煜盛文化集團*

CHINA BRIGHT CULTURE GROUP

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1859

2023 Annual Report

* For identification purposes only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. SU Lei *(Chairman)*
Mr. MA Hongsen

Non-executive Director

Ms. WU Yaping

Independent non-executive Directors

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

AUDIT COMMITTEE

Mr. TO Siu Lun *(Chairman)*
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

ZHONGHUI ANDA CPA Limited
Certified Public Accountants and
Public Interest Entity Auditor
23/F, Tower 2, Enterprise Square Five
38 Wang Chiu Road, Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Central, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
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16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

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Chaoyang District
Beijing
The PRC

China Merchants Bank, Beijing Wantong Centre Branch
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Chaoyang District
Beijing
The PRC

COMPANY WEBSITE

www.brightculturegroup.com

STOCK CODE

1859

CHAIRMAN'S STATEMENT

I am pleased to present our annual report for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2023 amounted to approximately RMB2.2 million, representing a decrease of approximately 96.6% from approximately RMB63.8 million in 2022.

- Loss for the year ended 31 December 2023 amounted to approximately RMB1,288.5 million, while the profit of approximately RMB10.2 million in 2022.

- Total assets as at 31 December 2023 amounted to approximately RMB573.9 million, representing a decrease of approximately 67.4% from approximately RMB1,758.6 million in 2022.

- Net assets as at 31 December 2023 amounted to approximately RMB71.9 million, representing a decrease of approximately 94.5% from approximately RMB1,314.6 million in 2022.

- Loss per share for the year ended 31 December 2023 amounted to approximately RMB0.805, while the profit per share amounted to approximately RMB0.006 in 2022.

BUSINESS REVIEW

In 2023, under the pressure of the changing media environment, 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 2023 decreased by approximately 96.6% as compared to that of 2022 and the Group recognized a net loss of approximately RMB1,288.5 million for the year ended 31 December 2023 as opposed to the net profit of approximately RMB10.2 million for the year ended 31 December 2022. The Group's total assets decreased by approximately 67.4% as compared to the previous year.

In 2023, the eCommerce promotion services segment generated no revenue due to the temporarily paused operations in this area. Meanwhile, in the media platforms segment, the Group is actively working on the current projects and seeking new opportunities to further develop its business.

In 2024, the Group will actively pursue new projects and opportunities in video content operations across both media platforms and eCommerce promotion services. By leveraging our expertise in content creation and distribution, we aim to enhance our service offerings and engage a broader audience.

We are committed to becoming a first-class cultural services group driven by content+industry strategy. In 2024, 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 2024. 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

Facing increasingly diversified customer's needs, continuous advancements in technological trends and intensified market competition, we will uphold the development concepts of innovation, quality, integration and sustainability. It deepens our content creation, broaden our communication channels and strengthen our brand influence. We strive to stabilize and recover our post COVID-19 performance in 2024.

We will continue to deepen the field of variety shows, focusing on social hot topics, cultural heritage and technological innovation. We are dedicated to rolling out original programs with distinctive characteristics of the times, high interactivity and widespread popularity. By exploring the highlights of traditional Chinese culture, we aim to resonate with our audiences and create a brand-new experience in variety shows. At the same time, we explore collaborations with renowned domestic and international production teams. It introduces international perspectives, and boosts the internationalization level of program content.

We will adhere to the principle of "content is king" in TV drama production, put more efforts into writing original scripts, and concentrate on themes such as realism and historical biographies. Our commitment lies in creating distinctive dramas that are thought-provoking, artistically refined and well-produced. Through a streamlined production process, a talented cast and innovative narrative techniques, we will meet the audience's expectations for exceptional films and TV dramas.

The Company is committed to evolving into a platform-based and ecological model, creating a comprehensive service platform that integrates content creation, production, distribution and marketing. By integrating resources, optimizing processes, and enhancing efficiency, we offer more convenient and efficient service support to our partners and creators, and collectively fostering the growth of the culture and film industry.

In terms of distribution, we will continue to strengthen our partnerships with domestic and international mainstream media platforms and online video platforms, while actively exploring new distribution channels to maximize the coverage of our content and promote Chinese culture abroad.

In the course of our business operations, we will adhere to the concepts of green, low-carbon and environmental protection, and promote the adoption and application of green production methods. By optimizing resource allocation, reducing energy consumption and minimizing carbon emissions, we will contribute to building an ecologically civilized society.

Mr. SU Lei
Chairman
Beijing, the PRC, 10 October 2024

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

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Revenue	**2,170**	63,849	389,692	505,848	475,566
Gross profit	**2,170**	33,132	259,119	261,806	267,181
(Loss)/Profit from operations	**(1,255,167)**	19,593	180,705	(118,998)	195,694
(Loss)/Profit before taxation	**(1,256,374)**	21,143	179,096	(137,036)	186,554
Net (loss)/profit	**(1,288,464)**	10,228	173,294	(198,575)	147,868

Consolidated statement of financial position (selected items)

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**148**	19,065	22,540	7,914	26,867
Current assets	**573,772**	1,739,574	1,646,861	1,438,599	914,477
Total assets	**573,920**	1,758,639	1,669,401	1,446,513	941,344
Total equity	**71,909**	1,314,623	1,299,418	1,104,542	572,284
Non-current liabilities	**24,301**	6,597	10,219	5,312	12,416
Current liabilities	**477,710**	437,419	359,764	336,659	356,644
Total liabilities	**502,011**	444,016	369,983	341,971	369,060
Total equity and liabilities	**573,920**	1,758,639	1,669,401	1,446,513	941,344

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 approximately 96.6% from approximately RMB63.8 million in 2022 to approximately RMB2.2 million in 2023. The following table sets forth the breakdown of revenue by source for the years indicated.

	For the year ended 31 December			
	2023		2022	
	Amount (RMB'000)	**Percentage**	Amount (RMB'000)	Percentage
Video content operation				
– Media platforms	**2,170**	**100.0%**	47,816	74.9%
eCommerce promotion services	**–**	**–**	13,951	21.8%
Fair value gain on TV program investments	**–**	**–**	2,082	3.3%
Total	**2,170**	**100.0%**	63,849	100.0%

The Group's content-related revenue from media platforms decreased by approximately 95.5% from approximately RMB47.8 million in 2022 to approximately RMB2.2 million in 2023. The decrease was mainly due to the temporary suspension of the business during the year.

The Group's relevant revenue from e-commerce decreased by 100% from approximately RMB14.0 million in 2022 to nil in 2023. 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 the business during the year.

The fair value gain on TV program investments decreased by 100% from approximately RMB2.1 million in 2022 to nil in 2023.

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.

Since the temporary suspension of the operation in the year ended 31 December 2023, no cost of sales was incurred.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit of approximately RMB2.2 million and the gross margin of 100% in 2023, compared with the gross profit of approximately RMB33.1 million and the gross profit margin of approximately 51.9% in 2022.

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 100% from approximately RMB3.8 million in 2022 which was primarily due to the operation has been temporarily suspended during the year, therefore no selling and marketing expenses was incurred.

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 increased by approximately 166.0% from approximately RMB18.2 million in 2022 to approximately RMB48.4 million in 2023, such increase was mainly due to the increase in legal and professional fee.

Impairment losses recognised on trade and other receivables, net

The impairment losses recognised on trade and other receivables increased by approximately 9,524.9% from approximately RMB3.5 million in 2022 to approximately RMB333.9 million in 2023. As required under International Financial Reporting Standard 9 "Financial Instruments", the Group performed impairment assessment under ECL model on trade and other receivables, as at 31 December 2023. Key inputs used for measuring the ECL are the probability of default, the magnitude of the loss if there is default and the exposure of the Group at default.

Up to the date of this report, all of the outstanding receivables were overdue. Although the Company had fully made provision over the overdue receivables, the Group is going to take legal actions against certain debtors and/or their guarantors to recover the overdue receivables.

Net Finance Expenses/Income

The Group's net finance expenses/income 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 expense turnaround from income of approximately RMB1.6 million in 2022 to expense of approximately RMB1.2 million in 2023, primarily due to the decrease in interest income on loan receivable of approximately RMB12.9 million.

Loss/Profit Before Taxation

As a result of the foregoing, the Group's loss before taxation was approximately RMB1,256.4 million in 2023, compared with profit of approximately RMB21.1 million in 2022.

Income Tax Expense

The Group's income tax expense was approximately RMB32.1 million in 2023, compared to the income tax expense of approximately RMB10.9 million in 2022, the increase was mainly due to the increase in deferred taxation of approximately RMB31.7 million resulting from the origination and reversal of temporary differences.

Loss/Profit for the Year

As a result of the foregoing, the Group's loss for the year was approximately RMB1,288.5 million in 2023, compared to profit of approximately RMB10.2 million in 2022.

FINANCIAL POSITION

Program Copyrights

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

The Group's program copyrights decreased by approximately 74.6% from approximately RMB554.8 million as at 31 December 2022 to approximately RMB140.9 million as at 31 December 2023. The decrease was mainly due to the impairment losses of approximately RMB413.9 million was recognised.

Trade Receivables

The Group's trade receivables represent outstanding amounts due from its customers. As at 31 December 2022 and 2023, the Group's total trade receivables (after deduction of loss allowance) were approximately RMB506.1 million and approximately RMB252.3 million, respectively, representing a decrease of approximately 50.2% as compared to 2022. The accumulated loss allowance increased by approximately 106.5% from approximately RMB238.2 million as of 31 December 2022 to approximately RMB491.9 million as of 31 December 2023.

TV Program Investments

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

The Group's TV program investments was approximately RMB178.1 million as at 31 December 2023 compared with approximately RMB329.4 million as at 31 December 2022, the management of the Company assessed the value of the TV program investments and decided to write off the TV programme investments amounted to approximately RMB151.2 million as some of the TV programmes would be temporarily suspended.

Prepayments and Other Receivables

The Group's prepayments and other receivables primarily consist of (1) prepayments to eCommerce service providers; and (2) loan receivables of approximately RMB113.5 million due from independent third party. The Group's prepayments and other receivables decreased by approximately 99.3% from approximately RMB348.8 million as at 31 December 2022 to approximately RMB2.3 million as at 31 December 2023. The decrease was mainly due to the increase in impairment losses.

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. The Group's trade payables decreased by approximately 12.5% from approximately RMB38.9 million as at 31 December 2022 to approximately RMB34.1 million as at 31 December 2023.

Liquidity and Capital Resources

The Group's cash and cash equivalents amounted to approximately RMB97,000 as at 31 December 2023, compared to approximately RMB0.4 million as at 31 December 2022.

Working capital (current assets less current liabilities) and the total equity of the Group amounted to approximately RMB96.1 million and approximately RMB71.9 million, respectively, as at 31 December 2023, compared to approximately RMB1,302.2 million and approximately RMB1,314.6 million, respectively, as at 31 December 2022.

As at 31 December 2022 and 2023, the Group's bank loans payable within one year amounted to approximately RMB59.0 million and approximately RMB55.1 million, respectively. The temporary suspension of trading of the Company's shares has adverse impacts on the Group's operations. 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 2023, the Group's gearing ratio (calculated by dividing bank loans by total equity as at the end of each year) was approximately 76.6%, compared to approximately 4.5% as at 31 December 2022.

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 2023, 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 2023 RMB'000
A. Funding the development of our new pipeline programs	636,799	–
A(1). Of which: Funding the programs that are expected to be released in 2020	524,423	–
Of which: A(1)(a) TV variety programs in the food, work/career, youth and police/crime genres	217,260	–
A(1)(b) TV drama series in the urban and police/crime genres	202,278	–
A(1)(c) Made-for-internet drama series in the urban, youth and police/crime genres	104,885	–
A(2). Funding the programs that are expected to be released in 2021	112,376	–
B. Expanding our team	37,459	–
C. For working capital and general corporate purposes	74,918	–
IPO proceeds sub-total	749,176	–
Temporary usages		
The AMTD Investments	–	–
The Loan	–	144,879
Total	749,176	144,879

Notes:

(1) 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 19 – Prepayments and other receivables of the consolidated financial statements in this report. The Loan was matured on 31 December 2021 and principal amount of approximately RMB129,000,000 remained outstanding as at 31 December 2022 and 2023. The Group is currently negotiating the repayment proposal with Tianjin Fangzhou and further announcement will be made by the Company as and when appropriate.

(2) 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.

(3) 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.

CAPITAL EXPENDITURE AND COMMITMENTS

The Group's capital expenditures in 2023 primarily related to improvements to leased properties and purchase of electronic equipment and other office equipment. In 2022 and 2023, no capital expenditures incurred by the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 31 December 2023.

CHARGES ON GROUP ASSETS

As at 31 December 2023, the Group pledged TV program investments with nil carrying amount as security.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk primarily arising 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 2023. 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.

