煜盛文化集團*

China Bright Culture Group
煜盛文化
股票代碼：01859.HK

CHINA BRIGHT CULTURE GROUP

(Incorporated in the Cayman Islands with limited liability)

Stock Code： 1859

2021 Annual Report

* For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LIU Mu *(Chairman and Chief Executive Officer)*
Mr. XIA Rui

Independent non-executive Directors

Ms. RAN Hua
Mr. ZHANG Yiwu
Mr. YANG Chengjia
Ms. YAO Li

AUDIT COMMITTEE

Ms. RAN Hua *(Chairwoman)*
Mr. YANG Chengjia
Ms. YAO Li

REMUNERATION COMMITTEE

Mr. ZHANG Yiwu *(Chairman)*
Ms. RAN Hua
Mr. XIA Rui

NOMINATION COMMITTEE

Mr. LIU Mu (Chairman)
Ms. RAN Hua
Mr. ZHANG Yiwu

COMPANY SECRETARY

Mr. NGAI Tsz Hin Michael

AUTHORISED REPRESENTATIVES

Mr. LIU Mu
Mr. NGAI Tsz Hin Michael

AUDITOR

Elite Partners CPA Limited
Certified Public Ac-countants
10/Floor
8 Observatory Road, Tsim Sha Tsui
Kowloon, Hong Kong

LEGAL ADVISER

Khoo & Co.
15/F & 16/F, Tern Centre Tower 2
251 Queen's Road Central
Hong Kong

COMPLIANCE ADVISER

Capital 9 Limited
Room 1219, 12/F, Bank of America Tower
12 Harcourt Road
Central
Hong Kong

REGISTERED OFFICE

Floor 4, Willow House
Cricket Square
Grand Cayman
KY1-9010
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16/F, Tern Centre Tower 2
251 Queen's Road Central
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Floor 7,
Block A, Shidong International Building
No. 18 Guangqu Road
Chaoyang District
Beijing
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
P.O. Box 268
Grand Cayman, KY1-1104
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

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

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

COMPANY WEBSITE

www.sinozswh.com

STOCK CODE

1859

CHAIRMAN'S STATEMENT

I am pleased to present our annual report for the year ended 31 December 2021.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2021 amounted to approximately RMB302.9 million, representing a decrease of 40.1% from approximately RMB505.8 million in 2020.

- Profit for the year ended 31 December 2021 amounted to approximately RMB49.5 million, representing a turnaround of the Group's financial performance from a loss of approximately RMB198.6 million in 2020.

- Total assets for the year ended 31 December 2021 amounted to approximately RMB1,545.6 million, representing an increase of 6.9% from approximately RMB1,446.5 million in 2020.

- Net assets for the year ended 31 December 2021 amounted to approximately RMB1,175.6 million, representing an increase of 6.4% from approximately RMB1,104.5 million in 2020.

- Earnings per share for the year ended 31 December 2021 amounted to approximately RMB0.031, representing a turnaround from loss per share of approximately RMB0.131 in 2020.

BUSINESS REVIEW

In 2021, under the pressure of the changing media environment and COVID-19 pandemic, the Group proactively sought changes and continued to deepen the development of the industry while strengthening its principal business. In addition to proactively seeking changes while providing quality content products, the Group increased its investment in e-commerce business to ensure the Group's business development. The Group's annual revenue in 2021 decreased by 40.1% as compared to that of 2020 and the Group recorded a profit in 2021 as compared with the loss recorded by the Group in 2020. The Group's total assets increased by 6.8% as compared to the previous year.

In 2021, the Group increased its investment in content related industry by successively entering into strategic cooperation agreements with industry partners such as China Record Group, Poly Culture, CCTV Animation Group Limited* and China Youth Daily Newspaper Office*, and gradually began its deployment in animation related products, music industry and theater performances.

In addition, in response to the changes in the media environment, the Group's business operation based on geographical regions has shown preliminary results, as demonstrated by the official commencement of operation of the Nanjing Content Center in the Yangtze River Delta region.

In 2021, in order to corp with expansion a eCommerce, the Group command eCommerce promotion service to corporate client in the PRC to assist them to promote their products through social media platform in the PRC.

The Group recorded revenue of RMB241.5 million in 2021 which was quite encouraging given the operation was newly commenced in 2021.

OUTLOOK

Since 31 December 2021 and up to the date of this report, there was no material and adverse change in the business or financial performance of the Company. As at the date of this report, the Group maintained normal operation in all of its businesses.

In 2022, the Group will maintain sufficient projects on-hand under the rapidly developing new consumption mode. In addition to the continuous expansion of the existing business scale, the IP cooperation with China Media Group and the new cultural and creative business cooperation with China Youth Daily are under orderly progression.

Based on the promotional highlights and the investment focuses of enterprises in the market in 2022, the Group begins to focus on vertical areas, dedication and other aspects in terms of the research and development of projects, and signifies the achievements of real economy by following the consumption preference in terms of content development. By adhering to its strategic objective of "Business Value First", the Group focuses more on the front-end communication between the market and the platform for all of its projects in 2022. For the copyright and content creation of films and TV dramas, the Group upholds the principle that the platform will only be initiated with customization. For variety shows, the Group holds fast to the business red line that large investment scale will only be implemented after attaining 70% of the business solicitation, thereby safeguarding project safety and profitability to a certain extent.

According to the new trend of industry development, in terms of profitability model, the Group is also constantly deepening the development of industrial chain and expanding the scale of peripheral income by leveraging new retail business to realize the "Lifestyle + Culture" dual-wheel-driven business model. It is expected that the Youth Digital Culture Industrial Base will be established in both Beijing and Hangzhou in 2022, which will result in a sharp rise in the Group's earnings and assets. In addition, the new content retailing model focusing on certain sub-segments is expected to generate revenue of scale.

Mr. LIU Mu
Chairman
Beijing, the PRC, 29 April 2022

FINANCIAL HIGHLIGHTS

Consolidated statement of profit or loss (selected items)

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Revenue	**302,941**	505,848	475,566	282,931	160,429
Gross profit	**172,368**	261,806	267,181	115,953	89,306
Profit/(Loss) from operations	**15,605**	(118,998)	195,694	92,767	60,856
Profit/(Loss) before income tax	**13,996**	(137,036)	186,554	90,340	57,279
Net Profit/(Loss)	**49,469**	(198,575)	147,868	85,733	56,083

Consolidated statement of financial position (selected items)

	As of 31 December				
	2021	2020	2019	2018	2017
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**63,815**	7,914	26,867	11,865	17,430
Current assets	**1,481,761**	1,438,599	914,477	359,704	225,363
Total assets	**1,545,576**	1,446,513	941,344	371,569	242,793
Total equity	**1,175,593**	1,104,542	572,284	281,916	182,529
Non-current liabilities	**10,219**	5,312	12,416	5,839	8,306
Current liabilities	**359,764**	336,659	356,644	83,814	51,958
Total liabilities	**369,983**	341,971	369,060	89,653	60,264
Total equity and liabilities	**1,545,576**	1,446,513	941,344	371,569	242,793

BUSINESS REVIEW

In 2021, under the pressure of the changing media environment and COVID-19 pandemic, the Group proactively sought changes and continued to deepen the development of the industry while strengthening its principal business. In addition to proactively seeking changes while providing quality content products, the Group increased its investment in e-commerce business to ensure the Group's business development. The Group's annual revenue in 2021 decreased by 40.1% as compared to that of 2020 and the Group recorded a profit in 2021 as compared with the loss recorded by the Group in 2020. The Group's total assets increased by 6.8% as compared to the previous year.

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In 2021, in order to corp with expansion a eCommerce, the Group command eCommerce promotion service to corporate client in the PRC to assist them to promote their products through social media platform in the PRC.

The Group recorded revenue of RMB241.5 million in 2021 which was quite encouraging given the operation was newly commenced in 2021.

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. The total revenue of the Group decreased by 40.1% from approximately RMB505.8 million in 2020 to approximately RMB302.9 million in 2021. The following table sets forth the breakdown of revenue by source for the years indicated.

	For the year ended 31 December			
	2021		2020	
	Amount	**Percentage**	Amount	Percentage
	(RMB'000, except for percentages)			
Content-related program				
– Media platforms	**11,793**	**3.9%**	267,977	53.0%
– Corporate sponsors	**49,627**	**16.4%**	237,871	47.0%
eCommerce promotion services	**241,521**	**79.7%**	–	–
Total	**302,941**	**100.0%**	505,848	100.0%

The Group's content-related revenue from media platforms decreased by 95.6% from approximately RMB268.0 million in 2020 to approximately RMB11.8 million in 2021. The decrease was primarily due to the fact that the Group reduced the cooperation with traditional platforms such as TV stations on content production while increased the investments in the content produced for end-customers amid the COVID-19 pandemic.

The Group's relevant revenue from corporate sponsors decreased by 79.1% from approximately RMB237.9 million in 2020 to approximately RMB49.6 million in 2021. The decrease was primarily attributable to the commencement of direct cooperation with corporate sponsors to produce most of our content through the production and placement of customised content for specific brands and their products in light of the habit change of a number of users and the continuously strengthened corporate mission that content is produced to directly serve consumer value, which had a direct impact on the brands and the sales of their products and resulted in the increase in both the number of programs produced and the revenue generated from our services.

The Group's relevant revenue from e-commerce was newly commenced in 2021 and recorded approximately RMB241.5 million in 2021. This is mainly due to the launch of e-commerce business, which 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.

Cost of Sales

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

The Group's cost of sales decreased by 46.5% from approximately RMB244.0 million in 2020 to approximately RMB130.6 million in 2021, primarily due to the decrease in the procurement costs of the production of programs in respect of which we recognised revenue.

Gross Profit and Gross Profit Margin

The Group recorded the gross profit of approximately RMB172.4 million and the gross profit margin of 56.9% in 2021, compared with the gross profit of approximately RMB261.8 million and the gross profit margin of 51.8% in 2020. The higher percentage in the gross profit margin was primarily due to the decrease in the procurement costs for the production and a reduction in production time for certain programs in 2021.

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 73.8% from approximately RMB16.0 million in 2020 to approximately RMB4.2 million in 2021, which was primarily due to the decrease in promotional expenses in 2021.

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 14.6% from approximately RMB88.1 million in 2020 to approximately RMB101.0 million in 2021, such increase was mainly due to the recognition of share based payment of RMB25.5 million.

Impairment losses on trade and other receivables

The impairment losses on trade and other receivables decreased from approximately RMB278 million in 2020 to approximately RMB48 million in 2021, which was mainly due to the good quality of receivables, strong realisation and market recognition of the buyout.

Net Finance Expenses

The Group's net finance expenses represent (1) interest income on bank deposits and loan receivable; (2) interest expenses on bank loans and other borrowings, amounts due to third parties, and amounts due to Mr. LIU Mu ("**Mr. LIU**"), one of the executive Directors; (3) interest on lease liabilities; and (4) net foreign exchange loss due to the fluctuations in U.S. dollars to Renminbi exchange rate. The Group's net finance expenses decreased by 92.7% from approximately RMB21.8 million in 2020 to approximately RMB1.6 million in 2021, primarily due to the decrease in interest expenses on bank loans and increase in interest income from loan receivable.

Profit/(loss) Before Taxation

As a result of the foregoing, the Group's profit before taxation was approximately RMB14.0 million in 2021, representing a turnaround from the loss before taxation of approximately RMB137.0 million in 2020.

Income Tax (Credit)/Expense

The Group's income tax credit amounted to approximately RMB35.5 million in 2021, compared to the Group's income tax expense of approximately RMB61.5 million in 2020, mainly due to the recognition as deferred tax assets.

Profit/(loss) for the Year

As a result of the foregoing, the Group's profit was approximately RMB49.5 million in 2021, compared to the loss of approximately RMB198.6 million in 2020.

FINANCIAL POSITION

Program Copyrights

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

The Group's program copyrights increased by 53.0% from approximately RMB346.6 million as at 31 December 2020 to approximately RMB530.4 million in 2021, primarily due to the increase in production of certain programs and purchase of program under production.

Trade Receivables

The Group's trade receivables represent outstanding amounts due from its customers. As of 31 December 2020 and 2021, the Group's total trade receivables (after deduction of loss allowance) were approximately RMB593.8 million and approximately RMB552.5 million, respectively, representing a decrease of 7.0% as compared to 2020. The decrease was attributable to due to the good quality of receivables, strong realisation and market recognition of the buyout. The accumulated loss allowance increased by 9.9% from approximately RMB300.2 million as of 31 December 2020 to approximately RMB329.8 million as of 31 December 2021.

The following table sets forth an aging analysis of the Group's overall trade receivables, based on the transaction date and net of loss allowance, as of the dates indicated:

	As of 31 December	
	2021	2020
	(RMB'000)	
Within one month	**12,121**	97,481
One month to three months	**2,438**	117,328
Three months to six months	**15,000**	20,085
Six months to one year	**20,655**	164,733
One year to two years	**497,377**	162,853
Two years to three years	**4,952**	31,315
Total	**552,543**	593,795

Prepayments and Other Receivables

The Group's prepayments and other receivables primarily consist of (1) prepayments to for eCommerce service providers; and (2) loan receivables of approximately RMB188.7 million due from independent third party. Accordingly the Group's prepayments and other receivables decreased by 16.9% from approximately RMB475.7 million as of 31 December 2020 to approximately RMB395.2 million as of 31 December 2021.

Trade Payables

The Group's trade payables primarily relate to payments due to third party suppliers for services such as content arrangement, video, lighting and sound. Its trade payables decreased by 47.3% from approximately RMB65.3 million as of 31 December 2020 to approximately RMB34.4 million as of 31 December 2021, primarily due to the decrease in payables to suppliers in relation to program production expenses.

Liquidity and Capital Resources

The Group's cash and cash equivalents amounted to approximately RMB3.6 million as of 31 December 2021, compared to approximately RMB1.3 million as at 31 December 2020.

Working capital (current assets less current liabilities) and the total equity of the Group amounted to approximately RMB1,122.0 million and approximately RMB1,175.6 million, respectively, as of 31 December 2021, compared to approximately RMB1,101.9 million and approximately RMB1,104.5 million, respectively, as of 31 December 2020.

As of 31 December 2020 and 2021, the Group's bank loans payable within one year amounted to approximately RMB36.0 million and approximately RMB20.0 million, respectively. For the year ended 31 December 2021, the Group generated a net profit of RMB49.5 million and a net operating cash outflow of RMB213.1 million. The suspension of trading of the Company's shares since 1 April 2021 and the prolonged impact of Covid-19 have adverse impacts on the Group's operations. The Group also faced longer average trade receivables turnover days than its average trade payables turnover days. In view of this, the measures that the Group has taken and will continue to take to manage its liquidity requirements and improve its financial position include, but are not limited to: (i) continuing to pay close attention to the television 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.

The following table sets forth the information in the Group's consolidated statement of cash flows for the years indicated:

	As of 31 December	
	2021	**2020**
	(RMB'000)	
Net cash used in operating activities	**(213,125)**	(186,285)
Net cash generated from/(used in) investing activities	**254,511**	(475,934)
Net cash (used in)/generated from financing activities	**(34,904)**	653,492
Net increase/(decrease) in cash and cash equivalents	**6,482**	(8,727)

Net Cash Used in Operating Activities

In 2021, the net cash used in operating activities was approximately RMB213.1 million, primarily due to the increase in program production expenses and the launch of e-commerce business.

Net Cash Generated From Investing Activities

In 2021, the net cash generated from investing activities was approximately RMB254.5 million, comprise of provision of loan receivable of RMB179 million and receive of Promissory Note of RMB414.0 million.

Net Cash Used In Financing Activities

In 2021, the net cash used in financing activities was approximately RMB34.9 million, primarily due to the repayment of bank loans and interest bearing borrowings.

