifications and competence. We provide regular training to our employees in order to improve their skills and knowledge. The training courses range from further educational studies to skill training to professional development courses for management personnel.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the directors, at least 25% of the Company's total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times since the Listing Date and as of the date of this annual report.

THE AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on Thursday, 15 August 2024. The notice of the AGM will be issued and despatched to the Shareholders, and will also be made available on the websites of the Company at www.sinozswh.com and the Stock Exchange at www.hkexnews.hk. To determine the Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from 10 August 2024 to 13 August 2024, both days inclusive, during which period no transfer of the shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 9 August 2024.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders have any doubt about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Shares, they are advised to consult an expert.

AUDITOR

KPMG has resigned as the auditor of the Company on 20 December 2021 and Elite Partners CPA Limited was appointed as the Auditor on 21 December 2021. Elite Partners CPA Limited has resigned as the auditor of the Company on 24 May 2023 and McMillan Woods (Hong Kong) CPA Limited was appointed as the Auditor at the same date.

McMillan Woods shall retire at the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of McMillan Woods as Auditor will be proposed at the AGM.

On behalf of the Board
Mr. SU Lei
Chairman
Beijing, the PRC, 25 June 2024

The Board is pleased to present the corporate governance report of the Company for the Relevant Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. Save as disclosed in this annual report, the Company has complied with all applicable code provisions under the CG Code throughout the Relevant Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Code Provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Please refer to the paragraph headed "Chairman and Chief Executive Officer" below for details.

Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing strategic decisions and monitoring the business and performance of the Group. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference which are published on the websites of the Stock Exchange and the Company.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times. The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

THE BOARD

Board Composition

As of the date of this annual report, the Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors as follows:

Executive Directors:
Mr. SU Lei *(Chairman and Chief Executive Officer)*
Mr. MA Hongsen

Non-executive Directors:
Mr. WANG Daotie
Ms. WU Yaping

Independent Non-executive Directors:
Mr. TO Siu Lun
Mr. HAN Hao
Mr. SHAN Yiqi

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

As at the date of this report, there is no financial, business, family or other material and relevant relationship among members of the Board.

During the Reporting Period, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of program production, education, finance, legal profession, auditing and accounting. They hold degrees in various majors including communication, radio and TV journalism, economics, accounting and business administration. The Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and the management levels. Currently, one of our Directors is female. The Company recognizes that the gender diversity at the Board level can be improved given the majority of our Directors are male. The Company will continue to apply the principle of appointments based on merits with reference to our diversity policy as a whole.

As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent.

None of the Directors has any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the code provision of the CG Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as the identity of the public companies or organizations and the time involved to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Induction and Continuous Professional Development

Each newly appointed director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the Listing Rules and relevant regulatory requirements.

In accordance with C.1.4 of the CG Code with regards to continuous professional development, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading materials on relevant topics will be distributed to directors where appropriate. The Company also arranges training to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a director.

During the Relevant Period, all Directors have complied with the CG Code in relation to continuous professional development, apart from reading materials relevant to the Company's business, director's duties and responsibilities. All Directors also attended and/or gave presentation in seminars/forums. The Company updates Directors constantly on the latest developments regarding the Group's business and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors have provided to the Company with their training records on a regular basis, and such records have been maintained by the Company for accurate and comprehensive record keeping.

Directors' Insurance

Code provision C.1.8 of the CG Code stipulates that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company has maintained appropriate insurance for its Directors to protect them from possible legal action against them.

Chairman and Chief Executive Officer

In accordance with paragraph C.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. SU is the chairman and chief executive officer of the Company. Mr. SU is responsible for overseeing overall operation and management, strategic planning and major decision-making of the Group, and he has considerable experience in strategic planning and has been assuming day-to-day responsibilities in operating and managing the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for and communication with the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises two executive Directors (including Mr. SU), two non-executive Directors and three independent non-executive Directors and therefore has a strong independence element in its composition.

Independent Non-executive Directors

During the year under review, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Appointment and Re-election of Directors

Mr. LIU Mu, a former executive Director, has entered into a service contract with the Company for three years commencing from the Listing Date.

Mr. NIE Lei, a former executive Director, has entered into a service contract with the Company for a term of three years commencing from 28 March 2023.

Mr. WANG Daotie, a non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years commencing from 28 March 2023, which will be automatically renewed every three years thereafter and continue to be effective unless terminated earlier

Each of Dr. LU Di, Mr. YU Xuezhong and Ms. SUN Jing, the former independent non-executive Directors, has entered into an appointment letter with the Company. The initial terms of appointment of Mr. YU Xuezhong, Dr. LU Di and Ms. SUN Jing shall be three years commencing from 31 August 2022, 28 March 2023 and 17 April 2023, respectively, until terminated in accordance with the terms and conditions of the respective appointment letter by either party giving to the other not less than one month's prior notice in writing.

None of the Directors has entered into a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall offer himself/herself for re-election by the Shareholders at the first general meeting of the Company after appointment and any new Director appointed as an addition to the Board shall offer himself/herself for re-election by the Shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the relevant papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board committee meeting are sent to the Directors/Board committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

Attendance of Directors at various meetings

According to code provision C.5.1 of the CG Code, board meetings should be held at least four times a year at approximately quarterly intervals with active participation of a majority of directors, either in person or through electronic means of communication.

The Company convenes regular Board meeting(s) at least once in each financial year at approximately quarterly intervals in accordance with the code provisions C.5.1 of the CG Code. During the Relevant Period and up to the date of this report, the Board held 18 meetings in 2022. The Board has handled, among other things, the following matters:

1. to consider and approve the unaudited and audited annual results of the Group for the year ended 31 December 2021;

2. to consider and note the resignation of company secretary and approve the appointment of new company secretary; to consider and note the change of company secretary, authorized representative and process agent and the change of principal place of business in Hong Kong;

3. to consider and note the resignation of independent non-executive Directors and members of the Audit Committee, to consider and note the resignation of executive Directors and members of the Remuneration Committee; to approve the appointment of members of the Audit Committee and the Remuneration Committee;

4. to consider and approve the announcements in relation to winding-up petition and the withdrawal of winding-up petition; to approve the appointment of new independent non-executive Director and change of joint company secretary;

5. to consider and note the resignation of independent non-executive Directors and members of the Audit Committee;

6. to consider and note the resignation of independent non-executive Directors and members of the Audit Committee; to consider and note the resignation of independent non-executive Directors and members of the Remuneration Committee; to consider and note the resignation of company secretary and the resignation of joint company secretary;

7. to approve the appointment of new independent non-executive Director; to approve the appointment of non-executive Director; to approve the appointment of executive Director; to approve the appointment of members of the Audit Committee and the Remuneration Committee; and

8. to approve the appointment of new company secretary.

The following table indicates the specific attendance of each member of the Board at the above meetings of the Board:

Directors	**Number of meetings attended/held**
Mr. LIU Mu *(resigned on 9 February 2024)*	18/18
Mr. XIA Rui *(resigned on 21 July 2022)*	7/18
Ms. RAN Hua *(resigned on 17 April 2023)*	18/18
Mr. ZHANG Yiwu *(resigned on 27 February 2023)*	13/18
Mr. YANG Chengjia *(resigned on 21 July 2022)*	7/18
Ms. YAO Li *(resigned on 27 February 2023)*	13/18
Mr. YU Xuezhong *(appointed on 31 August 2022 and resigned on 15 March 2024)*	5/18

Pursuant to the CG Code, the chairman of the board should attend the annual general meeting and should also invite the chairpersons of audit, remuneration and nomination committees to attend. Mr. LIU Mu, the former Chairman of the Company, attended the annual general meeting held on 12 June 2022.

The executive Directors, comprising Mr. Liu Mu and Mr. Xia Rui, attended the AGM in person; and the independent non-executive Directors, comprising Ms. Ran Hua, Mr. Zhang Yiwu, Mr. Yang Chengjia and Ms. Yao Li attended the AGM by telephone conference call.

BOARD COMMITTEES

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Audit Committee comprises five non-executive Directors, namely Mr. TO Siu Lun (Chairman), Mr. WANG Daotie, Ms. WU Yaping, Mr. HAN Hao and Mr. SHAN Yiqi. The Audit Committee is responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Code provision D.3.3(e)(i) of the CG Code provides that the terms of reference of the audit committee shall have the terms that the members of the audit committee should liaise with the board and senior management and the committee must meet, at least twice a year, with the issuer's auditors. The Company has included such terms in relevant terms of reference, and thus complied with the Code provision D.3.3(e)(i) of the CG Code during the Relevant Period.

During the Relevant Period and up to the date of this report, the Audit Committee held five meetings. The Audit Committee had performed the followings tasks, among others:

1. reviewed the unaudited and audited annual results for the year ended 31 December 2021;

2. reviewed the unaudited interim results for the six months ended 30 June 2022;

3. reviewed the appropriateness and effectiveness of risk management and internal control systems;

4. discussed with the auditor of the Company and reviewed their audit findings;

5. reviewed all non-audit services provided by the auditor of the Company to determine the provision of such services would affect the independence of the auditor;

6. performed the corporate governance functions and reviewed the corporate governance policies and practices; and

7. considered and approved the change of auditor, and appointment of new auditor of the Company.

The following table indicates the specific attendance of each member of the Audit Committee at the above meetings of the Audit Committee:

Directors	Number of meetings attended/held
Ms. RAN Hua *(Chairwoman)(resigned on 17 April 2023)*	5/5
Mr. YANG Chengjia *(resigned on 21 July 2022)*	2/5
Ms. YAO Li *(resigned on 27 February 2023)*	3/5

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with the CG Code. As at the date of this annual report and up to the date of this report, the Remuneration Committee comprises four members, including three independent non-executive Directors, namely Mr. HAN Hao (Chairman), Mr. TO Siu Lun and Mr. SHAN Yiqi, and one executive Director, namely Mr. MA Hongsen. The primary duties of the Remuneration Committee include, without limitation, (i) making recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) determining, with delegated responsibility, the remuneration packages of individual executive directors and senior management, which should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; (iv) making recommendations to the Board on the remuneration of non-executive Director; and (v) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Relevant Period and up to the date of this report, the Remuneration Committee held two meetings to consider the remuneration of the executive Directors, non-executive Director and independent non-executive Directors.

The following table indicates the specific attendance of each member of the Remuneration Committee at the above meetings of the Remuneration Committee:

Directors	Number of meetings attended/held
Mr. ZHANG Yiwu *(Chairman) (resigned on 27 February 2023)*	2/2
Mr. XIA Rui *(resigned on 21 July 2022)*	2/2
Ms. RAN Hua *(resigned on 17 April 2023)*	2/2
Mr. YU Xuezhong *(Chairman) (appointed on 31 August 2022)*	0/2

Remuneration of Directors and Senior Management

Please refer to notes 9 and 10 to the consolidated financial statements for details of remuneration of members of the Board for the year ended 31 December 2022.

Details of the remuneration by band of senior management of the Company, whose biographies are set out on page 20 of this annual report, for the year ended 31 December 2022 are set out below:

Remuneration band (RMB)	Number of individual
0 – 1,000,000	1
1,000,001 – 2,000,000	1

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with the CG Code. As at the date of this annual report and up to the date of this report, the Nomination Committee comprises three members, including one executive Director namely Mr. SU (Chairman) and two independent non-executive Directors namely Mr. HAN Hao and Mr. SHAN Yiqi. The primary functions of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, reviewing the Board diversity policy, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the Board diversity policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The recommendations of the Nomination Committee will then be put to the Board for decision.

During the year under review, the major duties of the Nomination Committee include: establishing a formal and transparent procedure for the development of the Company's nomination policy for the approval by the Board; the Board should take into account all factors that need to be considered for appointment, such as skills, knowledge, experience, length of service, role and competence; identifying persons suitably qualified to serve as directors, or advising the Board on the selection of individuals for nomination as directors, which will assess academic and professional qualifications, business experience, expertise and knowledge and other requirements under the Listing Rules to determine the suitability of the nomination; making recommendations to the Board on the development of the Board's diversity policy and reviewing such policy from time to time to ensure its ongoing effectiveness; accessing the independence of the independent Directors and reviewing the annual confirmations from the independent Directors in respect their independence. As of the date of this annual report, one of the seven Directors is a woman (representing one-seventh of the total number of Directors). The age of the Directors ranges from 26 to 58 years old. In terms of education and professional background, the members of the Board have knowledge of literature, journalism, investment, finance and general business. The Board believes that there is still room for improvement in gender diversity of the Board.

During the Reporting Period and up to the date of this report, the Nomination Committee held two meetings The Nomination Committee had reviewed the structure, size and composition of the Board, the Board's diversity policy, the discussions on re-appointment, retirement and re-election of Directors as well as nomination and appointment of new Directors.

As of the date of this annual report, the objectives of nomination policy of the Company have been met.

The following table indicates the specific attendance of each member of the Nomination Committee at the above meetings of the Nomination Committee:

Directors	**Number of meetings attended/held**
Mr. LIU Mu *(Chairman)*	2/2
Ms. RAN Hua *(resigned on 17 April 2023)*	2/2
Mr. ZHANG Yiwu *(resigned on 27 February 2023)*	2/2
Mr. YU Xuezhong *(appointed on 31 August 2022)*	0/2

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors may seek independent professional advice in the discharge of their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board is responsible for performing the functions set out in code provision D.3.1 of the CG Code. The Board recognises that corporate governance should be the collective responsibility of the Directors and the duties performed during this year are summarised as follows:

1. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

4. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board on such matters; and

5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

COMPANY SECRETARY

Mr. YUNG Kai Wing ("**Mr. Yung**") has been appointed as the company secretary, and the authorized representative of the Company under the Listing Rules and the authorized representative of the Company under the Companies Ordinance in place of Mr. Tong Wing Chi, all with effect from 19 May 2023. Mr. Yung has more than 8 years of experience in serving as a company secretary of companies listed on the Stock Exchange and providing related company secretarial services. He obtained a bachelor's degree in accountancy from the Hong Kong Baptist University. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yung confirmed that he has complied with the professional training requirement under Rule 3.29 of the Listing Rules during the Reporting Period.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 of the Listing Rules as its model code for securities transactions by the Directors. Specific enquiries have been made with all Directors by the Company and they have confirmed that they have complied with the relevant Model Code throughout the Relevant Period.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was identified by the Company throughout the Relevant Period.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the Board's responsibility to ensure that the Company has established and maintained adequate and effective risk management and internal control systems. The Board delegates its responsibility to the Audit Committee to review the establishment and practices of management with respect to risk management and internal control systems formally on the annual basis. Such systems are designed to manage rather than eliminate the risk of failure to meet business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit Committee also reviews the effectiveness of the risk management and internal control systems on an annual basis. The Board is also responsible for overseeing the key risks of the Company, including determining the level of risk the Company expects and is able to take, and proactively considering, analyzing and formulating strategies to manage the key risks that the Company is exposed to. The Audit Committee oversees the management of the design, implementation and monitoring of risk management and internal control systems. The senior management team also provides all necessary and relevant information to the Board, giving the Directors sufficient explanation and information they need to discharge their responsibilities and make an informed assessment of financial and other information put before them for approval.

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of any necessary measures. In addition, we plan to provide our Directors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance. In addition, we have adopted a set of internal rules and policies governing the conduct of our employees. We have established a monitoring system to implement anti-bribery and anti-corruption measures so as to ensure that our employees comply with our internal rules and policies as well as the applicable laws and regulations. For example, our management is responsible for conducting a fraud and bribery risk assessment on an annual basis and our audit committee reviews and approves our annual risk assessment results and policies. We have also identified certain forbidden conducts in our internal anti-bribery and anti-corruption policies, including, among others, the prohibition to acceptance of bribes or rebates, embezzlement or misappropriation of our assets, and forgery or alteration of our accounting records.

Risk Management

The Company is committed to continuously improving the risk management system, including structure, process and culture, through the enhancement of risk management ability, to ensure long-term growth and sustainable development of the Company's business. The Company has established a risk management system which sets out the roles and responsibilities of each relevant party as well as the relevant risk management policies and processes. Each business group of the Company, on a regular basis, identifies and assesses risk factors that may negatively impact the achievement of its objectives, and formulates appropriate response measures.

The Audit Committee assists the Board in supervising the overall risk status of the Company and evaluating the change in the nature and severity of the Company's major risks. The Audit Committee considers that the management of the Company has taken appropriate measures to address and manage the key risks which they are responsible for at a level acceptable to the Board.

The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems. The review process comprises, among other things, meetings with management of business groups, legal personnel and the external auditors, reviewing the relevant work reports and information of key performance indicators, and discussing the major risks with the senior management of the Company. Regarding issues relating to internal control and risk management, the Audit Committee will maintain more closely communication with the Company's management team, legal personnel, and external auditors to regularly evaluate its risk management and internal control systems, as well as arrive at a fair view on the system and report to the Chairman of the Board and relevant senior management the results and follow up all the reports to ensure that all matters are properly resolved. The review of the Group's risk management and internal control systems covers all major control aspects, including the financial, operational and compliance control, and risk management of different systems. The risk management process includes the following elements: identifying major risks in the business environment of the Group and assessing the impact of these risks on the business of the Group; formulating necessary measures to control these risks; and monitoring and reviewing the effectiveness of such measures.

For the year end 31 December 2022, the Audit Committee reviewed the risk management and internal control systems for one time, and reported to the Board the issues identified, the discussion results of its effectiveness and made recommendations accordingly.

In addition, the Board believes that the Company's accounting and financial reporting functions have been performed by staff with the appropriate qualifications and experience and that such staff receives appropriate and sufficient training and development. Based on the work report from the Audit Committee, the Board also believes that the Company's internal audit function is adequate with sufficient resources and budget. The relevant staff has appropriate qualifications and experience, and receives sufficient training and development.

Policy on Handling the Disclosure of Inside Information

The Company has a well-established policy on disclosure of inside information to ensure timely, fair, accurate and complete disclosure of inside information and compliance with applicable laws and regulations. The Company has also implemented control procedures for inside information to ensure that inside information disclosures are handled and disseminated in a timely manner to provide the Directors, senior management and relevant employees with sound working guidelines. The Company has also implemented stringent internal monitor procedures to prohibit unauthorized access to and use of inside information by Directors, senior management and relevant employees.