THE MANAGEMENT POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF OPINION AND ACTIONS TO BE TAKEN BY THE GROUP

The following sets for the management's position, view and assessment on the disclaimer of opinion and where appropriate, actions to be taken by the Group to address the disclaimer of opinion ("**Disclaimer of Opinion**") included in the auditor's report of Zhonghui Anda CPA Limited ("**Zhonghui Anda**") in relation to the consolidated financial statements of the Group (the "**Financial Statements**"):

a) Insufficient accounting records of 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 subsidiaries (collectively referred to as "Zhongguang Yusheng Group")

Due to the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of Zhongguang Yusheng and its subsidiaries in 2024, who the Group were unable to contact and communicate with, Zhongguang Yusheng Group has retained the basic business records, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentation (collectively referred to as the "**Basic Records**"), that were left behind by the former management and accounting departments of Zhongguang Yusheng Group as far as possible. The Basic Records were not considered to be of a sufficient level for the audit of purposes. More specific business records and supporting explanations of Zhongguang Yusheng Group's accounting records were needed for the audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as agreements, invoices and receipts; (ii) detailed explanation of the accounting entries made (collectively, the "**Specific Records**").

In the absence of the Specific Records of the Zhongguang Yusheng Group following the departure of certain former key management personnel in 2024, we could only use our best endeavor to preserve the books and records that were left behind by the former management and the accounting departments and we were unable to determine whether these Specific Records were complete in the first place, and we had no other access to such Specific Records despite we have taken all reasonable steps and have used our best endeavor to locate such Specific Records.

As a result of the above matters, Zhonghui Anda has not been able to obtain sufficient appropriate audit evidence to ascertain whether the income and expenses for the year ended 31 December 2023 ("**FY2023**") and 2022 ("**FY2022**") and the assets and liabilities as at 31 December 2023 and 2022 of Zhongguang Yusheng Group, as detailed below, and other related disclosure notes in relation to Zhongguang Yusheng Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

Extract of Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	–	63,566
Cost of sales	–	(29,969)
Other (expense)/income, net	(147,142)	12,397
Selling and marketing expenses	–	(2,822)
General and administrative expenses	(28,100)	(9,541)
Impairment losses (recognised)/reversed on trade and other receivables	(263,384)	27,601
Net finance expense	(881)	(10,767)
Income tax expense	(32,090)	(10,915)

Extract of Statement of Financial Position

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Non-current assets		
Property and equipment	148	194
Deferred assets	–	9,299
Current assets		
TV program investments	178,140	329,370
Program copyrights	–	414,815
Trade receivables	252,267	503,262
Prepayments and other receivables	409	240,289
Cash and cash equivalents	47	389
Current liabilities		
Bank loans	55,076	59,000
Contract liabilities	59,356	66,197
Trade payables	33,293	38,160
Accruals and other payables	156,697	143,814
Current taxation	106,018	105,515
Non-current liabilities		
Deferred tax liabilities	22,209	–

Accordingly, Zhonghui Anda was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2023 and 2022.

b) Impairment and written off of programme copyrights, trade receivables and prepayment and other receivables

Since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2024, Zhonghui Anda was unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the existence, rights and obligations, completeness and valuation of the programme copyrights, trade receivables and prepayment and other receivables amounted to RMBNil (2022: RMB140,000,000), RMBNil (2022: RMB2,844,000) and RMBNil (2022: RMB108,558,000) as at 31 December 2023, respectively, and of which impairment loss of RMB140,000,000 (2022: RMBNil), RMB2,644,000 (2022: RMB1,915,000) and RMB95,257,000 (2022: RMB29,155,000) were made during the year ended 31 December 2023, respectively. There are no other satisfactory audit procedures that Zhonghui Anda could adopt to determine whether any adjustments might have been found necessary in respect of programme copyrights, trade receivables and prepayment and other receivables and the impairment losses and written off made.

c) Occurrence, completeness, accuracy and cutoff of administrative expenses and other expense/ income and net finance expense/income

Since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2024, Zhonghui Anda was unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the occurrence, completeness, accuracy and cutoff of administrative expenses and other expense/income and net finance expense/income amounted to RMB16,799,000 (2022: RMB3,826,000) and RMB560,466,000 (2022: RMB483,000) and RMB326,000 (2022: net finance income amount to RMB12,317,000) respectively for the year ended 31 December 2023 and 2022.

There are no other satisfactory audit procedures that Zhonghui Anda could adopt to determine whether any adjustments might have been found necessary in respect of administrative expenses.

d) Revenue recognised and cost of sales reversed during the year ended 31 December 2023

Since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2024, Zhonghui Anda was unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the appropriateness of revenue recognised by the Group amounted to RMB2,170,000 ("**Revenue Transactions**") and cost of sales reversed by the Group amounted to RMB2,111,000 ("**COS Transactions**") for the year ended 31 December 2023. As a result, Zhonghui Anda was unable to determine whether any adjustments might have been found necessary in respect of the Revenue Transactions and COS Transactions.

e) Transactions and balances in related to equity-settled share-based payments

Since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2024, Zhonghui Anda was unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the occurrence, completeness, accuracy and cutoff of administrative expenses and lapse of share options amounted to RMB1,545,000 (2022: RMB4,842,000) and RMB19,212,000 (2022: RMB5,063,000) respectively for the year ended 31 December 2023 and 2022 and the existence, rights and obligations, completeness and valuation of share-based payment reserve amounted to RMB7,578,000 (2022: RMB25,245,000) as at 31 December 2023 and 2022. There are no other satisfactory audit procedures that Zhonghui Anda could adopt to determine whether any adjustments might have been found necessary in respect of administrative expenses and share-based payment reserve.

f) Opening balances and the comparative information

As described in the preceding paragraphs, in addition to paragraph (a) to (e), due to the absence of sufficient supporting documents and more detailed explanations in relation to the accounting records in connection to the opening balances and comparative information made available to board of directors, Zhonghui Anda was unable to obtain sufficient appropriate audit evidence over the account balances as at 1 January 2023.

As a result of the above matters, Zhonghui Anda has not been able to obtain sufficient appropriate audit evidence to ascertain whether the income and expenses for the year ended 31 December 2022 and the assets and liabilities as at 31 December 2022 of the Group, as detailed below, and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

Extract of Statement of Consolidated Profit or Loss and Other Comprehensive Income

	For the year ended 31 December 2022 RMB'000
Revenue	283
Cost of sales	(748)
Selling and marketing expense	(953)

Extract of Consolidated Statement of Financial Position

	As at 31 December 2022 RMB'000
Non-current assets	
Property and equipment	8
Right-of-use assets	9,564
Current asset	
Cash and cash equivalents	47
Current liabilities	
Contract liabilities	2,509
Trade payables	785
Accruals and other payables	16,616
Lease liabilities	3,622
Current taxation	1,201
Non-current liabilities	
Lease liabilities	6,597

g) Going concern

During the year ended 31 December 2023, the Group reported a loss of RMB1,288,464,000. As at 31 December 2023, the Group's aggregate bank and other borrowings amounted to RMB55,076,000, of which the whole balances were past due or due while the Group had cash and cash equivalents amounting to RMB97,000. These events and conditions exist that may cast significant doubt on the Group's ability to continue as going concern.

The Group has undertaken a number of plans and measures to mitigate its liquidity position and to improve its financial position, including obtaining a new source of borrowings, entering new contractual arrangements and control on administrative and operating cost, in which the details are set out in note 2 to the consolidated financial statements of the Group. The validity of the going concern assumptions on which the consolidated financial statements of the Group have been prepared depends on the outcome of these plans and measures, including:

(i) successfully implementing new contractual arrangements; (ii) successfully completing the refinancing and (iii) successfully implementing costs control, to finance the Group's operations and to meet the Group's financial obligations as and when they fall due. The directors of the Company have taken into account the likelihood of success of the plans and measures being implemented and are of the opinion that sufficient financial resources will be available to finance the Group's operations and to meet the Group's financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

Given the execution of the plans and measures by the Group are in preliminary stage or in progress and no written contractual agreements or other documentary supporting evidence from the relevant banks or other lenders and potential buyers are available to the Group as at the date of approval for issuance of the consolidated financial statements of the Group for extending the going concern assessment, Zhonghui Anda are unable to obtain sufficient appropriate audit evidence Zhonghui Anda considered necessary to assess the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that Zhonghui Anda could adopt to satisfy themselves that the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current liabilities as current liabilities with consideration of the contractual terms or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group.

The management position, view and assessment

The basis set out under Basis (c) to (e) giving rise to the Disclaimer of Opinion on the FY2023 Financial Statements was related to statement of profit and loss for FY2023, therefore, it should not have any carry forward impact to the results for the year ending 31 December 2024 ("**FY2024**"). However, as the consolidated financial statements for FY2024 will include the results for FY2023 as comparative figures, it is unavoidable that the consolidated financial statements of the Company for FY2024 will include the same basis set out under Basis (c) to (e) giving rise to the Disclaimer of Opinion on the FY2023 Financial Statements. Having considered that (i) an independent internal control review has been conducted to identify the Group's internal control weaknesses and remedial actions have been taken accordingly to prevent the occurrence of similar incidents; and (ii) the Group has also engaged an independent internal control specialist to monitor the implementation of the remedial actions for the two years ended 31 December 2025, the Company is of the view that, barring unforeseen circumstances which may arise after the date hereof over the relevant items, the basis as set out under Basis (c) to (e) giving rise to the Disclaimer of Opinion on the FY2023 Financial Statements will be removed in the consolidated financial statements of the Company for the year ended 31 December 2025 ("**FY2025**"). Basis (c) to (e) giving rise to the Disclaimer of Opinion on the FY2023 Financial Statements will keep in FY2024 due to the FY2024 Financial Statements will include comparative figures of the statement of profit and loss of FY2023.

The basis set out under Basis (b) giving rise to the Disclaimer of Opinion on the FY2023 Financial Statements was developed based on the Disclaimer of Opinion on the FY2022 Financial Statements in relation to the matters identified in FY2022 Financial Statements. Zhonghui Anda was unable to draw comfort on the closing balances of the relevant account items and the impairment losses made contained in the FY2022 Financial Statement, which unavoidably resulted in Zhonghui Anda being unable to draw comfort on the opening balances of the same items contained in the FY2023 Financial Statements. Having considered that (i) the Group had already performed impairment assessment on trade and other receivables, program copyrights and prepayments as at 31 December 2023; and (ii) provisions/impairment losses and adjustments have been made in the FY2023 Financial Statements based on the information available, the Company is of the view that, barring unforeseen circumstances which may arise after the date hereof over the relevant items, the basis as set out under Basis (b) giving rise to the Disclaimer of Opinion on the FY2023 Financial Statements will be removed in FY2025 Financial Statements. Basis (b) giving rise to the Disclaimer of Opinion will keep in FY2024 due to the FY2024 Financial Statements will include comparative figures of FY2023.

The basis set out under Basis (a) giving rise to the Disclaimer of Opinion on the FY2023 Financial Statements was developed based on the absence of sufficient accounting records of Zhongguang Yusheng Group. Zhonghui Anda has not been able to obtain sufficient appropriate audit evidence to ascertain whether the income and expenses FY2023 and FY2022 and the assets and liabilities as at 31 December 2023 and 2022 of Zhongguang Yusheng Group. Zhongguang Yusheng Group have both ceased to be accounted for as subsidiaries of the Company with effect from 14 August 2024 and, accordingly, such basis for the Disclaimer of Opinion on FY2023 Financial Statements will be removed in the Financial Statements of the Company for the year ended 31 December 2026 ("**FY2026**"). Basis (a) giving rise to the Disclaimer of Opinion will keep in FY2024 due to FY2024 Financial Statements will include the comparative figures of FY2023 and the profit or loss on disposal of Zhongguang Yusheng Group for FY2024. Disclaimer of Opinion will keep in FY2025 due to FY2025 Financial Statements will include comparative figures of FY2024.

The basis set out under Basis (f) giving rise to the Disclaimer of Opinion on the FY2023 Financial Statements was developed based on the Disclaimer of Opinion on the FY2022 Financial Statements in relation to the matters identified in FY2022 Financial Statements. However, as the FY2024 Financial Statements will not include the results for FY2022 as comparative figures, such basis for the Disclaimer of Opinion on FY2023 Financial Statements will be removed in the FY2024 Financial Statements.

The basis set out under Basis (g) giving rise to the Disclaimer of Opinion on the FY2023 Financial Statements based on the reported a loss of RMB1,288,464,000 for the Group for the year ended 31 December 2023 and the aggregate bank and other borrowings amounted to RMB55,076,000, of which the whole balance were past due or due while the Group had cash and cash equivalents amounting to RMB97,000 as at 31 December 2023. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- The Group has been able to secure new content-related business opportunities for the programs with secured revenue owned by the Group;

- A connected person has committed to supporting the business development of the Group by granting an unsecured loan facility in the amount of RMB40 million to the Company with an interest rate of 4.75% p.a, which is the loan prime rate in the PRC; and

- The Group is adopting strict cost control of operating activities.