Gearing Ratio

As of 31 December 2021, the Group's gearing ratio (calculated by dividing bank loans by total equity as of the end of each year) was approximately 1.7%, compared to approximately 3.3% as of 31 December 2020.

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 of 31 December 2021, save as disclosed in the Company's prospectus published on 28 February 2020 and the section headed "Outlook and Plans" in this report, the Group did not have other 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. During the Reporting Period, the amount utilised by the Company for funding the expenditures of the production of its principal projects was approximately RMB303.1 million. 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	Amounts unutilised as at 1 January 2021	Movement after the redemption of USD64.0 million from the AMTD Investments during the six months ended 30 June 2021	Amount utilised during the six months ended 30 June 2021	Amounts unutilised as at 30 June 2021	Amount utilised during the six months ended 31 December 2021	Amount unutilised as at 31 December 2021
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
A. Funding the development of our new pipeline programs	636,799	–	266,522	(266,522)	–	–	–
A(1). Of which: Funding the programs that are expected to be released in 2020	524,423	–	266,522	(266,522)	–	–	–
Of which: A(1)(a) TV variety programs in the food, work/career, youth and police/crime genres	217,260	–	86,186	(86,186)	–	–	–
A(1)(b) TV drama series in the urban and police/crime genres	202,278	–	114,561	(114,561)	–	–	–
A(1)(c) Made-for-internet drama series in the urban, youth and police/crime genres	104,885	–	65,775	(65,775)	–	–	–
A(2). Funding the programs that are expected to be released in 2021	112,376	–	–	–	–	–	–
B. Expanding our team	37,459	–	28,330	(28,330)	–	–	–
C. For working capital and general corporate purposes	74,918	–	8,269	(8,269)	–	–	–
IPO proceeds sub-total	749,176	–	303,121	(303,121)	–	–	–
Temporary usages							
The AMTD Investments	–	448,000[3][4]	(448,000)[3]	–	–	–	–
The Loan	–	–	144,879	–	144,879	–	144,879
Total	749,176	448,000		(303,121)[1]	144,879	–	144,879

Notes:

(1) The amount utilised as at 30 June 2021 includes the Group's purchase of the three program copyrights of drama in the urban, youth and police/crime genres of the amount of RMB161 million (of which two of the three programs with the amount of RMB101 million is under the "TV drama series in the urban and police/crime genres", and the remaining one program with the amount of RMB60 million is under the "made-for-internet drama series in the urban, youth and police/crime genres") as mentioned in Note 17(iv) to the consolidated financial information as disclosed in the 2020 Results Announcement.

(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 and the section headed "Change in use of proceeds from the Global Offering" in this report.

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

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

The Company would like to clarify that, the respective section headed "Use of Proceeds from the Global Offering" in the Company's 2020 Results Announcement, 2020 Annual Report and 2021 Interim Results Announcement did not reflect (i) the change in use of proceeds from the Global Offering as a result of the AMTD Investments; and (ii) the respective amount used in the AMTD Investments will be applied back to the intended use of proceeds as disclosed in the Prospectus upon redemption of the AMTD Investments. For detailed movement of the use of proceeds from the Global Offering, please refer to the table in this section and the section headed "Change in Use of Proceeds from the Global Offering" in the announcement of the Company dated 3 September 2021. The Board will continuously assess the plan for the use of the unutilised net proceeds and may revise or amend such plan where necessary to cope with the changing market conditions and strive for better business performance of the Group. The Company will make an announcement to notify the Shareholders and potential investors of the Company as soon as possible if there is any material change of use of proceeds.

CAPITAL EXPENDITURE AND COMMITMENTS

The Group's capital expenditures in 2021 primarily related to improvements to leased properties and purchase of electronic equipment and other office equipment. In 2021, the Group incurred capital expenditures of approximately RMB0.5 million, compared to approximately RMB0.5 million in 2020.

CONTINGENT LIABILITIES

The Group had no material contingent liability as of 31 December 2021.

CHARGES ON GROUP ASSETS

As of 31 December 2021, the Group did not have any other charges on its assets.

FOREIGN EXCHANGE RISK

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

CREDIT RISK

The Group's credit risk is primarily attributable to trade receivables and influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate. Therefore, significant concentration of credit risk arises when it has significant exposure to individual customers. As of 31 December 2020 and 2021, 84.1% and 26.5% of the total trade receivables were due from our five largest customers, respectively. These customers were mainly TV networks and advertising agent companies with diversified end-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. For measures that the Company had taken and will continue to take to manage its liquidity needs and to improve its financial position, please refer to the section headed "Liquidity and Capital Resources" in this annual report.

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 2021. 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.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the consolidated financial statements and the sections headed "Significant Investments, Acquisitions and Disposals", "Use of Proceeds from the Global Offering" and "Outlook and Plans" in this annual report, no significant event took place subsequent to 31 December 2021.

OUTLOOK AND PLANS

Since 31 December 2021 and up to the date of this report, there was no material and adverse change in the business or financial performance of the Company. As at the date of this report, the Group maintained normal operation in all of its businesses.

In 2022, the Group will maintain sufficient projects on-hand under the rapidly developing new consumption mode. In addition to the continuous expansion of the existing business scale, the IP cooperation with China Media Group and the new cultural and creative business cooperation with China Youth Daily are under orderly progression.

Based on the promotional highlights and the investment focuses of enterprises in the market in 2022, the Group begins to focus on vertical areas, dedication and other aspects in terms of the research and development of projects, and signifies the achievements of real economy by following the consumption preference in terms of content development. By adhering to its strategic objective of "Business Value First", the Group focuses more on the front-end communication between the market and the platform for all of its projects in 2022. For the copyright and content creation of films and TV dramas, the Group upholds the principle that the platform will only be initiated with customization. For variety shows, the Group holds fast to the business red line that large investment scale will only be implemented after attaining 70% of the business solicitation, thereby safeguarding project safety and profitability to a certain extent.

According to the new trend of industry development, in terms of profitability model, the Group is also constantly deepening the development of industrial chain and expanding the scale of peripheral income by leveraging new retail business to realize the "Lifestyle + Culture" dual-wheel-driven business model. It is expected that the Youth Digital Culture Industrial Base will be established in both Beijing and Hangzhou in 2022, which will result in a sharp rise in the Group's earnings and assets. In addition, the new content retailing model focusing on certain sub-segments is expected to generate revenue of scale.

DIRECTORS AND SENIOR MANAGEMENT

OUR DIRECTORS

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

Executive Directors

Mr. LIU Mu (劉牧) ("Mr. Liu"), aged 38, was appointed as our Director on 28 May 2019 and re-designated as an executive Director on 7 August 2019. Mr. Liu is also the chairman of the Board and the chief executive officer of our Group, and is primarily responsible for overseeing overall operation and management, strategic planning and major decision-making of our Group. From August 2015 to July 2016, he served as a vice president at Zhongguang Yusheng, then as a director and president at Zhongguang Yusheng since July 2016 and was primarily responsible for the daily business operation and management, overall strategic planning and major decision-making of Zhongguang Yusheng. Mr. Liu is the sole director of each PRC Operating Entity.

Prior to joining our Group, Mr. Liu served as a brand director at Beijing Zhongguang Chuanhua Film and Television Culture Consulting Co., Ltd. (北京中廣傳華影視文化諮詢有限公司) from August 2009 to July 2015, during which time he was primarily responsible for overall brand management.

Mr. Liu obtained his bachelor's degree in instructional technology from Fuyang Normal University (阜陽師範大學) (previously known as Fuyang Normal College (阜陽師範學院)) in July 2006. He received his master's degree in communication from Wuhan University (武漢大學) in June 2012.

Mr. XIA Rui (夏瑞) ("Mr. Xia"), aged 32, was appointed as an executive Director of the Company on 30 June 2020. He is responsible for overseeing daily business operation, assisting in overall management of the Group and content development.

Mr. Xia has been serving as a vice president and a supervisor of Zhongguang Yusheng, one of the Group's PRC operating entities, since May 2015 and March 2019, respectively. Mr. Xia also has been serving as an executive director and manager of Yueying Xingyao Information Technology (Tianjin) Co., Ltd.* (月影星耀信息技術(天津)有限公司), one of the Company's subsidiary, since May 2020. Prior to joining the Group, Mr. Xia served as a project manager of the market department of Beijing Enlight Media Co., Ltd.* (北京光線傳媒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300251), from May 2012 to February 2013.

Mr. Xia graduated from Beijing Contemporary Music Academy in June 2010.

Independent non-executive Directors

Ms. RAN Hua (冉華) ("Ms. Ran"), aged 60, was appointed as an independent non-executive Director of the Company on 7 August 2019. She is responsible for supervising and providing independent advice to the Board.

Ms. Ran has been working at Wuhan University (武漢大學) since July 1984 and has been serving successively as lecturer, associate professor and professor. Now she is the head of the department of radio and television of Wuhan University. She has been a vice president of the Audio-visual Communication Research Committee of Chinese Journalism Society (中國新聞史學會視聽傳播研究委員會) since December 2015.

Ms. Ran obtained her bachelor's degree in Chinese language and literature from Wuhan University in July 1984. She received her master's degree and doctorate degree in communication and journalism from Wuhan University in January 2003 and December 2006, respectively.

Mr. ZHANG Yiwu (張頤武) ("Mr. Zhang"), aged 59, was appointed as an independent non-executive Director of the Company on 7 August 2019. He is responsible for supervising and providing independent advice to the Board.

Mr. Zhang has been working at Beijing University (北京大學) since July 1987 and served successively as lecturer and associate professor. Now he is a professor of literature department.

Mr. Zhang obtained his bachelor's and master's degrees in literature from Beijing University in July 1984 and July 1987 respectively.

Mr. YANG Chengjia (楊成佳) ("Mr. Yang"), aged 35, was appointed as an independent non-executive Director of the Company on 24 July 2020. He is responsible for supervising and providing independent advice to the Board.

Mr. Yang has served as the director of Investment Supervision in the Pension Investment Department of Taikang Pension Co., Ltd. since January 2021. Mr. Yang has served as a vice president of the risk management department of Dongxing Securities Co., Ltd. (東興證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601198) from January 2019 to January 2021. He served as an assistant vice president of the risk management department of Founder Securities Co., Ltd. (方正證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601901) from June 2017 to January 2019. Mr. Yang served as an actuary of the product management department of China Export & Credit Insurance Corporation (中國出口信用保險公司) from January 2013 to June 2017.

Mr. Yang graduated from Central South University (中南大學) with the bachelor's degree in June 2009 and obtained the master's degree from Nankai University (南開大學) in June 2013. Mr. Yang was accredited as an Associate of China Association of Actuaries (中國准精算師) by China Insurance Regulatory Commission (中國保險監督管理委員會) in April 2014.

Ms. YAO Li (姚麗) ("Ms. Yao"), aged 39, was appointed as an independent non-executive Director of the Company on 27 November 2020. She is responsible for supervising and providing independent advice to the Board.

Ms. Yao has over 13 years of experience in auditing and financial management. Ms. Yao served several positions in PricewaterhouseCoopers, including: (i) a manager in independence office from March 2014 to January 2020, (ii) an operation manager in financial services group from June 2012 to March 2014, and (iii) an audit manager in financial services group from August 2004 to December 2010. Ms. Yao graduated from Central University of Finance and Economics (中央財經大學) with a bachelor's degree in financial management in July 2004. She is a member of Chinese Institute of Certified Public Accountants (CICPA).

SENIOR MANAGEMENT

The senior management is responsible for the daily management and operation of business. The executive Directors (namely Mr. LIU Mu and Mr. XIA Rui) also hold senior management positions in the Group. Please refer to the disclosure above for their respective biography.

COMPANY SECRETARY

Mr. NGAI Tsz Hin Michael (倪子軒) ("Mr. Ngai"), was appointed as the company secetary and one of the authorised representatives on 17 August 2021. He is a practicing solicitor in Hong Kong, a partner of Khoo & Co., a consultant of O Tse & Co. and the sole proprietor of Michael Ngai & Co.. Mr. Ngai has been an independent non-executive director of Coolpad Group Limited, the shares of which are listed on the Stock Exchange (stock code: 2369), since January 2022. He also serves as a company secretary of various companies listed on the Stock Exchange. He obtained the Bachelor of Laws and postgraduate certificate in laws from the City University of Hong Kong in 2011 and 2012, respectively.

Mr. Ngai confirmed that he has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements during the Reporting.

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 2021 are set out in the consolidated statement of profit or loss on page 90 of this annual report.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2021 (2020: Nil).

BUSINESS REVIEW

The business review and performance analysis of the Group for the Reporting Period is set out in the section headed "Chairman's Statement" from pages 4 to 5 and "Management Discussion and Analysis" from pages 7 to 17 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 13 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, the Group's five largest customers contributed to a total of 68% of the Group's total revenue and the Group's largest customer contributed to a total of 50% of the Group's total revenue.

For the year ended 31 December 2021, the Group's five largest suppliers contributed to a total of 76% of the Group's total purchase and the Group's largest supplier contributed to a total of 35% of the Group's total purchase.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 11 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 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out on page 94 in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As of 31 December 2021, the Company's reserves available for distribution, amounted to approximately RMB159.1 million (as of 31 December 2020: RMB117.6 million).

BANK LOANS

Particulars of bank loans of the Group as of 31 December 2021 are set out in Note 19 to the consolidated financial statements.

LOAN AND GUARANTEE

During the year ended 31 December 2021, 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. LIU Mu *(Chairman and Chief Executive Officer)*
Mr. XIA Rui

Independent Non-executive Directors:

Ms. RAN Hua
Mr. ZHANG Yiwu
Mr. YANG Chengjia
Ms. YAO Li

In accordance with Article 16.18 of the Articles of Association, Ms. RAN Hua and Mr. ZHANG Yiwu shall retire from office by rotation at the AGM, and being eligible, will offer themselves for re-election at the AGM.

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

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 18 to 20 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. LIU Mu and Mr. XIA Riu, has entered into a service contract with the Company for a term of three years with effect from the commencement date of the service contract.

Each of the independent non-executive Directors, being Ms. RAN Hua, Mr. ZHANG Yiwu, Mr. YANG Chengjia and Ms. YAO Li, has entered into an appointment letter with the Company. The initial term for (i) appointment letters of Ms. RAN Hua and Mr. ZHANG Yiwu shall be three years from the 7 August 2019 and (ii) the initial terms for the appointment letters of Mr. YANG Chengjia and Ms. YAO Li shall be three years from 24 July 2020 and 27 November 2020, respectively, until terminated by giving to the other not less than one month's prior notice in writing in accordance with the terms and conditions of their appointment letters.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Material related party transactions" in Note 28 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 28 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 2021 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 2021 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 re-muneration 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 8 and 9 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' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as of 31 December 2021, 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 Po-sition	Approximate Percentage of the Shareholding (%)
Mr. LIU Mu	The Company	Interest in controlled corporations[(1)]	669,263,739	Long position	41.83%
	Double K Limited	Beneficial owner	636,365,961	Long position	95.08%
	Blueberry Culture Limited	Beneficial owner	32,897,778	Long position	4.92%
Mr. XIA Rui	The Company	Beneficial owner[(2)]	16,000,000	Long position	1.00%

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.

(2) Mr. XIA Rui holds 16,000,000 underlying shares under the options granted under the Share Option Scheme.

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

Save as disclosed below, as of 31 December 2021, 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	669,263,739	Long position	41.83%
Ms. CHANG Xing(2)	Interest of spouse	669,263,739	Long position	41.83%
Double K Limited(1)	Beneficial owner	669,263,739	Long position	41.83%
Eastern Pearl Capital Fund SPC-Eastern Pearl Caelus Fund SP	Beneficial owner	166,626,000	Long position	10.30%
Ms. LIU Yang(3)	Interest in controlled corporations	160,001,000	Long position	10.00%
Atlantis Capital Group Holdings Limited(3)	Interest in controlled corporations	160,001,000	Long position	10.00%
OBOR Stable Growth Fund Limited(4)	Beneficial owner	113,501,000	Long position	7.09%

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 32,897,778 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 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.