The Group has a formal whistle-blowing policy (the "**Whistle-blowing Policy**") to encourage and guide its staff to raise serious concerns internally in a responsible manner, without fear of retribution. During the Reporting Year, the Board has not been informed any complaints or concerns over financial improprieties from staff. The Whistle-blowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

The Group has an anti-corruption policy (the "**Anti-corruption Policy**") as the Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting business. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, the Anti-corruption Policy has been prepared as a guide to all Group employees and third parties dealing with the Group. The Anticorruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility of preparing the financial statements for the year ended 31 December 2022 to give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with timely updates on Company's performance, position and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 83 to 86 of this annual report.

AUDITOR'S REMUNERATION

The remuneration for the audit services provided by the Auditor to the Group during the year ended 31 December 2022 was approximately as follows:

Type of Services	Amount (RMB'000)
Annual Audit Services	2,630
Other services	–
Total	**2,630**

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") to achieve and maintain diversity on the Board in order to enhance the performance of the Board and to facilitate effective decision making and better corporate governance and control. The Company considers that the Board Diversity Policy is conducive to enhancing the overall performance and operating capabilities of the Company, and supports the Company in achieving its strategic objectives and maintaining sustainable and balanced development.

To implement the Board Diversity Policy, the following measurable objectives have been adopted:

1. Independence: To maintain balance and independence, the Board comprises executive Directors and non-executive Directors (including independent non-executive Directors). Independent non-executive Directors should be of sufficient calibre and stature for their views to carry weight.

2. Skills and experience: The Board has a balance of skills appropriate for the requirements of the business of the Company. The Directors have a broad background in finance, academia and management, who together provide the Company with extensive experience in a number of businesses.

3. Gender equality: The Board currently comprises one female Director. The Board aims to maintain/increase the proportion of female representation on the Board to over 10% by 2023.

In addition to the above objectives, in order to comply with the Listing Rules, the Board Diversity Policy sets out the following objectives:

1. Rule 3.10(1): at least one-third of the Board shall be independent non-executive Directors;

2. Rule 3.10(2): at least one of the members of the Board possesses appropriate professional qualifications or accounting or related financial management expertise; and

3. Rule 3.10A: at least three members of the Board shall be independent non-executive Directors.

The Board has achieved the measurable objectives under the Board Diversity Policy and complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules.

The Nomination Committee shall monitor the implementation of the Board Diversity Policy and review the progress on the measurable objectives from time to time. The Board has reviewed the implementation and effectiveness of the policy on board diversity on an annual basis.

Regarding gender diversity of the Board, as at the date of this report, 6 Directors are male and 1 Director is female. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. It is expected that the proportion of female directors will reach over 35% in the coming years. This will be achieved by actively nominating suitable candidates who are not subject to gender restrictions to serve as newly appointed Directors in the coming years.

In addition, the gender ratio of the Company's employees (including senior management) was 33 men to 29 women. At the end of the reporting period, there were 6 members of the senior management, of whom 1 was female. Female employees accounted for 47.5% of the Company's workforce while male employees accounted for 52.5%. The Company seeks to achieve staff diversity by considering gender diversity in staff recruitment. The Company is committed to promoting gender diversity at all levels, including the Board and senior management, by developing a pipeline of female senior management and potential successors to the Board. As such, the Company will continue to focus on this issue as gender diversity is a resource that provides the Company with a sustainable competitive advantage, including market insight, creativity and innovation capability, and enhanced problem-solving skills. The different experiences of men and women allow us to gain insight into the different needs of male and female customers. In addition, men and women may have different cognitive abilities. Research has demonstrated that the mixed cognitive abilities of gender-diverse teams enhance the overall creativity and innovation ability of the teams and that a gender-diverse team makes high-quality decisions. The Company will continue to pay attention to gender diversity in its workforce in order to maintain its current strengths and further enhance its competitiveness in the future.

Mechanisms for Ensuring Independent Views

The Company ensures that independent views and perspectives are available to the Board through the following mechanisms:

1. The Nomination Committee shall review annually the composition of the Board and the independence of the independent non-executive Directors, in particular the proportion of independent non-executive Directors and the independence of independent non-executive Directors who have served for more than nine years.

2. The Company has received from each of the independent non-executive Directors a written confirmation of his/her independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive Directors to be independent.

3. In view of good corporate governance practices and to avoid conflict of interest, any Director who is a director and/or senior management member of the controlling shareholder of the Company and/or certain subsidiaries of the controlling shareholder of the Company is required to abstain from voting on Board resolutions in relation to transactions involving the controlling shareholder and/or any of its associates.

4. The Chairman of the Board shall meet with the independent non-executive Directors at least once a year.

5. All members of the Board may seek independent professional advice, where necessary, to perform their duties in accordance with the Company's policies.

The Nomination Committee reviews the mechanisms for ensuring independent views to ensure that the Board has access to independent opinions and perspectives annually on such issues as the proportion, recruitment and independence of independent non-executive Directors and their contribution to the Board, as well as access to external independent professional advice.

DIVIDEND POLICY

The Company currently does not have any pre-determined dividend payout ratio. The amount of dividends actually distributed to the Shareholders will depend on the Company's earnings and financial condition, operating requirements, capital requirements and any other conditions that the Directors may deem relevant and will be subject to approval of the Shareholders. The Board has the absolute discretion to recommend any dividends.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting and Putting Forward Proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any two or more members holding as of date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at Room 709, 7/F, Block A, Shidong International Building, No. 18 Guangqu Road, Chaoyang District, Beijing, the PRC.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and keeping investors informed of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable the Shareholders and investors to make the informed investment decisions.

Annual general meetings provide opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Board as well as chairmen of the Remuneration Committee, Audit Committee and Nomination Committee and, in their absence, other members of the respective committees will be available to answer questions at shareholder meetings. The auditors of the Company will also attend annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor' report, the accounting policies and auditor independence. The notice convening an annual general meeting is sent to the Shareholders at least 20 clear business days before the meeting.

To promote effective communication, the Company adopts a policy on communication with its Shareholders, which aims at enhancing the relationship and communication between the Company and its Shareholders. The Company also maintains a corporate website at www.sinozswh.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Board encourages all Shareholders to participate in the forthcoming annual general meeting where the members of the Board and external auditors will be present and communicate with the Shareholders.

SHAREHOLDERS' COMMUNICATION POLICY

Purpose

The Company recognizes the importance of providing up-to-date relevant information to its shareholders (the "**Shareholders**"). This Shareholders' communication policy (the "**Shareholders' Communication Policy**") aims to set out the provisions with the objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable the Shareholders to exercise their rights in an informed manner, and to allow the Shareholders and potential investors to engage actively with the Company.

General Policy

The Board will continue to maintain an on-going dialogue with the Shareholders, and will review the Shareholders' Communication Policy on a regular basis to ensure its effectiveness.

Information shall be communicated to the Shareholders and stakeholders mainly through regular disclosure of the Company's financial reports (interim and annual reports), annual general meetings and other general meetings as may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and other corporate publications on the Stock Exchange's website and also by making available the corporate communications on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.sinozswh.com.

Effective and timely dissemination of information to Shareholders shall be ensured at all times. Any questions, requests and comments can be addressed to the Company by mail to Unit 1203B, 12/F, World Wide House, 19 Des Voeux Road Central, Central, Hong Kong or to the Company's share registrar.

The Company believes that communicating with its Shareholders electronically, particularly through its website, is an efficient and convenient way to disseminate information in a timely manner. Shareholders are encouraged to read the corporate communications posted on the Company's website in order to reduce the number of printed copies and hence the impact on the environment.

Information published on the Stock Exchange's website is also posted on the Company's website immediately thereafter. Such information includes, but is not limited to, financial statements, results announcements, circulars and notices of general meetings and related explanatory documents.

Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available.

Shareholders shall be provided with designated contacts, email addresses and enquiry hotlines of the Company to enable them to make any query with respect to the Company.

The Company has reviewed the Shareholders' Communication Policy and its implementation during the year ended 31 December 2022 and is of the view that the Shareholders' Communication Policy has been properly implemented and is effective.

INTERNAL CONTROL ENHANCEMENT

There had been an instance of inadvertent breach of the Listing Rules as disclosed in announcement of the Company dated 12 August 2021. In order to reduce the risk of reoccurrence of non-compliance, the Company is minded to strengthen internal control and enhance monitoring of compliance matters. It has gradually adopted the following measures:

(a) appoint a new auditor in May 2023;

(b) accepted resignation of the company secretary and authorised representative in February 2023;

(c) appointed a new company secretary in May 2023;

(d) established an internal control department which is responsible for the Group's internal control and compliance matters;

(e) will appoint an executive director to oversee and internal control department and to give advice on internal control measures adopted by the Company, identify the deficiencies and give recommendation on possible improvements;

(f) will instruct legal advisers of the Company to provide two refreshment trainings in respect of compliance and disclosure requirements under the Listing Rules to the Directors, the senior management and responsible finance officers in the coming six months;

(g) will continue to (i) hold regular departmental meetings to regularly monitor transactions, (ii) strengthen the reporting system between departments, Directors and the Board, and (iii) provide more guidance materials and trainings on compliance matters to the Directors and senior management of the Group on a regular basis to increase their awareness and knowledge of the Listing Rules; and

(h) will work more closely with its compliance adviser, company secretary and legal advisers on compliance matters.

CHANGE IN CONSTITUTIONAL DOCUMENTS

There were no changes to the Articles of Association during the year ended 31 December 2022. The latest version of the Articles of Association is also available on the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 About this Report

China Bright Culture Group (hereinafter referred to as the "**Group**" and "**We**") is pleased to present the 2022 Environmental, Social and Governance Report (the "**Report**") to summarise the Group's vision, strategy and performance in the areas of environmental, social and governance ("**ESG**") as well as our commitment to sustainable development. With the publication of this Report, we hope to facilitate our communication and cooperation with various stakeholders.

1.1 Reporting Period

This Report discloses the social and governance performance of the Group in its core business, during the period from 1 January 2022 to 31 December 2022 (the "**Reporting Period**", "**year 2022**" or "**Year**").

1.2 Scope of Report

Unless otherwise specified, this ESG Report covers the qualitative and quantitative informational of all core businesses of the Group and its Beijing Office.

1.3 Basis of Preparation

This Report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 "Environmental, Social and Governance Reporting Guide" (the "**Guide**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKEx**") (the "**Listing Rules**"). This Report complies with the "Comply or Explain" provisions of the Guide and follows the 4 reporting principles of "materiality", "quantitative", "balance" and "consistency".

Materiality: Last year, we conducted a materiality assessment which result was determined by the materiality of impact to our business and stakeholder expectations. The management and ESG working group have confirmed the applicability of the 2021 materiality assessment in this Year.

Quantitative: The Group has disclosed the sources of statistical standards, methods, calculation tools and conversion factors of all information in this Report.

Balance: This Report provides an unbiased picture of the performance of the Group during the Reporting Period to avoid giving options, omissions or presentation formats that may unduly influence the decisions or judgments of readers of this Report.

Consistency: Unless otherwise specified, the statistical methods and standards for the data disclosed in this Report are consistent with last year. We will provide clear explanation for any changes that may affect comparisons with previous report.

1.4 Report Approval

This Report passed the internal review process of the Group and was approved by the Board of Directors on 25 June 2024.

1.5 Feedback Contacts

The Group values your opinion on this Report. Should you have any opinion or recommendation on this Report, you are welcome to share your thoughts on ESG to the Group at any time via ir@sinozswh.com.

1.6 Access to the Report

This Report is published in Chinese and English with its electronic version available at the HKEx website http://www.hkexnews.hk. In case of any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

2 Sustainable Development Management

As a responsible organisation, the Group treats its ESG commitments as part of its obligations and strives to incorporate ESG considerations into its business development decision-making process so as to create useful value for the environment and society.

2.1 Board Statement

The Group acknowledges the leadership and participation of the Board is crucial to sustainable development. The Board of the Group, as the highest decision-making body, assumes overall responsibility for the Group's ESG matters. The Board has overall responsibility for the Group's ESG strategy and reporting as well as oversees and manages risks pertinent to ESG matters. As assisted by working groups, the Board regularly reviews and monitors ESG risks, performance, progress and objectives. The Board has approved the establishment of the ESG working group and authorized it to oversee and initiate the implementation of various ESG matters, with the aim to further improve the effectiveness of sustainable development governance.

2.2 ESG Governance Structure

The ESG working group comprises representatives from relevant departments. The working group assumes the role of ESG supervision and coordination and commits to assisting the Board in monitoring and reviewing ESG matters, gathering ESG data as well as overseeing and evaluating the Group's ESG performance, ensuring compliance with laws and regulations as well as preparing and drafting ESG report. The working group meets regularly to discuss and review ESG-related matters, including but not limited to the Group's ESG performance, the effectiveness of policies and procedures and the strategic objectives of sustainable development. The working group reports to the Board on the execution of relevant work on an annual basis and it assists the Board in fulfilling supervisory obligations.

Moreover, all functional departments and subsidiaries of the Company have acted as the implementation bodies of specific tasks, which include implementing the ESG plan of the ESG working group, recording and reporting ESG-related data in a precise manner as well as fully implementing ESG-related management work.

3 ESG Management Philosophy and Vision

China Bright Culture Group is an independent integrated content service provider in China specialising on the development, marketing, production and distribution of original content. Meanwhile, as the pioneer of integrated content industry in China, we constantly integrate new technologies and new business models into the development of the Group. Currently, the Group's content covers a full range of variety shows, film and television dramas, audio books, paid videos and comics. The Group has always been embracing the motif of "brightening up a happier life to people with light, shadow and entertainment" and is determined to become a first-class enterprise exporting film and television entertainment content with an international presence.

The Group always insists on putting sustainable development management concept as the foundation of sustainability and has incorporated it as one of the considerations for business strategic development and implementation at work. In the future, the Group will keep its commitment of fulfilling environmental and social responsibilities, with the aim to contribute to the sustainable development of society.

3.1 Communication with Stakeholders

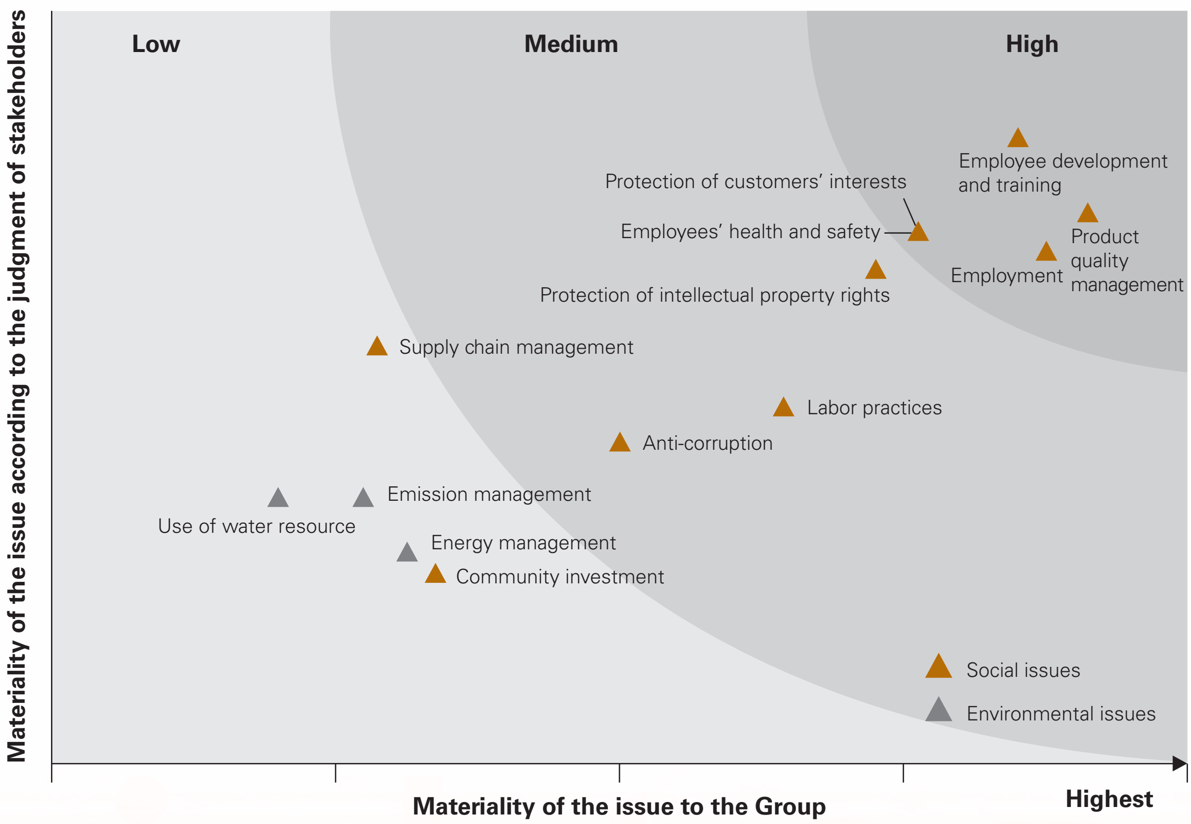
The Group highly values communication and relationship with stakeholders. We keep close contact with shareholders and investors, government authorities, employees, customers, suppliers and business partners through various communication channels. By collecting their opinion and feedback on the Group's ESG management, the Group is able to affirm its sustainable development approach and achieve greater success.

Stakeholders	Communication Channels
Shareholders and investors	Annual general meetings Annual reports and interim reports Results announcements Announcements and circulars
Government and regulatory authorities	Written documents or reports Face-to-face meeting Compliance management
Employees	Staff trainings Performance appraisals Remuneration and benefits
Customers	Meetings Emails and customer service hotline
Suppliers and business partners	Open tender Supplier management system Review and performance evaluation Internal control and risk management

3.2 Materiality Assessment

The Group identified ESG issues relating to the Group by referring to the HKEx's ESG Reporting Guide and issues disclosed by industry peers, and invited key stakeholders to share their views on material ESG issues related to the Group's core operations. Insofar the long-term development, management improvement, investment urgency and risks of the Company are primarily considered by internal stakeholders, external stakeholders are having the views from the perspective concerning their own interest of influence such that resulted in the following matrix. Readers can refer to the 2021 ESG Report for the methodology and process of materiality assessment.

Upon detailed analysis, the Group has identified 15 key ESG-related issues, of which 5 are social issues, namely employee development and training, product quality management, employment, employee health and safety and protection of customers' interests, and are highly important to sustainable development.



4 Environment

4.1 Emission

The Group strictly complies with relevant laws and regulations including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and has incorporated it into prevailing business operations to keep developing a sustainable environment. With cultural and entertainment operations as our core business, the Group is neither involved in industrial operations nor combustion with significant greenhouse gas emissions. Therefore, the Group believes that its daily operation has relatively low impact on the environment.