The directors of the Company believe that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for the year ending 31 December 2024. However, should the Group fail to achieve the above-mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their recoverable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Based on the above, the Company is of the view that it will be able to address the basis for the Disclaimer of Opinion expressed by Zhonghui Anda on the FY2023 Financial Statements, and the relevant basis for the Disclaimer of Opinion on the FY2023 Financial Statements will be removed in the consolidated financial statements of the Company as follows: (i) Basis (c) to (e) will be removed in FY2025; (ii) Basis (b) will be removed in FY2025, (iii) Basis (a) will be removed in FY2026 and (iv) Basis (f) and (g) will be removed in FY2024.

DIRECTORS AND SENIOR MANAGEMENT

The biographies of each Director, senior management and the company secretary are set out below.

OUR DIRECTORS

Executive Directors

Mr. SU Lei (蘇磊) ("Mr. Su"), aged 40, 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 Director

Ms. WU Yaping (伍亞萍) ("Ms. Wu"), aged 27, 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 55, 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) ("Mr. Shan")), aged 59, 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 56, 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 (SGX: 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.

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 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 81 of this annual report.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the year ended 31 December 2023 (2022: 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 3 to 4 and "Management Discussion and Analysis" from pages 6 to 19 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 10 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, there were no major customers and suppliers in the Group.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the Reporting Period are set out in note 13 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 28 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 84.

DISTRIBUTABLE RESERVES

As of 31 December 2023, the Company's reserves available for distribution, amounted to approximately RMB17.8 million (2022: RMB773.5 million as restated).

BANK LOANS

Particulars of bank loans of the Group as of 31 December 2023 are set out in note 21 to the consolidated financial statements.

LOAN AND GUARANTEE

During the year ended 31 December 2023, 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)* (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)

Non-executive Directors:

Mr. WANG Daotie (appointed on 28 March 2023 and resigned on 20 September 2024)
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)
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 annual general meeting (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 20 to 22 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 executive Directors, being Mr. Su Lei and Mr. Ma Hongsen, has entered into a service contract with the Company for an initial term of three years commencing from 26 February 2024 and 15 March 2024, respectively, which will be automatically renewed every three years thereafter and continue to be effective unless terminated earlier.

Our non-executive Director, being Ms. Wu Yaping, has entered into an appointment letter with the Company for an initial term of three years commencing from 15 March 2024, which will be automatically renewed every three years thereafter and continue to be effective unless terminated earlier.

Each of our independent non-executive Directors, being Mr. Han Hao, Mr. To Siu Lun and Mr. Shan Yiqi, has entered into an appointment letter with the Company for an initial term of three years commencing from 15 March 2024, 26 February 2024 and 24 April 2024, respectively, which will be automatically renewed every three years thereafter and continue to be effective unless terminated earlier.

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 30 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 30 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 2023 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 2023 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 10 and 11 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 2023, 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 2023, 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%
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%
Ms. LIU Yang[3]	Interest in controlled corporations	158,120,000	Long position	9.88%
Atlantis Capital Group Holdings Limited[3]	Interest in controlled corporations	158,120,000	Long position	9.88%
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 Atlantis Investment Management Limited and 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

Details of the Company's share option scheme are set out in note 27 to the consolidated financial statements.

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 30 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 2023, 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. Details please refer to the Company's announcement dated 25 July 2023.

DONATIONS

During the Reporting Period, the Group did not make any charitable donations (2022: 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 2023, save as disclosed in note 35 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

Reference is made to the Announcement dated 14 August 2024, the business of Yusheng and its have been transferred to Beijing Fuyu, save for certain receivables from business contracts in relation to TV program investments as at 30 June 2024 and all liabilities including but not limited to trade and other payables, bank loans, tax payable and contract liabilities. Accordingly, the existing contractual arrangements have been terminated with effect from 14 August 2024 and Zhongguang subsidiaries ceased to be accounted for as a subsidiary of the Company.

References are made to the announcement dated 26 April 2024 and 5 July 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. On 3 July 2024, the Company received a statutory demand pursuant to Section 178(1)(a) or Section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**Statutory Demand**") dated 2 July 2024 from the solicitors acting on behalf of the creditor, Bank Sinopac, demanding the Company to pay the amount of RMB29,937,236.63 (the "**Debt**"), being the total amount due by the Company to the creditor under the arbitral award issued by the Shenzhen Court of International Arbitration（深圳國際仲裁院）, which includes the outstanding principal amount of the Facility and default interests accrued thereon, together with legal costs and costs of the arbitration. The Statutory Demand requested the Company to repay the Debt within three weeks from the date of service of the Statutory Demand, failing which the creditor may present a winding-up petition against the Company.

The Company is seeking legal advice in connection with the statutory demand, 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 notes 35 and 36 to the consolidated financial statements in this report, no significant event took place subsequent to 31 December 2023.

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 33 to 49 of this annual report.

HUMAN RESOURCES

As at 31 December 2023, the Group had 33 full-time employees (2022: 61), 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	**13**	**39.40**
Marketing	**10**	**30.30**
Administrative and human resources	**3**	**9.09**
Finance and capital raising	**4**	**12.12**
Management and support	**3**	**9.09**
Total	**33**	**100**

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.

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.

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

Elite Partners CPA Limited has resigned as the auditor of the Company and McMillan Woods (Hong Kong) CPA Limited was appointed on 24 May 2023. McMillan Woods (Hong Kong) CPA Limited has resigned as the auditor of the Company on 3 July 2024 and ZHONGHUI ANDA CPA Limited was appointed as the Auditor at the same date.

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

On behalf of the Board
Mr. SU Lei
Chairman
Beijing, the PRC, 10 October 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.

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, one non-executive Director and three independent non-executive Directors as follows:

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

Non-executive Director:
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 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 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.

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

Each of executive Directors, being Mr. SU Lei and Mr. MA Hongsen has entered into a service contract with the Company for three years commencing from 26 February 2024 and 15 March 2024, respectively, which will be automatically renewed every three years thereafter and continue to be effective unless terminated earlier.

Our non-executive Director, being Ms. WU Yaping, has entered into an appointment letter with the Company for three years commencing from 15 March 2024, which will be automatically renewed every three years thereafter and continue to be effective unless terminated earlier.

Each of Mr. HAN Hao, Mr. TO Siu Lun and Mr. SHAN Yiqi, the independent non-executive Directors, has entered into an appointment letter with the Company for three years commencing from 15 March 2024, 26 February 2024 and 24 April 2024, respectively, which will be automatically renewed every three years thereafter and continue to be effective until terminated earlier.

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 AGM 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 19 meetings.

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)	10/19
Ms. RAN Hua (resigned on 17 April 2023)	3/19
Mr. ZHANG Yiwu (resigned on 27 February 2023)	0/19
Ms. YAO Li (resigned on 27 February 2023)	0/19
Mr. YU Xuezhong (appointed on 31 August 2022 and resigned on 15 March 2024)	11/19
Mr. SU Lei *(Chairman)* (appointed on 26 February 2024)	10/19
Mr. MA Hongsen (appointed on 15 March 2024)	9/19
Mr. NIE Lei (appointed on 28 March 2023 and resigned on 15 March 2024)	10/19
Mr. WANG Daotie (appointed on 28 March 2023 and resigned on 20 September 2024)	12/19
Ms. WU Yaping (appointed on 15 March 2024)	9/19
Mr. HAN Hao (appointed on 15 March 2024)	9/19
Mr. TO Siu Lun (appointed on 26 February 2024)	10/19
Mr. SHAN Yiqi (appointed on 24 April 2024)	6/19
Dr. LU Di (appointed on 28 March 2023 and resigned on 23 April 2024)	9/19
Ms. SUN Jing (appointed on 17 April 2023 and resigned on 15 March 2024)	7/19

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 three independent non-executive Directors, namely Mr. TO Siu Lun (Chairman), Mr. HAN Hao and Mr. SHAN Yiqi and one non-executive Director, namely Ms. WU Yaping. 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 eight 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 2022 and 2023;

2. reviewed the unaudited interim results for the six months ended 30 June 2023;

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 (resigned on 17 April 2023)	0/8
Ms. YAO Li (resigned on 27 February 2023)	0/8
Dr. LU Di (appointed on 28 March 2023 and resigned on 23 April 2024)	6/8
Ms. SUN Jing (appointed on 17 April 2023 and resigned on 15 March 2024)	6/8
Mr. WANG Daotie (appointed on 28 March 2023 and resigned on 20 September 2024)	8/8
Ms. WU Yaping (appointed on 15 March 2024)	2/8
Mr. TO Siu Lun *(Chairman)* (appointed on 26 February 2024)	2/8
Mr. HAN Hao (appointed on 15 March 2024)	2/8
Mr. SHAN Yiqi (appointed on 24 April 2024)	2/8

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 six 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 (resigned on 27 February 2023)	0/6
Ms. RAN Hua (resigned on 17 April 2023)	2/6
Mr. YU Xuezhong (appointed on 31 August 2022 and resigned on 15 March 2024)	3/6
Dr. LU Di (appointed on 28 March 2023 and resigned on 23 April 2024)	3/6
Ms. SUN Jing (appointed on 17 April 2023 and resigned on 15 March 2024)	2/6
Mr. MA Hongsen (appointed on 15 March 2024)	1/6
Mr. TO Siu Lun (appointed on 26 February 2024)	2/6
Mr. HAN Hao *(Chairman)* (appointed on 15 March 2024)	2/6
Mr. SHAN Yiqi (appointed on 24 April 2024)	0/6

Remuneration of Directors and Senior Management

Please refer to notes 10 and 11 to the consolidated financial statements for details of remuneration of members of the Board for the year ended 31 December 2023.

Details of the remuneration by band of senior management of the Company, whose biographies are set out on page 25 of this annual report, for the year ended 31 December 2023 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 Lei (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 six Directors is a woman (representing one-sixth of the total number of Directors). The age of the Directors ranges from 27 to 59 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 seven 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 (resigned on 9 February 2024)	3/7
Ms. RAN Hua (resigned on 17 April 2023)	2/7
Mr. ZHANG Yiwu (resigned on 27 February 2023)	0/7
Mr. YU Xuezhong (appointed on 31 August 2022 and resigned on 15 March 2024)	3/7
Dr. LU Di (appointed on 28 March 2023 and resigned on 23 April 2024)	3/7
Ms. SUN Jing (appointed on 17 April 2023 and resigned on 15 March 2024)	2/7
Mr. SU Lei *(Chairman)* (appointed on 26 February 2024)	3/7
Mr. HAN Hao (appointed on 15 March 2024)	3/7
Mr. SHAN Yiqi (appointed on 24 April 2024)	1/7

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 2023, 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 2023 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 have given careful consideration on any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. Details are set out in note 2 to the consolidated financial statements.

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 pages 74 to 80 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 2023 was approximately as follows:

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

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 2025.

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, 5 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 24 men to 9 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 27.3% of the Company's workforce while male employees accounted for 72.7%. 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 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.

AGM 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 AGM 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 AGM is sent to the Shareholders at least 21 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.brightculturegroup.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 AGM 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.hkexnews.hk and the Company's website at www.brightculturegroup.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 2023 and is of the view that the Shareholders' Communication Policy has been properly implemented and is effective.

CHANGE IN CONSTITUTIONAL DOCUMENTS

There were no changes to the Articles of Association during the year ended 31 December 2023. The latest version of the Articles of Association is also available on the websites of the Company and the Stock Exchange.