SHARE OPTION SCHEME

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

On 8 December 2020, the Directors approved the grant of 77,000,000 options ("Options") under the Share Option Scheme to ten grantees ("Grantees") pursuant to the Share Option Scheme, of which eight Grantees have accepted the an aggregate of 64,000,000 Options on 1 January 2021 upon the agreement of the vesting conditions attached to the Options. As at 31 December 2021, the Company had 64,000,000 share options outstanding ("Outstanding Share Options") under the Share Option Scheme. The Outstanding Share Options were granted with both service condition and performance condition to purchase 64,000,000 ordinary shares with an exercise price of HK$0.97 per share (which was same as the closing price of the shares on the date immediately before the date of grant), all of which were granted to the Grantees based on the mutual understanding of the key terms and conditions of the performance conditions. Among the Outstanding Share Options, 16,000,000 options were granted to Mr. Xia Rui, an executive Director and 48,000,000 options were granted to the 7 other individuals including employees, former employee and external consultant and employee. The validity period of the options granted is 10 years from the date of grant (i.e. from 1 January 2021 to 7 December 2030). Save as disclosed above, no share options have been granted or agreed to be granted, exercised, lapsed or cancelled under the Share Option Scheme during the Reporting Period.

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

Type/name of the grantee	Date of grant	Validity Period	Exercise period	Exercise price per share (HKD)	Closing price per share immediately prior to the date of grant (HKD)	Outstanding as at 1 January 2021	Number of options Granted/ Exercised/ lapsed/ cancelled during the Reporting Period	Outstanding as at 31 December 2021	Vesting period
Director									
Xia Rui	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	–	16,000,000	16,000,000	Please refer to note (i) below.
Others									
4 employees and a former employee of the Company	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	–	24,000,000	24,000,000	Please refer note (i) below.
an external consultant	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	–	8,000,000	8,000,000	Please refer note (ii) below.
an employee	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	–	16,000,000	16,000,000	Please refer note (iii) below.
						–	64,000,000	64,000,000	

Notes:

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

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

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

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

1. Purpose of the Share Option Scheme:

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

2. Participants of the Share Option Scheme:

   The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined as set out below: (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and (iii) any advisers, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

3. Grant of option under the Share Option Scheme:

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

4. Total number of Shares available for issue under the Share Option Scheme and percentage of issued share capital as at 31 December 2021:

   As at 31 December 2021, the total number of Shares which may be issued under the Share Option Scheme must not exceed 160,000,000 Shares, representing approximately 10% of the issued share capital of the Company.

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

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

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

   An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

7. The basis of determining the exercise price:

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

8. The remaining life of the Share Option Scheme:

   Subject to early termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption, after which time no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

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 LISTED SECURITIES OF THE COMPANY

Since the Listing Date and up to the date of this annual report, neither the Company nor any of its subsidiaries or the PRC Operating Entities 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 27 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 December 31, 2021, the Company had complied with the disclosure requirement pursuant to Chapter 14A of the Listing Rules and had no connected transactions or continuing connected transactions which fell to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

Contractual Arrangements

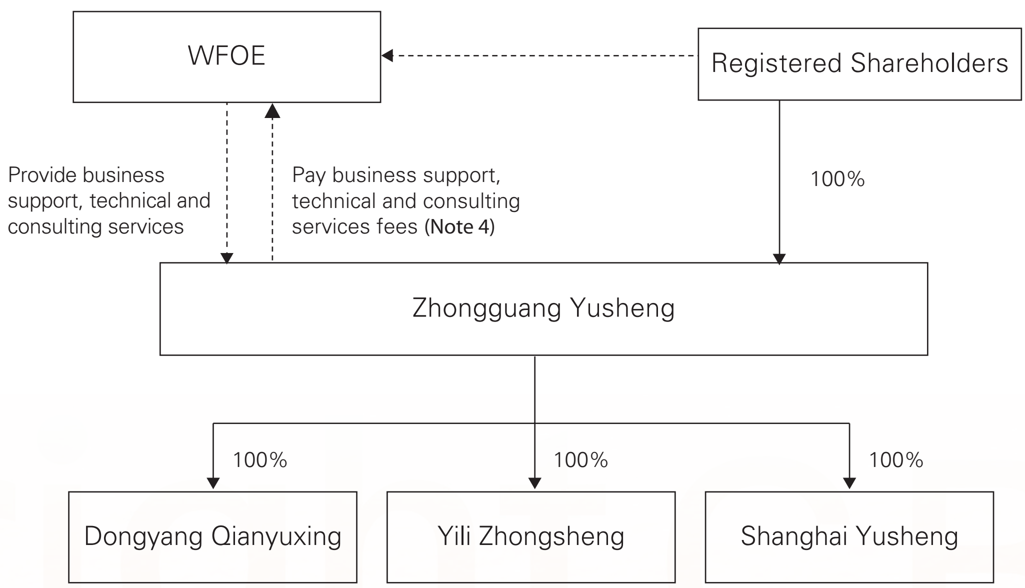
Our Group has entered the Contractual Arrangements with, among other, the WFOE, Zhongguang Yusheng and the Registered Shareholders, to enable us to, among others, exercise control over and derive the economic benefits from our PRC Operating Entities and consolidated their results of operations into those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

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

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

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

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



(1) Please refer to "Contractual Arrangements – Shareholders' Rights Proxy Agreement" for details.
(2) Please refer to "Contractual Arrangements – Exclusive Option Agreement" for details.
(3) Please refer to "Contractual Arrangements – Equity Pledge Agreement" for details.
(4) Please refer to "Contractual Arrangements – Exclusive Business Collaboration Agreement" for details.

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

(a) Exclusive Business Collaboration Agreement

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

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

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

(b) Exclusive Option Agreements

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

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

(c) Equity Pledge Agreements

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

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

(d) Shareholders' Rights Proxy Agreement

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

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

(e) Spouse undertaking

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

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between our Group and our PRC Operating Entities during the year ended December 31, 2021. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the year ended December 31, 2021.

For the year ended December 31, 2021, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As of December 31, 2021, we had not encountered interference or encumbrance from any PRC governing bodies in operating our businesses through our PRC Operating Entities under the Contractual Arrangements.

The revenue of the PRC Operating Entities amounted to approximately RMB302.9 million for the year ended December 31, 2021, representing a decrease by 40.1% from approximately RMB505.8 million for the year ended December 31, 2020. For the year ended December 31, 2021, the revenue of the PRC Operating Entities accounted for approximately 100% of the revenue for the year of our Group (2020: 100%).

Reasons for Adopting the Contractual Arrangements

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

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

Risks Relating to the Contractual Arrangements

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

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

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

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

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

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

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

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

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

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

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

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

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

Listing Rules Implications and Waivers from the Stock Exchange

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

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

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

(b) no change without independent Shareholders' approval;

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

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

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

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

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

(a) the transactions carried out during the year ended December 31, 2021 had been entered into in accordance with the relevant provisions of the Contractual Arrangements;

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

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

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

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

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

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

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

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

DONATIONS

During the Reporting Period, the Group did not make any charitable donations (2020: 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 2021, 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

Save as disclosed in the consolidated financial statements and the sections headed "Significant Investments, Acquisitions and Disposals", "Use of Proceeds from the Global Offering" and "Outlook and Plans" in this annual report, no significant event took place subsequent to 31 December 2021.

AUDIT COMMITTEE

The Audit Committee had, together with the Auditor, 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 40 to 54 of this annual report.

HUMAN RESOURCES

As at 31 December 2021, the Group had 84 full-time employees (2020: 88), 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	40	47.6
Marketing	19	22.6
Administrative and human resources	4	4.8
Finance and capital raising	11	13.1
Management and support	10	11.9
Total	**84**	**100.0**

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

SUFFICIENCY OF PUBLIC FLOAT

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

THE AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on 12 June 2022. The notice of the AGM will be issued and despatched to the Shareholders, and will also be made available on the websites of the Company at www.sinozswh.com and the Stock Exchange at www.hkexnews.hk. To determine the Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from 7 June 2022 to 10 June 2022, both days inclusive, during which period no transfer of the shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 6 June 2022.

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

During the Reporting Period, KPMG has resigned as the auditor of the Group on 20 December 2021 and Elite Partners CPA Limited was appointed as the Auditor on 21 December 2021. The accompanying financial statements prepared in accordance with IFRS have been audited by Elite Partners CPA Limited.

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

On behalf of the Board
Mr. LIU Mu
Chairman
Beijing, the PRC, 29 April 2022

CORPORATE GOVERNANCE REPORT

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 14 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.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. 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.

Board Composition

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

Executive Directors:
Mr. LIU Mu *(Chairman and Chief Executive Officer)*
Mr. XIA Rui

Independent Non-executive Directors:
Ms. RAN Hua
Mr. ZHANG Yiwu
Mr. YANG Chengjia
Ms. YAO Li

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

During the Relevant 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 obtained 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, two of our Directors are female. The Company recognizes that the gender diversity at the Board level can be improved given the majority of our Directors are male. The Company will continue to apply the principle of appointments based on merits with reference to our diversity policy as a whole.

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

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 A.6.5 of the CG Code (which has been renumbered as C.1.4 of the CG Code since 1 January 2022) with regards to continuous professional development, directors should participate in appropriate continuous pro-fessional 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 material on relevant topics will be issued to directors where appropriate. The Company also arranges trainings to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory re-quirements 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, namely Mr. LIU Mu, Mr. XIA Rui, Ms. RAN Hua, Mr. ZHANG Yiwu, Mr. YANG Chengjia and Ms. YAO Li, have complied with the CG Code in relation to continuous professional development, apart from reading materials relevant to the Company's business, director's duties and responsibilities. All Directors also attended and/or gave presentation in seminars/forums. The Company updates Directors constantly on the latest developments regarding the Group's business and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors have provided to the Company with their training records on a regular basis, and such records have been maintained by the Company for accurate and comprehensive record keeping.

Chairman and Chief Executive Officer

In accordance with paragraph A.2.1 of the CG Code (which has been renumbered as C.2.1 of the CG Code since 1 January 2022), the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu is the chairman and chief executive officer of the Company. Mr. Liu is principally responsible for overseeing overall operation and management, strategic planning and major decision-making of the Group, and he has considerable experience in strategic planning and has been assuming day-to- day responsibilities in operating and managing the Group since August 2015. The Board considers that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for and communication with the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises two executive Directors (including Mr. Liu) and four independent non-executive Directors and therefore has a strong independence element in its composition.

Appointment and Re-election of Directors

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

Mr. XIA Rui, the executive Director, has entered into a service contract with the Company for a term of three years commencing from 30 June 2020, until terminated by giving to the other not less than three month's prior notice in writing in accordance with the terms and conditions of the service contract.

Each of Ms. RAN Hua, Mr. ZHANG Yiwu, Mr. YANG Chengjia and Ms. YAO Li, the independent non-executive Directors, has entered into an appointment letter with the Company. The initial term of the appointment letters of Ms. RAN Hua and Mr. ZHANG Yiwu shall be for a period of three years commencing on 7 August 2019, while the initial terms of the appointment of Mr. YANG Chengjia and Ms. YAO Li shall be for a period of three years commencing on 24 July 2020 and 27 November 2020, respectively, until terminated by giving to the other not less than one month's prior notice in writing in accordance with the terms and conditions of their appointment letters.

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

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 new Directors appointed as an addition to the Board shall offer himself/herself for re-election by the Shareholders at the next following annual general meeting of the Company after appointment.

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

Board Meetings

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

For other Board 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 the 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 A.1.1 of the CG Code, board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the 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 A.1.1 of the CG Code. During the Relevant Period, the Board held nine meetings on 21 January 2021, 17 March 2021, 31 March 2021, 18 June 2021, 11 August 2021, 17 August 2021, 27 August 2021, 31 August 2021, and 20 December 2021. The Board has handled, among other things, the following matters:

1. to consider and approve the unaudited and audited annual results of the Group for the year ended December 31, 2020; to consider and approve the proposed issuance of convertible debentures of the Group;

2. to consider and approve the appointment of new executive Director, appointment of new vice president of the Group and the change of the Joint Company Secretary; to consider and approve the authorisation to open NRA foreign exchange account;

3. to consider and note the resignation of the non-executive Directors and members of the Audit Committee and approve the appointment of new independent non-executive Directors and members of the Audit Committee; to consider and approve the unaudited results of the Group for the year ended 31 December 2020;

4. to consider and approve the unaudited interim results of the Group for the year six months ended June 30, 2021; to consider and note the resignation of the Joint Company Secretary and Chief Financial Officer;

5. to consider and note the resignation of the executive Directors and members of the Remuneration Committee, and approve the appointment of members of the Remuneration Committee and the new vice president of the Group and the change of the Joint Company Secretary; to consider and approve the entering into of the loan agreement between Yueying Xingyao information technology (Tianjin) Co., Ltd., a subsidiary of the Group, and Tianjin Fangzhou Technology Development Company Limited (天津方舟科技發展有限公司);

6. to consider and note the resignation of the independent non-executive Directors and the chairman of the Audit Committee, and approve the appointment of independent non-executive Directors and the Chairman and members of the Audit Committee; to consider and note the change of Company Secretary, authorized representative and process agent and change of principal place of business in Hong Kong;

7. to consider and approve the audited annual results of the Group for the year ended 31 December 2020;

8. to consider and approve the opening of fund accounts; and to consider and approve the unaudited interim results of the Group for the year ended 30 June 2021; and

9. to consider and approve the allotment and issuance of ordinary shares under the general mandate; to consider and approve the change of auditor.

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	9/9
Mr. XIA Rui	9/9
Ms. RAN Hua	9/9
Mr. ZHANG Yiwu	9/9
Mr. YANG Chengjia	9/9
Ms. YAO Li	9/9

Pursuant to E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting and the chairman should also invite the chairpersons of audit, remuneration and nomination committees to attend. Mr. LIU Mu, the Chairman of the Company has attended the annual general meeting held on 27 September 2021.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 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.

Delegation by the Board

The Board reserves for its decision right for 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 could have recourse to seek independent professional advice in performing 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; and

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

BOARD COMMITTEES

Audit Committee

The Company establishes the Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Ms. RAN Hua (Chairwoman), Mr. YANG Chengjia and Ms. YAO Li. 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 C3.3(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 Audit Committee must meet at least twice a year with the Auditor. The Company has included such terms in relevant terms of reference, and thus complied with the Code provision C3.3(e)(i) of the CG Code during the Relevant Period.

During the Relevant Period, the Audit Committee held six meetings on 26 March 2021, 31 March 2021, 20 August 2021, 27 August 2021, 31 August 2021, and 20 December 2021. The Audit Committee had performed the followings tasks, among others:

1. reviewed the unaudited and audited annual results for the year ended December 31, 2020;

2. reviewed the unaudited interim results for the six months ended June 30, 2021;

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 auditors to determine the provision of such services would affect the independence of the auditors; and

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

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

Directors	Number of meetings attended/held
Ms. RAN Hua *(Chairwoman)*	6/6
Mr. YANG Chengjia	6/6
Ms. YAO Li	6/6

Nomination Committee

The Company establishes the Nomination Committee with written terms of reference in compliance with the CG Code. The Nomination Committee currently comprises three members, including one executive Director namely Mr. Liu (chairman) and two independent non-executive Directors namely Ms. RAN Hua and Mr. ZHANG Yiwu. 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 advise 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 to review such policy from time to time to ensure its ongoing effectiveness; accessing the independence of the independent Directors and to make annual confirmation in respect of the independence of the independent Directors. As of the date of this annual report, 2 of the 6 Directors were women (representing one-third of the total number of Directors). The age of the Directors ranges from 32 to 60 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, the Nomination Committee held one meeting 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 of new Directors for appointment.