In any case, the Group will actively review the greenhouse gas emissions generated through its operations. Statistics have showed carbon dioxide (CO_2) emissions from gasoline combustion of the Group's vehicles and office energy consumption account for the majority of the Group's direct and indirect greenhouse gas emissions. The greenhouse gas emissions report of the Group's Beijing Office during the Reporting Period is as follows:

	Unit	2022
Scope 1 – direct greenhouse gas emissions:	tonnes CO_2 equivalent	**12.35**
Scope 2 – indirect greenhouse gas emissions:	tonnes CO_2 equivalent	**19.04**
Total greenhouse gas emissions	tonnes CO_2 equivalent	**31.39**
Total greenhouse gas emission intensity	tonnes CO_2 equivalent/ income (RMB10,000)	**0.00065**

Note: We measure the greenhouse gas emissions by the Group by referring to the "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" of HKEx.

The exhaust gas emitted by the Group mainly originated from the Group's use of vehicles. Set out below are the exhaust gas emissions of the Group during the Reporting Period:

	Unit	2022
Sulphur oxide emissions	kg	**0.06**
Nitrogen oxide emissions	kg	**23.7**
Particulate matter emissions	kg	**2.15**

Note: We measure the air pollutants emissions by the Group by referring to the "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" of HKEx.

The hazardous wastes generated by the Group were mainly ink cartridges and toner cartridges from office operation. To ensure staff and environmental safety, all hazardous wastes are stored in a closed hazardous wastes depot before being disposed by professional companies. During the Reporting Period, the hazardous wastes generated by the Group amounted to 3 ink cartridges and toner cartridges while the non-hazardous wastes mainly included domestic waste and consumable waste generated by office operation. The Group positively responded to the initiatives taken by the property management office to classify domestic wastes, placed recycling bins in locations with easy access to raise staff awareness on recycling and recovered, in a reasonable manner, paper that could be recycled.

During the year 2022, the non-hazardous wastes generated by the Group is as follow:

Non-hazardous Wastes

	2022	
Key Environmental Indicators	**Waste Emission (tonnes)**	**Intensity per Capita (tonnes/person)**
Domestic waste	**0.8**	**0.013**
Used paper recycled	**0.15**	**0.0023**
Total	**0.95**	**0.015**

During the year 2022, the Group complied with relevant laws and regulations in relation to pollution and waste disposals, and there was no material violation of relevant laws and regulations.

4.2 Use of Resources

By strictly complying with relevant laws and regulations including the Water Law of the People's Republic of China (《中華人民共和國水法》) and the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the Group carefully manages the use of resources to ensure that all resources are used efficiently and prudently. We continue to identify and alleviate the impact of the Group's operating activities to the environment by proactively advocating environmental protection and sustainable development and striving for a green office environment. We encourage employees to reduce waste by using resources wisely and efficiently. The main resources consumed by the Group included electricity, gasoline, water resources and paper.

4.2.1 Energy Saving

The Group's gasoline consumption mainly originates from the Group's use of commercial vehicles. The Group has prepared and executed the "Management Manual of Zhongguang Yusheng (《中廣煜盛管理手冊》)" to remind employees that, depending on the urgency of their work, they should take public transport, walk or cycle as much as possible to reduce vehicle fuel consumption. Moreover, we repair and maintain our vehicles regularly to improve energy efficiency and reduce fuel consumption and greenhouse gas emissions due to part failure.

The Group's electricity consumption is mainly attributable to office. We have formulated and implemented various power saving measures to improve energy efficiency of electrical appliances while encouraging employees to develop good habits when using electrical appliances. For instance, we advocate the use of energy-saving equipment, like LED lighting in the office, urge employees to turn off all power supplies when the electrical equipment is not in use and set the temperature of air-conditioners within the standard range, ensuring that employees use electricity effectively.

4.2.2 Water Conservation

The water consumption by the Group is relatively little as its business nature is mainly related to culture and entertainment. The Group's water consumption mainly stems from pantry and washrooms. By posting "water conservation" slogan throughout the office, we advise employees to use water in an appropriate and reasonable way. During the Reporting Period, the Group did not have any issue in seeking water sources.

4.2.3 Paper Saving

The Group advocates the green office policy by encouraging employees to save paper and reduce waste. We communicate via emails as much as possible to create a paperless working environment. We encourage double-sided printing unless single-sided printing is necessary and also demand to make full use of single-sided printed paper via recycling. Any double-sided printed paper will be put into recycling bin and hand over to recycling companies for disposal.

During the year 2022, the Group complied with laws and regulations related to energy saving, water conservation and paper usage and there was no material violation of laws and regulations.

During the year 2022, the resources used by the Group are as follow:

	2022			
Key Environmental Indicators	**Consumption**	**Unit (Consumption)**	**Intensity**	**Unit (Intensity)**
Gasoline fuel consumption related to vehicles	**3,567.25**	Liter	**5.8**	Liter/m^2
Electricity consumption	**19,686.24**	kWh	**31.80**	kWh/m^2
Water consumption	**116.00**	m^3	**0.19**	m^3/m^2
Paper consumption	**109.62**	Kg	**1.71**	Kg/person

The Group has not disclosed any data related to packaging materials as the Group, due to its business nature, used very little packaging materials on its finished products.

4.3 Environment and Natural Resources

The core business of the Group and its future development plans do not pose a significant impact on the environment and natural resource, but we will continue to encourage all staff to reduce the use of natural resources and adopt eco-friendly practices in offices and in their daily lives. In conducting the Group's core business and mapping out its future development plans, management has taken environmental and natural resources issues into consideration.

4.4 Tackling Climate Change

The Group acknowledges the importance of identifying and mitigating major climate-related issues. Therefore, the Group is committed to managing potential climate-related risks that may affect the Group's business activities. At the same time, the Group adheres to the "Guiding Opinions on Integrating and Strengthening Efforts in Climate Action and Ecological and Environmental Protection (《關於統籌和加強應對氣候變化與生態環境保護相關工作的指導意見》)" and formulates various energy saving and emission reduction measures, devoting efforts to alleviate global climate change. The Group has identified the risks set out below would cause significant impact to the Group's business:

Physical Risk

The increase in frequency and severity of extreme weather, such as typhoon, storm and torrential rain, may wreck infrastructure and cause casualties. The Group may need to temporarily close its business premises, resulting in reduced production capacity and productivity. The Group may also subject to risks related to non-performance or delay in performance of contract. To mitigate potential risks of climate change, the Group adopts flexible working arrangements and precautionary measures to ensure the safety of employees under severe or extreme weather conditions.

Transition Risk

The Group envisages that there will be more stringent climate regulations and codes in the future to support the vision of global carbon neutrality. The Group may be unable to adapt to relevant climate change policies and control measures tightened by the state, thus exposing the Group further to the risks of claim and litigation. Meanwhile, the reputation of the Company may be tainted should it fail to meet climate change compliance requirements. To address policy and legal risks as well as reputational risks, the Group monitors existing and emerging climate-related trends, policies and regulations regularly and keeps communicating with employees, customers, suppliers and other stakeholders to urge and encourage them to reduce greenhouse gas emissions from day-to-day operations where feasible.

4.5 Sustainable Development Objectives

During the year 2022, the Group has formulated preliminary directional objectives in respect of energy efficiency, water efficiency and reduction in waste and greenhouse gas emission. With 2022 as the benchmark year, the Group is well-positioned to embrace more effective energy saving, water conservation, waste reduction and greenhouse gas emission reduction and planned to achieve 15% deduction in energy consumption, water consumption, greenhouse gas emission and non-hazardous by 2032. To achieve the deduction target, we will review and monitor the progress of various environmental objectives and identify other opportunities for energy saving and emission reduction. In the future, we will set more concrete quantitative environmental objectives, with the aim to effectively ensure the proper use of resources and contribute to mitigating climate change.

Environmental Factors	Objectives
Energy Efficiency	Implement, maintain or gradually reduce power consumption in an active manner according to the Group's energy saving measures.
Water Efficiency	Implement, maintain or gradually reduce water consumption in an active manner according to the Group's water conservation measures.
Waste Reduction	Implement, maintain or gradually reduce waste in an active manner according to the Group's waste reduction measures.
Greenhouse Gas Emission	Implement, maintain or gradually reduce greenhouse gas emission in an active manner according to the Group's energy saving measures.

5 Employment and Labour Practices

5.1 Employment

5.1.1 Employee Distribution

The Group acknowledges that high-caliber employees with outstanding abilities can facilitate the operation and management of an enterprise as well as improve its result and performance. Therefore, we have always treated our employees as our most important asset.

During the year 2022, the Group had a total of 61 employees. In respect of the employee distribution of the Group in 2022, please refer to the table below:

Distribution		Number of Person(s)
By Gender	Male	32
	Female	29
By Geographical Location	Beijing	60
	Shanghai	1
By Employment Type	Full time	61
	Part-time	0
By Age Group	Below 30 (inclusive)	21
	31 – 50	37
	Above 51 (inclusive)	3
By Job Function	Senior Management	4
	Middle Management	25
	Base-level Employee	32
By Education Level	Postgraduate or above	8
	Undergraduate	49
	Tertiary education	2
	Others	2

Distribution		Percentage of turnover rate (%)
By Gender	Male	42.86
	Female	48.27
By Geographical Location	Beijing	46.03
	Shanghai	83.33
By Age Group	Below 30 (inclusive)	52.38
	31 – 50	35.00
	Above 51 (inclusive)	0.00

Note: We measure the employee turnover rate of the Group by referring to the "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" of HKEx. The turnover rate is calculated as follow: Number of leaving employees of that category ÷ total number of employees of that category x 100%

5.1.2 Recruitment and Dismissal

The Group strictly complies with the laws and regulations of its operating locations, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Social Security Law of the People's Republic of China (《中華人民共和國社會保障法》), the Law on the Protection of Minors (《未成年人保護法》) and the Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》). The Group has established and implemented the "Human Resources Management System", which covers relevant details of staff recruitment and dismissal, performance management, remuneration and benefits as well as development and training, to ensure the standardisation of human resource management and protect the basic rights and interests of employees. During recruitment, the Group upholds the principles of openness, fairness, impartiality when selecting outstanding talents. Different recruitment channels are used as per the objectives of various departments. Standard recruitment forms are used, and a rigorous recruitment process is designed. No discrimination will be held against candidates based on their gender, age, disability, race, nationality and religion. We will provide equal interview opportunities to candidates as long as their qualifications meet relevant job requirements.

Furthermore, the Group values career development of each employee and dedicates to provide better career path for them. To fully motivate employees and nurture their sense of belonging, the Group has established and implemented the "Performance Management System" (《績效管理制度》), where review and assessment of the employee's job or position are performed subject to job requirements and business conditions. A management system has also been established outlining the form, basis, authority, principle and process relating to promotion. In the future, the Group will continue to optimise and improve the promotion system, including strengthen the talent building management and performance appraisal systems as well as optimisation of performance management process that would enable a more standardised management work and process, and facilitate a more market-oriented competition mechanism for team promotion and training.

The head of the human resources department will conduct interview with employees who have tendered their resignation, with the aim to learn the reason for their resignation as well as identify issues pertinent to management and employee turnover rate, which in turn will improve internal management policies. Besides, the Group's Human Resources Department is responsible for warning, demoting or dismissing employees who have violated the Company's rules under the "Disciplinary Ruling Standards" (《懲戒裁決標準》) of the management manual.

During the year 2022, the Group complied with laws and regulations related to recruitment, promotion, compensation and dismissal and there was no violation of laws and regulations.

5.1.3 Remuneration and Benefits

Upholding the principles of adapting to market environment, reflecting value of talents and providing incentives, the Group strictly adheres to the "Remuneration and Benefits Management System" (《薪酬福利管理制度》) to ensure that the Group's payment, distribution and management of remuneration are more standardised. The Group mainly adopts an incentive salary distribution system and establishes a remuneration system that takes into account internal fairness and market competitiveness. The Group ensures that employee contributions and income are well-balanced as employees' remuneration is linked to their personal abilities, years of service, academic background and performance appraisal. The Group refines its human resources management system and remuneration package as required each year to continuously optimise our ability to attract and retain outstanding talents as well as realise sustainable, stable and healthy development.

In terms of welfare, the Group strictly complies with relevant laws and regulations including the "Provisions of the State Council on the Working Hours of Employees (《國務院關於職工工作時間的規定》)", and in conjunction with the "Attendance Management System" (《考勤管理制度》) of the Group, ensures the employees' work days are regulated from Monday to Friday and they are entitled to statutory holidays, annual leave and vacations, including paid sick leave, personal leave, bereavement leave, marriage leave, annual leave, maternity leave, breastfeeding leave, prenatal check-up leave and paternity leave and other applicable benefits. We make contribution to employee social insurance and housing provident funds to ensure employees are under reasonable protection. Furthermore, the Group cares for the relationship between employees and their work-life balance. We actively organize regular activities for employees, enabling them relax in various ways while building harmonious relationships with each other.

During the year 2022, the Group did not violate any laws and regulations in respect of remuneration and benefits.

5.1.4 Diversity, Equal Opportunities and Anti-Discrimination

The Group upholds the basic concept of equality and justice and ensures employees would not be treated unfairly because of ethnic, race, gender, religion and nationality. We adhere to the principle of recruitment based on talents and all are equal with a recruitment approach rested on experience, skills and other job requirements. We strive for materializing diversification by taking multiple factors into consideration, including knowledge and experience in the fields of program production, education, finance, legal profession, auditing and accounting. All employees possess unique professional degrees, including communication, radio and television news, economics, accounting and business administration. We have taken measures to promote gender diversity at different levels of the Company, and will not consider any factors that may constitute discrimination in the decision-making process. The Group does not accept any form of harassment of employees. Any form of harassment shall be subject to the Code of Practice of the Group. At the same time, the Group has made its best efforts to comply with regulatory standards and laws and regulations related to diversity, equal opportunities and anti-discrimination.

During the year 2022 the Group complied with laws and regulations related to diversity, equal opportunities and anti-discrimination and there was no violation of laws and regulations.

5.1.5 Labour Practices

The Group values human rights and prohibits any unethical recruitment, including child labour or forced labour. The Group strictly abides by Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Law of the People's Republic of China on the Protection of Rights and Interests of Women (《中華人民共和國婦女權益保障法》), Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》), Regulations on the Administration of Labour Contracts of the People's Republic of China (《中華人民共和國勞動合同管理條例》) and any relevant or applicable laws and regulations on employment and labour practices. According to the Recruitment Management System of the Group, our human resources department, when recruiting, will require candidates to complete the Applicant Registration Form (《求職者登記表》) and conduct basic information (including age) and background checks on them. Candidates who presented any forged documents or constituted child labour or forced labour scenarios would either be rejected or have their employment contract terminated immediately. Detailed employment information will be entered into the system after the candidate has fulfilled the Company's requirements and confirmed acceptance of the job offer.

During the year 2022, the Group complied with relevant laws and regulations in relation to labour standards, and we are not aware of any child labour or forced labour cases.

5.2 Health and Safety

The Group cares for the health and safety of employees, and is in strict compliance with relevant laws and regulations including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》). Regarding the environment, the Group regularly conducts safety and fire protection inspections on the office environment, and purchases green and environmentally friendly products for office areas under renovations or refurbishments to ensure the safety and health of employees. As for office area security, the Group performs registration management of visitors, and employees must use employee cards to access office area. Meanwhile, the Group has arranged annual health checks for its employees, allowing them to understand their health conditions.

In respect of the COVID-19 pandemic, the Group promptly responded to the calls of the state and the government and adopted measures such as allowing employees to work flexibly and from home, recording real-time travel and health conditions of its employees and arranging remote video conferences for work communication. Meanwhile, we purchased anti-epidemic supplies, such as medical protective masks, disinfectants, hand-washing disinfection gel and thermometers, on emergency basis and regularly sterilised the office area.

Responding to the calls of the state and the government during the pandemic, the Group issued initiative documents and health notices to encourage employees to celebrate Chinese New Year in the city they are working at, with the aim to minimise the risk of pandemic transmission caused by travel. In order to protect the personal health and safety of employees, the Company has made arrangements for its employees to keep one meter apart from each other as the safety distance when working in the office, measured the temperature of employees for real-time monitoring twice a day by designated persons and switched to using facial recognition, instead of fingerprint, for clocking in.

During the year 2022, the Group complied with relevant laws and regulations in relation to health and safety and there was no violation of laws and regulations.

During the year 2022, employees of the Group did not record any loss of working days due to work-related injuries. Moreover, the Group did not register any work-related casualties in the last 3 years.

5.3 Development and Training

Employee development and training are essential for the long-term development of the Group's business. Therefore, the Group has established the "Employee Training and Career Development Management System" for the improvement of employees' working abilities from enhancement of current or future management performance, unleashing the development potential of employees, underpinning responses and adaptability of units or individuals to gaining and building up employees' recognition and sense of belonging to the Company, in order to create a sound corporate culture.

The Group encourages its employees to voluntarily participate in learning schemes to obtain professional qualifications issued by the national administrative (industry) department, and has established a flexible working scheme in support of the learning scheme. We also attach great importance to professional development and leadership of the management by holding annual leadership training event. We have also provided business trainings to all employees of the Group at least once a year, in order to facilitate their understanding of corporate culture and service procedures. In addition, we encourage all business departments to organize applicable trainings and learning outings, drawing on the lessons learnt from previous advanced results as required for enrichment and improvement of employee competencies.

New employee training

- Provide new employees with company orientation and corporate culture, various departmental rules and regulations as well as staff code of conduct, with the aim to facilitate their understanding of corporate profile, culture, management system and job functions and delegate them to relevant corporate department to learn

Position skills training

- Provide employees of all departments with trainings related to goal and performance management, planning and execution management and self-motivation and management skills, with the aim to enhance job skills and knowledge of base-level employee, enabling them understand basic management knowledge and improve their performance

Management skill training

- Provide department heads with trainings related to scenario leadership, efficient meeting, communication and coordination, leadership charisma and effective motivation skills, with the aim to improve the innovation, leadership and communication skills of middle management

Specific financial training

- Provide employees of all departments with trainings related to final settlement of corporate income tax, new personal income tax policy and comprehensive budget and control, with the aim to keep employees abreast of national tax policy and facilitate the financial statements of the Company presented in a more professional and compliant manner

Specific business training

- Provide employees of all departments with trainings related to online entertainment, with the aim to let employees understand the golden age of online entertainment, from which to learn future market trend from time to time, and facilitate continuous improvement of the enterprise

During the Reporting Period, the Group had trained a total of 37 employees with a training coverage rate at 57.8%. The proportion of training time by gender and level is shown in the following table:

Description of Indicators	2022	Percentage of Total Annual Headcount (%)	Average Training Hours
Number of male employees trained	20	26.19%	8
Number of female employees trained	17	32.14%	8
Number of base-level employees trained	14	25.00%	12
Number of middle management trained	19	27.38%	10
Number of senior management trained	4	5.95%	4

Note: We measure the average training hours of the Group's employees by referring to the "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" of HKEx.