1 About this Report

China Bright Culture Group (hereinafter referred to as the "**Group**" and "**We**") is pleased to present the 2023 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 2023 to 31 December 2023 (the "**Reporting Period**", "**year 2023**" 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 C2 "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 2022 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 September 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

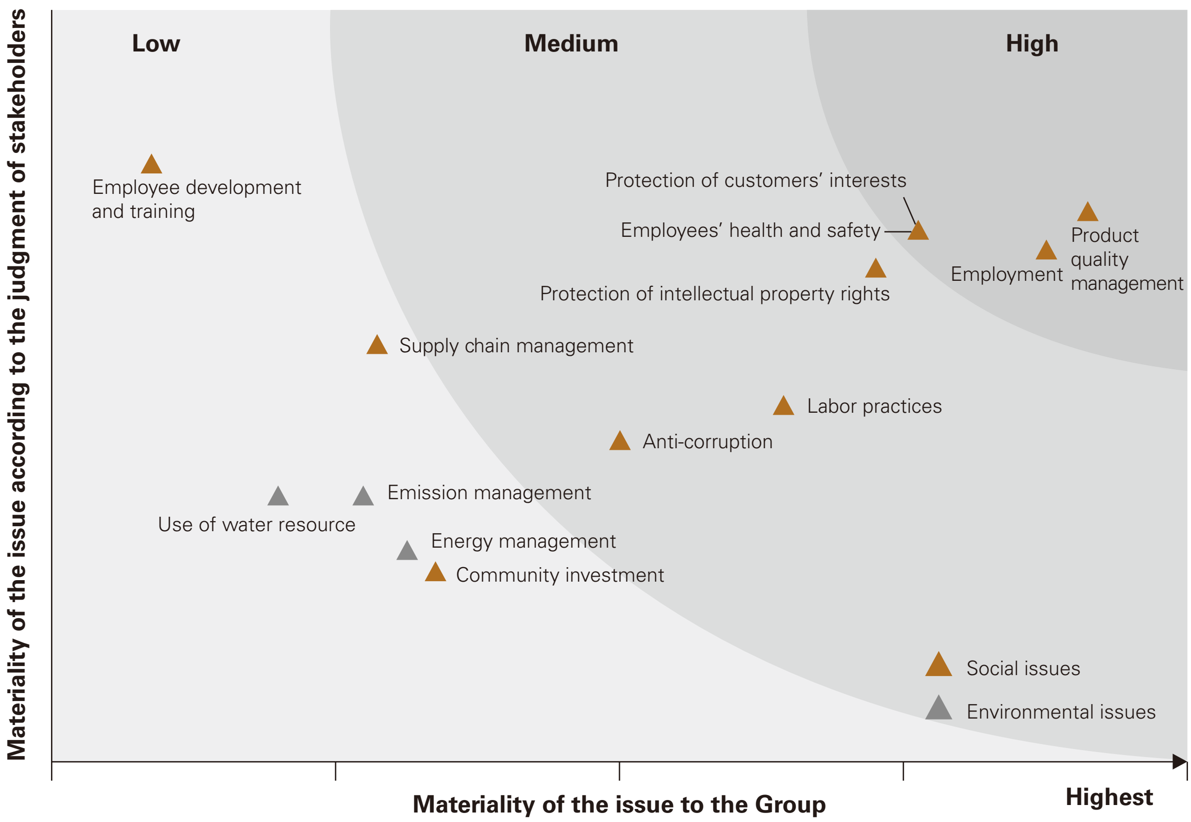
The Group highly values communication and relationship with stakeholders. We keep close contact with shareholders and investors, government authorities, employees, customers, suppliers and business partners through various communication channels. By collecting their opinion and feedback on the Group's 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 2022 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	2023
Scope 1 – direct greenhouse gas emissions:	tonnes CO_2 equivalent	**6.68**
Scope 2 – indirect greenhouse gas emissions:	tonnes CO_2 equivalent	**10.30**
Total greenhouse gas emissions	tonnes CO_2 equivalent	**16.98**
Total greenhouse gas emission intensity	tonnes CO_2 equivalent/ income (RMB10,000)	**0.00035**

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	2023
Sulphur oxide emissions	kg	**0.03**
Nitrogen oxide emissions	kg	**12.82**
Particulate matter emissions	kg	**1.16**

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 2023, the non-hazardous wastes generated by the Group is as follow:

Non-hazardous Wastes

	2023	
Key Environmental Indicators	**Waste Emission (tonnes)**	**Intensity per Capita (tonnes/person)**
Domestic waste	**0.43**	**0.0070**
Used paper recycled	**0.08**	**0.0012**
Total	**0.51**	**0.0082**

During the year 2023, 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 2023, 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 2023, the resources used by the Group are as follow:

	2023			
Key Environmental Indicators	**Consumption**	**Unit (Consumption)**	**Intensity**	**Unit (Intensity)**
Gasoline fuel consumption related to vehicles	**1,929.82**	Liter	**3.14**	Liter/m^2
Electricity consumption	**10,649.93**	kWh	**17.20**	kWh/m^2
Water consumption	**62.75**	m^3	**0.10**	m^3/m^2
Paper consumption	**59.30**	Kg	**0.93**	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 2023, 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 2023, the Group had a total of 33 employees. In respect of the employee distribution of the Group in 2023, please refer to the table below:

Distribution		**Number of Person(s)**
By Gender	Male	24
	Female	9
By Geographical Location	Beijing	32
	Shanghai	1
By Employment Type	Full time	33
	Part-time	0
By Age Group	Below 30 (inclusive)	22
	31–50 (inclusive)	11
By Job Function	Senior Management	3
	Middle Management	9
	Base-level Employee	21
By Education Level	Postgraduate or above	6
	Undergraduate	27

Distribution		**Percentage of turnover rate (%)**
By Gender	Male	72.73
	Female	27.27
By Geographical Location	Beijing	96.97
	Shanghai	3.03
By Age Group	Below 30 (inclusive)	66.67
	31–50 (inclusive)	33.33

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 2023, 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 2023, 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 2023, 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 2023, 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.

Subsequent to the COVID-19 pandemic, the Group has maintained anti-epidemic supplies, such as medical protective masks, disinfectants, hand-washing disinfection gel and thermometers, 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 2023, 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 2023, 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 leadership training event. We have also provided business trainings to all employees of the Group, 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 not provided training for employees. The Group had provided training for employees subsequent to the year end date.

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 2023, 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 2023, 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 2023, 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 and up to the date of this annual report, 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 2023, 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 2023, 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 Environment; 4.2 Use of Resources 4.2.1 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 Environment; 4.2 Use of Resources 4.2.1 Energy Saving
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	4 Environment; 4.2 Use of Resources 4.2.2 Water Conservation
	A2.3	Description of the prescribed energy efficiency objective and the steps taken to achieve them.	4 Environment; 4.2 Use of Resources 4.2.1 Energy Saving 4.5 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 Environment; 4.2 Use of Resources 4.2.2 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 Environment; 4.3 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 Environment; 4.3 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 Environment; 4.4 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 Environment; 4.4 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 Operations Management; 6.1 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 Operations Management; 6.1 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 Operations Management; 6.2 Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6 Operations Management; 6.2 Product Responsibility; 6.2.1 Product Quality Management
	B6.2	Number of products and service related complaints received and how they are dealt with.	6 Operations Management; 6.2 Product Responsibility; 6.2.3 Protection of Customer Rights and Interests
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	6 Operations Management; 6.2 Product Responsibility; 6.2.2 Protection of Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	6 Operations Management; 6.2 Product Responsibility; 6.2.1 Product Quality Management
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6 Operations Management; 6.2 Supply Chain 6.2.3 Management

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 whistleblowing 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

INDEPENDENT AUDITOR'S REPORT

ZHONGHUI

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 81 to 153, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

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. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(a) Insufficient accounting records of 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 subsidiaries (collectively referred to as "Zhongguang Yusheng Group")

As advised by the board of directors, since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of Zhongguang Yusheng and its subsidiaries in 2024, who the Group were unable to contact and communicate with, Zhongguang Yusheng Group has retained the basic business records, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentation (collectively referred to as the "Basic Records"), that were left behind by the former management and accounting departments of Zhongguang Yusheng Group as far as possible. The Basic Records were not considered to be of a sufficient level for our audit purposes. More specific business records and supporting explanations of Zhongguang Yusheng Group's accounting records were needed for our audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as agreements, invoices and receipts; (ii) detailed explanation of the accounting entries made (collectively, the "Specific Records").

* The English name is for identification purpose only

In the absence of the Specific Records of the Zhongguang Yusheng Group following the departure of certain former key management personnel in 2024, the board of directors considered that they could only use their best endeavor to preserve the books and records that were left behind by the former management and the accounting departments and they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records.

As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the income and expenses for the year ended 31 December 2023 and 2022 and the assets and liabilities as at 31 December 2023 and 2022 of Zhongguang Yusheng Group, as detailed below, and other related disclosure notes in relation to Zhongguang Yusheng Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

Extract of Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**–**	63,566
Cost of sales	**–**	(29,969)
Other (expense)/income, net	**(147,142)**	12,397
Selling and marketing expense	**–**	(2,822)
General and administrative expenses	**(28,100)**	(9,541)
Impairment losses (recognised)/reversed on trade and other receivables	**(263,384)**	27,601
Net finance expense	**(881)**	(10,767)
Income tax expense	**(32,090)**	(10,915)

Extract of Consolidated Statement of Financial Position

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Non-current assets		
Property and equipment	**148**	194
Deferred assets	**–**	9,299
Current assets		
TV program investments	**178,140**	329,370
Program copyrights	**–**	414,815
Trade receivables	**252,267**	503,262
Prepayments and other receivables	**409**	240,289
Cash and cash equivalents	**47**	389
Current liabilities		
Bank loans	**55,076**	59,000
Contract liabilities	**59,356**	66,197
Trade payables	**33,293**	38,160
Accruals and other payables	**156,697**	143,814
Current taxation	**106,018**	105,515
Non-current liabilities		
Deferred tax liabilities	**22,209**	–

Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2023 and 2022.

(b) Impairment and written off of programme copyrights, trade receivables and prepayment and other receivables

As advised by the board of directors, since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2024, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence, rights and obligations, completeness and valuation of the programme copyrights, trade receivables and prepayment and other receivables amounted to RMBNil (2022: RMB140,000,000), RMBNil (2022: RMB2,844,000) and RMBNil (2022: RMB108,558,000) as at 31 December 2023, respectively, and of which impairment loss of RMB140,000,000 (2022: RMBNil), RMB2,644,000 (2022: RMB1,915,000) and RMB95,257,000 (2022: RMB29,155,000) were made during the year ended 31 December 2023, respectively. There are no other satisfactory audit procedures that we could adopt to determine whether any adjustments might have been found necessary in respect of programme copyrights, trade receivables and prepayment and other receivables and the impairment losses and written off made.

(c) Occurrence, completeness, accuracy and cutoff of administrative expenses, other expense/income and net finance expense/income

As advised by the board of directors, since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2024, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the occurrence, completeness, accuracy and cutoff of administrative expenses and other expense/income and net finance expense/income amounted to RMB16,799,000 (2022: RMB3,826,000) and RMB560,466,000 (2022: RMB483,000) and RMB326,000 (2022: net finance income amount to RMB12,317,000) respectively for the year ended 31 December 2023 and 2022. There are no other satisfactory audit procedures that we could adopt to determine whether any adjustments might have been found necessary in respect of administrative expenses.

(d) Revenue recognised and cost of sales reversed during the year ended 31 December 2023

As advised by the board of directors, since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2024, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriateness of revenue recognised by the Group amounted to RMB2,170,000 ("**Revenue Transactions**") and cost of sales reversed by the Group amounted to RMB2,111,000 ("**COS Transactions**") for the year ended 31 December 2023. As a result, we were unable to determine whether any adjustments might have been found necessary in respect of the Revenue Transactions and COS Transactions.

(e) Transactions and balances in related to equity-settled share-based payments

As advised by the board of directors, since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2024, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the occurrence, completeness, accuracy and cutoff of administrative expenses and lapse of share options amounted to RMB1,545,000 (2022: RMB4,842,000) and RMB19,212,000 (2022: RMB5,063,000) respectively for the year ended 31 December 2023 and 2022 and the existence, rights and obligations, completeness and valuation of share-based payment reserve amounted to RMB7,578,000 (2022: RMB25,245,000) as at 31 December 2023 and 2022. There are no other satisfactory audit procedures that we could adopt to determine whether any adjustments might have been found necessary in respect of administrative expenses and share-based payment reserve.

(f) Opening balances and the comparative information

As described in the preceding paragraphs, in addition to paragraph (a) to (e), due to the absence of sufficient supporting documents and more detailed explanations in relation to the accounting records in connection to the opening balances and comparative information made available to board of directors, we were unable to obtain sufficient appropriate audit evidence over the account balances as at 1 January 2023.

As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the income and expenses for the year ended 31 December 2022 and the assets and liabilities as at 31 December 2022 of the Group, as detailed below, and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements

Extract of Statement of Consolidated Profit or Loss and Other Comprehensive Income

	For the year ended 31 December 2022 RMB'000
Revenue	283
Cost of sales	(748)
Selling and marketing expense	(953)

Extract of Consolidated Statement of Financial Position

	As at 31 December 2022 RMB'000
Non-current assets	
Property and equipment	8
Right-of-use assets	9,564
Current asset	
Cash and cash equivalents	47
Current liabilities	
Contract liabilities	2,509
Trade payables	785
Accruals and other payables	16,616
Lease liabilities	3,622
Current taxation	1,201
Non-current liabilities	
Lease liabilities	6,597

(g) Going concern

During the year ended 31 December 2023, the Group reported a loss of RMB1,288,464,000. As at 31 December 2023, the Group's aggregate bank and other borrowings amounted to RMB55,076,000, of which the whole balances were past due or due while the Group had cash and cash equivalents amounting to RMB97,000.