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

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

Directors	**Number of meetings attended/held**
Mr. LIU Mu *(Chairman)*	1/1
Ms. RAN Hua	1/1
Mr. ZHANG Yiwu	1/1

Remuneration Committee

The Company establishes the Remuneration Committee with written terms of reference in compliance with the CG Code. The Remuneration Committee comprises three members, including two independent non-executive Directors namely Mr. ZHANG Yiwu (chairman) and Ms. RAN Hua and one executive Director namely Mr. XIA Rui. 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 and (iv) making recommendations to the Board on the remuneration of non-executive Director.

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, the Remuneration Committee held one meeting to consider the remuneration of the executive Directors, non-executive Directors 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 Yi Wu *(Chairman)*	1/1
Mr. XIA Rui	1/1
Ms. RAN Hua	1/1

Remuneration of Directors and Senior Management

Please refer to Note 8 to the consolidated financial statements for details of remuneration of members of the Board for the year ended 31 December 2021.

Details of the remuneration by band of senior management of the Company, whose biographies are set out on pages 18 to 20 of this annual report, for the year ended 31 December 2021 are set out below:

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

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 2021 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, positions and prospects.

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

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 84 to 89 of this annual report.

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 re-sponsible 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 auditor to regularly evaluate its risk management and internal control system, 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 system 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 2021, the Audit Committee reviewed the risk management and internal control system 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.

AUDITOR'S REMUNERATION

The remuneration for the audit services provided by the Auditor to the Group during the year ended 31 December 2021 was approximately as follows:

Type of Services	Amount (RMB'000)
Annual Audit Services	1,200
Other services	–
Total	**1,200**

COMPANY SECRETARY

Mr. NGAI Tsz Hin Michael (倪子軒) ("Mr. Ngai"), was appointed as the company secretary and one of the authorised representatives on 17 August 2021. He is a practicing solicitor in Hong Kong, a partner of Khoo & Co., a consultant of O Tse & Co. and the sole proprietor of Michael Ngai & Co.. Mr. Ngai has been an independent non-executive director of Coolpad Group Limited, the shares of which are listed on the Stock Exchange (stock code: 2369), since January 2022. He also serves as a company secretary of various companies listed on the Stock Exchange. He obtained the Bachelor of Laws and postgraduate certificate in laws from the City University of Hong Kong in 2011 and 2012, respectively.

Mr. Ngai confirmed that he has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements during the Reporting.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding 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.

The AGM provides 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 Auditor will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. The AGM notice is sent to the Shareholders at least 20 clear business days before the AGM.

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

The Board encourages all its Shareholders to participate in the forthcoming AGM where the members of the Board and external auditors will be present and communicate with its shareholders.

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 Yard 4, Wanhui Cultural, Sports and Leisure Industrial Park, No. 2 Guangbai East Road, Chaoyang District, Beijing, the PRC.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles of Association has not been amended or restated by the Company after the Listing Date.

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.

INTERNAL CONTROL ENHANCEMENT

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

(a) engaged new compliance adviser in May 2021;

(b) accepted resignation of the joint company secretary and chief financial officer in June 2021;

(c) appointed a new company secretary in August 2021;

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

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

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 About this Report

China Bright Culture Group (hereinafter referred to as the "Group" and "We") is pleased to present the 2021 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 January 1, 2021 to December 31, 2021 (the "Reporting Period" and the "Year").

1.2 Scope of Report

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

1.3 Basis of Preparation

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

Materiality: Last year, we conducted a materiality assessment which result was determined by the materiality of impact to our business and stakeholder expectations. The management and ESG working group have confirmed the applicability of the 2020 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 29 April 2022.

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 comittments 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

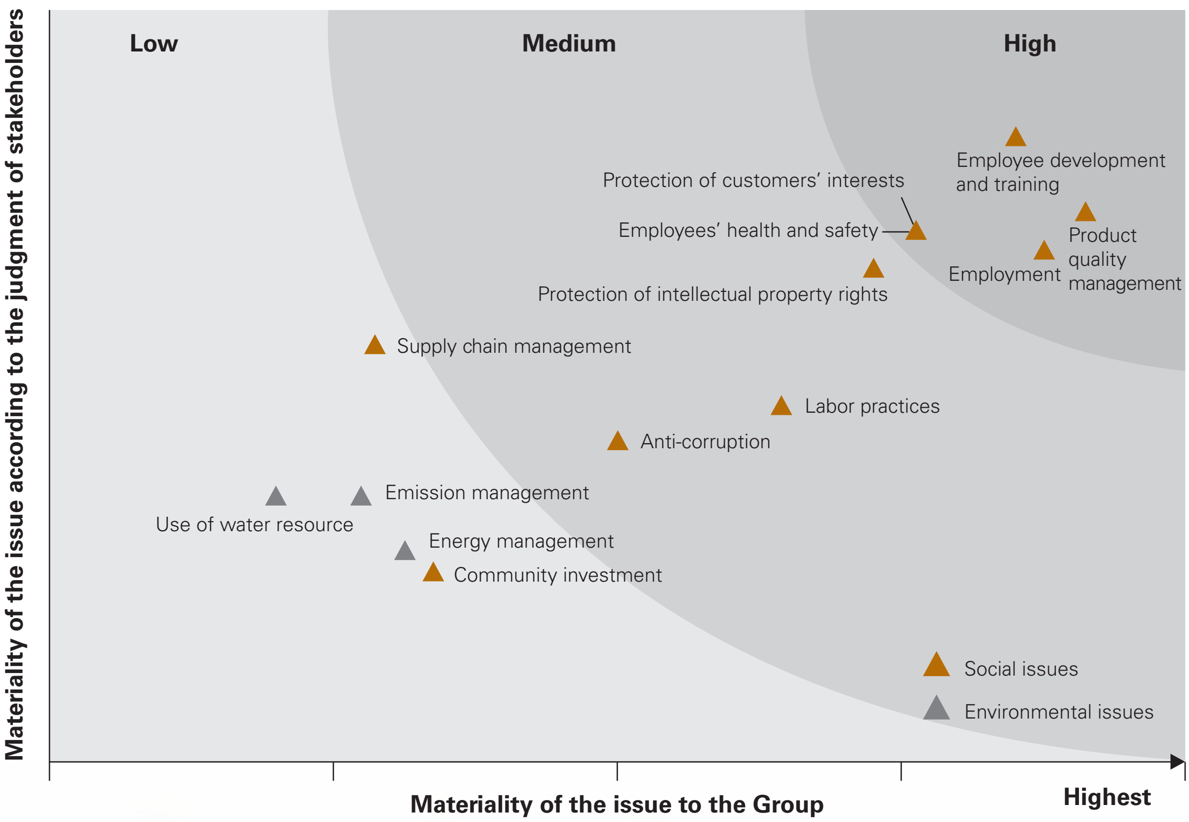
The Group highly values communication and relationship with stakeholders. We keep close contact with shareholders and investors, government authorities, employees, customers, suppliers and business partners through various communication channels. By collecting their opinion and feedback on the Group's 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

Last year, the Group communicated with stakeholders through questionnaires and surveys and presented the materiality of each issues to the Group's business development and stakeholders under the following matrix. Upon communication, the Group's management and ESG working group have confirmed that the conclusion for 2020 is still applicable to the Year, since 1) the business and operating environment of the Year have not changed significantly; and 2) the materiality assessment conclusion of last year can still reflect stakeholders' expectations. Readers may refer to the 2020 ESG Report to learn about the method and process of materiality assessment.

Upon detailed analysis, the Group has identified 13 key ESG-related issues, of which 5 are social issues, namely employee development and training, product quality management, employee recruitment, employee health and safety and customer rights protection, 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	2021
Scope 1 – direct greenhouse gas emissions:	tonnes CO_2 equivalent	**15.77**
Scope 2 – indirect greenhouse gas emissions:	tonnes CO_2 equivalent	**19.37**
Total greenhouse gas emissions	tonnes CO_2 equivalent	**35.14**
Total greenhouse gas emission intensity	tonnes CO_2 equivalent/ income (RMB10,000)	**0.00065**

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

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

	Unit	2021
Sulphur oxide emissions	kg	**0.08**
Nitrogen oxide emissions	kg	**41.57**
Particulate matter emissions	kg	**3.87**

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 4 pieces 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 Reporting Period, the non-hazardous wastes generated by the Group is as follow:

Non-hazardous Wastes

	2021	
Key Environmental Indicators	**Waste Emission (tonnes)**	**Intensity per Capita (tonnes/person)**
Domestic waste	**1.10**	**0.013**
Used paper recycled	**0.20**	**0.0024**
Total	**1.30**	**0.015**

During the Reporting Period, 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 exucuted 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 Reporting Period, 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 Reporting Period, the resources used by the Group are as follow:

	2021			
Key Environmental Indicators	**Consumption**	**Unit (Consumption)**	**Intensity**	**Unit (Intensity)**
Gasoline fuel consumption related to vehicles	**5,760.00**	Liter	**7.2**	Liter/m^2
Electricity consumption	**31,752.00**	kWh	**39.69**	kWh/m^2
Water consumption	**178.00**	m^3	**0.22**	m^3/m^2
Paper consumption	**174.64**	Kg	**2.08**	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 their reliance on natural resources to create a better living environment altogether. We will keep taking any feasible policies, measures and actions, including those mentioned in section "4.1 Emission" and "4.2 Use of Resources", to minimise the impact caused by our business operation to the natural environment. Meanwhile, when the Group is planning its core business and future development, the management takes 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 Reporting Period, the Group has formulated preliminary directional objectives in respect of energy efficiency, water efficiency and reduction in waste and greenhouse gas emission. With 2021 as the benchmark year, the Group is well-positioned to embrace more effective energy saving, water conservation, waste reduction and greenhouse gas emission reduction. 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 Reporting Period, the Group had a total of 84 employees. In respect of the employee distribution of the Group in 2021, please refer to the table below:

Distribution		Number of Person(s)
By Gender	Male	41
	Female	43
By Geographical Location	Beijing	78
	Shanghai	6
By Employment Type	Full time	81
	Part-time	3
By Age Group	Below 30 (inclusive)	28
	31 – 50	54
	Above 51 (inclusive)	2
By Job Function	Senior Management	11
	Middle Management	33
	Base-level Employee	40
By Education Level	Postgraduate or above	12
	Undergraduate	58
	Tertiary education	13
	Others	1

Distribution		Percentage of turnover rate (%)
By Gender	Male	48.78
	Female	51.16
By Geographical Location	Beijing	48.72
	Shanghai	66.67
By Age Group	Below 30 (inclusive)	53.57
	31 – 50	50.00
	Above 51 (inclusive)	0.00

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

5.1.2 Recruitment and Dismissal

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

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

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

During the Reporting Period, 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.

Annual Employee Event

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

5.2 Health and Safety

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

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

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

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

5.3 Development and Training

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

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

New employee training

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

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 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

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

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

Industry Sharing and Training

Human Resources Training Session

During the Reporting Period, the Group had trained a total of 49 employees with a training coverage rate at 58.3%. The proportion of training time by gender and level is shown in the following table:

Description of Indicators	2021	Percentage of Total Annual Headcount (%)	Average Training Hours
Number of male employees trained	22	26.19%	8
Number of female employees trained	27	32.14%	8
Number of base-level employees trained	21	25.00%	12
Number of middle management trained	23	27.38%	10
Number of senior management trained	5	5.95%	4

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

6 Operations Management

6.1 Supply Chain Management

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

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

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

6.3 Anti-corruption

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

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

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

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

During the Reporting Period, 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 Reporting Period, 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 Reporting Period, 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 Environment; 4.1 Emission
	A1.1	The types of emissions and respective emissions data.	4 Environment; 4.1 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 Environment; 4.1 Emission
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4 Environment; 4.1 Emission
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4 Environment; 4.1 Emission
	A1.5	Description of the prescribed emission target and the steps taken to achieve them.	4 Environment; 4.5 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 Environment; 4.1 Emission 4.2.3 Paper Saving 4.5 Sustainable Development Objectives

Environmental Aspect			Relevant Section
A2: Use of Resources	General Disclosure	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 Practices	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

Social Aspect			Relevant Section
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
	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

Social Aspect			Relevant Section
	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 Product Responsibility; 6.2.3 Protection of Customer Rights and Interests
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 Operations Management; 6.3 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 Operations Management; 6.3 Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6 Operations Management; 6.3 Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and employees.	6 Operations Management; 6.3 Anti-corruption

Social Aspect			Relevant Section
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 TO THE SHAREHOLDERS OF CHINA BRIGHT CULTURE GROUP

(Incorporated in the Cayman Islands with limited liability)

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

OPINION

We have audited the consolidated financial statements of China Bright Culture Group (the "Company") and its subsidiaries (the "Group") set out on pages 90 to 163, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2(b) to the consolidated financial statements, which indicates that the Group incurred a net operating cash outflow of RMB213,125,000 for the year ended 31 December 2021. As stated in note 2(b), the Group faced long average trade receivables turnover days which may result in increase in net operating cash outflows in the next twelve months. The Group will be unable to fund the Group's operating activities and repay the bank loans and payables in full when they fall due unless it is able to generate sufficient net cash inflows from its operations and/or extend or renew its existing borrowings upon their maturities. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the year ended 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in our audit
Expected credit loss allowances for trade and other receivables	
As at 31 December 2021, the Group had net carrying amounts of trade and other receivables of approximately RMB552,543,000, with the corresponding expected credit losses ("ECLs") allowances provided for the current year of approximately RMB48,236,000. The Group measures ECLs allowances at an amount equal to lifetime ECLs allowances, by taking into account the ageing of trade and other receivables, repayment history of the Group's counterparties of different risk characteristics, current market conditions, counterparty-specific conditions, and the Group's view of economic conditions over the expected lives of the trade and other receivables. We identified ECLs allowances for the trade and other receivables as a key audit matter because the measures of ECLs allowances require the application of management judgement, which is inherently subjective.	Our audit procedures to assess the ECLs allowance for the trade and other receivables included the following: • obtaining an understanding of the design, implementation and operating effectiveness of key internal controls over the trade and other receivables; • evaluating the Group's policy for ECLs allowance with reference to the requirements of the applicable accounting standards; • obtaining an understanding of the key parameters and assumptions that management uses in its implementation of the ECLs allowance model; • assessing, on sample basis, the appropriateness of management's estimation on ECLs allowances for trade and other receivables, including but not limited to (i) testing the aging report of trade and other receivables; (ii) assessing the accuracy of the historical credit loss data; and (iii) evaluating whether the historical loss rates are appropriately adjusted based on current market conditions and forward-looking information; • checking the mathematical accuracy of management's calculation of the ECLs allowance; and • assessing the appropriateness of the disclosures in the consolidated financial statements in relation to ECLs allowance with reference to the requirements of the applicable accounting standards.

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (continued)

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment of programs under production	
At 31 December 2021, the carrying amount of programs under production was approximately RMB530,442,000. Impairment assessment of the programs under production is assessed annually or whenever events or changes in circumstances indicate that the recoverable amount of programs under production may be below the carrying amount at the end of the reporting period. In determining whether impairment on programs under production is required, management takes into consideration of the expected revenue to be received and forecasted cost/expenses to be incurred. In making such assessment, management considered factors such as current market condition, political environment, latest regulatory changes, whether the Group has sufficient financial ability and internal resources to complete the production of the programs, and whether there is any adverse change on the expected performance and distribution plans, and exercised judgement in developing its expectation for the future cash flows from these programs under production. We identified impairment assessment of programs under production as a key audit matter because the assessment requires application of judgements and was based on assumptions and estimates, which are inherently subjective.	Our audit procedures to assess the impairment assessment of for programs under production included the following: • obtaining an understanding of the design, implementation and operating effectiveness of key internal controls relating to impairment assessment of programs under production; • evaluating the appropriateness of the methodology used by management to determine the recoverable amounts of programs under production; and • assessing the appropriateness of key assumptions made and inputs used in the future cash flow projection, including but not limited to (i) comparing the expected revenue to be generated by the programs under production through checking the preliminary agreements or related business communications with potential customers, such as external corporate sponsors or media platforms; (ii) comparing the forecast costs/expenses during the productions with historical information and market information; and (iii) on a sample basis, examining the relevant correspondence with suppliers, progress reports and other documents to check the status and progress of the programs under production.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGE WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors 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.