6 Operations Management

6.1 Supply Chain Management

The Group strictly complies with relevant laws and regulations including the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) and the Regulation on the Implementation of the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》), and has established the rules and regulations including the "Tendering Management System" (《招標管理制度》) and the "Project Establishment Management System" (《項目立項管理制度》), in order to standardize the selection of suppliers and the evaluation of various situations. We adhere to the basic principles of openness, transparency, honesty and credibility to provide suppliers with a fair competition platform to develop together.

Prior to any purchase, the procurement team will evaluate suppliers based on the principles of quantitative evaluation, fair competition and survival of the fittest. Meanwhile, the supplier's environmental and social risks will be taken into account in the assessment. The procurement team will negotiate with each supplier and perform preliminary evaluation, conduct on-site review and supervision and inspection for comprehensive evaluation. After the selection of suppliers, multiple criteria will be considered for quality supervision. Items for assessment mainly include factors such as quality, delivery time, service, and cooperation attitudes. With regard to the purchase of related products, the environmental indicators of the purchased products will also be incorporated as the key scoring item in the process of supplier assessment. Given the same condition, preference will be given to suppliers of environmentally friendly products.

During the year 2022, the Group cooperated with three suppliers located in Beijing, mainly printing, courier service and office equipment leasing companies. We typically engage with suppliers on a project basis and sign individual contracts for each project outlining the scope of work, pricing, payment terms and other commercial factors.

6.2 Product Responsibility

6.2.1 Product Quality Management

The Group has been striving to provide high-quality products and professional services with the highest integrity and pursuit of excellence to customers of major TV media platforms in China. We strictly comply with relevant laws and regulations including the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) to ensure the broadcast of the media content is in compliance with relevant rules. Meanwhile, a project responsibility system is implemented to ensure the content production department be fully responsible for the quality of programs. We have conducted internal assessment for service delivery and overall project performance, which allows us to monitor the quality of similar initiatives in the future. At the same time, we will continue to communicate closely with relevant teams in the initial stages of preparation, shooting and post-production of the programs, to ensure the quality of the programs are up to standard.

Before the release of every variety program, it must go through our internal review to ensure it complies with the guidelines, laws and regulations issued by the State Administration of Press, Publication, Radio, Film and Television ("**SAPPRFT**"). We have established a Risk Monitoring and Management Committee to review the contents of all programs and control the quality of our products. Before the production of any major network programs and TV series, we always complete the relevant record-filing to SAPPRFT in order to fulfil the requirements of regulatory authorities.

During the Reporting Period, the Group did not receive any products that had to be recalled for safety and health reasons.

6.2.2 Protection of Intellectual Property Rights

The Group understands that intellectual property rights are critical to our core business development including the production of variety shows, movies and TV programs. The Group is in strict compliance with relevant laws and regulations including the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and the Patent Law of the People's Republic of China (《中華人民共和國專利法》), attaching great importance to the protection of intellectual property rights and is committed to research and development and protection of intellectual property rights.

We have implemented integrated management of matters related to intellectual property rights (including trademarks, designs, copyrights and domain names) to protect the Group's creations, and are committed to safeguarding and respecting intellectual property rights. During the reporting period, we had 12 registered patents in China.

The Group will ensure that the production team understand its licensing rights before using or referring to any other creations. In the event of any suspected infringement or illegal activity, the Group will take immediate action to resolve the issue. In order to safeguard the Group's intellectual property rights, we have signed a contract with the production team responsible for the show, specifying that the Group retains all intellectual property rights derived from the products and services produced by the production team. In addition, we regularly monitor our intellectual property rights and require television networks and media platforms to adopt appropriate digital rights management techniques to safeguard the intellectual property rights of our programming.

During the year 2022, the Group was not involved in any case in relation to violation of intellectual property laws and regulations.

6.2.3 Protection of Customer' Rights and Interests

The Group highly recognizes the importance of protection of customers' rights and interests and regards it as one of the significant issues. To effectively protect customer information and privacy, the Group has established an electronic customer management system to record and store customer data and information, with the protection of encryption. Borrowing procedures and data modification authority measures are also in place to mitigate the risk of information leakage and enhance security. At the same time, we require all staff who may come into contact with customers' personal information to sign a privacy protection agreement, emphasizing the importance of information security to employees, and prevent employees from improperly using customer information, such as disclosure, sale or sharing.

In order to effectively handle customer's complaints in time, the Group has setup a mailbox (zswh@sinozswh.com) specifically for customer complaints. A designated person is assigned to check and manage the mailbox on a daily basis to deal with and handle relevant complaints as soon as possible whenever any complaints email is received. During the Reporting Period, the Group did not receive any customers complaints.

During the year 2022, the Group complied with relevant laws and regulations in relation to protection of customers' rights and interests. We did not find any violation of the relevant laws and regulations.

6.3 Anti-corruption

To maintain a fair and honest business environment and ensure the normal order of the Group's operating activities, we strictly complied with relevant laws and regulations including the Supervision Law (《監察法》), the Ordinance for Supervision and Enforcement of Disciplinary Inspection Organs (《紀律檢查機關監督執紀工作條例》) and the Ordinance on Supervision and Enforcement of Supervisory Authorities (《監察機關監督執紀工作條例》). The Group formulated and implemented related anti-corruption and anti-bribery policies including the "Anti-fraud and Reporting and Complaint Management Measures (《反欺詐和舉報投訴管理辦法》)" and the "Anti-Money Laundering Internal Control System (《反洗錢內部控制制度》)". Meanwhile, the Group has established a committee consisting of our management team to identify misbehaviour of our employees and monitored inter-department activities. The primary duties of the committee include providing anti-corruption and anti-bribery compliance advice, investigating potential corruption or fraudulent incidents, and initiating anti-fraud promotional activities with our Group.

To improve employees' awareness of integrity, the Group actively conducts integrity education to establish a corporate culture of integrity and create a corporate environment that fights corruption and promotes integrity. The Group has provided all employees with relevant anti-corruption and anti-bribery policies in the employee handbook and bulletin board, as well as anti-fraud and ethics training for new employees. During the Reporting Period, the Group provided anti-corruption training to directors and employees.

The Group encourages employees or other persons to raise any concerns about any improper conduct in relation to the Group in confidence by means of written report, telephone calls or emails. We will conduct investigations for any suspected cases of bribery, corruption or other related misconduct or fraudulent activities. In where the investigation confirms that the person being reported has committed any bribery offence, we may take disciplinary actions as appropriate, report to the relevant regulatory authorities and/or initiate legal actions to recover any losses suffered by us as a result of such misconduct.

Meanwhile, we have also formulated and implemented the "Anti Money Laundering Policy (《反洗錢政策》)" to prevent money laundering activities of the Group and its customers. The Group's management and finance department officers are responsible for all anti-money laundering matters. Their main duties are to formulate our anti-money laundering policy, conduct review of our anti-money laundering procedure, report any suspected money laundering incidents to government authorities, and assess our anti-money laundering risks arising from our business operations, including our projects and our customers. If we have reasonable ground to suspect that any of our customers is engaging in money laundering activities, we may suspend or terminate our business relationship with that customer and promptly report to the PBOC as required under PRC laws and regulations.

During the year 2022, the Group provided our directors and employees with anti-money laundering training, during which we introduced the Group's anti-money laundering procedures and kept abreast of the latest laws and regulations relating to anti-money laundering.

During the year 2022, the Group was not involved in any case of briberies, extortions, frauds or money laundering, and was not aware of any violation of anti-corruption and anti-bribery laws and regulations.

7 Community Investment

As a responsible enterprise, the Group is committed to supporting the public through participation in, and contribution to, various social activities. Meanwhile, the Group also encourages its employees to participate in social welfare activities during work and leisure time for the purpose of making further contributions to society.

However, owing to the severity of the COVID-19 pandemic and the implementation of various anti-pandemic measures and social distancing measures by the Chinese government during the year 2022, the Group neither participated in any charitable and community activities nor provided any volunteer services during the Reporting Period. In the future, we will use our best endeavour to devote more time and human resources to participate in public welfare activities and give back to society with practical actions.

Appendix I: HKEx "Environmental, Social and Governance Reporting Guide" Index

Environmental Aspect			Relevant Section	
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.	4 4.1	Environment; Emission
	A1.1	The types of emissions and respective emissions data.	4 4.1	Environment; Emission
	A1.2	Total direct (scope 1) and indirect energy (scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	4 4.1	Environment; Emission
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4 4.1	Environment; Emission
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4 4.1	Environment; Emission
	A1.5	Description of the prescribed emission target and the steps taken to achieve them.	4 4.5	Environment; Sustainable Development Objectives
	A1.6	Description of how hazardous and non-hazardous wastes are handled and description of the prescribed emission target and the steps taken to achieve them.	4 4.1 4.2.3 4.5	Environment; Emission Paper Saving Sustainable Development Objectives

Environmental Aspect			Relevant Section	
A2: General Disclosure	Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	4 4.2 4.2.1	Environment; Use of Resources Energy Saving
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	4 4.2 4.2.1	Environment; Use of Resources Energy Saving
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	4 4.2 4.2.2	Environment; Use of Resources Water Conservation
	A2.3	Description of the prescribed energy efficiency objective and the steps taken to achieve them.	4 4.2 4.2.1 4.5	Environment; Use of Resources Energy Saving Sustainable Development Objectives
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose and description of the prescribed water efficiency objective and the steps taken to achieve them.	4 4.2 4.2.2	Environment; Use of Resources Water Conservation
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	
A3: Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	4 4.3	Environment; Environment and Natural Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4 4.3	Environment; Environment and Natural Resources
A4: Climate Change	General Disclosure	Identifying and responding to material climate-related policies that have caused and may cause impact to the issuer.	4 4.4	Environment; Tackling Climate Change
	A4.1	Description of significant climate-related issues that have caused and may cause impact to the issuer as well as the actions taken to address them.	4 4.4	Environment; Tackling Climate Change

Social Aspect			Relevant Section
B. Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5 Employment and Labour Practices; 5.1 Employment; 5.1.2 Recruitment and Dismissals; 5.1.3 Remuneration and Benefits; 5.1.4 Diversity, Equal Opportunities and Anti-Discrimination
	B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	5 Employment and Labour Practices; 5.1 Employment; 5.1.1 Employee Distribution
	B1.2	Employee turnover rate by gender, age group and geographical region.	5 Employment and Labour Practices; 5.1 Employment; 5.1.1 Employee Distribution
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5 Employment and Labour Practices; 5.2 Health and Safety
	B2.1	Number and rate of work-related casualties occurred.	5 Employment and Labour Practices; 5.2 Health and Safety
	B2.2	Number and rate of work-related casualties over each of the last 3 years (including the reporting year).	5 Employment and Labour Practices; 5.2 Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5 Employment and Labour Practices; 5.2 Health and Safety

Social Aspect			Relevant Section
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5 Employment and Labour Practices; 5.3 Development and Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5 Employment and Labour Practices; 5.3 Development and Training
	B3.2	The average training hours completed per employee by gender and employee category.	5 Employment and Labour Practices; 5.3 Development and Training
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5 Employment and Labour Practices; 5.1 Employment; 5.1.5 Labour Practices
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5 Employment and Labour Practices; 5.1 Employment; 5.1.5 Labour Practices
	B4.2	Description of steps taken to eliminate such practices when discovered.	5 Employment and Labour Practices; 5.1 Employment; 5.1.5 Labour Practices
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	6 Operations Management; 6.1 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	6 Operations Management; 6.1 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	6 Operations Management; 6.1 Supply Chain Management

Social Aspect			Relevant Section	
	B5.3	Description of the practices that identify the environment and social risk of each section under the supply chain, and how they are implemented and monitored.	6 6.1	Operations Management; Supply Chain Management
	B5.4	Description of the practices that encourage the use of more environmental products and services when screen supplier, and how they are implemented and monitored.	6 6.1	Operations Management; Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6 6.2	Operations Management; Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6 6.2 6.2.1	Operations Management; Product Responsibility; Product Quality Management
	B6.2	Number of products and service related complaints received and how they are dealt with.	6 6.2 6.2.3	Operations Management; Product Responsibility; Protection of Customer Rights and Interests
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	6 6.2 6.2.2	Operations Management; Product Responsibility; Protection of Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	6 6.2 6.2.1	Operations Management; Product Responsibility; Product Quality Management
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6 6.2 6.2.3	Operations Management; Product Responsibility; Protection of Customer Rights and Interests

Social Aspect			Relevant Section	
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	6 6.3	Operations Management; Anti-corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6 6.3	Operations Management; Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6 6.3	Operations Management; Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and employees.	6 6.3	Operations Management; Anti-corruption
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7	Community Investment
	B8.1	Focus on contribution.	7	Community Investment
	B8.2	Resources used in specialised areas.	7	Community Investment

McMillanWoods
Professionalism at the forefront

To the Shareholders of China Bright Culture Group
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Bright Culture Group (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 87 to 158, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. Accordingly, we do not express an opinion on these consolidated financial statements as to whether they give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") or whether they have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(a) Allegation of possible fraudulent activities

During the finalisation of the audit of the consolidated financial statements of the Group for the year ended 31 December 2022, an allegation (the "Allegation") was received by us with respect to the business affairs between a Chinese state-owned broadcasting company (the "SOE") and Beijing Sino-Prosperity Culture Group Co., Ltd.*（北京中廣煜盛文化傳播有限公司）("Zhongguang Yusheng"), a wholly-owned subsidiary of the Company, regarding (i) certain receivables with a carrying amount of RMB90,750,000 (the "Receivables") due from the SOE to Zhongguang Yusheng which were classified as TV program investments in the consolidated statement of financial position of the Group as at 31 December 2022; and (ii) a bank loan with a carrying amount of RMB30,000,000 (the "Bank Loan") in the consolidated statement of financial position of the Group as at 31 December 2022, which was secured by the Receivables and matured on 7 March 2023. According to the Allegation, the SOE claimed that (i) it did not owe Zhongguang Yusheng any receivables as of the date of the Allegation; and (ii) Zhongguang Yusheng submitted a series of forged supporting documents underlying the Receivables to a bank for applying for the Bank Loan (both (i) and (ii) collectively referred to as the "Alleged Illegal Acts"). The SOE also revealed that the Alleged Illegal Acts had been reported to the law enforcement authority in the People's Republic of China (the "PRC").

* The English name is for identification purpose only

In response to the Allegation, we requested the Audit Committee to engage an independent professional firm (the "Independent Professional Firm") for conducting an independent investigation (the "Independent Investigation") to verify the validity of the Allegation. As part of the procedures carried out by the Independent Professional Firm, we attended an interview between the Independent Professional Firm and the responsible persons of the SOE, during which we made enquiries of the Allegation. The responsible persons of the SOE further confirmed to us that (i) the SOE did not enter into the cooperative agreement related to the Receivables with Zhongguang Yusheng nor provide settlement of accounts for confirming the amount of the Receivables arising from the corresponding TV program investment with Zhongguang Yusheng, which we had been provided during the course of our audit; (ii) certain independent professionals were engaged by the SOE in June 2023 to validate the company stamps, and they confirmed that the company stamps affixed to the supporting documents underlying the Receivables, submitted by Zhongguang Yusheng for applying for the Bank Loan, were forged; (iii) the Alleged Illegal Acts were reported to the law enforcement authority in the PRC in August 2023, which is still under investigation and not yet concluded as of the date of interview; and (iv) the Allegation was initiated by the SOE intentionally against the Alleged Illegal Acts of Zhongguang Yusheng.

We referred to the representations made by the responsible persons of the SOE and elaborated the findings with the directors of the Company. The directors of the Company responded to us and the Independent Professional Firm that the Alleged Illegal Acts were solely perpetrated by a former executive director (the "Former ED") who resigned on 9 February 2024, despite the Independent Professional Firm requested for the interview with the Former ED in order to continue the Independent Investigation.

In light of the above, to finalise our audit on the consolidated financial statements of the Group for the year ended 31 December 2022, we further requested additional audit procedures, including but not limited to, (i) conducting an internal control review over the cycle of the TV program investments, related revenue, balances and transactions; and (ii) engaging forensic professionals to conduct an independent forensic investigation over all the items of the TV program investments, related revenue, balances and transactions, particularly those handled and approved by the Former ED, and where necessary, providing adjustments to the consolidated financial statements of the Group for the year ended 31 December 2022. However, as confirmed by the directors of the Company, they were unable to contact the Former ED to enable us to further verify the Allegation as well as the Alleged Illegal Acts. Accordingly, we were unable to obtain sufficient appropriate audit evidence and perform other alternative audit procedures that we considered necessary to ascertain the followings:

(i) the completeness, accuracy and validity of the supporting documents underlying the TV program investments between Zhongguang Yusheng and the SOE;

(ii) the occurrence, completeness, accuracy and validity of the fair value gain on the TV program investments as included in the revenue;

(iii) the existence, rights and obligations, completeness, valuation and classification on the TV program investments with the SOE; and

(iv) the potential impact on the consolidated financial statements of the Group for the year ended 31 December 2022 arising from suspicious forged transactions and balances involving the Former ED, including revenue and receivables arising from other TV program investments.