These events and conditions exist that may cast significant doubt on the Group's ability to continue as going concern.

The Group has undertaken a number of plans and measures to mitigate its liquidity position and to improve its financial position, including obtaining a new source of borrowings, entering new contractual arrangements and control on administrative and operating cost, in which the details are set out in note 2 to the consolidated financial statements of the Group. The validity of the going concern assumptions on which the consolidated financial statements of the Group have been prepared depends on the outcome of these plans and measures, including: (i) successfully implementing new contractual arrangements; (ii) successfully completing the refinancing and (iii) successfully implementing costs control, to finance the Group's operations and to meet the Group's financial obligations as and when they fall due. The directors of the Company have taken into account the likelihood of success of the plans and measures being implemented and are of the opinion that sufficient financial resources will be available to finance the Group's operations and to meet the Group's financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

Given the execution of the plans and measures by the Group are in preliminary stage or in progress and no written contractual agreements or other documentary supporting evidence from the relevant banks or other lenders and potential buyers are available to the Group as at the date of approval for issuance of the consolidated financial statements of the Group for extending the going concern assessment, we are unable to obtain sufficient appropriate audit evidence we considered necessary to assess the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current liabilities as current liabilities with consideration of the contractual terms or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group.

Any adjustments to the figures as described from paragraph (a) to (g) above might have a significant consequential effect on the Group's consolidated financial performance and its consolidated cash flows for the year ended 31 December 2023 and 2022 and the consolidated financial position of the Group as at 31 December 2023 and 2022, and the related disclosures thereof in the consolidated financial statements.

RESPONSIBILITIES OF DIRECTORS 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 International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Li Shun Fai
Audit Engagement Director
Practising Certificate Number P05498

Hong Kong, 10 October 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	6	**2,170**	63,849
Cost of sales		**–**	(30,717)
Gross profit		**2,170**	33,132
Other (expense)/income, net	7	**(875,004)**	11,914
Selling and marketing expenses		**–**	(3,775)
General and administrative expenses		**(48,444)**	(18,209)
Impairment losses recognised on trade and other receivables		**(333,889)**	(3,469)
(Loss)/profit from operations		**(1,255,167)**	19,593
Net finance (expense)/income	8(a)	**(1,207)**	1,550
(Loss)/profit before taxation	8	**(1,256,374)**	21,143
Income tax expense	9	**(32,090)**	(10,915)
(Loss)/profit attributable to equity shareholders of the Company for the year		**(1,288,464)**	10,228
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations into presentation currency		**44,205**	135
Total comprehensive (expense)/income attributable to equity shareholders of the Company for the year		**(1,244,259)**	10,363
(Loss)/earnings per share	12		
Basic and diluted (RMB)		**(0.805)**	0.006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property and equipment	13	**148**	202
Right-of-use assets	14	**–**	9,564
Deferred tax assets	26(a)	**–**	9,299
Total non-current assets		**148**	19,065
Current assets			
TV program investments	15	**178,140**	329,370
Program copyrights	17	**140,940**	554,815
Trade receivables	18	**252,267**	506,106
Prepayments and other receivables	19	**2,328**	348,847
Cash and cash equivalents	20(a)	**97**	436
Total current assets		**573,772**	1,739,574
Current liabilities			
Bank loans	21	**55,076**	59,000
Contract liabilities	22	**59,506**	68,706
Trade payables	23	**34,078**	38,945
Accruals and other payables	24	**219,129**	160,430
Lease liabilities	25	**2,702**	3,622
Current taxation		**107,219**	106,716
Total current liabilities		**477,710**	437,419
Net current assets		**96,062**	1,302,155
Total assets less current liabilities		**96,210**	1,321,220

	Notes	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Lease liabilities	25	2,092	6,597
Deferred tax liabilities	26(a)	22,209	–
Total non-current liabilities		24,301	6,597
Net assets		71,909	1,314,623
EQUITY			
Share capital	28	73	73
Reserves	28	71,836	1,314,550
Total equity		71,909	1,314,623

The consolidated financial statements on pages 81 to 153 were approved and authorized for issue by the board of directors on 10 October 2024 and are signed on its behalf by:

Su Lei
Director

Ma Hongsen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000
At 1 January 2022	73	882,836	137,106	(36,960)	25,466	290,897	1,299,418
Profit for the year	–	–	–	–	–	10,228	10,228
Other comprehensive income for the year:							
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 27)	–	–	–	–	(5,063)	5,063	–
Equity-settled share-based payment expenses (note 27)	–	–	–	–	4,842	–	4,842
At 31 December 2022	73	882,836	137,106	(36,825)	25,245	306,188	1,314,623
At 1 January 2023	**73**	**882,836**	**137,106**	**(36,825)**	**25,245**	**306,188**	**1,314,623**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(1,288,464)**	**(1,288,464)**
Other comprehensive income for the year:							
Exchange differences related to foreign operations into presentation currency	**–**	**–**	**–**	**44,205**	**–**	**–**	**44,205**
Total comprehensive loss for the year	**–**	**–**	**–**	**44,205**	**–**	**(1,288,464)**	**(1,244,259)**
Lapse of share options (note 27)	**–**	**–**	**–**	**–**	**(19,212)**	**19,212**	**–**
Equity-settled share-based payment expenses (note 27)	**–**	**–**	**–**	**–**	**1,545**	**–**	**1,545**
At 31 December 2023	**73**	**882,836**	**137,106**	**7,380**	**7,578**	**(963,064)**	**71,909**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
Cash flows from operating activities		
(Loss)/profit before taxation	(1,256,374)	21,143
Adjustments for:		
Depreciation on property and equipment and right-of-use assets	1,625	3,675
Net finance expenses/(income)	1,207	(1,550)
Gain on written off of contract liabilities	(9,200)	–
Gain on termination of leases	(165)	–
Written off on prepayment	252,284	–
Net foreign exchange losses	53,756	–
Equity-settled share-based payments	1,545	4,842
Provision of claims	–	514
Government grants	–	(10,059)
Loss on disposal of property and equipment	10	–
Impairment losses on goodwill	191	–
Impairment losses recognised on trade and other receivables, net	333,889	3,469
Impairment losses on right-of-use assets	2,438	–
Impairment losses on TV programme investment	151,230	–
Impairment losses on program copyrights	413,875	5,299
Operating (loss)/profit before working capital changes	(53,689)	27,333
Increase in TV program investments	–	(2,082)
Increase in program copyrights	–	(29,672)
Decrease/(increase) in trade receivables	199	(102,510)
Decrease in prepayments and other receivables	18,872	42,189
(Decrease)/increase in trade payables	(4,867)	4,589
Decrease in contract liabilities	–	(846)
Increase in accruals and other payables	52,682	64,198
Net cash generated from operations	13,197	3,199
Income tax paid	(79)	(21,566)
Net cash flow from/(used in) operating activities	13,118	(18,367)
Cash flow from investing activity		
Interest received	18	354

Consolidated Statement of Cash Flows (Continued)

for the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
Cash flows from financing activities		
Repayment of bank loans	(3,924)	(20,000)
Repayment of other interest-bearing borrowings	–	(10,000)
Proceeds from bank loans	–	59,000
Borrowing costs paid	–	(10,669)
Capital element of lease rentals paid	–	(2,914)
Interest element of lease rentals paid	–	(681)
Government grants received	–	59
Net cash (used in)/from financing activities	(3,924)	14,795
Net increase/(decrease) in cash and cash equivalents	9,212	(3,218)
Cash and cash equivalents at the beginning of the year	436	3,610
Effect of foreign exchange rate changes, net	(9,551)	44
Cash and cash equivalents at the end of the year representing cash on hand and deposits with bank	97	436

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 2023 and 2022, 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.

Referring to the announcement of the Company dated on 30 March 2023 and 31 March 2023, the trading of ordinary shares of the Company on the Stock Exchange has been halted since 31 March 2023.

Referring to the announcements of the Company dated on 24 May 2023 and 3 April 2024, the Company has been notified by the Stock Exchange of the resumption guidance (the " Resumption Guidance") for the Company including (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications, (ii) demonstrate the Company' s compliance with Rule 13.24 of the Listing Rules, (iii) re-comply with Rule 3.28 of the Listing Rules, (iv) announce all material information for the Company's shareholders and investors to appraise its position, (v) conduct an appropriate independent investigation into the Allegations, announce the findings and take appropriate remedial actions, (vi) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence, and (vii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules.

2. Basis of Preparation

In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group's net loss of RMB1,288,464,000 during the year ended 31 December 2023 and the outstanding bank borrowings due for repayment against the expected future net cash inflows from operations, cash and cash equivalents, the existing banking facilities of the Group and the contractual arrangement detailed in note 34.

The Group has prepared a cash flow projection based on management's judgments and estimations of key inputs and market conditions, including revenue and expenditure of the business, working capital needs, the continuing renewal of the banking facilities and the contractual arrangement. The management's assessment included consideration of potential downside risk factors, working capital sensitivities and have identified mitigating actions that could be taken to further reduce cash expenditure or the cash inflow from the contractual arrangement.

The directors of the Company consider that, after taking into account the cash and cash equivalents, existing banking facilities and cash flows to be generated from operations, that the Group will have sufficient funds to meet its financial obligations for at least the next twelve months from the date of approval of these consolidated financial statements. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

3. Adoption of New and Revised International Financial Reporting Standards

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards ("IFRSs"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The application of these new IFRSs will not have material impact on the consolidated financial statements of the Group. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

4. Material Accounting Policies

These consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB, the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the disclosure requirement of the Hong Kong Companies Ordinance. IFRSs comprise IFRSs; IAS; and Interpretations.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of TV programme investments which are carried at their fair values.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. 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. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4. Material Accounting Policies (Continued)

Consolidation (Continued)

Subsidiaries controlled through contractual arrangements

(a) Beijing Sino-Prosperity Culture Group Co., Ltd. (北京中廣煜盛文化傳播有限公司) ("Zhongguang Yusheng")*

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 and its subsidiaries (collectively referred to as the "Zhongguang Yusheng Group"). The Group entered into the Contractual Arrangements mainly due to the foreign ownership restriction in the People's Republic of China (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.

(b) Beijing Fuyu Culture Technology Co., Ltd. (北京馥煜文化科技有限公司) ("Beijing Fuyu")*

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 Fuyu Culture Technology Co., Ltd.* (北京馥煜文化科技有限公司) ("Beijing Fuyu") and its registered owners to obtain the control over Beijing Fuyu And its subsidiaries (collectively referred to as the "Beijing Fuyu Group"). The Group entered into the Contractual Arrangements mainly due to the foreign ownership restriction in the People's Republic of China (the "PRC").

4. Material Accounting Policies (Continued)

Consolidation (Continued)

Subsidiaries controlled through contractual arrangements (Continued)

(b) Beijing Fuyu Culture Technology Co., Ltd. (北京馥煜文化科技有限公司) ("Beijing Fuyu") (Continued)*

The equity interests in Beijing Fuyu 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 Beijing Fuyu and its subsidiaries, including appointing key management, setting up operating policies, exerting financial controls and transferring profit or assets out of Beijing Fuyu at its discretion. Beijing Yusheng considers that they also have the right to substantially all of the economic benefits of Beijing Fuyu and have an exclusive option to purchase all or part of the equity interests in Beijing Fuyu when and to the extent permitted by the PRC laws and regulations at the minimum price possible. Consequently, the directors of the Company regard Beijing Fuyu 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.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income, the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

* The English name is for identification purpose only

4. Material Accounting Policies (Continued)

Business combination and goodwill (Continued)

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (ll) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

Foreign currency translation

(i) Functional and presentation currency

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 entity operates (the "functional currency"). 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 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.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. Material Accounting Policies (Continued)

Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in consolidated profit or loss during the period in which they are incurred.

Depreciation of property and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Motor vehicles	4 years
Electronic equipment	3 years
Office equipment	5 years
Leasehold improvements	3 years or over the lease term

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. Material Accounting Policies (Continued)

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

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.

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

TV program investments

TV program investments are stated at fair value in accordance with the investment measured at fair value through profit or loss ("FVTPL") with the accounting policy stated in note 4.

4. Material Accounting Policies (Continued)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the time frame established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at FVTPL. Transaction costs directly attributable to the acquisition of investments at FVTPL are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost; and

- Investments at FVTPL.

4. Material Accounting Policies (Continued)

Financial assets (Continued)

(i) Financial assets at amortised cost

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Investments at FVTPL

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at FVTOCI on initial recognition.

Investments at FVTPL are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Credit loss and impairment of assets

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.

4. Material Accounting Policies (Continued)

Credit loss and impairment of assets (Continued)

Measurement of ECLs (Continued)

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.