Those charge with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be through to bear on our independence and, where applicable, actions taken to eliminate or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Yip Kai Yin with Practising Certificate number P07854.

Elite Partners CPA Limited
Certified Public Accountants
10/F., 8 Observatory Road,
Tsim Sha Tsui, Kowloon,

Hong Kong, 29 April 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	4	**302,941**	505,848
Cost of sales		**(130,573)**	(244,042)
Gross profit		**172,368**	261,806
Other (expense)/income, net	5	**(2,676)**	1,392
Selling and marketing expenses		**(4,247)**	(16,009)
General and administrative expenses		**(100,997)**	(88,153)
Loss on disposal of short-term investment		**(607)**	–
Impairment losses on trade and other receivables		**(48,236)**	(278,034)
Profit/(loss) from operations		**15,605**	(118,998)
Net finance expenses	6(a)	**(1,609)**	(21,792)
Fair value changes on investments measured at fair value through profit or loss		**–**	3,754
Profit/(loss) before taxation	6	**13,996**	(137,036)
Income tax credit/(expenses)	7	**35,473**	(61,539)
Profit/(loss) attributable to equity shareholders of the Company for the year		**49,469**	(198,575)
Earnings/(loss) per share	10		
Basic and diluted (RMB)		**0.031**	(0.131)

The notes on pages 97 to 163 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Profit/(loss) for the year	**49,469**	(198,575)
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation into presentation currency of the Group	**(3,884)**	(35,073)
Other comprehensive income for the year	**(3,884)**	(35,073)
Total comprehensive income attributable to equity shareholders of the Company for the year	**45,585**	(233,648)

The notes on pages 97 to 163 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property and equipment	11	302	796
Right-of-use assets	12	13,139	7,118
Deferred tax assets	24(a)	50,374	–
		63,815	7,914
Current assets			
Short-term investment	13	–	20,066
Program copyrights	15	530,442	346,573
Trade receivables	16	552,543	593,795
Prepayments and other receivables	17	395,166	475,653
Restricted bank deposit	18	–	1,220
Cash and cash equivalents	18	3,610	1,292
		1,481,761	1,438,599
Current liabilities			
Bank loans	19	20,000	36,000
Contract liabilities	20	69,552	22,745
Trade payables	21	34,356	65,319
Accruals and other payables	22	115,775	115,672
Lease liabilities	23	2,914	1,903
Current taxation		117,167	95,020
		359,764	336,659
Net current assets		1,121,997	1,101,940
Total assets less current liabilities		1,185,812	1,109,854

	Notes	2021 RMB'000	2020 RMB'000
Non-current liabilities			
Lease liabilities	23	**10,219**	5,312
Net assets		**1,175,593**	1,104,542
Equity			
Share capital	26	**73**	73
Reserves	26	**1,175,520**	1,104,469
Equity attributable to the equity shareholders of the Company		**1,175,593**	1,104,542
TOTAL EQUITY		**1,175,593**	1,104,542

The consolidated financial statements were approved and authorised for issue by the board of directors on 29 April 2022.

Liu Mu
Director

Xia Rui
Director

The notes on pages 97 to 163 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Attributable to equity shareholders of the Company						
	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Share-based payments reserves RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2020	45	116,958	137,106	1,997	–	316,178	572,284
Changes in equity for 2020:							
Loss and other comprehensive income for the year	–	–	–	(35,073)	–	(198,575)	(233,648)
Issuance of shares by initial public offering	28	765,878	–	–	–	–	765,906
As at 31 December 2020 and 1 January 2021	**73**	**882,836**	**137,106**	**(33,076)**	**–**	**117,603**	**1,104,542**
Changes in equity for 2021:							
Profit and other comprehensive income for the year	**–**	**–**	**–**	**(3,884)**	**–**	**49,469**	**45,585**
Equity-settled share-based payments	**–**	**–**	**–**	**–**	**25,466**	**–**	**25,466**
As at 31 December 2021	**73**	**882,836**	**137,106**	**(36,960)**	**25,466**	**167,072**	**1,175,593**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Profit/(loss) before taxation		**13,996**	(137,036)
Adjustments for:			
Depreciation	6(c)	**2,797**	5,112
Net finance expense	6(a)	**1,609**	21,792
Fair value changes on investments measured at fair value through profit or loss		**–**	(3,754)
Equity-settled share-based payments	6(b)	**25,466**	–
Provision of claim	5	**4,284**	–
Loss on disposal of short-term investment		**607**	–
Loss allowance for trade and other receivables		**48,236**	278,034
Cash inflow before working capital change		**96,995**	164,148
(Increase)/decrease in program copyrights		**(183,869)**	9,530
Decrease/(increase) in trade receivables		**11,521**	(367,475)
Increase in prepayments and other receivables		**(163,269)**	(42,079)
(Decrease)/increase in trade payables		**(30,963)**	31,595
Increase in accruals and other payables and contract liabilities		**57,209**	22,111
Net cash used in operations		**(212,376)**	(182,170)
Income taxes paid		**(749)**	(4,115)
Net cash used in operating activities		**(213,125)**	(186,285)
Cash flows from investing activities			
Proceeds from disposal of short-term investment		**19,459**	–
Payment for loan receivables		**(179,000)**	–
Interest received		**10**	292
Disposal of a subsidiary		**–**	700
Payments for purchase of property and equipment		**–**	(459)
Payments for purchases of the Promissory Note	17	**–**	(495,834)
Redemption of the Promissory Note	17	**414,042**	44,734
Payments for purchases of short-term investments		**–**	(31,972)
Redemption of short-term investment		**–**	6,605
Net cash generated from/(used in) investing activities		**254,511**	(475,934)

for the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from financing activities			
Proceeds from issuance of shares by initial public offering, net of share issuance expenses		–	765,906
Repayment of interest-bearing borrowings	18(b)	(15,000)	–
Proceeds from bank loans	18(b)	20,000	36,000
Proceeds from other interest-bearing borrowings	18(b)	–	59,677
Borrowings from a related party	18(b)	6,643	8,500
Repayment of bank loans	18(b)	(36,000)	(111,000)
Repayment of other interest- bearing borrowings		–	(118,534)
Borrowing costs paid	18(b)	(8,968)	(15,419)
Capital element of lease rentals paid	18(b)	(2,406)	(3,805)
Interest element of lease rentals paid	18(b)	(393)	(738)
Decrease in restricted bank deposit		1,220	32,905
Net cash (used in)/generated from financing activities		(34,904)	653,492
Net increase/(decrease) in cash and cash equivalents		6,482	(8,727)
Cash and cash equivalents at the beginning of the year	18(a)	1,292	8,982
Effect of exchange rate fluctuations on cash held		(4,164)	1,037
Cash and cash equivalents at the end of the year	18(a)	3,610	1,292

The notes on pages 97 to 163 form part of these financial statements.

1 Principal activities and organisation

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 "Listing Date"). The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the video content operation (the "Video Content Business") and eCommerce promotion services which was newly commenced during the current year.

At 31 December 2021 and 2020, the directors consider the immediate parent of the Company to be Double K Limited, which was incorporated in the British Virgin Islands and the ultimate controlling party of the Company to be Mr. Liu Mu, who is also the Chairman and executive director of the Company.

2 Significant accounting policies

(a) Statement of compliance

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

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

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

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that other investments in debt securities are stated at their fair value as explained in the accounting policies set in Note 2(e).

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

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

2 Significant accounting policies (continued)

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

Going concern basis

For the year ended 31 December 2021, the Group incurred a net operation cash outflow of approximately RMB213,125,000. The Group faced relatively long trade receivables turnover days which may result in increase in net operating cash outflows in the next twelve months. The Group will be unable to fund the Group's operating activities and repay the bank loans and payables in full when they fall due unless it is able to generate sufficient net cash inflows from its operations and/or extend or renew its existing borrowings upon their maturities. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital and financial requirements. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

– Subsequent to the reporting period, the Group received RMB100,000,000 from a bank in the PRC by entering into a non-recourse factoring agreement to factor its trade receivables with carrying amounts of RMB121,000,000;

– Subsequent to the reporting period, the Group received RMB50,000,000 from a debtor for the settlement of loan receivable;

– The Group is putting extra efforts on collecting its trade and other receivables and will make use of factoring facilities with banks to improve the liquidity position of the Group; and

– The Group will continue to pay close attention to the television media industry and make good use of its resources with an aim to attain positive and sustainable cash flow from operations.

The directors have reviewed the Group's cash flow projection covering a period of not less than twelve months from the end of the reporting period prepared by management. In the opinion of the directors, the Group will have sufficient working capital to meet its financial liabilities as and when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

(Expressed in RMB unless otherwise indicated)

2 Significant accounting policies (continued)

(c) Application of new and amendments to International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time in the current year, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the IASB issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020[2]

2 Significant accounting policies (continued)

(c) Application of new and amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective (continued)

[1] Effective for annual periods beginning on or after 1 April 2021.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after 1 January 2023.
[4] Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 3 *Reference to the Conceptual Framework*

The amendments:

- update a reference in *IFRS 3 Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting* issued by IASB in March 2018 (the "Conceptual Framework") instead of the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010);

- add a requirement that, for transactions and other events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2 Significant accounting policies (continued)

(c) Application of new and amendments to International Financial Reporting Standards ("IFRSs") (continued)

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities

2 Significant accounting policies (continued)

(c) Application of new and amendments to International Financial Reporting Standards ("IFRSs") (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements

Amendments to IAS 8 *Definition of Accounting Estimates*

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

2 Significant accounting policies (continued)

(c) Application of new and amendments to International Financial Reporting Standards ("IFRSs") (continued)

Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 *Inventories*.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to IFRSs *Annual Improvements to IFRSs 2018-2020*

The annual improvements make amendments to the following standards.

IFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

IAS 41 Agriculture

The amendment ensures consistency with the requirements in IFRS 13 Fair Value Measurement by removing the requirement in paragraph 22 of IAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2 Significant accounting policies (continued)

(d) Consolidation

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

(i) Subsidiaries

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

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

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

(ii) Subsidiaries controlled through contractual agreements

As the business is subject to foreign investment restrictions under the relevant PRC laws and regulations, Beijing Yusheng Culture Co., Ltd. ("WFOE"), 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. ("Zhongguang Yusheng") and its registered owners to operate the Business.

The equity interests of Zhongguang Yusheng ("VIE") are legally held by individuals and companies who act as registered owners of the VIE on behalf of the WFOE. The contractual agreements including exclusive business cooperation agreement, exclusive purchase agreement, shareholder rights entrustment agreement, share pledge agreement and spouse consent letter. Pursuant to the Contractual Agreements, the WFOE has the power to direct activities that most significantly impact the VIE and the VIE's subsidiaries (together as, "VIE Subsidiaries"), including appointing key management, setting up operating policies, exerting financial controls and transferring profit or assets out of the VIE Subsidiaries at its discretion. The WFOE considers that they also have the right to substantially all of the economic benefits of the VIE and have an exclusive option to purchase all or part of the equity interests in the VIE when and to the extent permitted by the PRC laws and regulations at the minimum price possible. Consequently, the Company regards VIE 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.

2 Significant accounting policies (continued)

(e) Other investments

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

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

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

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

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

(f) Property and equipment

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

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

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

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

2 Significant accounting policies (continued)

(f) Property and equipment (continued)

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

(g) Leased assets

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

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

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

As a lessee

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

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

2 Significant accounting policies (continued)

(g) Leased assets (continued)

As a lessee (continued)

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

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

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

2 Significant accounting policies (continued)

(h) Credit loss and impairment of assets

(i) Credit loss from financial instruments

The Group recognises a loss allowance for expected credit loss (ECLs) 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). Short-term investments measured at FVPL are not subject to ECL assessment

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

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date and;

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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

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

2 Significant accounting policies (continued)

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

(i) Credit loss from financial instruments (continued)

Significant increases in credit risk

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

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

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

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

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

2 Significant accounting policies (continued)

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

(i) Credit loss from financial instruments (continued)

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(r)(iv) 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.

2 Significant accounting policies (continued)

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

(ii) Impairment of other non-current assets

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

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

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

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

Reversals of impairment losses

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

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

2 Significant accounting policies (continued)

(i) Program copyrights for completed programs

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 amortisation and identified impairment loss. Costs of program copyright comprise fees/investments paid and payable under agreements, direct costs/expenses incurred during the production. The cost of program copyrights is amortised over a period which is normally within one year after the first customer's acceptance of the respective programs and is recognised as cost of sales in the statement of profit or loss. The period is determined based on the estimated beneficial period and individual title basis.

Impairment assessment of the program copyrights is assessed annually or on whenever events or changes in circumstances indicate that the carrying amount is below the recoverable amount, where relevant, 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. The recoverable amounts of the program copyrights are determined and reviewed on a title-by-title basis and are based on the higher of fair value less costs of disposal and value in use which include unobservable inputs and assumptions derived from the Group.

Any gain or loss arising from the disposal of program copyright is recognised in profit or loss. Gains or losses arising from the disposal of program copyright are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of disposal.

(j) Program copyrights for programs under production

These represent television programs and television drama series under production and is stated at cost less identified impairment loss. Costs include direct costs/expenses incurred during the production. At the end of the reporting period, both internal and external market information are considered to assess whether there is any indication that programs under production are impaired. If any such indication exists, the carrying amounts of such assets are assessed and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit or loss.

(k) Contract liabilities

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

2 Significant accounting policies (continued)

(k) Contract liabilities (continued)

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.

(l) Trade and other receivables

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

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

(m) Cash and cash equivalents

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

(n) Trade and other payables

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

(o) Interest-bearing borrowings

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

2 Significant accounting policies (continued)

(p) Employee benefits

(i) Retirement benefit obligations

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

The employees of the Company's subsidiaries which operate in the People's Republic of China ("PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 31 December 2021, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

(ii) Share-based payments

Share options granted to employees

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

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

2 Significant accounting policies (continued)

(p) Employee benefits (continued)

(ii) Share-based payments (continued)

Share options granted to non-employees

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

(iii) Termination benefits

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

(q) Income tax

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

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

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

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

2 Significant accounting policies (continued)

(q) Income tax (continued)

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

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

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

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

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

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

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

  - the same taxable entity; or

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

2 Significant accounting policies (continued)

(r) Provisions and contingent liabilities

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

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

(s) Revenue and other income

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

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

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

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

(i) Licensing of broadcasting rights of programs

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

2 Significant accounting policies (continued)

(s) Revenue and other income (continued)

(ii) Advertising

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

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

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

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

(iv) eCommerce promotion services

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

(v) Interest income

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

(vi) Government grants

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

2 Significant accounting policies (continued)

(t) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The functional currency of the Company is USD. As the major operations of the Group are within mainland China, the consolidated financial statements are presented in RMB.

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

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

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

(u) Borrowing costs

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

(v) Related parties

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

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

  (ii) has significant influence over the Group; or

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

2 Significant accounting policies (continued)

(v) Related parties (continued)

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

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

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

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

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

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

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

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

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

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

(w) Segment reporting

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

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

2 Significant accounting policies (continued)

(x) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3 Accounting judgements and estimates

(a) ECLs for receivables

The credit losses for trade and other receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and the Group may make additional loss allowances in future periods.