(b) Opening balances and the comparative information

As described in the preceding paragraphs, due to (i) insufficient audit evidence as mentioned in (a) above which we considered necessary for our audit of the TV program investments, the corresponding revenue, receivables with the SOE, which were come into effect during the year ended 31 December 2021, and related potential impact arising from the Alleged Illegal Acts; (ii) the uncertainties and potential effects arising from other TV program investments, which were come into effect prior to the year ended 31 December 2022 and handled and approved by the Former ED; and (iii) the potential impact on the consolidated financial statements arising from the litigation, we were unable to obtain sufficient appropriate audit evidence we considered necessary on the opening balances as at 1 January 2022. Any necessary adjustments found to be required to the consolidated statement of financial position as at 1 January 2022 would have consequential effects on the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2022.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 29 April 2022.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Lo Ka Ki
Audit Engagement Director
Practising Certificate Number: P06633

24/F., Siu On Centre
188 Lockhart Road
Wanchai, Hong Kong

25 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Revenue	5	**63,849**	389,692
Cost of sales		**(30,717)**	(130,573)
Gross profit		**33,132**	259,119
Other income/(expense), net	6	**11,914**	(2,676)
Selling and marketing expenses		**(3,775)**	(4,247)
General and administrative expenses		**(18,209)**	(100,997)
Loss on disposal of a short-term investment		**–**	(607)
Impairment losses (recognised)/reversed on trade and other receivables, net		**(3,469)**	30,113
Profit from operations		**19,593**	180,705
Net finance income/(expenses)	7(a)	**1,550**	(1,609)
Profit before taxation	7	**21,143**	179,096
Income tax expense	8	**(10,915)**	(5,802)
Profit attributable to equity shareholders of the Company for the year		**10,228**	173,294
Other comprehensive income/(expense) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations into presentation currency		**135**	(3,884)
Total comprehensive income attributable to equity shareholders of the Company for the year		**10,363**	169,410
Earnings per share	11		
Basic and diluted (RMB)		**0.006**	0.108

The notes on pages 93 to 158 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Non-current assets			
Property and equipment	12	**202**	302
Right-of-use assets	13	**9,564**	13,139
Deferred tax assets	25(a)	**9,299**	9,099
		19,065	22,540
Current assets			
TV program investments	14	**329,370**	327,288
Program copyrights	16	**554,815**	530,442
Trade receivables	17	**506,106**	390,355
Prepayments and other receivables	18	**348,847**	395,166
Cash and cash equivalents	19(a)	**436**	3,610
		1,739,574	1,646,861
Current liabilities			
Bank loans	20	**59,000**	20,000
Contract liabilities	21	**68,706**	69,552
Trade payables	22	**38,945**	34,356
Accruals and other payables	23	**160,430**	115,775
Lease liabilities	24	**3,622**	2,914
Current taxation		**106,716**	117,167
		437,419	359,764
Net current assets		**1,302,155**	1,287,097
Total assets less current liabilities		**1,321,220**	1,309,637

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Non-current liability			
Lease liabilities	24	6,597	10,219
Net assets		1,314,623	1,299,418
Equity			
Share capital	27	73	73
Reserves	27	1,314,550	1,299,345
TOTAL EQUITY		1,314,623	1,299,418

The consolidated financial statements were approved and authorised for issue by the board of directors on 25 June 2024.

Su Lei	**Ma Hongsen**
Director	Director

The notes on pages 93 to 158 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Attributable to equity shareholders of the Company						
	Share capital RMB'000 (note 27(a))	Share premium RMB'000 (note 27(d)(i))	Capital reserve RMB'000 (note 27(d)(ii))	Exchange reserve RMB'000 (note 27(d)(v))	Share-based payment reserve RMB'000 (note 27(d)(iv))	Retained profits RMB'000 (note 27(d)(iii))	Total RMB'000
As at 1 January 2021	73	882,836	137,106	(33,076)	–	117,603	1,104,542
Changes in equity for 2021:							
Profit for the year (restated)	–	–	–	–	–	173,294	173,294
Other comprehensive expense for the year							
Item that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations into presentation currency	–	–	–	(3,884)	–	–	(3,884)
Total comprehensive (expense)/ income for the year (restated)	–	–	–	(3,884)	–	173,294	169,410
Equity-settled share-based payment expenses (note 26(c))	–	–	–	–	25,466	–	25,466
As at 31 December 2021 and 1 January 2022 (restated)	**73**	**882,836**	**137,106**	**(36,960)**	**25,466**	**290,897**	**1,299,418**
Changes in equity for 2022:							
Profit for the year	–	–	–	–	–	10,228	10,228
Other comprehensive income for the year							
Item that may be reclassified to profit or loss:							
Exchange differences on translation of foreign operations into presentation currency	–	–	–	135	–	–	135
Total comprehensive income for the year	–	–	–	135	–	10,228	10,363
Lapse of share options (note 26(c))	–	–	–	–	(5,063)	5,063	–
Equity-settled share-based payment expenses (note 26(c))	–	–	–	–	4,842	–	4,842
As at 31 December 2022	**73**	**882,836**	**137,106**	**(36,825)**	**25,245**	**306,188**	**1,314,623**

The notes on pages 93 to 158 farm part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Cash flows from operating activities			
Profit before taxation		21,143	179,096
Adjustments for:			
Depreciation expenses on property and equipment and right-of-use assets		3,675	2,797
Net finance (income)/expenses	7(a)	(1,550)	1,609
Equity-settled share-based payments	26	4,842	25,466
Provision of claims	6	514	4,284
Government grants	6	(10,059)	(1,585)
Loss on disposal of short-term investment		–	607
Impairment losses recognised/(reversed) on trade and other receivables, net		3,469	(30,113)
Impairment losses on program copyrights	7(c)	5,299	–
Operating profit before working capital changes		27,333	182,161
Increase in TV program investments		(2,082)	(327,288)
Increase in program copyrights		(29,672)	(183,869)
(Increase)/decrease in trade receivables		(102,510)	248,336
Decrease/(increase) in prepayments and other receivables		42,189	(163,494)
Increase/(decrease) in trade payables		4,589	(30,963)
(Decrease)/increase in contract liabilities		(846)	46,807
Increase in accruals and other payables		64,198	4,191
Net cash generated from/(used in) operations		3,199	(224,119)
Income tax (paid)/refund		(21,566)	7,246
Net cash used in operating activities		(18,367)	(216,873)
Cash flows from investing activities			
Proceeds from disposal of short-term investment		–	19,459
Payment for loan receivables		–	(179,000)
Interest received		354	10
Redemption of the promissory note		–	414,042
Decrease in restricted bank deposit		–	1,220
Net cash generated from investing activities		354	255,731

for the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Cash flows from financing activities			
Repayment of other interest-bearing borrowings	19(b)	**(10,000)**	(15,000)
Proceeds from bank loans	19(b)	**59,000**	20,000
Repayment to Mr. Liu Mu, net	19(b)	**–**	(5,341)
Repayment of bank loans	19(b)	**(20,000)**	(36,000)
Borrowing costs paid	19(b)	**(10,669)**	(8,968)
Capital element of lease rentals paid	19(b)	**(2,914)**	(2,406)
Interest element of lease rentals paid	19(b)	**(681)**	(393)
Government grants received		**59**	11,585
Net cash generated from/(used in) financing activities		**14,795**	(36,523)
Net (decrease)/increase in cash and cash equivalents		**(3,218)**	2,335
Cash and cash equivalents at the beginning of the year	19(a)	**3,610**	1,292
Effect of foreign exchange rate changes		**44**	(17)
Cash and cash equivalents at the end of the year representing cash on hand and deposits with bank	19(a)	**436**	3,610

The notes on pages 93 to 158 form part of these consolidated financial statements.

1 General Information

China Bright Culture Group (the "Company") was incorporated in the Cayman Islands on 28 May 2019 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. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 March 2020. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the video content operation and eCommerce promotion services.

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

At 31 December 2022 and 2021, the directors of the Company consider the immediate parent and ultimate parent of the Company to be Double K Limited, which was incorporated in the British Virgin Islands (the "BVI") and the ultimate controlling party of the Company to be Mr. Liu Mu ("Mr. Liu"), who was the Chairman and executive director of the Company and resigned on 9 February 2024.

The functional currency of the Company and its subsidiaries incorporated in Hong Kong and the BVI is United States dollars ("US$") while the functional currency of the subsidiaries established in the People's Republic of China (the "PRC") are Renminbi ("RMB"). The consolidated financial statements are presented in RMB for the convenience of users of the consolidated financial statements as the main operations of the Group were located in the PRC.

2 Retrospective restatement

For the purpose of preparing the consolidated financial statements of the Group for the year ended 31 December 2022, the management of the Company reviewed all the agreements that entered into between the Group and TV stations. They detected certain accounting errors (the "Accounting Errors"), in particular to the accounting treatments on the initial recognition and subsequent measurement of those agreements (the "Agreements") in relation to TV program investments. These Accounting Errors existed in the audited consolidated financial statements of the Group for the year ended 31 December 2021 ("FY2021 AFS").

In assessing the financial impact of the Accounting Errors concerned, the management of the Company reviewed the terms and conditions of the Agreements and concluded that they did not fall within the scope of International Financial Reporting Standard ("IFRS") 15 – Revenue from Contracts with Customers. Instead, the Agreements constitute investment in TV programs by the Group. The management of the Company concluded that, in substance, the TV program investments constitute the financial assets at fair value through profit or loss ("FVTPL") under IFRS 9 – Financial Instruments. In view of the above, the management of the Company is of the opinion that retrospective restatements were required to rectify the Accounting Errors in the FY2021 AFS.

The tables below disclose the impact or effects of the retrospective restatements made by the management of the Company to each line items on the consolidated statement of financial position as at 31 December 2021 and the consolidated profit and loss and other comprehensive income for the year ended 31 December 2021 to reflect the correction of the Accounting Errors. The restatements have been applied retrospectively and resulted in changes in the consolidated amounts reported in the consolidated financial statements as follows:

2 Retrospective restatement (Continued)

Effect on the consolidated statement of financial position as at 31 December 2021

	As previously reported RMB'000	Effect of retrospective restatements RMB'000	As restated RMB'000
Deferred tax assets	50,374	(41,275)	9,099
Non-current assets	63,815	(41,275)	22,540
TV program investments	–	327,288	327,288
Trade receivables	552,543	(162,188)	390,355
Current assets	1,481,761	165,100	1,646,861
Net current assets	1,121,997	165,100	1,287,097
Total assets less current liabilities	1,185,812	123,825	1,309,637
Net assets	1,175,593	123,825	1,299,418
Reserves	1,175,520	123,825	1,299,345
Total equity	1,175,593	123,825	1,299,418

Effect on the consolidated statement of profit or loss for the year ended 31 December 2021

	As previously reported RMB'000	Effect of retrospective restatements RMB'000	As restated RMB'000
Revenue	302,941	86,751	389,692
Gross profit	172,368	86,751	259,119
Impairment losses (recognised)/reversed on trade and other receivable, net	(48,236)	78,349	30,113
Profit from operations	15,605	165,100	180,705
Profit before taxation	13,996	165,100	179,096
Income tax credit/(expense)	35,473	(41,275)	(5,802)
Profit attributable to equity shareholders of the Company for the year	49,469	123,825	173,294
Total comprehensive income attributable to equity shareholders of the Company for the year	45,585	123,825	169,410
Earnings per share			
Basic and diluted (RMB)	0.031	0.077	0.108

2 Retrospective restatement (Continued)

These adjustments take into account the fact and substance that the Agreements of TV program investments should be accounted for under IFRS 9 in the FY2021 AFS since the business model of the Group's video content operation changed from being a video program producer (involved in developing, marketing, producing, and distributing video content for media platforms including TV stations and online video platforms) to a video program investor during the year ended 31 December 2021 following stringent control imposed by the government of the PRC particularly for those licensed video program producers. Details of the retrospective restatement are detailed as below:

(i) To reclassify the gross amount of trade receivables of approximately RMB240,537,000 as investment costs of TV program investments, since the investments were financed by the trade receivables, and to reverse an impairment losses of approximately RMB78,349,000 provided against the trade receivables upon the initial recognition in accordance with IFRS 9.

(ii) To account for the fair value gain of approximately RMB86,751,000 attributable to the TV program investments for the year ended 31 December 2021 in accordance with IFRS 9.

(iii) To account for the deferred tax impact for items (i) & (ii) above.

3 Significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

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

3 Significant accounting policies (Continued)

(b) Basis of preparation and presentation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for the TV program investments which are stated at their fair value as explained in the accounting policies set in Note 3(e).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management of the Group in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Application of new and amendments to IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022, for the preparation of these consolidated financial statements:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current year has had no material impact on the Group's consolidated financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(Expressed in RMB unless otherwise indicated)

3 Significant accounting policies (Continued)

(c) Application of new and amendments to IFRSs (Continued)

New and amendments to IFRS Standards in issue but not yet effective

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

	Effective for accounting periods beginning on or after
IFRS 17 – Insurance Contracts and the related Amendments	1 January 2023
IFRS 18 – Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these new and amendments to IFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

(d) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised loss resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

3 Significant accounting policies (Continued)

(d) Consolidation (Continued)

(ii) Subsidiaries controlled through contractual arrangements

As the business is subject to foreign investment restrictions under the relevant PRC laws and regulations, Beijing Yusheng Culture Co., Ltd.*（北京煜盛文化有限公司）("Beijing Yusheng"), an indirectly wholly owned subsidiary of the Company, entered into a series of contractual arrangements (the "Contractual Arrangements") with Beijing Sino-Prosperity Culture Group Co., Ltd.*（北京中廣煜盛文化傳播有限公司）("Zhongguang Yusheng") and its registered owners to obtain the control over Zhongguang Yusheng. The Group entered into the Contractual Arrangements mainly due to the foreign ownership restriction in the PRC.

The equity interests in Zhongguang Yusheng are legally held by individuals and companies who act as registered owners on behalf of Beijing Yusheng. The Contractual Arrangements included exclusive business cooperation agreement, exclusive purchase agreement, shareholder rights entrustment agreement, share pledge agreement and spouse consent letter. Pursuant to the Contractual Agreements, Beijing Yusheng has the power to direct activities that most significantly impact Zhongguang Yusheng and its subsidiaries, including appointing key management, setting up operating policies, exerting financial controls and transferring profit or assets out of Zhongguang Yusheng at its discretion. Beijing Yusheng considers that they also have the right to substantially all of the economic benefits of Zhongguang Yusheng and have an exclusive option to purchase all or part of the equity interests in Zhongguang Yusheng when and to the extent permitted by the PRC laws and regulations at the minimum price possible. Consequently, the directors of the Company regard Zhongguang Yusheng and its subsidiaries as the controlled entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group.

* The English name is for identification purpose only

(e) Other investments

The Group's and the Company's policies for investment, other than investments in subsidiaries, are as follows:

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. These investments are classified into one of the following measurement categories and are subsequently accounted for as follows:

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

- Fair value through other comprehensive income ("FVTOCI")-recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses (the "ECL"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

3 Significant accounting policies (Continued)

(e) Other investments (Continued)

- "FVTPL" if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write-off the cost of items of property and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Motor vehicles	4 years
Electronic equipment	3 years
Office equipment	5 years
Leasehold improvements	3 years or over the lease term
Right-of-use assets	Over the lease term

Where parts of an item of property and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term

3 Significant accounting policies (Continued)

(g) Leases (Continued)

The Group as a lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (the "lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

3 Significant accounting policies (Continued)

(h) Credit loss and impairment of assets

(i) Credit loss from financial instruments

The Group recognises a loss allowance for the ECL on financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls of trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

3 Significant accounting policies (Continued)

(h) Credit loss and impairment of assets (Continued)

(i) Credit loss from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 18 months past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor;
- existing or forecast changes in the market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

3 Significant accounting policies (Continued)

(h) Credit loss and impairment of assets (Continued)

(i) Credit loss from financial instruments (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 3(s)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- significant changes in the market, economic or legal environment that have an adverse effect on the debtor.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

3 Significant accounting policies (Continued)

(h) Credit loss and impairment of assets (Continued)

(ii) Impairment of other non-financial assets

Internal and external sources of information are reviewed at the end of each year to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment;
- right-of-use assets; and
- investment in a subsidiary in the Company's statement of financial position. If any such indication exists, the asset's recoverable amount is estimated.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment loss recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment loss are credited to profit or loss in the year in which the reversals are recognised.

3 Significant accounting policies (Continued)

(i) Program copyrights

These represent legal rights of television programs and television drama series invested and produced by the Group. These rights are stated at cost less accumulated impairment losses. Costs of program copyright comprise fees/investments paid and payable under agreements, direct costs/expenses incurred during the production. The Group expensed the capitalised costs of program copyrights to cost of sales when it is released or delivered to the customer.

When the carrying amount of program copyrights is assessed below the recoverable amount, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment loss is recognised in the consolidated statement of profit or loss.

(j) TV program investments

TV program investments are stated at fair value in accordance with the investment measured at FVTPL with the accounting policy stated in note 3(e).

(k) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

3 Significant accounting policies (Continued)

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Other receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs.

3 Significant accounting policies (Continued)

(p) Employee benefits

(i) Retirement benefit obligations

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Scheme Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed in the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The employees of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 31 December 2022, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

(ii) Share-based payments

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with the corresponding adjustment to the share-based payment reserve.

3 Significant accounting policies (Continued)

(p) Employee benefits (Continued)

(ii) Share-based payments (Continued)

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the year, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax loss and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax loss and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

3 Significant accounting policies (Continued)

(q) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the year. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each year and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3 Significant accounting policies (Continued)

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Licensing of broadcasting rights of programs

Revenue from licensing of broadcasting rights of programs is recognised at a point of time when the control of the TV program has been transferred and accepted by the media platform.

3 Significant accounting policies (Continued)

(s) Revenue and other income (Continued)

(ii) Advertising

The advertising revenue for corporate sponsor is recognised on a straight-line basis over the program broadcast period with customers in which the advertisements are displayed.

The advertising revenue pursuant to the Group's revenue sharing arrangement with the media platform is recognised over time when the related program is broadcasted and the amount of revenue is confirmed by the media platform.

(iii) Licensing of Intellectual Property ("IP")

The Group authorises corporate sponsor clients to use its program materials for their offline marketing activities. Revenue from licensing of IP is recognised on a straight-line basis over the period that the Group's performance obligation is satisfied over time and when the right to receive payment is established.

(iv) eCommerce promotion services

Revenue from eCommerce promotion services is recognised over time because the customer simultaneously received and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised for provision of advertising spaces based on insertion order agreed by both parties using output method over the period that the advertisement launched.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(vi) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently are recognised in profit or loss over the useful life of the asset as other income.

3 Significant accounting policies (Continued)

(t) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ("the functional currency").

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the year. Exchange gain and loss are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the year. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

3 Significant accounting policies (Continued)

(v) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4 Accounting judgements and key estimates

In applying the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Company have made the following judgement that the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Subsidiaries controlled through the Contractual Arrangements

As disclosed in note 3(d)(ii), Zhongguang Yusheng and its subsidiaries were controlled through the Contractual Arrangements. In the opinion of the directors of the Company, based on the advice of its external legal counsel, the directors of the Company consider that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable. However, the Contractual Arrangements may not be as effective as a result of indirect legal ownership in providing the Group with direct control over Zhongguang Yusheng and its subsidiaries and such uncertainties presented in the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of Zhongguang Yusheng and its subsidiaries.