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.

4. Material Accounting Policies (Continued)

Credit loss and impairment of assets (Continued)

Significant increases in credit risk (Continued)

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).

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.

4. Material Accounting Policies (Continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially recognised at fair value and subsequently measured at the higher of:

- the loss allowance; and

- the amount initially recognised less cumulative amortisation recognised in profit or loss

Trade and other payables

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

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. Material Accounting Policies (Continued)

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.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

4. Material Accounting Policies (Continued)

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

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

Share-based payments

The Group issues equity-settled share-based payments to employees and non-employees.

Equity-settled share-based payments to employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to non-employees are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4. Material Accounting Policies (Continued)

Borrowing costs (Continued)

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are deducted from the carrying amount of the assets. The grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation charge.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. Material Accounting Policies (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 purpose of allocating resources 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 productions 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.

Related parties

A related party is a person or entity that is related to the Group.

(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 Company or of a parent of the Company.

4. Material Accounting Policies (Continued)

Related parties (Continued)

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

(i) The entity and the Company 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. If the Group is itself such a plan, the sponsoring employers are also 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 Company or to a parent of the Company.

Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except goodwill, deferred tax assets, investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of 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.

4. Material Accounting Policies (Continued)

Impairment of assets (Continued)

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures 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 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 is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Critical Judgements and Key Estimates

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the measures to be taken by the management of the Company. Details are explained in note 2 to the consolidated financial statements.

(b) Subsidiaries controlled through the Contractual Arrangements

As disclosed in note 4 to the consolidated financial statements, Zhongguang Yusheng Group and Beijing Fuyu Group 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 Group and Beijing Fuyu Group 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 Group and Beijing Fuyu Group.

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) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

5. Critical Judgements and Key Estimates (Continued)

Key sources of estimation uncertainty (Continued)

(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.

(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.

(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.

6. 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:

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Video content operation		
– Media platforms	2,170	47,816
eCommerce promotion services	–	13,951
	2,170	61,767
Revenue from other source		
Fair value gain on TV program investments	–	2,082
	2,170	63,849

During the year ended 31 December 2023 and 2022, the Group's customers with whom transactions have exceeded 10% of the Group's revenue are set out below:

	2023 RMB'000	2022 RMB'000
Customer A (video content operation) (note)	N/A	34,906
Customer B (video content operation) (note)	2,170	12,264

Note: No revenue was generated from this customer in 2023.

6. Revenue and Segment Reporting (Continued)

(a) Revenue (Continued)

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

	2023 **RMB'000**	2022 RMB'000
Over time:		
– Revenue from eCommerce promotion services	**–**	13,951
A point in time:		
– Revenue from video content operation – media platforms	**2,170**	47,816
	2,170	61,767

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.

6. Revenue and Segment Reporting (Continued)

(b) Segment reporting

(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	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Segment revenue								
– External sales	**2,170**	49,898	**–**	13,951	**–**	–	**2,170**	63,849
Segment results	**2,170**	54,795	**–**	(8,422)	**–**	–	**2,170**	46,373
Unallocated other income							**–**	25,682
Impairment losses (reversed)/ recognised on trade and other receivables							**(84,849)**	(16,710)
Unallocated corporate expense							**(1,173,695)**	(34,202)
(Loss)/profit before taxation							**(1,256,374)**	21,143

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

	Video content operation		eCommerce promotion services		Unallocated		Consolidated	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Impairment losses (reversed)/ recognised on trade and other receivables	**251,340**	(13,241)	**–**	–	**82,549**	16,710	**333,889**	3,469
Impairment losses on program copyrights	**413,875**	5,299	**–**	–	**–**	–	**413,875**	5,299
Written off/impairment losses on TV program investments	**151,230**	–	**–**	–	**–**	–	**151,230**	–
Depreciation expenses on property and equipment and right-of-use assets	**–**	–	**–**	–	**1,625**	3,675	**1,625**	3,675
Interest income on loan receivable	**–**	–	**–**	–	**–**	(12,900)	**–**	(12,900)
Interest income on bank balances	**–**	–	**–**	–	**(18)**	(354)	**(18)**	(354)
Interest expenses	**–**	–	**–**	–	**940**	10,988	**940**	10,988
Interest on lease liabilities	**–**	–	**–**	–	**285**	681	**285**	681

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), 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.

6. Revenue and Segment Reporting (Continued)

(b) Segment reporting (Continued)

(ii) Segment assets and liabilities

	2023 RMB'000	2022 RMB'000
Segment assets		
– Video content operation	571,347	1,513,420
– eCommerce promotion services	438	133,690
Total reportable segment assets	571,785	1,647,110
Unallocated assets	2,135	111,529
Consolidated assets	573,920	1,758,639

	2023 RMB'000	2022 RMB'000
Segment liabilities		
– Video content operation	59,507	68,706
– eCommerce promotion services	34,078	38,945
Total reportable segment liabilities	93,585	107,651
Unallocated liabilities	408,426	336,365
Consolidated liabilities	502,011	444,016

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.

7. Other (Expense)/Income, Net

	2023 RMB'000	2022 RMB'000
Impairment losses on right-of-use assets (note (i))	**(2,438)**	–
Impairment losses recognised in respect of goodwill (note (ii))	**(191)**	–
Written off on prepayment (note (iii))	**(252,284)**	–
Written off on TV program investments (note (iv))	**(151,230)**	–
Loss on disposal of plant and equipment	**(10)**	–
Net foreign exchange loss	**(53,756)**	–
Government grants (note (v))	**–**	10,059
Provision of claims (note (vi))	**–**	(514)
Impairment losses on program copyright (note (vii))	**(413,875)**	–
Gain on termination of leases	**165**	–
Gain on written off of contract liabilities	**9,200**	–
Others	**(10,585)**	2,369
	(875,004)	11,914

Notes:

(i) During the year ended 31 December 2023, as a result of the recent restructuring plan of the Group, impairment losses amounting to approximately RMB2,438,000 in respect of right-of-use assets were recognised and charged to profit or loss.

(ii) During the year ended 31 December 2023, the Group recognised an impairment loss of approximately RMB191,000 in respect of goodwill arising from the acquisition of Beijing Fuyu. Details of the impairment assessment are set out in note 31.

(iii) Among the written off on prepayment of approximately RMB252,284,000, RMB61,300,000 is related to prepayment to 浙江溪直門文化發展有限公司. During the year ended 31 December 2023, the Group recognised a written off of prepayment to 浙江溪直門文化發展有限公司 as 浙江溪直門文化發展有限公司 is liquidated.

(iv) During the year ended 31 December 2023, the Group has written off TV program investments of approximately RMB151,230,000. Details of the impairment assessment are set out in note 15.

(v) During the year ended 31 December 2022, the Group recognised government grants of approximately RMB10,059,000 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.

(vi) 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.

(vii) During the year ended 31 December 2023, as a result of the recent restructuring plan of the Group, impairment losses amounting to approximately RMB413,875,000 in respect of program copyright were recognised and charged to profit or loss.

8. (Loss)/Profit before Taxation

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

(a) Net finance expenses/(income)

	2023 RMB'000	2022 RMB'000
Finance income:		
Interest income on loan receivable (note 19(ii))	–	(12,900)
Interest income on bank balances	(18)	(354)
	(18)	(13,254)
Finance costs:		
Interest expense	940	10,988
Interest on lease liabilities	285	681
Net foreign exchange losses	–	35
	1,225	11,704
Net finance expense/(income)	1,207	(1,550)

(b) Staff costs (including directors' emoluments)

	2023 RMB'000	2022 RMB'000
Salaries, wages and other benefits	3,984	11,412
Contributions to defined contribution retirement plans	465	2,401
Equity-settled share-based payment expenses	1,545	4,842
	5,994	18,655

8. (Loss)/Profit before Taxation (Continued)

(c) Other items

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

	2023 RMB'000	2022 RMB'000
Cost of program copyrights sold (included in cost of sales)	–	25,418
Impairment losses on program copyrights (included in other expenses/income, net (2022: cost of sales))	413,875	5,299
Written off on TV program investments	151,230	–
Impairment losses recognised in respect of goodwill	191	–
Impairment losses on right-of-use assets	2,438	–
Written off on prepayment	252,284	–
Gain on written off of contract liabilities	(9,200)	–
Loss on disposal of plant and equipment	10	–
Gain on termination of leases	(165)	–
Depreciation expenses		
– Property and equipment	44	100
– Right-of-use assets	1,581	3,575
Impairment losses recognised on trade and other receivables	333,889	3,469
Auditors' remuneration		
– Audit service	2,000	2,630

9. Income Tax Expense

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

	2023 RMB'000	2022 RMB'000
Current taxation		
Provision for the year	582	11,115
Deferred taxation		
Origination and reversal of temporary differences (note 26 (a)(i))	31,508	(200)
Income tax expense	32,090	10,915

9. Income Tax Expense (Continued)

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

	2023 RMB'000	2022 RMB'000
(Loss)/profit before taxation	**(1,256,374)**	21,143
Tax calculated at statutory tax rates applicable to profits in the respective jurisdictions	**(309,283)**	5,286
Tax effect of:		
Non-deductible expenses and non-taxable income	**341,373**	5,629
Income tax expense	**32,090**	10,915

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% (2022: 16.5%) for the year ended 31 December 2023 (2022: 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% (2022: 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 2023 and 2022.

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.

10. Directors' Emoluments

	2023				
	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 plants RMB'000	Total RMB'000
Executive directors					
Liu Mu *(Chairman)* (note (i))	–	1,560	–	62	1,622
Nie Lei (note (viii))	–	420	–	27	447
Non-executive director					
Wang Daotie (note (xi))	82	–	–	–	82
Independent non-executive directors					
Ran Hua (note (iii))	75	–	–	–	75
Zhang Yiwu (note (iv))	50	–	–	–	50
Yu Xuezhong (note (vi))	300	–	–	–	300
Yao Li (note (vii))	–	–	–	–	–
Lu Di (note (xii))	82	–	–	–	82
Sun Jing (note (xiii))	82	–	–	–	82
	671	1,980	–	89	2,740

	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 plants 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

10. 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.

(viii) Mr. Nie Lei was appointed as executive director of the Company on 28 March 2023 and resigned as executive director of the Company on 15 March 2024.

(ix) Mr. Su Lei was appointed as executive director of the Company on 26 February 2024.

(x) Mr. Ma Hongsen was appointed as executive director of the Company on 15 March 2024.

(xi) Mr. Wang Daotie was appointed as non-executive director of the Company on 28 March 2023.

(xii) Dr. Lu Di was appointed as independent non-executive director of the Company on 28 March 2023 and resigned as independent non-executive director of the Company on 23 April 2024.

(xiii) Ms. Sun Jing was appointed as independent non-executive director of the Company on 17 April 2023 and resigned as independent non-executive director of the Company on 15 March 2024.

(xiv) Mr. To Siu Lun was appointed as independent non-executive director of the Company on 26 February 2024.

(xv) Ms. Wu Yaping was appointed as independent non-executive director of the Company on 15 March 2024.

(xvi) Mr. Han Hao was appointed as independent non-executive director of the Company on 15 March 2024.

(xvii) Mr. Shan Yiqi was appointed as independent non-executive director of the Company on 24 April 2024.

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 2023 and 2022. No director waived or agreed to waive any emoluments during the years ended 31 December 2023 and 2022.

Save for disclosed in note 30, 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.

11. Individuals with Highest Emoluments

Among the five individuals with the highest emoluments, three (2022: two) are directors of the Company whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other two (2022: three) individuals are as follows:

	2023 RMB'000	2022 RMB'000
Salaries and allowance, and benefit in kind	**487**	1,284
Contributions to defined contribution retirement plans	**30**	173
	517	1,457

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

	2023 Number of individuals	2022 Number of individuals
Hong Kong dollars ("HK$") Nil to HK$1,000,000	**2**	3

12. (Losses)/Earnings per Share

(i) Basic (losses)/earnings per share

The calculation of basic (losses)/earnings per share is based on the loss attributable to equity shareholders of the Company of approximately RMB1,288,464,000 (2022: profit of RMB10,228,000) and the weighted average number of ordinary shares of 1,600,000,000 shares (2022: 1,600,000,000 shares).

(ii) Diluted (losses)/earnings per share

For the years ended 31 December 2023 and 2022, the computation of diluted (losses)/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.