(b) Impairment of program copyrights

If circumstances indicated that the carrying amount of a program copyright may not be recoverable, the program copyright may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of program copyrights. Program copyrights 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. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the program copyright are discounted to their present value, which requires significant judgement 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 copyright. Changes in these estimates could have a significant impact on the recoverable amount of program copyrights 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.

3 Accounting judgements and estimates (continued)

(d) Subsidiaries controlled through contractual agreements

As disclosed in note 2(d)(ii), the VIE Subsidiaries were controlled through Contractual Arrangement. In the opinion of the directors, based on the advice of its external legal counsel, 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 direct legal ownership in providing the Group with direct control over the VIE Subsidiaries and such uncertainties presented in the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the VIE Subsidiaries.

4 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are video content operation and eCommerce promotion services.

eCommerce promotion services were newly commenced by the Group during the year ended 31 December 2021. The amount of each significant category of revenue is as follows:

	2021 **RMB'000**	2020 RMB'000
Content related program		
— Media platforms	**11,793**	267,977
— Corporate sponsors	**49,627**	237,871
	61,420	505,848
eCommerce promotion services	**241,521**	–
	302,941	505,848

During the year, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are set out below:

	2021 **RMB'000**	2020 RMB'000
Customer A (content related programs)	**N/A***	185,462
Customer B (content related programs)	**N/A***	100,446
Customer C (content related programs)	**N/A***	81,132
Customer D (eCommerce promotion services)	**150,038**	N/A*

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

4 Revenue and segment reporting (continued)

(a) Revenue (continued)

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

	2021 **RMB'000**	2020 RMB'000
Over time:		
— Revenue from advertising and licensing of IP	**49,627**	396,414
— Revenue from eCommerce promotion services	**241,521**	–
	291,148	396,414
Point-in time:		
— Revenue from licensing of broadcasting rights of programs	**11,793**	109,434
	302,941	505,848

(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 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 the video content operation in the PRC. During the year, the Group commenced a new operation for provision in eCommerce promotion services in PRC.

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

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

(i) Segment results

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

	Content Related programs		eCommerce Promotion Services		Unallocated		Consolidated	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000	**2021 RMB'000**	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Segment revenue								
— External sales	**61,420**	505,848	**241,521**	–	**–**	–	**302,941**	505,848
Segment results	**18,357**	(16,228)	**111,209**	–	**–**	–	**129,566**	(16,228)
Unallocated other income							**1,608**	1,392
Unallocated corporate expenses							**(117,178)**	(122,200)
Profit /(loss) before taxation							**13,996**	(137,036)

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

	Content Related programs		eCommerce Promotion Services		Unallocated		Consolidated	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000	**2021 RMB'000**	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Impairment loss on trade and other receivables	**29,587**	264,934	**–**	–	**18,649**	13,100	**48,236**	278,034

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 central administration costs, director's emoluments, and finance costs. This is the measure reported to the senior executive management for the purpose of resource allocation and performance assessment.

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Segment assets and liabilities

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

	2021 RMB'000	2020 RMB'000
Segment assets		
— Content related programs	1,133,359	940,368
— eCommerce promotion services	132,432	–
Total reportable segment assets	1,265,791	940,368
Unallocated assets	279,785	506,145
Consolidated assets	1,545,576	1,446,513

	2021 RMB'000	2020 RMB'000
Segment liabilities		
— Content related programs	94,968	88,064
— eCommerce promotion services	8,940	–
Total reportable segment liabilities	103,908	88,064
Unallocated liabilities	269,402	253,907
Consolidated liabilities	373,310	341,971

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

– Segment assets include trade receivables, prepayments and program copyrights; and

– Segment liabilities include trade payables.

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(iii) Segment other information

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

	Content Related programs		eCommerce Promotion Services		Unallocated		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Impairment loss on trade and other receivables	**29,587**	264,934	**–**	–	**18,649**	13,100	**48,236**	278,034

(iv) 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.

5 Other (expense)/income, net

	2021	2020
	RMB'000	RMB'000
Government grants	**1,585**	1,864
Provision of claim (Note)	**(4,284)**	–
Other	**23**	(472)
	(2,676)	1,392

Note:

A subsidiary of the Group is a defendant in a legal case involving the failure of the subsidiary to settle the outstanding balance of account payable due to the plaintiff. The legal claim of approximately RMB4,284,000 was ordered by the court in Shanghai, the PRC.

6 Profit/(Loss) before taxation

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

(a) Net finance expenses

	2021 RMB'000	2020 RMB'000
Finance income:		
Interest income on loan receivable	9,711	–
Interest income on bank balances	10	292
	9,721	292
Finance cost:		
Interest expenses	(10,881)	(20,662)
Interest on lease liabilities	(393)	(738)
Net foreign exchange loss	(56)	(684)
	(11,330)	(22,084)
Net finance expenses	(1,609)	(21,792)

(b) Staff costs (including directors' remuneration)

	2021 RMB'000	2020 RMB'000
Salaries, wages and other benefits	13,773	15,050
Contributions to defined contribution retirement plans (Note)	2,094	134
Equity-settled share-based payments	25,466	–
	41,333	15,184

Note:

During the year ended 31 December 2020, in an effort to provide financial support to enterprises during the COVID-19 pandemic, the PRC government authorise have granted partial exemption on the Group's contributions to the defined contribution retirement plans. The total exempted amount was approximately RMB2,085,000.

6 Profit/(Loss) before taxation (continued)

(c) Other items

The following expenses are included in cost of sales, selling and marketing expenses, general and administration expenses.

	2021 RMB'000	2020 RMB'000
Cost of program copyrights	130,573	244,042
Short-term leases	2,343	214
Depreciation expenses		
— Property and equipment	494	1,090
— Right-of-use assets	2,303	4,022
Impairment losses on trade and other receivables	48,236	278,034
Auditors' remuneration		
— Audit service	1,200	3,700
— Other services	–	108

7 Income tax in the consolidated statements of profit or loss

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

	2021 RMB'000	2020 RMB'000
Current taxation		
Provision for the year	14,901	53,027
Deferred taxation		
Origination and reversal of temporary differences	(50,374)	8,512
Income tax (credit)/expense	(35,473)	61,539

7 Income tax in the consolidated statements of profit or loss (continued)

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

	2021 **RMB'000**	2020 RMB'000
Profit/(loss) before taxation	**13,996**	(137,036)
Tax calculated at statutory tax rates applicable to profits/(losses) in the respective jurisdictions	**4,460**	(34,259)
Tax effect of:		
Non-deductible expenses and losses	**15,743**	3,355
Non-taxable income	**(397)**	–
Preferential tax rate applicable to subsidiaries	**(938)**	(615)
Tax losses and temporary differences not recognised as deferred tax assets	**(3,967)**	84,546
(Recognised)/reversal of temporary differences as deferred tax assets	**(50,374)**	8,512
Actual tax (credit)/expense	**(35,473)**	61,539

Income tax rate applies to the Company and subsidiaries:

The Company and the subsidiary of the Group incorporated in Cayman Islands and British Virgin Islands (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% for the year ended 31 December 2021 (2020: 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%, 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 year ended 31 December 2021.

7 Income tax in the consolidated statements of profit or loss (continued)

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

According to the relevant PRC income tax law, from 1 October 2020 to 30 September 2025, the Company's subsidiary, Yili Zhongsheng Quanxing Media Co., Ltd. ("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%.

For the year ended 31 December 2020, according to the relevant PRC income tax law, the Company's subsidiary, Yueying Xingyao information technology (Tianjin) Co., Ltd. ("Yueying Xingyao"), was certified as a small and micro enterprise, and is entitled to a reduction taxable income by half and a preferential PRC Corporate Income Tax rate of 20%. For the year ended 31 December 2021, Yueying Xingyao was not certified as a small and micro enterprise, accordingly, the PRC Corporate Income Tax rate for Yueying Xingyao was 25%.

8 Directors' emoluments

	2021				
	Directors' fees	Salaries, allowances and benefits in kind	Equity-settled share-based expense	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Liu Mu (Chairman)	–	1,571	–	90	1,661
Xia Rui (Note (i))	–	580	5,063	90	5,733
Independent non-executive directors					
Ran Hua	249	–	–	–	249
Zhang Yiwu	249	–	–	–	249
Yang Chengjia (Note (ii))	214	–	–	–	214
Yao Li (Note (iii))	249	–	–	–	249
	961	2,151	5,063	180	8,355

8 Directors' emoluments (continued)

	2020				
	Directors' fees	Salaries, allowances and benefits in kind	Equity-settled share-based expense	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Liu Mu (Chairman)	–	1,281	–	4	1,285
Xia Rui (Note (i))	–	467	–	–	467
Chen Jia (Note (iv))	–	201	–	4	205
Non-executive directors					
Chen Kai (Note (v))	–	–	–	–	–
Independent non-executive directors					
Ran Hua	260	–	–	–	260
Zhang Yiwu	260	–	–	–	260
Yu Kwok Kuen (Note (vi))	22	–	–	–	22
Huang Victor (Note (vii))	260	–	–	–	260
Yang Chengjia (Note (ii))	89	–	–	–	89
Yao Li (Note (iii))	24	–	–	–	24
	915	1,949	–	8	2,872

Notes:

(i) Mr. Xia Rui was appointed as executive director of the Company on 30 June 2020.

(ii) Mr. Yang Chengjia was appointed as independent non-executive director of the Company on 24 July 2020.

(iii) Ms. Yao Li was appointed as an independent non-executive director of the Company on 27 November 2020.

(iv) Ms. Chen Jia resigned as executive director of the Company on 23 October 2020.

(v) Mr. Chen Kai resigned as non-executive director of the Company on 24 July 2020. The Group did not pay any salary to the non-executive directors during the year ended 31 December 2020.

(vi) Mr. Yu Kwok Kuen resigned as independent non-executive director of the Company on 3 February 2020.

(vii) Mr. Huang Victor was appointed as an independent non-executive director of the Company on 3 February 2020 and resigned on 27 November 2020.

8 Directors’ emoluments (continued)

Notes: (continued)

(viii) All the executive directors are key management personnel of the Group during the reporting period and their remuneration disclosed above include those for services rendered by them as key management personnel.

(ix) The emoluments for executive directors, non-executive directors and independent non-executive directors shown above were for their services as directors of the Company and its subsidiaries, if applicable.

(x) There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

(xi) During the year ended 31 December 2021, Mr. Xia Rui, being an executive director of the Company, was granted share options, in respect of his services to the Group under the share option scheme of the Company. The equity-settled share-based expense was determined based on the fair value of the share options at the grant date with the Group’s estimate of equity instruments that will eventually vest. Details of the share option scheme are set out in note 25.

9 Individuals with highest emoluments

The five individuals with the highest emoluments, two (2020: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2020: three) individuals are as follows:

	2021 **RMB’000**	2020 RMB’000
Salaries and allowance, and benefit in kind	**1,220**	2,131
Retirement scheme contributions	**234**	4
	1,454	2,135

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

	2021 **Number of individuals**	2020 Number of individuals
Hong Kong dollar (“HK$”) Nil to HK$1,000,000	**3**	3

During the year ended 31 December 2021, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. The equity-settled share-based expense was determined based on the fair value of the share options at the grant date with the Group’s estimate of equity instruments that will eventually vest. Details of the share option scheme are set out in note 25.

10 Earnings/(Loss) per share

(i) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of approximately RMB49,469,000 (2020: loss of RMB198,575,000) and the weighted average number of ordinary shares of 1,600,000,000 shares (2020: 1,521,311,000 shares in issue upon the completion of the Pre-IPO reorganisation were deemed to have been issued since 1 January 2020 and adjusted for the effect of capitalisation issue on 13 March 2021), calculated as follows:

Calculation of weighted average number of ordinary shares is as follows:

	2021 **'000**	2020 '000
Issued ordinary shares at 1 January	**1,600,000**	1,200,000
Effect of shares issued by initial public offering on the Listing Date	**–**	321,311
Weighted average number of ordinary shares in issue during the year	**1,600,000**	1,521,311

(ii) Diluted earnings/(loss) per share

For the year ended 31 December 2021, the computation of diluted earnings per share did not assume the exercise of outstanding share options of the Company since exercise price of the share option was higher than the average market price of shares. For the year ended 31 December 2020, there was no dilutive potential shares outstanding.

11 Property, plant 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 2020	199	357	390	3,040	3,986
Additions	–	15	15	429	459
As at 31 December 2020, 1 January 2021 and 31 December 2021	**199**	**372**	**405**	**3,469**	**4,445**
Accumulated depreciation:					
As at 1 January 2020	(106)	(173)	(108)	(2,172)	(2,559)
Charge for the year	(47)	(32)	(72)	(939)	(1,090)
As at 31 December 2020 and 1 January 2021	**(153)**	**(205)**	**(180)**	**(3,111)**	**(3,649)**
Charge for the year	**(36)**	**(24)**	**(76)**	**(358)**	**(494)**
As at 31 December 2021	**(189)**	**(229)**	**(256)**	**(3,469)**	**(4,143)**
Net book value:					
As at 31 December 2021	**10**	**143**	**149**	**–**	**302**
As at 31 December 2020	46	167	225	358	796

12 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:

	2021 RMB'000	2020 RMB'000
Cost:		
As at 1 January	**8,051**	27,216
Additions	**8,324**	8,051
Terminate of lease	**(537)**	(27,216)
As at 31 December	**15,838**	8,051
Accumulated depreciation:		
As at 1 January	**(933)**	(10,288)
Charge for year	**(2,303)**	(4,022)
Terminate of lease	**537**	13,377
As at 31 December	**(2,699)**	(933)
Net book value:		
As at 31 December	**13,139**	7,118

13 Short-term investment

	2021 RMB'000	2020 RMB'000
Participating shares	**–**	20,066

Participating shares are managed by Oakwise Value Fund SPC ("OAK"), a fund incorporated in the Cayman Islands, amounted to USD4,500,000 as its initial investment. The investment was redeemable at any time with no guaranteed returns. The Group initially classified such investment managed by OAK as FVPL.

As at 31 December 2020, the investment in participating shares was measured at fair value with corresponding gains on changes in fair value of RMB3,754,000, credited to "fair value changes on investments measured at fair value through profit or loss" for the year. On 22 January 2021, all of the investment in the participating shares was redeemed and received with an effective return rate of 13.3%.

(Expressed in RMB unless otherwise indicated)

14 Investments in subsidiaries

The following list contains the particulars of subsidiaries as at 31 December 2021. 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	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by the subsidiary	Principal activities
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	Wholly foreign owned enterprise	Hong Kong 18 June 2019	HK$10,000	100%	–	100%	Investment holding
Beijing Yusheng Culture Co., Ltd. (note) 北京煜盛文化有限公司*		PRC 15 July 2019	Registered capital of USD66,660,000 and paid-up capital of RMB37,910,000	100%	–	100%	Investment holding
Yueying Xingyao 月影星耀信息技術(天津)有限公司*	Domestic enterprise	The PRC 9 May 2020	Registered capital of RMB100,000,000 and paid-up capital of RMB Nil	100%	–	100%	Advertising agency for TV programs and online programs
Huajin Chengpin (Tianjin) Equity Investment Partnership (Limited Partnership) ("Huajin Chengpin) 華金誠品(天津)股權投資合夥企業(有限合夥)*	Sino-foreign equity entity	The PRC 1 September 2020	Registered capital of RMB150,000,000 and paid-up capital of RMB Nil	100%	–	100%	Investment holding
Jiangxi Qihenghe Culture Technology Co., Ltd. 江西气恒合文化科技有限公司*	Domestic enterprise	The PRC 16 August 2021	Registered capital of RMB100,000,000 and paid-up capital of RMB1,160,000	100%	–	100%	Producer of variety programs

(Expressed in RMB unless otherwise indicated)

14 Investments in subsidiaries (continued)

Name of company	Forms of business structure	Place and date of incorporation/ establishment and business	Particulars of registered/issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by the subsidiary	Principal activities
Held through Contractual Arrangements							
Beijing Sino-Prosperity Culture Group Co., Ltd. ("Zhongguang Yusheng") 北京中廣煜盛文化傳播有限公司*	Domestic enterprise	The PRC 3 April 2014	RMB5,984,381	100%	–	100%	Producer of variety programs and eCommence promotion service
Yili Zhongsheng 伊犁中盛全興影視傳媒有限公司*	Domestic enterprise	The PRC 8 September 2016	RMB10,000,00	100%	–	100%	Producer of variety programs
Shanghai Yusheng Culture Co., Ltd. ("Shanghai Yusheng") 上海煜盛文化傳媒有限公司*	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. ("Shanghai Yumi") 上海煜米商貿有限公司*	Domestic enterprise	The PRC 23 June 2020	Registered capital of RMB1,000,000 and paid-up capital of RMB Nil	100%	–	100%	Science and Technology extension and application services

* The English translation of the names is for reference only. The official names of these entities are in Chinese.