(b) Significant increase in credit risk

ECL are measured as an allowance equal to 12m ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

4 Accounting judgements and key estimates (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) ECLs for receivables

The credit losses for trade and other receivables are based on assumptions about the expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and the Group may make additional loss allowances in future periods. As at 31 December 2022, the carrying amounts of the Group's trade receivables and other receivables were approximately RMB506,106,000, net of loss allowance of RMB238,232,000 (2021 (restated): RMB390,355,000, net of loss allowance of RMB251,473,000) and approximately RMB92,028,000, net of loss allowance of RMB49,304,000 (2021: RMB173,071,000, net of loss allowance of RMB32,594,000), respectively.

(b) Impairment of program copyrights and prepayments for video production content programs (the "Program Related Assets")

If circumstances indicated that the carrying amount of the Program Related Assets may not be recoverable, the Program Related Assets may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of assets. The Program Related Assets are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. In determining the recoverable amount, significant judgement is required relating to the level of revenue to be generated over the life cycle of the program copyright. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue to be generated over the life cycle of the program copyrights. Changes in these estimates could have a significant impact on the recoverable amount of the Program Related Assets and could result in additional impairment charge or reversal of impairment in future periods. As at 31 December 2022, the carrying amount of the Group's program copyrights and prepayments for video production content programs were RMB554,815,000, net of accumulated impairment losses of RMB5,299,000 (2021: RMB530,442,000, net of accumulated impairment losses of nil) and RMB123,129,000, net of accumulated impairment losses of nil (2021: RMB89,313,000 net of accumulated impairment losses of nil), respectively.

4 Accounting judgements and estimates (Continued)

(c) Recognition of deferred tax assets

Deferred tax assets in respect of deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the future operating performance of the Group and requires a significant level of judgement exercised by the management. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised in future periods. As at 31 December 2022, the carrying amount of the Group's deferred tax assets was RMB9,299,000 (2021 (restated): RMB9,099,000).

(d) Fair value valuation of TV program investments

Fair value valuation of the TV program investments are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have used a method of valuation, which involves certain estimates of market conditions. The directors of the Company have exercised their judgements and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's TV program investments and the corresponding adjustments to the amount of fair value gain on TV program investments reported in the consolidated statement of profit or loss.

As at 31 December 2022, the carrying amount of the Group's TV program investments was RMB329,370,000 (2021 (restated): RMB327,288,000).

5 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are (i) video content operation; (ii) eCommerce promotion services; and (iii) TV program investments.

The amount of each significant category of revenue is as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Revenue from contracts with customers within the scope of IFRS 15		
Video content operation		
– Media platforms	47,816	11,793
– Corporate sponsors	–	49,627
	47,816	61,420
eCommerce promotion services	13,951	241,521
	61,767	302,941
Revenue from other source		
Fair value gain on TV program investments	2,082	86,751
	63,849	389,692

During the year ended 31 December 2022, the Group's customers with whom transactions have exceeded 10% (2021: 10%) of the Group's revenue are set out below:

	2022 RMB'000	2021 RMB'000
Customer A (video content operation)	34,906	N/A*
Customer B (eCommerce promotion services)	N/A*	150,038
Customer C (video content operation)	12,264	N/A*

* Transactions with these customers did not exceed 10% of the Group's revenue or did not have any transactions in the respective years.

5 Revenue and segment reporting (Continued)

(a) Revenue (Continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	2022 RMB'000	2021 RMB'000
Over time:		
– Revenue from video content operation – corporate sponsors	–	49,627
– Revenue from eCommerce promotion services	13,951	241,521
	13,951	291,148
A point in time:		
– Revenue from video content operation – media platforms	47,816	11,793
	61,767	302,941

Transaction price allocated to the remaining performance obligation for contracts with customers

All goods or services provided by the Group are for contracts with original expected duration of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(b) Segment reporting

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the consolidated financial statements provided regularly to the Group's senior executive management, being the chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they a majority of these criteria.

The main operation of the Group is engaged in (i) video content operation; and (ii) eCommerce promotion services in the PRC.

Video content operation – licensing of broadcasting rights of TV programs and TV program investments.

eCommerce promotion services – provision of advertising and licensing of IP; and related promotion services.

5 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

The following is an analysis of the Group's revenue and results by segment:

(i) Segment results

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

	Video content operation		eCommerce promotion services		Unallocated		Consolidated	
	2022 RMB'000	2021 RMB'000 (Restated)	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000 (Restated)
Segment revenue								
– External sales	49,898	148,171	13,951	241,521	–	–	63,849	389,692
Segment results	54,795	196,673	(8,422)	111,209	–	–	46,373	307,882
Unallocated other income							25,682	11,329
Loss an disposal of a short-term investment							–	(607)
Impairment losses recognised on other receivables							(16,710)	(18,650)
Unallocated corporate expenses							(34,202)	(120,858)
Profit before taxation							21,143	179,096

Amounts included in the measure of segment profit or loss or segment assets:

	Video content operation		eCommerce promotion services		Unallocated		Consolidated	
	2022 RMB'000	2021 RMB'000 (Restated)	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000 (Restated)
Impairment losses (reversed)/recognised on trade and other receivables	(13,241)	(48,763)	–	–	16,710	18,650	3,469	(30,113)
Impairment losses on program copyrights	5,299	–	–	–	–	–	5,299	–
Depreciation expenses on property and equipment and right-of-use assets	–	–	–	–	3,675	2,797	3,675	2,797
Interest income on loan receivable	–	–	–	–	(12,900)	(9,711)	(12,900)	(9,711)
Interest income on bank balances	–	–	–	–	(354)	(10)	(354)	(10)
Interest expenses	–	–	–	–	10,988	10,881	10,988	10,881
Interest on lease liabilities	–	–	–	–	681	393	681	393

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the result from each segment without allocation of selling and marketing expenses, provision of claims, net finance income/(expenses), loss on disposal of a short-term investment, impairment losses on other receivables and central administration costs. This is the measure reported to the senior executive management for the purpose of resource allocation and performance assessment.

5 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2022 RMB'000	2021 RMB'000 (Restated)
Segment assets		
– Video content operation	**1,513,420**	1,337,398
– eCommerce promotion services	**133,690**	132,782
Total reportable segment assets	**1,647,110**	1,470,180
Unallocated assets	**111,529**	199,221
Consolidated assets	**1,758,639**	1,669,401

	2022 RMB'000	2021 RMB'000 (Restated)
Segment liabilities		
– Video content operation	**68,706**	69,552
– eCommerce promotion services	**38,945**	34,356
Total reportable segment liabilities	**107,651**	103,908
Unallocated liabilities	**336,365**	266,075
Consolidated liabilities	**444,016**	369,983

For the purposes of monitoring segment performance and allocating resources between segments:

– Segment assets include TV program investments, trade receivables, program copyrights and prepayments but exclude property and equipment, right-of-use assets, deferred tax assets, other receivables and cash and cash equivalents; and

– Segment liabilities include trade payables and contract liabilities but exclude bank loans, accruals and other payables, lease liabilities and current taxation.

(iii) Segment other information

Group's operating assets and non-current assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

6 Other income/(expense), net

	2022 RMB'000	2021 RMB'000
Government grants (note (i))	10,059	1,585
Provision of claims (note (ii))	(514)	(4,284)
Others	2,369	23
	11,914	(2,676)

Notes:

(i) During the year ended 31 December 2022, the Group recognised government grants of approximately RMB10,059,000 (2021: RMB1,585,000) in relation to the local subsidies provided by the government of the PRC. Under the terms of the grants, the Group is required to carry out business situated in Beijing, Dai Xian district for 2 years from June 2020. The Group had already fulfill the requirement. The amount of the government grants received were recognised as the other income.

(ii) During the year ended 31 December 2021, a subsidiary of the Group was a defendant in a legal case involving the failure of the subsidiary to settle the outstanding balance of account payable due to the plaintiff. A claim amount of approximately RMB4,284,000 was ordered by the court in Shanghai, the PRC. A provision was made with respect to the claim. The amount has not been settled as at 31 December 2022.

During the year ended 31 December 2022, the Company was involved in a legal case in Hong Kong for failure to settle outstanding fee due to CS Legend Corporate Services Limited. The legal claim of approximately RMB514,000 was ordered by the High Court of The Hong Kong Special Administrative Region. A provision was made with respect to the claim.

7 Profit before taxation

Profit before taxation is arrived at after (crediting)/charging:

(a) Net finance expenses/(income)

	2022 RMB'000	2021 RMB'000
Finance income:		
Interest income on loan receivable (note 18(ii))	(12,900)	(9,711)
Interest income on bank balances	(354)	(10)
	(13,254)	(9,721)
Finance costs:		
Interest expenses	10,988	10,881
Interest on lease liabilities	681	393
Net foreign exchange losses	35	56
	11,704	11,330
Net finance (income)/expenses	(1,550)	1,609

7 Profit before taxation (Continued)

(b) Staff costs (including directors' emoluments)

	2022 RMB'000	2021 RMB'000
Salaries, wages and other benefits	**11,412**	13,773
Contributions to defined contribution retirement plans	**2,401**	2,094
Equity-settled share-based payment expenses	**4,842**	25,466
	18,655	41,333

(c) Other items

The following expenses are included in cost of sales, selling and marketing expenses, general and administrative expenses:

	2022 RMB'000	2021 RMB'000 (Restated)
Cost of program copyrights sold (included in cost of sales)	**25,418**	130,573
Impairment losses on program copyrights (included in cost of sales)	**5,299**	–
Expenses related to short-term leases	**–**	2,343
Depreciation expenses		
– Property and equipment	**100**	494
– Right-of-use assets	**3,575**	2,303
Impairment losses recognised/(reversed) on trade and other receivables, net	**3,469**	(30,113)
Auditors' remuneration		
– Audit service	**2,630**	1,200

8 Income tax expense

(a) Taxation in the consolidated statement of profit or loss represents:

	2022 RMB'000	2021 RMB'000 (Restated)
Current taxation		
Provision for the year	**11,115**	14,901
Deferred taxation		
Origination and reversal of temporary differences (note 25 (a)(i))	**(200)**	(9,099)
Income tax expense	**10,915**	5,802

8 Income tax expense (Continued)

(b) Reconciliation between income tax expense and profit before taxation at applicable tax rates:

	2022 RMB'000	2021 RMB'000 (Restated)
Profit before taxation	**21,143**	179,096
Tax calculated at statutory tax rates applicable to profits in the respective jurisdictions	**5,286**	44,774
Tax effect of:		
Non-deductible expenses	**8,144**	2,885
Non-taxable income	**(2,515)**	(15,264)
Preferential tax rate applicable to subsidiaries	**–**	(938)
Utilisation of deductible temporary differences previously not recognised	**–**	(25,655)
Income tax expense	**10,915**	5,802

Income tax rate applies to the Company and its subsidiaries:

The Company and the subsidiary of the Group incorporated in Cayman Islands and the BVI are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

The Company and the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax rate of 16.5% (2021:16.5%) for the year ended 31 December 2022 (2021: RMB nil).

In accordance with the Enterprise Income Tax Law ("Income Tax Law") of the PRC, enterprise income tax rate for the Group's PRC subsidiaries is 25% (2021: 25%), except for certain subsidiaries of the Group which are tax exempted or taxed at preferential rates (see below), as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2022 and 2021.

According to the relevant PRC enterprise income tax law, from 1 October 2020 to 30 September 2025, the Company's subsidiary, Yili Zhongsheng Quanxing Media Co., Ltd.*（伊犁中盛全興影視傳媒有限公司）("Yili Zhongsheng"), has obtained approvals from the tax bureau for entitlement of local enterprise income tax exemption of 40% and enjoys a preferential PRC Corporate Income Tax rate of 15%.

* The English name is for identification purpose only.

9 Directors' emoluments

	2022				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share-based payment expenses RMB'000	Contribution to defined contribution retirement plans RMB'000	Total RMB'000
Executive directors					
Liu Mu (Chairman) (note (i))	–	1,449	–	60	1,509
Xia Rui (note (ii))	–	350	1,673	36	2,059
Independent non-executive directors					
Ran Hua (note (iii))	300	–	–	–	300
Zhang Yiwu (note (iv))	300	–	–	–	300
Yang Chengjia (note (v))	–	–	–	–	–
Yu Xuezhong (note (vi))	100	–	–	–	100
Yao Li (note (vii))	258	–	–	–	258
	958	1,799	1,673	96	4,526

	2021				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share-based payment expenses RMB'000	Contribution to defined contribution retirement plans RMB'000	Total RMB'000
Executive directors					
Liu Mu (Chairman) (note (i))	–	1,571	–	90	1,661
Xia Rui (note (ii))	–	580	5,063	90	5,733
Independent non-executive directors					
Ran Hua (note (iii))	249	–	–	–	249
Zhang Yiwu (note (iv))	249	–	–	–	249
Yang Chengjia (note (v))	214	–	–	–	214
Yao Li (note (vii))	249	–	–	–	249
	961	2,151	5,063	180	8,355

9 Directors' emoluments (Continued)

Notes:

(i) Mr. Liu Mu resigned as chairman and executive director of the Company on 9 February 2024.

(ii) Mr. Xia Rui resigned as executive director of the Company on 21 July 2022.

(iii) Ms. Ran Hua resigned as independent non-executive director of the Company on 17 April 2023.

(iv) Mr. Zhang Yiwu resigned as independent non-executive director of the Company on 27 February 2023.

(v) Mr. Yang Chengjia resigned as independent non-executive director of the Company on 21 July 2022.

(vi) Mr. Yu Xuezhong was appointed as independent non-executive director of the Company on 31 August 2022 and resigned as independent non-executive director of the Company on 15 March 2024.

(vii) Ms. Yao Li resigned as independent non-executive director of the Company on 27 February 2023.

No emoluments have been paid to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2022 and 2021. No director waived or agreed to waive any emoluments during the years ended 31 December 2022 and 2021.

Save for disclosed in note 29, no significant transaction, arrangement and contract of significance in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

10 Individuals with highest emoluments

Among the five individuals with the highest emoluments, two (2021: two) are directors of the Company whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other three (2021: three) individuals are as follows:

	2022 RMB'000	2021 RMB'000
Salaries and allowance, and benefit in kind	**1,284**	1,220
Contributions to defined contribution retirement plans	**173**	234
	1,457	1,454

The emoluments of the above individuals are within the following bands:

	2022 Number of individuals	2021 Number of individuals
Hong Kong dollars ("HK$") Nil to HK$1,000,000	**3**	3

11 Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of approximately RMB10,228,000 (2021 (restated): RMB173,294,000) and the weighted average number of ordinary shares of 1,600,000,000 shares (2021: 1,600,000,000 shares).

(ii) Diluted earnings per share

For the years ended 31 December 2022 and 2021, the computation of diluted earnings per share did not assume the exercise of outstanding share options of the Company since exercise price of the share options was higher than the average market price of shares.

12 Property and equipment

	Motor vehicles RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost:					
As at 1 January 2021, 31 December 2021 and 1 January 2022	199	372	405	3,469	4,445
Write-off	(199)	–	–	–	(199)
As at 31 December 2022	**–**	**372**	**405**	**3,469**	**4,246**
Accumulated depreciation:					
As at 1 January 2021	(153)	(205)	(180)	(3,111)	(3,649)
Charge for the year	(36)	(24)	(76)	(358)	(494)
As at 31 December 2021 and 1 January 2022	**(189)**	**(229)**	**(256)**	**(3,469)**	**(4,143)**
Write-off	**199**	**–**	**–**	**–**	**199**
Charge for the year	**(10)**	**(15)**	**(75)**	**–**	**(100)**
As at 31 December 2022	**–**	**(244)**	**(331)**	**(3,469)**	**(4,044)**
Net book value:					
As at 31 December 2022	**–**	**128**	**74**	**–**	**202**
As at 31 December 2021	10	143	149	–	302

13 Right-of-use assets

The Group leases certain buildings for its office and business operation. Information about leases for which the Group is a lessee is presented below:

	2022 RMB'000	2021 RMB'000
Cost:		
As at 1 January	15,838	8,051
Addition	–	8,324
Terminate of lease	–	(537)
As at 31 December	15,838	15,838
Accumulated depreciation:		
As at 1 January	(2,699)	(933)
Charge for year	(3,575)	(2,303)
Terminate of lease	–	537
As at 31 December	(6,274)	(2,699)
Net book value:		
As at 31 December	9,564	13,139

Lease liabilities of RMB10,219,000 (2021: RMB13,133,000) are recognised with related right-of-use assets of RMB9,564,000 (2021: RMB13,139,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

For the year ended 31 December 2022, the Group leases certain buildings for its office and business operation. Lease contracts are entered into for fixed term of 3 to 6 years (2021: 13 months to 6 years), but may have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

14 TV program investments

	2022 RMB'000	2021 RMB'000 (Restated)
TV program investments measured at FVTPL		
– Completed program production	**329,370**	327,288

Note: The TV program investments are classified as current assets as the management of the Company expected to recover the amount within operating cycle. There is no additional investment for the TV program investments made during the year ended 31 December 2022 (2021: RMB240,537,000). The fair value changes on the TV program investments were recognised in the consolidated profit or loss as revenue (note 5).

As at 31 December 2022, the carrying amount of the TV program investments was pledged as security for the Group's bank loans (note 20).

15 Investments in subsidiaries

The following list contains the particulars of subsidiaries as at 31 December 2022 and 2021. The class of shares held is ordinary unless otherwise stated.