13. 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 2022	199	372	405	3,469	4,445
Write-off	(199)	–	–	–	(199)
As at 31 December 2022 and 1 January 2023	–	372	405	3,469	4,246
Disposal	–	–	(39)	(429)	(468)
As at 31 December 2023	–	372	366	3,040	3,778
Accumulated depreciation:					
As at 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 and 1 January 2023	–	(244)	(331)	(3,469)	(4,044)
Disposal	–	–	29	429	458
Charge for the year	–	(2)	(42)	–	(44)
As at 31 December 2023	–	(246)	(344)	(3,040)	(3,630)
Net book value:					
As at 31 December 2022	–	128	74	–	202
As at 31 December 2023	–	126	22	–	148

14. 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:

	2023 RMB'000	2022 RMB'000
Cost:		
As at 1 January	15,838	15,838
Termination	(11,937)	–
As at 31 December	3,901	15,838
Accumulated depreciation and impairment:		
As at 1 January	(6,274)	(2,699)
Charge for year	(1,581)	(3,575)
Impairment losses	(2,438)	–
Termination	6,392	–
As at 31 December	(3,901)	(6,274)
Net book value:		
As at 31 December	–	9,564

Lease liabilities of RMB4,794,000,000 (2022: RMB10,219,000) are recognised with related right-of-use assets of RMB nil (2022: RMB9,564,000). 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 2023, the Group leases certain buildings for its office and business operation. Lease contracts are entered into for fixed term of 3 to 6 years (2022: 3 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.

15. TV Program Investments

	2023 RMB'000	2022 RMB'000
TV program investments measured at FVTPL		
– Completed program production	178,140	329,370

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 2023 (2022: Nil). The fair value changes on the TV program investments were recognised in the consolidated profit or loss as revenue (note 6).During the year ended 31 December 2023, the management of the Company assessed the value of the TV program investments and decided to write off the TV programme investments amounted to RMB151,230,000 as the some of the TV programmes will be suspended.

As at 31 December 2023, the carrying amount of the TV program investments was pledged as security for the Group's bank loans (note 21).

16. Particulars of the Principal Subsidiaries

The following list contains the particulars of subsidiaries as at 31 December 2023 and 2022. The class of shares held is ordinary unless otherwise stated.

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	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

16. Particulars of the Principal 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	Group's effective	Held by the company	Held by the subsidiary	Principal activities
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.* (江西氣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
Held through Contractual Arrangements							
Zhongguang Yusheng (note a)	Domestic enterprise	The PRC 3 April 2014	RMB5,984,381	100%	–	100%	Producer of variety programs and eCommerce promotion service
Yili Zhongsheng (note a)	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 a)	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 a)	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
Beijing Fuyu Culture Technology Co., Ltd* (北京馥煜文化科技有限公司) ("Beijing Fuyu") (note b)	Domestic enterprise	The PRC 14 October 2022	Registered capital of RMB10,000,000 and paid-up capital of RMB Nil	100%	–	100%	Producer of variety programs and eCommerce promotion service

16. Particulars of the Principal 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	Group's effective	Held by the company	Held by the subsidiary	Principal activities
Beijing Yudong Culture Co., Ltd.* (北京煜動文化有限公司) ("Beijing Yudong") (note b)	Domestic enterprise	The PRC 14 September 2023	Registered capital of RMB3,000,000 and paid-up capital of RMB Nil	100%	–	100%	Producer of variety programs and eCommerce promotion service
Beijing Twenty-Four Information Technology Co., Ltd.* (北京廿肆信息科技有限公司) (note b)	Domestic enterprise	The PRC 14 September 2023	Registered capital of RMB3,000,000 and paid-up capital of RMB Nil	100%	–	100%	Producer of variety programs and eCommerce promotion service

* The English name is for identification purpose only.

Note a:

As detailed in the note 4 to the consolidated financial statements, 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 Zhongguang 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 Zhongguang Yusheng, Yili Zhongsheng, Shanghai Yusheng and Shanghai Yumi during the years ended 31 December 2023 and 2022.

Note b:

As detailed in the note 4 to the consolidated financial statements, the equity interests in Beijing Fuyu 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 Beijing Fuyu and its subsidiaries, Beijing Yudong, and Beijing Twenty-Four Information Technology Co., Ltd. were subsidiaries of Beijing Yusheng as Beijing Yusheng has the power to direct activities that most significantly impact over Beijing Yudong, and Beijing Twenty-Four Information Technology Co., Ltd. during the period from 3 February 2023 to 31 December 2023.

17. Program Copyrights

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

	2023 RMB'000	2022 RMB'000
Program copyrights	**140,940**	554,815

(b) Movement of program copyrights are as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**554,815**	530,442
Addition	**–**	55,090
Impairment losses recognised as other expenses (2022: cost of sales)	**(413,875)**	(5,299)
Program copyrights that recognised as cost of sales	**–**	(25,418)
At 31 December	**140,940**	554,815

18. Trade Receivables

	2023 RMB'000	2022 RMB'000
Trade receivables	**744,139**	744,338
Less: loss allowance, net	**(491,872)**	(238,232)
	252,267	506,106

18. 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:

	2023 **RMB'000**	2022 RMB'000
Within 1 month	**–**	–
1 month to 3 months	**–**	102,510
3 months to 6 months	**–**	67,433
6 months to 1 year	**–**	134,867
1 to 2 years	**–**	50,214
2 to 3 years	**192,759**	151,082
More than 3 years	**59,508**	–
	252,267	506,106

Credit terms of trade receivables were ranging from 30–360 days (2022: 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 29(a).

(b) Loss allowance on trade receivables

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

	2023 **RMB'000**	2022 RMB'000
As at 1 January	**238,232**	251,473
Recognised/(reversal) of impairment losses	**253,640**	(13,241)
As at 31 December	**491,872**	238,232

None of the receivables have been written off during the years ended 31 December 2023 and 2022.

19. Prepayments and Other Receivables

	2023 RMB'000	2022 RMB'000
Prepayments		
Prepayment to eCommerce providers	438	133,690
Prepayments to third parties (note (i))	–	123,129
	438	256,819
Other receivables		
Loan receivables (note (ii))	113,495	125,726
Others	17,948	15,606
	131,443	141,332
Less: loss allowance	(129,553)	(49,304)
	1,890	92,028
	2,328	348,847

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. 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.

20. Cash and Cash Equivalents and Other Cash Flow Information

(a) Cash and cash equivalents comprise:

	2023 **RMB'000**	2022 RMB'000
Deposits with banks	**97**	436

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 21)	Amount due to Mr. Liu RMB'000 (Note 24)	Amounts due to third parties RMB'000 (Note 24)	Interest payables RMB'000 (Note 24)	Lease liabilities RMB'000 (Note 25)	Total RMB'000
As at 1 January 2023	59,000	4,239	10,000	10,116	10,219	93,574
Changes from financing cash flows:						
Repayment of bank loans	(3,924)	–	–	–	–	(3,924)
Other changes:						
Operating cash flow	–	5,528	–	–	–	5,528
Interest expense	–	–	–	940	285	1,225
Early termination	–	–	–	–	(5,710)	(5,710)
As at 31 December 2023	55,076	9,767	10,000	11,056	4,794	90,693

20. Cash and Cash Equivalents and Other Cash Flow Information (Continued)

(b) Reconciliation of liabilities arising from financing activities:

	Bank loans RMB'000 (Note 21)	Accruals and other payables: Amount due to Mr. Liu RMB'000 (Note 24)	Accruals and other payables: Amounts due to third parties RMB'000 (Note 24)	Interest payables RMB'000 (Note 24)	Lease liabilities RMB'000 (Note 25)	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:

	2023 RMB'000	2022 RMB'000
Within financing cash flows	**–**	3,595

21. Bank Loans

The Group's short-term bank loans comprise:

	2023 RMB'000	2022 RMB'000
Secured (note (i))	**47,076**	50,000
Unsecured (note(ii))	**8,000**	9,000
	55,076	59,000
Effect interest are:		
Fixed-rate bank borrowings	**5%–6.5%**	5%–6.5%

Notes:

(i) As at 31 December 2023, included in secured bank loan were (i) carrying amount of RMB27,376,000 (2022: RMB30,000,000) which were secured by the TV program investments with nil carrying amount (2022: RMB90,750,000) and guaranteed by Mr. Liu and the Company, with fixed interest rate of 5% (2022: 5%) per annum; and (ii) carrying amount of RMB19,700,000 (2022: RMB20,000,000) which were secured by other certain TV program investments and guaranteed by Mr. Liu with fixed interest rate of 6.5% (2022: 6.5%) per annum.

(ii) Included in the unsecured bank loan as at 31 December 2023 was bank loan with carrying amount of RMB8,000,000 (2022: RMB9,000,000) which was guaranteed by Mr. Liu with fixed interest rate of 5% (2022: 5%) per annum.

During the year ended 31 December 2023, the bank loan of RMB27,376,000 (2022: RMB30,000,000) were default from repayment and details are set out in note 35.

22. Contract Liabilities

	2023 **RMB'000**	2022 RMB'000
Video content operation		
– Corporate sponsors	**59,506**	68,706

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:

	2023 **RMB'000**	2022 RMB'000
As at 1 January	**68,706**	69,552
Termination of contract	**(9,200)**	–
Decrease in contract liabilities included at the beginning of the period as a result of revenue recognition	**–**	(846)
As at 31 December	**59,506**	68,706

23. Trade Payables

	2023 **RMB'000**	2022 RMB'000
Within 1 year	**–**	1,165
1 to 2 years	**785**	19,478
2 to 3 years	**15,012**	18,302
More than 3 years	**18,281**	–
	34,078	38,945

All of the trade payables are expected to be settled within one year or are repayable on demand.

24. Accruals and Other Payables

	2023 RMB'000	2022 RMB'000
Amount due to Mr. Liu (note (i))	**9,767**	4,239
Amounts due to third parties (note (ii))	**10,000**	10,000
Amount due to Eastern Pearl Capital Fund Spc (note (iii))	**10,990**	–
Payroll payables	**19,794**	15,542
Program and IP content research and development payable	**11,197**	11,197
Other taxes and levies	**91,152**	89,921
Interest payables	**11,056**	10,116
Others (note (iv))	**55,173**	19,415
	219,129	160,430

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 RMB9,767,000 (2022: RMB4,239,000) from Mr. Liu Mu with interest rate of 4.35% per annum and repayable on demand.

(ii) On 8 September 2020, Zhongguang Yusheng borrowed RMB10,000,000 from Huasheng Yihong Investment Management Co., Ltd., which was guaranteed by Mr. Liu Mu. The borrowing repayment period was extended to 15 September 2023.

(iii) Amount due to Eastern Pearl Capital Fund Spc, represent the unsecured borrowing of RMB10,990,000 (2002: RMBNil) from Eastern Pearl Capital Fund Spc with interest rate of 0.1% per month and repayable on demand.

(iv) Included in others was provision of claims of RMB4,798,000 (2022: RMB4,798,000), and details are set out in note 7(vi).

25. Lease Liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities as at 31 December 2023 and 2022.

	2023		2022	
	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	**2,702**	**2,838**	3,622	4,102
After 1 year but within 2 years	**688**	**789**	4,036	4,291
After 2 years but within 5 years	**1,404**	**1,482**	2,561	2,722
	2,092	**2,271**	6,597	7,013
	4,794	**5,109**	10,219	11,115
Less: total future interest expenses		**(315)**		(896)
Present value of lease liabilities		**4,794**		10,219

The weighted average incremental borrowing rates applied to lease liabilities range from 5.23% to 7.14% (2022: from 5.23% to 7.14%).

26. 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	Loss allowance RMB'000	Total RMB'000
As at 1 January 2022	(21,688)	30,787	9,099
(Charged)/credited to profit or loss (note 9(a))	(521)	721	200
As at 31 December 2022 and at 1 January 2023	**(22,209)**	**31,508**	**9,299**
Charged to profit or loss (note 9(a))	**–**	**(31,508)**	**(31,508)**
As at 31 December 2023	**(22,209)**	**–**	**(22,209)**

(ii) Reconciliation to the consolidated statement of financial position

	2023 RMB'000	2022 RMB'000
Net deferred tax (liabilities)/assets recognised in the consolidated statements of financial position	**(22,209)**	9,299

(b) Deferred tax assets not recognised

Certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB31,673,000 at 31 December 2023 (2022: 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 2024 to 2028 (2022: from 2023 to 2027).

(c) Deferred tax liabilities not recognised

At 31 December 2023, taxable temporary differences relating to the retained profits of the Group's subsidiaries established in the PRC (excluding Hong Kong) amounted to approximately RMBNil (2022: RMB368,591,000), 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.

27. 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

27. Equity-Settled Share-Based Payments (Continued)

(a) Details of shares granted are as follows: (Continued)

Note:

(i) The options granted are exercisable in accordance with the following vesting schedule: subject to the fulfillment 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 2022	HK$0.97	64,000,000
Lapsed during the year	HK$0.97	(16,000,000)
Outstanding at 31 December 2022 and 1 January 2023	HK$0.97	48,000,000
Lapsed during the year	HK$0.97	(36,000,000)
Outstanding at 31 December 2023	HK$0.97	12,000,000
Exercisable as at		
31 December 2023	HK$0.97	6,000,000
31 December 2022	HK$0.97	36,000,000

During the year ended 31 December 2023, no share options were granted (2022: nil) and 6,000,000 (2022: 36,000,000) share options became exercisable.