15 Program copyrights

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

	2021 RMB'000	2020 RMB'000
Programs under production	**530,442**	346,573

(b) Movement of program copyrights are as follows:

	2021 RMB'000	2020 RMB'000
At 1 January	**346,573**	356,103
Additions	**314,442**	234,512
Recognised as cost of sales	**(130,573)**	(244,042)
At 31 December	**530,442**	346,573

During the year ended 31 December 2021, management of the Group considered the expected future income of certain program copyrights could not recover the respective carrying amounts and an impairment charge of RMB Nil is recognised as cost of program copyrights as at 31 December 2021 (2020: RMB21,570,000).

16 Trade receivables

	2021 RMB'000	2020 RMB'000
Trade receivables	**882,365**	894,031
Less: loss allowance, net	**(329,822)**	(300,236)
	552,543	593,795

16 Trade receivables (continued)

(a) Ageing analysis

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

	2021	2020
	RMB'000	RMB'000
Within 1 month	**12,121**	97,481
1 month to 3 months	**2,438**	117,328
3 months to 6 months	**15,000**	20,085
6 months to 1 year	**20,655**	164,733
1 to 2 years	**497,377**	162,853
2 to 3 years	**4,952**	31,315
	552,543	593,795

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 27(a).

(b) Impairment of trade receivables

The movements in the loss allowance account during the year are as follows:

	2021	2020
	RMB'000	RMB'000
As at 1 January	**300,236**	35,302
Loss allowance recognised during the year	**29,586**	264,934
As at 31 December	**329,822**	300,236

None of the receivables have been written off during the year.

17 Prepayments and other receivables

	2021 RMB'000	2020 RMB'000
Prepayments		
Prepayment to eCommerce provider	132,782	–
Prepayments to third parties (note (i))	89,313	47,587
	222,095	47,587
Other receivables		
Receivables from disposal of a subsidiary	–	548
Promissory note (note (ii))	–	417,594
Redemptive investment in transit	–	6,523
Loan receivable (note (iii))	188,711	–
Others	16,954	17,345
	205,665	442,010
Less: loss allowance	(32,594)	(13,944)
	173,071	428,066
	395,166	475,653

17 Prepayments and other receivables (continued)

Notes:

(i) Prepayments to third parties represent the prepayments to suppliers relating to the video content programs of which production has yet to commence.

(ii) Pursuant to an asset management agreement entered into between the Company and AMTD Global Markets Limited ("AMTD") dated 13 March 2020 (the "Asset Management Agreement"), the Company deposited a total of USD70,800,000 (equivalent to approximately RMB495,834,000) into an investment portfolio account of the latter. On the same day, the Company signed a promissory note purchase letter with L.R. Capital Property Investment Limited ("L.R. Capital") and instructed AMTD to purchase a promissory note (the "Promissory Note") issued by L.R. Capital with a principal amount of USD70,800,000, using the investment portfolio account proceeds. The Promissory Note can be early redeemed at the request and in case of early redemption, the redemption amount will only be the principal amount of the Promissory Note, no interest shall be payable.

During the year ended 31 December 2020, the Company served an early redemption notice to redeem the Promissory Note with, USD6,800,000 (equivalent to RMB44,734,000) proceeds have been received. At 31 December 2020, the outstanding principal balance of the Promissory Note was amounted to USD64,000,000 (equivalent to approximately RMB417,594,000).

During the year ended 31 December 2021, the Company served another redemption notice for full redemption of the remaining principal amount of the Promissory Note with a principal amount of USD64.0 million (equivalent to RMB417,594,000) have been received.

(iii) On 16 June 2021, the Group's wholly-owned subsidiary, Yueying Xingyao, entered into a loan agreement with Tianjin Fangzhou Technology Development Company Limited ("Tianjin Fangzhou", 天津方舟科技發展有限公司), a limited liability company established in the PRC (the "Loan Agreement"). Pursuant to the Loan Agreement, Yueying Xingyao (lender), made available a principal amount of RMB179,000,000 to Tianjin Fangzhou (borrower) for a term ending on 31 December 2021 and with an annual interest rate of 10% 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.

Subsequent to the reporting period, the Group received RMB50,000,000 for the settlement of loan receivable.

18 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	2021 RMB'000	2020 RMB'000
Cash on hand	1	1
Deposits with banks	3,609	2,511
	3,610	2,512
Less: restricted bank deposit	–	(1,220)
Cash and cash equivalents	3,610	1,292

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.

As at 31 December 2020, out of the bank deposit restricted, RMB581,000 was to secure the bank loan borrowed by a subsidiary of the Group, and RMB639,000 was restricted for repayment of interests of bank loans. During the year ended 31 December 2021, all the restricted bank deposit being released due to the repayment of the bank loan.

18 Cash and cash equivalents and other cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities:

		Accruals and other payables					
	Bank loans	Amount due to Mr. Liu Mu	Amount due to a shareholder	Amounts due to third parties	Interest payables	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 19)	(Note 22)	(Note 22)	(Note 22)	(Note 22)	(Note 23)	
As at 1 January 2020	111,000	–	20,000	73,857	3,721	16,808	225,386
Changes from financing cash flows:							
Proceeds from bank loans	36,000	–	–	–	–	–	36,000
Proceeds from other interest-bearing borrowings	–	–	–	59,677	–	–	59,677
Repayment of bank loans	(111,000)	–	–	–	–	–	(111,000)
Repayment of other interest-bearing borrowings	–	–	(20,000)	(98,534)	–	–	(118,534)
Borrowing costs paid	–	–	–	–	(15,419)	–	(15,419)
Amounts from related parties	–	27,824	–	–	–	–	27,824
Repayment to related parties	–	(19,324)	–	–	–	–	(19,324)
Interest element of finance lease rentals paid	–	–	–	–	–	(738)	(738)
Capital element of finance lease rentals paid	–	–	–	–	–	(3,805)	(3,805)
Other changes:							
Increase in lease liabilities from entering into new lease during the year	–	–	–	–	–	8,051	8,051
Decrease in lease liabilities from termination of lease contract during the period	–	–	–	–	–	(13,839)	(13,839)
Interest expenses	–	169	–	–	20,493	738	21,400
As at 31 December 2020	36,000	8,669	–	35,000	8,795	7,215	95,679

18 Cash and cash equivalents and other cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities: (continued)

	Bank loans RMB'000 (Note 19)	Accruals and other payables: Amounts due to Mr. Liu Mu RMB'000 (Note 22)	Accruals and other payables: Amounts due to third parties RMB'000 (Note 22)	Interest payables RMB'000 (Note 22)	Lease liabilities RMB'000 (Note 23)	Total RMB'000
As at 31 December 2020 and 1 January 2021	36,000	8,669	35,000	8,795	7,215	95,679
Changes from financing cash flows:						
Proceeds from bank loans	20,000	–	–	–	–	20,000
Repayment of bank loans	(36,000)	–	–	–	–	(36,000)
Repayment of other interest-bearing borrowings	–	–	(15,000)	–	–	(15,000)
Borrowing costs paid	–	–	–	(8,968)	–	(8,968)
Amounts from related parties	–	42,940	–	–	–	42,940
Repayment to related parties	–	(48,281)	–	–	–	(48,281)
Interest element of finance lease rentals paid	–	–	–	–	(393)	(393)
Capital element of finance lease rentals paid	–	–	–	–	(2,406)	(2,406)
Other changes:						
Increase in lease liabilities from entering into new lease during the year	–	–	–	–	8,324	8,324
Interest expenses	–	911	–	9,970	393	11,274
As at 31 December 2021	20,000	4,239	20,000	9,797	13,133	67,169

19 Bank loans

The Group's short-term bank loans comprise:

	2021 RMB'000	2020 RMB'000
Secured (note)	20,000	35,000
Unsecured	–	1,000
	20,000	36,000
Effect interest are		
Fixed-rate borrowings	3.6%	3.7-3.5%

Note:

As at 31 December 2020, the bank loans of RMB10,000,000 were guaranteed by Beijing Beitou Financing Guarantee Co., Ltd. (北京北投融資擔保有限公司), an independent third party. Alternatively, certain subsidiaries of the Group and executive directors of the Company, Mr. Liu Mu and Mr. Xia Rui, provided counter guarantees for the guarantee mentioned above. It is repayable within one year.

As at 31 December 2020, the bank loans of RMB10,000,000 of the Group were guaranteed by Beijing Xingzhan Rongda Financing Guarantee Co., Ltd. (北京興展融達融資擔保有限公司), a third party. China Bright Culture Group, parent company of the Group, Shanghai Yusheng, a subsidiary of the Group, and Mr. Xia Rui, an executive director of the Company, provided counter guarantees for the guarantee mentioned above. It is repayable within one year.

As at 31 December 2020, the bank loans of RMB10,000,000 of the Group were guaranteed by Zhongguang Yusheng, with an amount of RMB581,000 security deposit. It is repayable within one year.

As at 31 December 2020, the bank loans of RMB5,000,000 of the Group were guaranteed by Beijing culture and technology Financing Guarantee Co., Ltd. (北京市文化科技融資擔保有限公司), a third party and Mr. Xia Rui, an executive director of the Company. Zhongguang Yusheng, a subsidiary of the Group, and Mr. Xia Rui, an executive director of the Company, provided counter guarantees for the guarantee mentioned above. It is repayable within one year.

As at 31 December 2021, the bank loans of RMB10,000,000 of the Group were guaranteed by Beijing Xingzhan Rongda Financing Guarantee Co., Ltd. (北京興展融達融資擔保有限公司), a third party. China Bright Culture Group, parent company of the Group, Shanghai Yusheng, a subsidiary of the Group, and Mr. Xia Rui, an executive director of the Company, provided counter guarantees for the guarantee mentioned above. It is repayable within one year.

As at 31 December 2021, the bank loans of RMB10,000,000 of the Group were guaranteed the executive director of the Company, Mr. Liu Mu. It is repayable within one year.

20 Contract liabilities

	2021 RMB'000	2020 RMB'000
Content related program		
— Corporate sponsors	69,552	22,745

The Group received the consideration of advertising revenue from corporate sponsors in advance of the authorisation period and such amount are expected to be recognised as revenue in one year.

21 Trade payables

The following is an ageing analysis of trade payables, based on the invoice date, is as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	**14,606**	47,924
1 to 2 years	**5,325**	16,880
Over 2 to 3 years	**14,425**	515
	34,356	65,319

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

22 Accruals and other payables

	2021 RMB'000	2020 RMB'000
Accrued listing expenses	**–**	3,372
Amount due to Mr. Liu Mu (i)	**4,239**	8,989
Amounts due to third parties (ii)	**20,000**	35,000
Payroll payables	**4,650**	4,342
Program and IP content research and development expenses	**14,245**	14,245
Other taxes and levies	**45,754**	23,820
Unrecognised government grant	**10,000**	10,000
Interest payables	**9,797**	8,795
Others	**7,090**	7,109
	115,775	115,672

22 Accruals and other payables (continued)

All of the accruals and other payables are expected to be settled and expensed within one year or are repayable on demand.

Notes:

(i) Amounts due to Mr. Liu Mu, the controlling shareholder and executive director of the Company, represent the unsecured borrowing of RMB4,239,000 (2020: RMB8,669,000) from Mr. Liu Mu with interest rate of 4.35% per annum and the government grant receipts on behalf of Mr. Liu Mu of Nil (2020: RMB320,000).

(ii) On 1 August 2018 and 23 January 2019, Zhongguang Yusheng received RMB5,000,000 and RMB5,000,000 from co-producers Guodu Jingrui Investment Co., Ltd. respectively. The program cooperation was terminated and the termination agreement was signed on 6 May 2020. Zhongguang Yusheng was required to repay the principal and 15% annualised interests for the investment.

On 17 August 2020, Zhongguang Yusheng borrowed RMB10,000,000 from Huasheng Yihong Investment Management Co., Ltd. (華盛一泓投資管理有限公司) ("Huasheng Yihong"), which was guaranteed by Mr. Liu Mu. The borrowing was settled on 5 March 2021.

On 8 September 2020, Zhongguang Yusheng borrowed RMB10,000,000 from Huasheng Yihong, which was guaranteed by Mr. Liu Mu. The borrowing is due on 15 September 2020.

On 30 December 2020, Zhongguang Yusheng borrowed RMB5,000,000 from Zhuji Jilong Ruiyuan Machinery Co., Ltd. 儲暨吉隆瑞元機械有限公司, which was unsecured. The borrowing was settled on 19 January 2021.

23 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities as at 31 December 2021 and 2020.

	2021		2020	
	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	**2,914**	**3,420**	1,903	2,219
After 1 year but within 2 years	**3,622**	**4,102**	1,448	1,679
After 2 years but within 5 years	**5,976**	**6,378**	3,864	4,085
After 2 years but within 5 years	**621**	**635**	–	–
	10,219	**11,115**	5,312	5,764
	13,133		7,215	
Less: total future interest expenses		**1,402**		768
Present value of lease liabilities		**13,133**		7,215

24 Income tax in the consolidated statement of financial position

(a) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Loss allowance RMB'000
As at 1 January 2020	8,512
Charge to profit or loss	(8,512)
As at 31 December 2020 and at 1 January 2021	–
Credit to profit or loss	50,374
As at 31 December 2021	**50,374**

(ii) Reconciliation to the consolidated statement of financial position

	2021 RMB'000	2020 RMB'000
Net deferred tax asset recognised in the consolidated statements of financial position	**50,374**	–

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(p), certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB18,386,000 at 31 December 2021 (2020: 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 2022 to 2025 (2020: from 2021 to 2025).

(c) Deferred tax liabilities not recognised

At 31 December 2021, taxable temporary differences relating to the retained profits of the Group's subsidiaries established in the PRC (excluding Hong Kong) amounted to approximately RMB335,441,000 (2020: RMB186,753,000), where no deferred tax liabilities in respect of the PRC withholding tax that would be payable on the distributions of these profits were recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that such profits will not be distributed in the foreseeable future.

(Expressed in RMB unless otherwise indicated)

25 Equity-settled share-based payments

The Company has adopted a share option scheme on 7 February 2020 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
Option granted to 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		
Option granted to 4 employees and a former employee 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		
Option granted to a external consultant				
1 January 2021	HK$0.97	8,000,000	Note (ii)	1 January 2022 to 7 December 2030
Option granted to a employee				
1 January 2021	HK$0.97	16,000,000	Note (ii)	1 January 2022 to 7 December 2030

(Expressed in RMB unless otherwise indicated)

25 Equity-settled share-based payments (continued)

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

Notes:

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

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

(b) The number and weighted average exercise prices of share options

	Weighted average exercise price	Number of options
Outstanding at 1 January 2021	–	–
Granted during the year	HK$0.97	64,000,000
Outstanding at 31 December 2021	HK$0.97	64,000,000
Exercisable at the end of the year	HK$0.97	30,680,000

During the year ended 31 December 2021, 64,000,000 share options were granted and 30,680,000 share options became exercisable as at 31 December 2021.