				Proportion of ownership interest			
Name of company	Forms of business structure	Place and date of incorporation/ establishment and business	Particulars of registered/issued and paid-up capital	Group's effective interest	Held by the Company	Held by the subsidiary	Principal activities
Directly held							
China Bright Culture (BVI) Limited	Incorporated	The BVI 29 May 2019	1 Share	100%	100%	–	Investment holding
Indirectly held							
China Bright Culture Group Holdings Limited	Incorporated	Hong Kong 18 June 2019	HK$10,000	100%	–	100%	Investment holding
Beijing Yusheng	Wholly foreign owned enterprise	The PRC 15 July 2019	Registered capital of USD66,660,000 and paid-up capital of RMB37,910,000	100%	–	100%	Investment holding
Yueying Xingyao Information Technology (Tianjin) Co., Ltd.* (月影星耀信息技術(天津)有限公司)	Domestic enterprise	The PRC 9 May 2020	Registered capital of RMB100,000,000 and paid-up capital of RMB Nil	100%	–	100%	Advertising agency for TV programs and online programs
Huajin Chengpin (Tianjin) Equity Investment Partnership (Limited Partnership)* (華金誠品(天津)股權投資合夥企業(有限合夥))	Sino-foreign equity entity	The PRC 1 September 2020	Registered capital of RMB150,000,000 and paid-up capital of RMB Nil	100%	–	100%	Investment holding
Jiangxi Qihenghe Culture Technology Co., Ltd.* (江西气恒合文化科技有限公司)	Domestic enterprise	The PRC 16 August 2021	Registered capital of RMB100,000,000 and paid-up capital of RMB1,160,000	100%	–	100%	Producer of variety programs

(Expressed in RMB unless otherwise indicated)

15 Investments in subsidiaries (Continued)

Name of company	Forms of business structure	Place and date of incorporation/ establishment and business	Particulars of registered/issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by the subsidiary	Principal activities
Held through Contractual Arrangements							
Zhongguang Yusheng (note)	Domestic enterprise	The PRC 3 April 2014	RMB5,984,381	100%	–	100%	Producer of variety programs and eCommerce promotion service
Yili Zhongsheng	Domestic enterprise	The PRC 8 September 2016	RMB10,000,000	100%	–	100%	Producer of variety programs
Shanghai Yusheng Culture Co., Ltd.* （上海煜盛文化傳媒有限公司） ("Shanghai Yusheng") (note)	Domestic enterprise	The PRC 25 December 2018	Registered capital of RMB100,000,000 and paid-up capital of RMB Nil	100%	–	100%	Producer of variety programs
Shanghai Yumi Trading Co., Ltd.* 上海煜米商貿有限公司 ("Shanghai Yumi") (note)	Domestic enterprise	The PRC 23 June 2020	Registered capital of RMB1,000,000 and paid-up capital of RMB Nil	100%	–	100%	Science and Technology extension and application services

* The English name is for identification purpose only.

Note: As detailed in the note 3(d)(ii), the equity interests in Zhongguang Yusheng are legally held by individuals and companies who act as registered owners of Zhongguang Yusheng on behalf of Beijing Yusheng through a series of contractual agreements signed. Therefore, Beijing Yusheng considers that Zhonggang Yusheng and its subsidiaries, Yili Zhongsheng, Shanghai Yusheng and Shanghai Yumi were subsidiaries of Beijing Yusheng as Beijing Yusheng has the power to direct activities that most significantly impact over Zhonggang Yusheng, Yili Zhongsheng, Shanghai Yusheng and Shanghai Yumi during the years ended 31 December 2022 and 2021.

16 Program copyrights

(a) Program copyrights in the consolidated statement of financial position comprise:

	2022 **RMB'000**	2021 RMB'000
Program copyrights	**554,815**	530,442

(b) Movement of program copyrights are as follows:

	2022 **RMB'000**	2021 RMB'000
At 1 January	**530,442**	346,573
Addition	**55,090**	314,442
Impairment losses recognised as cost of sales	**(5,299)**	–
Program copyrights that recognised as cost of sales	**(25,418)**	(130,573)
At 31 December	**554,815**	530,442

17 Trade receivables

	2022 **RMB'000**	2021 RMB'000 (Restated)
Trade receivables	**744,338**	641,828
Less: loss allowance, net	**(238,232)**	(251,473)
	506,106	390,355

17 Trade receivables (Continued)

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables, based on the billing date and net of loss allowance, is as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Within 1 month	–	12,121
1 month to 3 months	102,510	2,438
3 months to 6 months	67,433	15,000
6 months to 1 year	134,867	20,655
1 to 2 years	50,214	335,189
2 to 3 years	151,082	4,952
	506,106	390,355

Credit terms of trade receivables were ranging from 30 – 360 days (2021: 30 – 360 days) from the date of billing.

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 28(a).

(b) Loss allowance on trade receivables

The movements in the loss allowance on trade receivables during the year are as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
As at 1 January	251,473	300,236
Reversal of impairment losses	(13,241)	(48,763)
As at 31 December	238,232	251,473

None of the receivables have been written off during the years ended 31 December 2022 and 2021.

18 Prepayments and other receivables

	2022 RMB'000	2021 RMB'000
Prepayments		
Prepayment to eCommerce providers	133,690	132,782
Prepayments to third parties (note (i))	123,129	89,313
	256,819	222,095
Other receivables		
Loan receivables (note (ii))	125,726	188,711
Others	15,606	16,954
	141,332	205,665
Less: loss allowance	(49,304)	(32,594)
	92,028	173,071
	348,847	395,166

Notes:

(i) Prepayments to third parties represent the payments to suppliers for producing the video content operations of which production has yet to commence.

(ii) On 16 June 2021, the Group's wholly-owned subsidiary, Yueying Xingyao, entered into a loan agreement with Tianjin Fangzhou Technology Development Company Limited（天津方舟科技發展有限公司）("Tianjin Fangzhou"), a limited liability company established in the PRC (the "Loan Agreement"). Pursuant to the Loan Agreement, Yueying Xingyao (as a lender), made available a principal amount of RMB179,000,000 to Tianjin Fangzhou (as borrower) for a term ended on 31 December 2021 and charged at an annual interest rate of 10% per annum and paid on maturity date. Such loan is secured by 35% of the total issued shares of Tianjin Fangzhou owned by its ultimate beneficial owner.

During the year ended 31 December 2022, the Group received approximately RMB50,000,000 for the partial settlement of such loan receivable. Subsequent to the end of reporting period on 4 January 2023, the Company entered into a new agreement with Tianjin Fangzhou to extend the repayment period of the outstanding balance for another one year with maturity date of 4 January 2024 with the same interest rate.

19 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	2022 RMB'000	2021 RMB'000
Cash on hand	–	1
Deposits with banks	436	3,609
Cash and cash equivalents	436	3,610

The Group's operations in the PRC (excluding Hong Kong) conducted its business in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

(b) Reconciliation of liabilities arising from financing activities:

		Accruals and other payables				
	Bank loans RMB'000 (Note 20)	Amount due to Mr. Liu RMB'000 (Note 23)	Amounts due to third parties RMB'000 (Note 23)	Interest payables RMB'000 (Note 23)	Lease liabilities RMB'000 (Note 24)	Total RMB'000
As at 1 January 2021	36,000	8,669	35,000	8,795	7,215	95,679
Changes from financing cash flows:						
Proceeds from bank loans	20,000	–	–	–	–	20,000
Repayment of bank loans	(36,000)	–	–	–	–	(36,000)
Repayment of other interest-bearing borrowings	–	–	(15,000)	–	–	(15,000)
Borrowing costs paid	–	–	–	(8,968)	–	(8,968)
Advance from Mr. Liu	–	42,940	–	–	–	42,940
Repayment to Mr. Liu	–	(48,281)	–	–	–	(48,281)
Interest element of lease rentals paid	–	–	–	–	(393)	(393)
Capital element of lease rentals paid	–	–	–	–	(2,406)	(2,406)
Other changes:						
Increase in lease liabilities from entering into new lease during the year	–	–	–	–	8,324	8,324
Interest expenses	–	911	–	9,970	393	11,274
As at 31 December 2021	20,000	4,239	20,000	9,797	13,133	67,169

19 Cash and cash equivalents and other cash flow information (Continued)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

		Accruals and other payables				
	Bank loans RMB'000 (Note 20)	Amount due to Mr. Liu Mu RMB'000 (Note 23)	Amounts due to third parties RMB'000 (Note 23)	Interest payables RMB'000 (Note 23)	Lease liabilities RMB'000 (Note 24)	Total RMB'000
As at 1 January 2022	20,000	4,239	20,000	9,797	13,133	67,169
Changes from financing cash flows:						
Proceeds from bank loans	59,000	–	–	–	–	59,000
Repayment of bank loans	(20,000)	–	–	–	–	(20,000)
Repayment of other interest-bearing borrowings	–	–	(10,000)	–	–	(10,000)
Borrowing costs paid	–	–	–	(10,669)	–	(10,669)
Interest element of lease rentals paid	–	–	–	–	(681)	(681)
Capital element of lease rentals paid	–	–	–	–	(2,914)	(2,914)
Other changes:						
Interest expenses	–	–	–	10,988	681	11,669
As at 31 December 2022	59,000	4,239	10,000	10,116	10,219	93,574

(c) Total cash outflows for leases

Amount included in the consolidated statement of cash flows for leases comprise the followings:

	2022 RMB'000	2021 RMB'000
Within operating cash flows	–	2,343
Within financing cash flows	3,595	2,799
	3,595	5,142

20 Bank loans

The Group's short-term bank loans comprise:

	2022 **RMB'000**	2021 RMB'000
Secured (note (i))	**50,000**	–
Unsecured (note (ii))	**9,000**	20,000
	59,000	20,000
Effect interest are:		
Fixed-rate bank borrowings	**5%–6.5%**	3.6%

Notes:

(i) As at 31 December 2022, included in secured bank loan were (i) carrying amount of RMB30,000,000 (2021: nil) which were secured by the TV program investments with carrying amount of RMB90,750,000 (2021: nil) and guaranteed by Mr. Liu and the Company, with fixed interest rate of 5% (2021: nil) per annum; and (ii) carrying amount of RMB20,000,000 (2021: nil) which were secured by other certain TV program investments and guaranteed by Mr. Liu with fixed interest rate of 6.5% (2021: nil) per annum.

(ii) Included in the unsecured bank loan as at 31 December 2022 was bank loan with carrying amount of RMB9,000,000 (2021: nil) which was guaranteed by Mr. Liu with fixed interest rate of 5% (2021: nil) per annum.

Included in the unsecured bank loan as at 31 December 2021 were RMB20,000,000 (2022: nil) which were guaranteed by Beijing Xingzhan Rongda Financing Guarantee Co., Ltd.（北京興展融達融資擔保有限公司）, an independent third party not connected to the Group, Shanghai Yusheng, Mr. Liu and Mr. Xia Rui, the former executive director of the Company who resigned on 21 July 2022. Such bank loans were fully repaid during the year ended 31 December 2022.

Subsequent to the end of the reporting period, the bank loan of RMB30,000,000 were default from repayment and details are set out in note 32.

21 Contract liabilities

	2022 RMB'000	2021 RMB'000
Video content operation		
– Corporate sponsors	68,706	69,552

The Group received (i) the consideration of advertising revenue from corporate sponsors in advance of the authorisation period and such amount are expected to be recognised within the operating cycle; and (ii) deposits from customers eCommerce promotion services.

The movements in contract liabilities are as follows:

	2022 RMB'000	2021 RMB'000
As at 1 January	69,552	22,745
Increase in contract liabilities as a result of receipt in advance upon the signing of sales contracts	–	96,434
Decrease in contract liabilities included at the beginning of the period as a result of revenue recognition	(846)	(49,627)
As at 31 December	68,706	69,552

22 Trade payables

The following is an ageing analysis of trade payables, based on the invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year	1,165	14,606
1 to 2 years	19,478	5,325
2 to 3 years	18,302	14,425
	38,945	34,356

All of the trade payables are expected to be settled within one year or are repayable on demand.

23 Accruals and other payables

	2022 RMB'000	2021 RMB'000
Amount due to Mr. Liu (note (i))	**4,239**	4,239
Amounts due to third parties (note (ii))	**10,000**	20,000
Payroll payables	**15,542**	4,650
Program and IP content research and development payable	**11,197**	14,245
Other taxes and levies	**89,921**	45,754
Unrecognised government grants	**–**	10,000
Interest payables	**10,116**	9,797
Others (note (iii))	**19,415**	7,090
	160,430	115,775

All of the accruals and other payables are expected to be settled and expensed within one year or are repayable on demand.

Notes:

(i) Amount due to Mr. Liu, represent the unsecured borrowing of RMB4,239,000 (2021: RMB4,239,000) from Mr. Liu Mu with interest rate of 4.35% per annum and repayable on demand.

(ii) On 17 August 2020, Zhongguang Yusheng borrowed RMB10,000,000 from Huasheng Yihong Investment Management Co., Ltd. (華盛一泓投資管理有限公司) ("Huasheng Yihong"), which was guaranteed by Mr. Liu with interest rate of 4% per annum. The borrowing was settled during the year ended 31 December 2022.

On 8 September 2020, Zhongguang Yusheng borrowed an additional RMB10,000,000 from Huasheng Yihong, which was guaranteed by Mr. Liu Mu. The borrowing repayment period was extended to 15 September 2023.

(iii) Included in others was provision of claims of RMB4,798,000 (2021: RMB4,284,000), and details are set out in note 6(ii).

24 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities as at 31 December 2022 and 2021.

	2022		2021	
	Present value of the minimum lease payments RMB'000	Total minimum lease prepayments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease prepayments RMB'000
Within 1 year	3,622	4,102	2,914	3,420
After 1 year but within 2 years	4,036	4,291	3,622	4,102
After 2 years but within 5 years	2,561	2,722	5,976	6,378
After 2 years but within 5 years	–	–	621	635
	6,597	7,013	10,219	11,115
	10,219	11,155	13,133	14,535
Less: total future interest expenses		(936)		(1,402)
Present value of lease liabilities		10,219		13,133

The weighted average incremental borrowing rates applied to lease liabilities range from 5.23% to 7.14% (2021: from 5.23% to 7.14%).

25 Deferred taxation

(a) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and (liabilities)

The components of deferred tax recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Fair value change on TV program investments RMB'000 (Restated)	Loss allowance RMB'000 (Restated)	Total RMB'000 (Restated)
As at 1 January 2021	–	–	–
(Charged)/credited to profit or loss (restated) (note 8(a))	(21,688)	30,787	9,099
As at 31 December 2021 and at 1 January 2022	(21,688)	30,787	9,099
(Charged)/credited to profit or loss (note 8(a))	(521)	721	200
As at 31 December 2022	**(22,209)**	**31,508**	**9,299**

(ii) Reconciliation to the consolidated statement of financial position

	2022 RMB'000	2021 RMB'000 (Restated)
Net deferred tax asset recognised in the consolidated statements of financial position	**9,299**	9,099

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 3(q), certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB18,386,000 at 31 December 2022 (2021: RMB18,386,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant entities. The cumulative tax losses comprised tax losses arose from various years, and each year's tax loss can only be carried forward for five years from 2023 to 2027 (2021: from 2022 to 2026).

(c) Deferred tax liabilities not recognised

At 31 December 2022, taxable temporary differences relating to the retained profits of the Group's subsidiaries established in the PRC (excluding Hong Kong) amounted to approximately RMB368,591,000 (2021: RMB335,441,000), where no deferred tax liabilities in respect of the PRC withholding tax that would be payable on the distributions of these profits were recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that such profits will not be distributed in the foreseeable future.

(Expressed in RMB unless otherwise indicated)

26 Equity-settled share-based payments

The Company has adopted a share option scheme on 7 February 2020 (the "Share Option Scheme") and shall be valid and effective for a period of 10 years from the date of its adoption and the options granted have a 10-year exercise period. Accordingly, the Share Option Scheme shall expire on 6 February 2030. Under the Share Option Scheme, the directors may, at its discretion, offer to grant an option to the following eligible participants to subscribe for such number of new shares as the directors may determine at an exercise price determined in accordance with the terms of the Share Option Scheme:

- Any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- Any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and
- Any advisers, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the directors, will contribute or have contributed to the Company and/or any of its subsidiaries.

On 8 December 2020, the Directors approved the grant of options ("Options") under the Share Option Scheme to ten grantees, of which eight grantees have accepted the Options on 1 January 2021 upon the agreement of the vesting conditions attached to the Options.

(a) Details of shares granted are as follows:

Date of grant	Exercise price	Number of options granted	Vesting period	Exercisable period
Options granted to Mr. Xia Rui, the executive director of the Company				
1 January 2021	HK$0.97	2,672,000	Note (i)(a)	1 January 2022 to 7 December 2030
1 January 2021	HK$0.97	5,328,000	Note (i)(b)	1 January 2023 to 7 December 2030
1 January 2021	HK$0.97	8,000,000	Note (i)(c)	1 January 2024 to 7 December 2030
		16,000,000		
Options granted to 5 employees of the Company				
1 January 2021	HK$0.97	4,008,000	Note (i)(a)	1 January 2022 to 7 December 2030
1 January 2021	HK$0.97	7,992,000	Note (i)(b)	1 January 2023 to 7 December 2030
1 January 2021	HK$0.97	12,000,000	Note (i)(c)	1 January 2024 to 7 December 2030
		24,000,000		
Options granted to an external consultant				
1 January 2021	HK$0.97	8,000,000	Note (ii)	1 January 2022 to 7 December 2030
Options granted to an employee				
1 January 2021	HK$0.97	16,000,000	Note (ii)	1 January 2022 to 7 December 2030

(Expressed in RMB unless otherwise indicated)

26 Equity-settled share-based payments (Continued)

(a) Details of shares granted are as follows: (Continued)

Notes:

(i) The options granted are exercisable in accordance with the following vesting schedule: subject to the fulfilment of business performance or both service assessment condition and business performance condition for each of the years ended 31 December 2021, 2022 and 2023 as set out in the grant letter, (a) the first 16.7% of the options granted to the relevant grantee, is exercisable commencing from 12 months after the date of acceptance of the relevant options; (b) the next 33.3% of the options granted to the relevant grantee, is exercisable commencing from 24 months after the date of acceptance of the relevant options; and (c) the remaining 50.0% of the options granted to the relevant grantee, is exercisable commencing from 36 months after the date of acceptance of the relevant options.

(ii) The options granted are exercisable in accordance with the fulfilment of the service assessment condition for the year ended 31 December 2021 as set out in the grant letter.

(b) The number and weighted average exercise prices of share options

	Weighted average exercise price	**Number of options**
Outstanding at 1 January 2021	–	–
Granted during the year	HK$0.97	64,000,000
Outstanding at 31 December 2021 and 1 January 2022	HK$0.97	64,000,000
Lapsed during the year	HK$0.97	(16,000,000)
Outstanding at 31 December 2022	HK$0.97	48,000,000
Exercisable as at		
31 December 2022	HK$0.97	36,000,000
31 December 2021	HK$0.97	30,680,000

During the year ended 31 December 2022, no share options were granted (2021: 64,000,000) and 36,000,000 (2021: 30,680,000) share options became exercisable.