The share options outstanding as at 31 December 2023 had an exercise price of HK$0.97 (2022: HK$0.97) and a weighted average remaining contractual life of 7 years (2022: 8 years).

The Group recognised the total expense of RMB1,545,000 (2022: RMB4,842,000) for the year ended 31 December 2023 in relation to the share options granted by the Company.

The Group recognised a debit of share-based payment reserve of RMB19,212,000 (2022: RMB5,063,000) upon the lapse of 36,000,000 (2022: 16,000,000) share options during the year ended 31 December 2023.

28. Share Capital, Reserves and Dividends

(a) Share capital

	No. of share	Amount US$'000
Ordinary shares of US$0.00001 (2022: US$0.00001) each		
Authorised:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	5,000,000,000	50

	No. of share	Amount RMB'000
Issued and fully paid:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	1,600,000,000	73

(b) Dividends

For the years ended 31 December 2023 and 2022, 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 2023 and 2022 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.

28. Share Capital, Reserves and Dividends (Continued)

(d) Nature and purpose of reserves (Continued)

(iii) Retained profits/ (Accumulated losses)

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 2023, the statutory reserve provided by the Company's PRC subsidiaries amounting to approximately RMB7,992,000 (2022: 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 4.

(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.

29. 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 receivable	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

29. 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	
					2023 RMB'000	2022 RMB'000
Financial assets at amortised cost:						
Trade receivables (note (i))	18	N/A	Low risk	Lifetime ECL not credit impaired	**45,000**	734,338
	18	N/A	Loss	Lifetime ECL credit impaired	**699,139**	10,000
Other receivables (note (ii))	19	N/A	Medium risk	12m ECL	**17,948**	15,606
	19	N/A	Doubtful	Lifetime ECL not credit impaired	**–**	125,726
	19	N/A	Loss	Lifetime ECL credit impaired	**113,495**	–
Bank balances	20(a)	N/A (note (iii))	N/A	12m ECL	**97**	436

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 2023, impairment losses of approximately RMB253,640,000 were recognised (2022: RMB13,241,000 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 2023, impairment loss of approximately RMB80,249,000 (2022: RMB16,710,000) 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.

29. 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.

29. Financial Risk Management and Fair Values of Financial Instruments (Continued)

(a) Credit risk (Continued)

Trade receivables

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2023		
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
6 months to 12 months past due	100%	2,300	2,300
12 months to 18 months past due	62%	418,329	258,949
Over 18 months past due	71%	323,510	230,623
		744,139	491,872

	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

29. 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 2022 (restated)	241,473	10,000	251,473
Impairment loss reversed	(13,241)	–	(13,241)
At 31 December 2022 and 1 January 2023	**228,232**	**10,000**	**238,232**
Transfer	**(224,222)**	**224,222**	**–**
Impairment loss recognised	**–**	**253,640**	**253,640**
At 31 December 2023	**4,010**	**487,862**	**491,872**

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.

29. Financial Risk Management and Fair Values of Financial Instruments (Continued)

(a) Credit risk (Continued)

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 RMB80,249,000 (2022: RMB16,710,000) was recognised to the profit or loss.

The following table show reconciliation of loss allowance that has been recognised for other receivables.

	12m ECL RMB'000	Lifetime ECL (Not credit-impaired) RMB'000	Lifetime ECL (Credit-impaired) RMB'000	Total RMB'000
At 1 January 2022	–	32,594	–	32,594
Impairment loss recognised	–	16,710	–	16,710
At 31 December 2022 and 1 January 2023	**–**	**49,304**	**–**	**49,304**
Transfer	**1,640**	**(49,304)**	**47,664**	**–**
Impairment loss recognised	**14,418**	**–**	**65,831**	**80,249**
At 31 December 2023	**16,058**	**–**	**113,495**	**129,553**

29. 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 nonderivative 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:

	2023				
	Contractual undiscounted cash outflows				Carrying amount in the consolidated statement of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	55,076	–	–	55,076	55,076
Trade payables	34,078	–	–	34,078	34,078
Accruals and other payables	127,977	–	–	127,977	127,977
Lease liabilities	2,838	789	1,482	5,109	4,794
	219,969	789	1,482	222,240	221,925

	2022				
	Contractual undiscounted cash outflows				Carrying amount in the consolidated statement of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	
	RMB'000	RMB'000	RMB'000	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	11,115	10,219
	173,915	4,291	2,722	180,928	178,673

29. 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 2023 and 2022 were all fixed rate borrowings. Thus, the Group is not exposed to significant cash flow interest rate risk during the years ended 31 December 2023 and 2022.

(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 2023 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$.

	2023		2022	
	US$	**HK$**	US$	HK$
	RMB'000	**RMB'000**	RMB'000	RMB'000
Cash and cash equivalents	**–**	**9**	36	45

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.

29. 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 2023

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 2023	**Fair value measurement as of 31 December 2023 categories into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Assets				
TV program investments	**178,140**	**–**	**–**	**178,140**

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

29. 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
	2023 RMB'000	2022 RMB'000				
TV program investments	**178,140**	329,370	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% (2022: 10.48%)	The higher the estimated discount rate, the lower the fair value

	TV Program investment RMB'000
As at 1 January 2022	327,288
Fair value change	2,082
As at 31 December 2022 and 1 January 2023	329,370
Written off on TV program investments (note (iv))	(151,230)
As at 31 December 2023	178,140

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 2023 and 2022, 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.

29. 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 2023 and 2022, 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

	2023	2022
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost	**254,254**	598,570
Financial assets measured at fair value	**178,140**	329,370
Financial liabilities		
Financial liabilities at amortised cost	**217,130**	163,656

30. 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 2023 and 2022
Yang Chengjia	Independent non-executive director of the Company during the years ended 31 December 2022
Nie Lei	Executive director of the Company during the years ended 31 December 2023
Xia Rui	Executive director of the Company during the years ended 31 December 2022
Eastern Pearl Capital Fund Spc	A company controlled by a major shareholder of the Company

(b) Transactions with related parties during the year

Details of the bank loans and other payables guaranteed by directors of the Company are disclosed in notes 21 and 24.

30. Material Related Party Transactions (Continued)

(c) Balances with related parties at the end of the reporting period

	2023 RMB'000	2022 RMB'000
Included in prepayments and other receivables:		
Amount due from Yang Chengjia	91	–
Amount due from Nie Lei	2	–
Amount due from Xia Rui	409	–
Included in accruals and other payables:		
Amount due to Mr. Liu	9,767	4,239
Amount due to Eastern Pearl Capital Fund Spc	10,990	–

(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 10 and the highest paid employees as disclosed in note 11.

Total remuneration is included in "staff costs" (see note 8(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.

31. Acquisition of Subsidiary

On 3 February 2023, a wholly-owned subsidiary of the Company entered into an agreement with Nie Lei and Du Bing, a former executive director of the Group and an independent third party respectively. Pursuant to the agreement, the Group acquired 100% of the issued share capital of Beijing Fuyu through contractual arrangements. Beijing Fuyu was engaged in production and distribution of radio and television programs during the year. The acquisition is for the purpose of performing reorganisation.

The fair value of the identifiable assets and liabilities of Beijing Fuyu acquired as at its date of acquisition is as follows:

Assets acquired and liabilities recognised at the date of acquisition:	**RMB'000**
Other receivables	4,886
Trade and other payables	(5,077)
	(191)
Goodwill arising on acquisition:	
Consideration transferred	–
Less: recognised amounts of net assets acquired	(191)
Goodwill arising on acquisition	191

The fair value of the other receivables acquired is RMB4,886,000. The gross amount due under the contracts is RMB4,886,000, of which RMB nil is expected to be uncollectible.

The goodwill arising on the acquisition of Beijing Fuyu is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

Beijing Fuyu contributed approximately nil and RMB4,720,000 to the Group's revenue and loss for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2023, total Group revenue for the year would have been RMB2,170,000, and loss for the year would have been RMB1,288,609,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is intended to be a projection of future results.

32. Goodwill

	RMB'000
As at 1 January 2022, 31 December 2022	–
Arising on acquisition of Beijing Fuyu	191
Impairment loss recognised during the year	(191)
As at 31 December 2023	–

During the year ended 31 December 2023, the management of the Group has reassessed the recoverability of Beijing Fuyu based on the latest business plan of Beijing Fuyu, and has determined that an impairment loss amounting to RMB191,000 be recognised.

33. Company-Level Statement of Financial Position

(a) Statement of financial position of the Company

	Note	2023 RMB'000	2022 RMB'000
Non-current asset			
Investment in subsidiaries		35,130	35,130
Current assets			
Amounts due from subsidiaries		2,488	719,180
Amounts due from directors		11,747	–
Prepayment and other receivables		–	17,465
Cash and cash equivalents		30	28
		14,265	736,673
Current liabilities			
Accruals and other payables		14,976	10,919
Amount due to a subsidiary		4,132	–
		19,108	10,919
NET CURRENT LIABILITIES		(4,843)	725,754
NET ASSETS		30,287	760,884
Equity			
Share capital	33(b)	73	73
Reserves	33(b)	30,214	760,811
TOTAL EQUITY		30,287	760,884

33. 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 2023 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 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 27)	–	–	–	(5,063)	5,063	–
Equity-settled share-based payment expenses (note 27)	–	–	–	4,842	–	4,842
As at 31 December 2022 and at 1 January 2023	**73**	**882,836**	**(37,921)**	**25,245**	**(109,349)**	**760,884**
Changes in equity for 2023:						
Loss for the year	**–**	**–**	**–**	**–**	**(774,921)**	**(774,921)**
Other comprehensive income	**–**	**–**	**42,779**	**–**	**–**	**42,779**
Total comprehensive income	**–**	**–**	**42,779**	**–**	**(774,921)**	**(732,142)**
Lapse of share options (note 27)	**–**	**–**	**–**	**(19,212)**	**19,212**	**–**
Equity-settled share-based payment expenses (note 27)	**–**	**–**	**–**	**1,545**	**–**	**1,545**
As at 31 December 2023	**73**	**882,836**	**4,858**	**7,578**	**(865,058)**	**30,287**

34. Major Non-Cash Transactions

(a) 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. Due to the current development of the Group, management of the Company decided not to enter into the Strategic Cooperation Agreement.

34. Major Non-Cash Transactions (Continued)

(b) Contractual arrangements

The existing contractual arrangements entered by Beijing Yusheng, Zhongguang Yusheng and registered owners of Zhongguang 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 Zhongguang 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 3 February 2023.

35. Litigation

Subsequent to the end of the reporting period, a bank loan with carrying amount of RMB27,376,000 was in default from repayment during the year ended 31 December 2023 and the bank borrower has filed the court order to Zhongguang 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 announcements dated 26 April 2024 and 5 July 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 (before impairment) pledged as security of the bank loan, for the repayment of the bank loan. The SOE claimed that (i) it did not owe Zhongguang Yusheng any receivables; and (ii) Zhongguang 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. On 3 July 2024, the Company received a statutory demand pursuant to Section 178(1)(a) or Section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**Statutory Demand**") dated 2 July 2024 from the solicitors acting on behalf of the creditor, Bank Sinopac, demanding the Company to pay the amount of RMB29,937,236.63 (the "**Debt**"), being the total amount due by the Company to the creditor under the arbitral award issued by the Shenzhen Court of International Arbitration（深圳國際仲裁院）, which includes the outstanding principal amount of the Facility and default interests accrued thereon, together with legal costs and costs of the arbitration. The Statutory Demand requested the Company to repay the Debt within three weeks from the date of service of the Statutory Demand, failing which the creditor may present a winding-up petition against the Company. 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.

In addition to the litigation concerning the bank loan mentioned above, the Group is involved in other legal cases such as contract disputes and labor disputes. Provisions have been provided for these litigations.

36. Events after Reporting Period

On 14 August 2024, the business of the Zhongguang Yusheng Group have been transferred to Beijing Fuyu, save for certain receivables from business contracts in relation to TV program investments as at 30 June 2024 with a total carrying amount of approximately RMB430.41 million (the "Disposed Assets") and all liabilities including but not limited to trade and other payables, bank loans, tax payable and contract liabilities with a total carrying amount of approximately RMB430.45 million (the "Disposed Liabilities"). Accordingly, the Existing Contractual Arrangements have been terminated with effect from 14 August 2024 and Zhongguang Yusheng Group ceased to be accounted for as a subsidiary of the Company. Details are set out in the Company's announcements dated 14 August 2024.