The share options outstanding as at 31 December 2021 had an exercise price of HK$0.97 and a weighted average remaining contractual life of 9 years.

25 Equity-settled share-based payments (continued)

(c) Fair value of share options and assumptions

The fair value of the share options determined at the grant date, being the date of acceptance by the grantee, is measured by an independent valuer engaged by the Group, based on binomial model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

Fair value of share options at the date of grant and assumptions.

Fair value at measurement date (HK$)	
Share price (HK$)	0.9
Exercise price (HK$)	0.97
Expected volatility (expressed as average volatility used in the modelling under binomial model)	109%
Option life	10 years
Expected dividends	–
Risk-free interest rate	0.847%

The expected volatility is based on the historical volatilities of the share prices of the comparable companies. Expected dividends were estimated by the Company based on its expected dividend policy over the expected terms of the options. Changes in the subjective input assumptions could materially affect the fair value estimate.

The Group recongised the total expense of HK$25,466,000 for the year ended 31 December 2021 (2020: Nil) in relation to the share options granted by the Company.

26 Share capital, reserves and dividends

(a) Share capital

	No. of shares	Amount US$000
Authorised:		
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 (Note i)	5,000,000,000	50

26 Share capital, reserves and dividends (continued)

(a) Share capital (continued)

	No. of shares	Amount RMB'000
Ordinary shares, issued and fully paid:		
As at 1 January 2020	656,579,304	45
Issue of ordinary shares by Capitalisation Issue (Note ii)	543,420,696	–
Issuance of ordinary shares relating to initial public offering (Note iii)	400,000,000	28
As at 31 December 2020, 1 January 2021 and 31 December 2021	1,600,000,000	73

Notes:

(i) The Company was incorporated in the Cayman Islands on 28 May 2019 with an initial authorised share capital of US$50,000 divided into 5,000,000,000 shares with a par value of US$0.00001 each. Immediately after its incorporation, one share was allotted and issued.

(ii) Pursuant of the resolutions of the equity shareholders of the Company passed on 7 February 2020 and executed on 13 March 2020, the Company authorised to capitalise an amount of US$5,434.21 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par a total of 543,420,696 Shares for allotment and issue to the persons whose names appear on the register of shareholders of the Company (the "Shareholders") on the resolutions in accordance with their respective shareholding in the Company or in accordance with the direction of the Shareholders.

(iii) On 13 March 2020, the shares of the Company were listed on the Main Board of the Stock Exchange, where 400,000,000 shares of US$0.00001 each were issued and subscribed at a price of HK$2.26 each. Net proceeds from these issues amounted to RMB765,906,000 (after offsetting expenses directly attributable to the issue of shares of RMB47,922,000), out of which RMB28,000 and RMB765,878,000 were recorded in share capital and share premium accounts, respectively.

(b) Dividends

For the years ended 31 December 2021 and 2020, no dividends were declared to the shareholders of the Company.

(c) Movements in components of equity

The changes of each component of the Group's consolidated equity during the reporting is set out in the consolidated statements of changes in equity.

26 Share capital, reserves and dividends (continued)

(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 reserves

For the purpose of the 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 reserves, after elimination of investments in subsidiaries.

(iii) Retained profit

In accordance with the relevant PRC laws and regulations, the Company's subsidiaries established and operated in Mainland China 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 2021, the statutory reserve provided by the Company's PRC subsidiaries amounting to approximately RMB7,992,000 (2020: RMB7,992,000) was included in the Group's reserves.

(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.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27 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 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 a minimum credit rating, 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.

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. At 31 December 2021, 43% (2020: 41%) 80% (2020: 84%) of the total trade receivables was due from the Group's largest customer and five largest customers. These customers were mainly TV stations and advertisement agent companies with diversified end-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.

27 Financial risk management and fair values of financial instruments (continued)

(a) Credit risk (continued)

Trade receivables (continued)

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

	2021		
	Expected loss rate	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Current (not past due)	**2%**	**212,053**	**5,252**
Within 3 months past due	**12%**	**84,000**	**10,367**
3 months to 6 months past due	**30%**	**45,330**	**13,689**
6 months to 9 months past due	**31%**	**116,250**	**36,180**
9 months to 12 months past due	**50%**	**48,290**	**23,156**
12 months to 15 months past due	**61%**	**150,756**	**91,999**
More than 18 months past due	**64%**	**215,686**	**139,179**
		872,365	**319,822**
Individually impaired trade receivables	**100%**	**10,000**	**10,000**
		882,365	**329,822**

	2020		
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	3%	181,389	5,442
Within 3 months past due	21%	77,000	16,170
3 months to 6 months past due	30%	213,560	64,068
6 months to 9 months past due	39%	49,676	19,373
9 months to 12 months past due	43%	240,742	103,519
12 months to 15 months past due	50%	80,000	40,000
More than 18 months past due	100%	16,664	16,664
		859,031	265,236
Individually impaired trade receivables	100%	35,000	35,000
		894,031	300,236

Expected loss rates are based on actual loss experience over the past recent 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.

27 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk

The following tables show the remaining contractual maturities at the end of the year of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the year) and the earliest date the Group can be required to pay:

	2021					
	Contractual undiscounted cash outflow					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	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	20,381	–	–	–	20,381	20,000
Trade payables	34,356	–	–	–	34,356	34,356
Accruals and other payables	115,775	–	–	–	115,775	115,775
Lease liabilities	3,420	4,102	6,378	635	14,535	13,133
	173,932	4,102	6,378	635	185,047	183,264

	2020					
	Contractual undiscounted cash outflow					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	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	37,512	–	–	–	37,512	36,000
Trade payables	65,319	–	–	–	65,319	65,319
Accruals and other payables	115,672	–	–	–	115,672	115,672
Lease liabilities	2,219	1,679	4,085	–	7,983	7,215
	220,722	1,679	4,085	–	226,486	224,206

27 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 borrowings. Borrowings 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 2021 are all fixed rate borrowings. Thus, the Group is not exposed to significant cash flow interest rate risk during the year.

(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 dollars. 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 at the end of the year 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 Renminbi, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded. The currencies giving rise to this risk is mainly US$.

	2021		2020	
	US$	**HK$**	US$	HK$
	RMB'000	**RMB'000**	RMB'000	RMB'000
Cash and cash equivalents	**46**	**21**	4	655

Management consider 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.

27 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 2021

There was no financial instrument held by the Group that was measured at fair value at the end of the reporting period.

As at 31 December 2020

The fair value measurements of the Group's short-term Investment is categorised into the following level in the fair value hierarchy:

	Fair value at 31 December 2020	Fair value measurement as of 31 December 2020 categories into		
		Level 1	**Level 2**	**Level 3**
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Short-term investment	20,066	–	20,066	–

During the year ended 31 December 2020, 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.

27 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)

Valuation techniques and inputs used in Level 2 fair value measurement

Investments in participating shares managed by OAK are measured at fair values in the consolidated statements of financial position. The Group benchmarks the costs against fair values of comparable investments as of the end of each reporting period, and categorised all fair value measures of this financial products as Level 2 of the fair value hierarchy because they are valued using directly or indirectly observable inputs in the market place.

(ii) Fair value of financial assets and liabilities carried at cost other than fair value

As at 31 December 2021 and 2020, the carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values.

28 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 Mu (劉牧)	Controlling shareholder and executive director of the Company
Mr. Xia Rui (夏瑞) (Appointed on 30 June 2020)	Executive director of the Company

(b) Transactions with related parties during the year

	2021 **RMB'000**	2020 RMB'000
Amounts received from Mr. Liu Mu	**42,940**	27,824
Amounts repaid to Mr. Liu Mu	**48,281**	19,324
Receipts on behalf of Mr. Liu Mu	**–**	320
Interest expense	**911**	169

Details of the bank loans and other payables guaranteed by directors of the Company are disclosed in Notes 19 and 22.

Details of the counter guarantees provided by directors of the Company, subsidiaries and the parent company related to the bank loans are disclosed in Note 19.

28 Material related party transactions (continued)

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

	2021 RMB'000	2020 RMB'000
Included in accruals and other payables:		
Amount due to Mr. Liu Mu	4,239	8,989

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9 is as follows:

	2021 RMB'000	2020 RMB'000
Salaries, allowance and benefits in kind	2,151	5,225
Equity-settled share-based expenses	5,063	–
Retirement scheme contributions	180	17
	7,394	5,242

Total remuneration is included in "staff costs" (see Note 6(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 Directors' Report.

29 Company-level statement of financial position

(a) Statement of financial position of the Company

	Notes	2021 RMB'000	2020 RMB'000
Current assets			
Short-term investment	13	–	20,066
Cash and cash equivalents		66	618
		66	20,684
Non-current assets			
Investment in subsidiaries	14	35,130	35,130
Prepayments and other receivables		700,391	722,661
		735,521	757,791
Current liabilities			
Accruals and other payables		9,351	7,925
NET CURRENT (LIABILITIIES)/ASSETS		(9,285)	12,759
NET ASSETS		726,236	770,550
Equity			
Share capital	25(b)	73	73
Reserves	25(b)	726,163	770,477
TOTAL EQUITY		726,236	770,550

Approved and authorised for issue by the board of directors on 29 April 2022.

Liu Mu
Director

Xia Rui
Director

29 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 2021 are set out below:

	Share capital RMB'000	Share premium RMB'000	Exchange reserves RMB'000	Share-based payments reserves RMB'000	Accumulated loss RMB'000	Total RMB'000
As at 1 January 2020	45	116,958	1,595	–	(4,374)	114,224
Changes in equity for 2020:						
Loss for the year	–	–	–	–	(52,463)	(52,463)
Other comprehensive income	–	–	(57,117)	–	–	(57,117)
Total comprehensive income	–	–	(57,117)	–	(52,463)	(109,580)
Capital injection from owner of the Company	28	765,878	–	–	–	765,906
As at 31 December 2020 and at 1 January 2021	**73**	**882,836**	**(55,522)**	**–**	**(56,837)**	**770,550**
Changes in equity for 2021:						
Loss for the year	**–**	**–**	**–**	**–**	**(51,097)**	**(51,097)**
Other comprehensive income	**–**	**–**	**(18,683)**	**–**	**–**	**(18,683)**
Total comprehensive income	**–**	**–**	**(18,683)**	**–**	**(51,097)**	**(69,780)**
Equity-settled share-based payments	**–**	**–**	**–**	**25,466**	**–**	**25,466**
As at 31 December 2021	**73**	**882,836**	**(74,205)**	**25,466**	**(107,934)**	**726,236**

30 Impacts from COVID-19 Pandemic

The COVID-19 pandemic since early 2020 continues to bring uncertainties to the Group's operating environment and may impact the Group's operations and financial position.

Despite of the easing of the COVID-19 pandemic in Mainland China, the Group continues to closely monitor the possible impact of the COVID-19 pandemic has on the Group's businesses and keep contingency measures in place and under review in the case where the COVID-19 pandemic rebounds. The directors of the Company confirm that these contingency measures include but not limited to reassessing changes to the customers' preferences on the types of programs to be broadcasted, assessing the readiness of the production units and revisiting the progress of programs, increasing monitoring of the business environment of the Group's customers, and improving the Group's cash management by expediting debtor settlements and negotiating with suppliers on extension of payment terms.

The exact timing of the cessation of the COVID-19 pandemic is still uncertain. Nonetheless, the directors of the Company is optimistic that the COVID-19 pandemic will eventually be under full control.

DEFINITIONS

"AGM" or "Annual General Meeting"	the forthcoming 2022 annual general meeting of the Company to be held on 12 June 2022
"AMTD"	AMTD Global Markets Limited
"AMTD Investment"	the promissory note purchased by AMTD from L.R. Capital Property Investment Limited. Details of which please refer to the announcement of the Company dated 3 September 2021
"Articles of Association"	the articles of association of the Company adopted on 7 February 2020 and effective on the Listing Date and as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Auditor"	Elite Partners CPA Limited, the auditor of the Company
"Board" or "Board of Directors"	the board of directors of our Company
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this annual report, references in this annual report to the PRC or China do not include Taiwan, Hong Kong or Macau
"Company", "our Company", or "the Company"	China Bright Culture Group, an exempted company incorpo-rated in the Cayman Islands with limited liability on 28 May 2019 and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1859)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules and unless the context requires otherwise, refers to Mr. Liu, Double K Limited and Blueberry Culture Limited

"Director(s)"	the director(s) of our Company
"Dongyang Qianyuxing"	Zhejiang Dongyang Qianyuxing Video Culture Co., Ltd.* (浙江東陽千雨杏影視文化有限公司), a company established under the laws of the PRC with limited liability on 17 August 2016
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and the PRC Operating Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Public Offer Shares"	the 40,000,000 Shares initially being offered for subscription under the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong
"International Offer Shares"	the 360,000,000 Shares initially being offered by the Company at the offer price under the International Offering
"International Offering"	the offer of the International Offer Shares outside the United States in offshore transactions in accordance with Regulations
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	13 March 2020, being the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Mr. Liu"	Mr. LIU Mu, our chairman of the Board, executive Director, chief executive officer and one of our Controlling Shareholders
"Nomination Committee"	the nomination committee of the Company
"PRC Operating Entity(ies)"	the entity(ies) controlled by the Company through the Contractual Arrangements, being Zhongguang Yusheng and its subsidiaries, namely Dongyang Qianyuxing, Yili Zhongsheng and Shanghai Yusheng
"Prospectus"	the prospectus of the Company dated 28 February 2020 in relation to its initial public offering
"Registered Shareholders"	Mr. Liu, Zhuhai Mubi No.2 Private Equity Investment Fund Management Enterprise (Limited Partnership)* (珠海木筆二號私募股權投資基金管理企業(有限合夥)), Jiaxing Datai Investment Partnership (Limited Partnership)* (嘉興達泰投資合夥企業(有限合夥)), Ningbo Meishan Bonded Area Xin Dong Neng Zhongguang Investment Partnership (Limited Partnership)* (寧波梅山保稅港區新動能中廣投資合夥企業(有限合夥)), CHEN Dazhi, CHEN Kai, REN Feng, MA Zihui, WU Yeheng, Beijing Xingwen Equity Investment Partnership (Limited Part-nership)* (北京興文股權投資合夥企業(有限合夥)), LI Zhanrong and QIN Weilun
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Period"	the Period from the Listing Date to the date of this annual report
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the year ended 31 December 2021
"RMB"	Renminbi, the lawful currency of the PRC

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Yusheng"	Shanghai Yusheng Culture Media Co., Ltd* (上海煜盛文化傳媒有限公司), a company established under the laws of the PRC with limited liability on 25 December 2018
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.00001 each
"Share Option Scheme"	the share option scheme adopted by our Company on 27 February 2020, the principal terms of which are summarised in the section headed "Report of the Directors – Share Option Scheme"
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"United States," "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States
"WFOE"	Beijing Yusheng Culture Co., Ltd.* (北京煜盛文化有限公司), a company established in the PRC with limited liability on 15 July 2019 and a wholly-owned subsidiary of our Company
"Yili Zhongsheng"	Yili Zhongsheng Quanxing Media Co., Ltd.* (伊犁中盛全興影視傳媒有限公司), a company established under the laws of the PRC with limited liability on 8 September 2016
"Zhongguang Yusheng"	Beijing Sino-Prosperity Culture Group Co., Ltd.* (北京中廣煜盛文化傳播有限公司), a company established in the PRC with limited liability on 3 April 2014
"%"	per cent

* *For identification purposes only*

The English names of the PRC entities, the PRC laws or regulations, and the PRC governmental authorities referred to in this annual report are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and figures rounded to the nearest thousand, million or billion may not be identical to figures that have been rounded differently to them.