The share options outstanding as at 31 December 2022 had an exercise price of HK$0.97 (2021: HK$0.97) and a weighted average remaining contractual life of 8 years (2021: 9 years).

(Expressed in RMB unless otherwise indicated)

26 Equity-settled share-based payments (Continued)

(c) Fair value of share options and assumptions

The fair value of the share options granted to the directors and employees were determined at the grant date, being the date of acceptance by the grantee, and were measured by an independent valuer engaged by the Group, based on binomial model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

Fair value of share options at the date of grant and assumptions.

Fair value at measurement date (HK$)	
Share price	HK$0.9
Exercise price	HK$0.97
Expected volatility (expressed as average volatility used in the modelling under binomial model)	109%
Option life	10 years
Expected dividends	–
Risk-free interest rate	0.847% p.a.

The expected volatility is based on the historical volatilities of the share prices of the comparable companies. Expected dividends were estimated by the Company based on its expected dividend policy over the expected terms of the options. Changes in the subjective input assumptions could materially affect the fair value estimate.

For share options granted to the consultant, the fair value of the share-based payment is based on the value the goods and services at the receipt date. The fair values of the share options were determined based on the market price of the services provided by the consultant.

The Group recognised the total expense of RMB4,842,000 (2021: RMB25,466,000) for the year ended 31 December 2022 in relation to the share options granted by the Company.

The Group recognised a debit of share-based payment reserve of RMB5,063,000 (2021: nil) upon the lapse of 16,000,000 (2021: nil) share options during the year ended 31 December 2022.

27 Share capital, reserves and dividends

(a) Share capital

	No. of shares	Amount US$'000
Ordinary shares of US$0.00001 (2021: US$0.00001) each		
Authorised:		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	5,000,000,000	50

	No. of shares	Amount RMB'000
Issued and fully paid:		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	1,600,000,000	73

(b) Dividends

For the years ended 31 December 2022 and 2021, no dividends were declared to the shareholders of the Company, nor has any dividend been proposed since the end of the reporting period.

(c) Movements in components of equity

The changes of each component of the Group's consolidated equity during the years ended 31 December 2022 and 2021 is set out in the consolidated statements of changes in equity.

(d) Nature and purpose of reserves

(i) Share premium

Share premium represented the difference between the par value of shares issued and the amount of net proceeds received from its shareholders of the Company.

(ii) Capital reserve

For the purpose of the consolidated financial statements, the aggregate amount of the paid-in capital of all the entities comprising the Group at the respective dates were recorded as capital reserve, after elimination of investments in subsidiaries.

27 Share capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves (Continued)

(iii) Retained profits

In accordance with the relevant the PRC laws and regulations, the Company's subsidiaries established and operated in the PRC are required to transfer 10% of its net profit to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. The transfer to this reserve must be made before distributions to equity holders. This reserve can be utilised in setting off accumulated losses or increase capital of the subsidiary and is non-distributable other than in liquidation.

As at 31 December 2022, the statutory reserve provided by the Company's PRC subsidiaries amounting to approximately RMB7,992,000 (2021: RMB7,992,000) was included in the Group's reserves.

(iv) Share-based payment reserve

Share-based payment reserve comprises the portion of the grant date fair value of unexercised share options granted to employees, consultant, directors of the Company and other service providers that has been recognised in accordance with the accounting policy adopted for share-based payments to these consolidated financial statements.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(t).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The externally imposed capital requirement for the Group is that it must have a public float of at least 25% of the shares in order to maintain its listing on the Stock Exchange.

28 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit rating assigned by international credit agencies, for which the Group considers to have low credit risk. The Group does not provide any guarantees which would expose the Group to credit risk.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Medium risk	Debtor frequently repays but usually settles after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

28 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

The tables below detail the credit risk exposures of the Group's financial assets (trade receivables, other receivables and bank balances) at the end of reporting period, which are subject to the ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
					2022	2021
					RMB'000	RMB'000
						(Restated)
Financial assets at amortised cost:						
Trade receivables (note (i))	17	N/A	Low risk	Lifetime ECL – not credit impaired	**734,338**	631,828
	17	N/A	Loss	Lifetime ECL – credit impaired	**10,000**	10,000
Other receivables (note (ii))	18	N/A	Medium risk	12m ECL	**15,606**	16,954
	18	N/A	Doubtful	Lifetime ECL – not credit impaired	**125,726**	188,711
Bank balances	19(a)	N/A (note (iii))	N/A	12m ECL	**436**	3,610

Notes:

(i) For trade receivables, the Group has applied the provision matrix to measure the loss allowance at lifetime ECL. The Group determines the ECL for trade receivables with reference to past default experience for recurring customers and current past due exposure for new customers.

During the year ended 31 December 2022, impairment losses of approximately RMB13,241,000 (2021: (restated) RMB48,763,000) were reversed for credit impaired and non-credit impaired trade receivables.

(ii) For other receivables, the Group assessed the ECL on individual basis with reference to past default experience and forward-looking macroeconomic information as appropriate. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2022, impairment loss of approximately RMB16,710,000 (2021: RMB18,650,000) was provided for 12m ECL and lifetime ECL on other receivables and recognised in the profit or loss.

(iii) The Group did not provide any 12m ECL on bank balances as the amount is insignificant.

28 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Payment terms varies under the Group's contracts with each customer, and are negotiated on an individual contract basis. Trade receivables are due within 30-360 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the whole amount of the trade receivables will have difficulty to be recovered and has recognised impairment losses.

28 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2022		
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Not past due	2%	312,510	7,700
Within 6 months past due	36%	106,027	38,074
6 months to 12 months past due	40%	106,026	42,002
12 months to 18 months past due	63%	7,593	4,759
Over 18 months past due	69%	212,182	145,697
		744,338	238,232

	2021 (Restated)		
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Not past due	2%	212,053	5,252
Within 6 months past due	35%	7,593	2,655
6 months to 12 months past due	39%	105,740	40,788
12 months to 18 months past due	61%	150,756	91,999
Over 18 months past due	67%	165,686	110,779
		641,828	251,473

28 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the provision matrix.

	Lifetime ECL (Not credit-impaired) RMB'000	**Lifetime ECL (Credit-impaired)** RMB'000	**Total** RMB'000
At 1 January 2021	265,236	35,000	300,236
Impairment loss reversed (restated)	(23,763)	(25,000)	(48,763)
At 31 December 2021 and 1 January 2022 (restated)	241,473	10,000	251,473
Impairment loss reversed	(13,241)	–	(13,241)
At 31 December 2022	228,232	10,000	238,232

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables.

Other receivables

For other receivables, the management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of these other receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The expected credit loss for the other receivables amounted to approximately RMB16,710,000 (2021: RMB18,650,000) was recognised to the profit or loss.

The following table show reconciliation of loss allowance that has been recognised for other receivables.

	Lifetime ECL RMB'000
At 1 January 2021	13,944
Impairment loss recognised	18,650
At 31 December 2021 and 1 January 2022	32,594
Impairment loss recognised	16,710
At 31 December 2022	49,304

28 Financial risk management and fair values of financial instruments (Continued)

(b) Liquidity risk

The following tables show the remaining contractual maturities at the end of the year of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the year) and the earliest date the Group can be required to pay:

	2022				
	Contractual undiscounted cash outflows				**Carrying amount in the consolidated statement of financial position**
	Within 1 year or on demand RMB'000	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**	**Total RMB'000**	**RMB'000**
Bank loans	**60,359**	**–**	**–**	**60,359**	**59,000**
Trade payables	**38,945**	**–**	**–**	**38,945**	**38,945**
Accruals and other payables	**70,509**	**–**	**–**	**70,509**	**70,509**
Lease liabilities	**4,102**	**4,291**	**2,722**	**11,155**	**10,219**
	173,915	**4,291**	**2,722**	**180,968**	**178,673**

	2021				
	Contractual undiscounted cash outflows				Carrying amount in the consolidated statement of financial position
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	RMB'000
Bank loans	20,381	–	–	20,381	20,000
Trade payables	34,356	–	–	34,356	34,356
Accruals and other payables	60,021	–	–	60,021	60,021
Lease liabilities	3,420	4,102	6,378	14,535	13,133
	118,178	4,102	6,378	129,293	127,510

28 Financial risk management and fair values of financial instruments (Continued)

(c) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. Bank loans issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The Group's interest-bearing liabilities as at 31 December 2022 and 2021 were all fixed rate borrowings. Thus, the Group is not exposed to significant cash flow interest rate risk during the years ended 31 December 2022 and 2021.

(d) Currency risk

The Group is exposed to currency risk primarily through deposits with bank which gives rises to cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$. The Group manages this risk as follows:

(i) Recognised assets and liabilities

In respect of other receivables and payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(ii) Exposure to currency risk

The following table details the Group's exposure as at 31 December 2022 to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the consolidated financial statements of foreign operations into the Group's presentation currency are excluded. The currencies giving rise to this risk are mainly US$ and HK$.

	2022		2021	
	US$ RMB'000	**HK$ RMB'000**	US$ RMB'000	HK$ RMB'000
Cash and cash equivalents	**36**	**45**	46	21

Management of the Group considers the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of each reporting period does not reflect the exposure for both years.

28 Financial risk management and fair values of financial instruments (Continued)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

As at 31 December 2022

The fair value measurements of the Group's TV program Investments are categorised into the following level in the fair value hierarchy:

	Fair value at 31 December 2022	**Fair value measurement as of 31 December 2022 categories into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
TV program investments	329,370	–	–	329,370

As at 31 December 2021

The fair value measurements of the Group's TV program Investment is categorised into the following level in the fair value hierarchy:

	Fair value at 31 December 2021	**Fair value measurement as of 31 December 2021 categories into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000 (Restated)	RMB'000	RMB'000	RMB'000
Assets				
TV program investments	327,288	–	–	327,288

28 Financial risk management and fair values of financial instruments (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The following table gives information about how the fair values of TV program investments are determined (in particular, the valuation techniques and inputs used) as well as the level of the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair values at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2022 RMB'000	2021 RMB'000 (Restated)				
TV program investments	**329,370**	327,288	Level 3	Discounted cash flow method was used to capture the present value of the expected cash inflows arising from the TV program investments, based on an appropriate discount rate.	Discounted rate 10.48% (2021:11.05%)	The higher the estimated discount rate, the lower the fair value

	TV Program investment RMB'000
As at 1 January 2021	–
Addition during the year (restated)	240,537
Fair value change (restated)	86,751
As at 31 December 2021 and 1 January 2022 (restated)	327,288
Fair value change	2,082
As at 31 December 2022	329,370

The financial asset subsequently measured at fair value on Level 3 fair value measurement represents TV program investments. The total gains or losses recognised in profit or loss including those for assets held at end of the reporting period are presented in revenue in the consolidated statement of profit or loss.

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2, or transfers into nor out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as of the end of the reporting period in which they occur.

28 Financial risk management and fair values of financial instruments (Continued)

(e) Fair value measurement (Continued)

(ii) Fair value of financial assets and liabilities carried at cost other than fair value

As at 31 December 2022 and 2021, the carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values.

(f) Categories of financial instruments

	2022 **RMB'000**	2021 RMB'000 (Restated)
Financial assets		
Financial assets at amortised cost	**598,570**	567,036
Financial assets measured at fair value	**329,370**	327,288
Financial liabilities		
Financial liabilities at amortised cost	**163,656**	110,093

29 Material related party transactions

(a) Names and relationships of the related parties that had material transactions with the Group during the year and balances with the Group at the end of the reporting period

Names of related parties	**Nature of relationship**
Mr. Liu	Controlling shareholder and executive director of the Company during the years ended 31 December 2022 and 2021
Mr. Xia Rui	Executive director of the Company before 21 July 2022

(b) Transactions with related parties during the year

	2022 **RMB'000**	2021 RMB'000
Amount received from Mr. Liu	**–**	42,940
Amount repaid to Mr. Liu	**–**	48,281
Interest expense	**–**	911

Details of the bank loans and other payables guaranteed by directors of the Company are disclosed in notes 20 and 23.

29 Material related party transactions (Continued)

(c) Balances with related parties at the end of the reporting period

	2022 **RMB'000**	2021 RMB'000
Included in accruals and other payables:		
Amount due to Mr. Liu	**4,239**	4,239

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors as disclosed in note 9 and the highest paid employees as disclosed in note 10 is as follows:

	2022 **RMB'000**	2021 RMB'000 (Restated)
Salaries, allowance and benefits in kind	**3,083**	3,371
Equity-settled share-based payment expenses	**1,673**	5,063
Contribution to defined contribution retirement plans	**269**	414
	5,025	8,848

Total remuneration is included in "staff costs" (see note 7(b)).

(e) Applicability of the Listing Rules relating to connected transactions

The Contractual Arrangements entered into by the Group constitute continuing connected transactions or connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section Connected Transactions and Continuing Connected Transactions of the Report of the Directors.

30 Company-level statement of financial position

(a) Statement of financial position of the Company

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Non-current asset			
Investment in subsidiaries	15	**35,130**	35,130
Current assets			
Amounts due from subsidiaries		**719,180**	691,359
Prepayment and other receivables		**17,465**	9,032
Cash and cash equivalents		**28**	66
		736,673	700,457
Current liability			
Accruals and other payables		**10,919**	9,351
NET CURRENT ASSETS		**725,754**	691,106
NET ASSETS		**760,884**	726,236
Equity			
Share capital	30(b)	**73**	73
Reserves	30(b)	**760,811**	726,163
TOTAL EQUITY		**760,884**	726,236

30 Company-level statement of financial position (Continued)

(b) Movements in components of equity

Details of changes in the Company's individual components of equity for the year ended 31 December 2022 are set out below:

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2021	73	882,836	(55,522)	–	(56,837)	770,550
Changes in equity for 2021:						
Loss for the year	–	–	–	–	(51,097)	(51,097)
Other comprehensive expense	–	–	(18,683)	–	–	(18,683)
Total comprehensive income	–	–	(18,683)	–	(51,097)	(69,780)
Equity-settled share-based payment expenses (note 26(c))	–	–	–	25,466	–	25,466
As at 31 December 2021 and at 1 January 2022	**73**	**882,836**	**(74,205)**	**25,466**	**(107,934)**	**726,236**
Changes in equity for 2022:						
Loss for the year	**–**	**–**	**–**	**–**	**(6,478)**	**(6,478)**
Other comprehensive income	**–**	**–**	**36,284**	**–**	**–**	**36,284**
Total comprehensive income	**–**	**–**	**36,284**	**–**	**(6,478)**	**29,806**
Lapse of share options (note 26(c))	**–**	**–**	**–**	**(5,063)**	**5,063**	**–**
Equity-settled share-based payment expenses (note 26(c))	**–**	**–**	**–**	**4,842**	**–**	**4,842**
As at 31 December 2022	**73**	**882,836**	**(37,921)**	**25,245**	**(109,349)**	**760,884**

31 Major non-cash transactions

During the year ended 31 December 2021, the Group reclassified the carrying amount of trade receivables of approximately RMB162,188,000 to TV program investments in accordance with initial recognition of IFRS 9. Please refer to note 2 for details of the reclassification.

During the year ended 31 December 2021, the Group entered into new lease arrangements in respect of certain buildings for its office and business operation. Right-of-use assets and lease liabilities of approximately RMB8,324,000 (2022: nil) were recognised at the commencement of the leases.

32 Litigation

Subsequent to the end of the reporting period, a bank loan with carrying amount of RMB30,000,000 was in default from repayment during the year ended 31 December 2023 and the bank borrower has filed the court order to Zhonggang Yusheng, the Company and the guarantor, Mr. Liu, for the recovery of the outstanding principal amount of approximately RMB27,353,000, together with the overdue interest and the penalty. The Company is seeking legal advice in connection with the above-mentioned litigation. Details are set out in the Company's announcement dated 26 April 2024.

As a result of the default of the above-mentioned bank loan during the year ended 31 December 2023, the bank borrower has contacted the counterparty of the TV program investments, being a state-owned enterprise (the "SOE"), with carrying amount of RMB90,750,000 pledged as security of the bank loan, for the repayment of the bank loan. The SOE claimed that (i) it did not owe Zhonggang Yusheng any receivables; and (ii) Zhonggang Yusheng submitted a series of forged supporting documents underlying the security to the bank for applying for the bank loan. The SOE has reported to the law enforcement authority in the PRC for the above matters. Up to the approval date of these consolidated financial statements, the litigation is still under investigation and in the opinion of the directors of the Company, no provision was required to be made to the consolidated financial statements.

33 Comparative figures

Apart from the retrospective adjustments as detailed in note 2, certain comparative figures in the consolidated financial statements have been reclassified to conform with current year's presentation.

34 Events after reporting period

Strategic cooperation agreement

On 5 January 2023, the Company entered into a strategic cooperation agreement (the "Strategic Cooperation Agreement") with the consultants namely Mr. Zhu Xiaopai（朱蕭湃）, Mr. Wang Jifeng（王計峰）, Ms. Xiao Shuqing（肖淑青）, Mr. Xiao Yueming（肖月明）and Mr. Nie Fei（聶飛）(collectively referred to as the "Consultants") pursuant to which the Consultants agreed to provide the influencer online streaming, corporate network operation, KOL agency, virtual online streaming and other business (collectively referred to as the "Cooperation Business") to the Group and the revenue generated by the Cooperation Business are attributable to the Group. In return, the Company will provide the Company's shares to the Consultants upon the satisfaction of the performance guarantee under the Strategic Cooperation Agreement. Details are set out in the Company's announcement dated 5 January 2023.

Contractual arrangements

As disclosed in the Company's announcement dated 25 July 2023, the existing contractual arrangements entered by Beijing Yusheng, Zhongguang Yusheng and registered owners of Zhonggang Yusheng were agreed to be terminated with effect from 25 July 2023 and new contractual arrangements (the "New Contractual Arrangements") were entered into by Beijing Yusheng, Beijing Fuyu Culture Technology Co., Ltd.（北京馥煜文化科技有限公司）("Beijing Fuyu") and the registered owners of Beijing Fuyu at the same date. In addition, the business of Zhonggang Yusheng would be transferred to Beijing Fuyu upon the completion of the New Contractual Arrangements.

By entering into the New Contractual Arrangements, the directors of the Company considered that Beijing Yusheng obtains the control over Beijing Fuyu as Beijing Yusheng has the rights over relevant activities from its involvement to affect the amount of the returns. Therefore, Beijing Fuyu and its subsidiaries would be considered as subsidiaries of the Company and consolidated starting from 25 July 2023.