CATHAY MEDIA

華夏視聽

CATHAY MEDIA AND EDUCATION GROUP INC.

華夏視聽教育集團

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1981)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of Cathay Media and Education Group Inc. (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the annual results of the Group for the year ended 31 December 2020 (the "**Reporting Period**"). The results have been reviewed by the audit committee of the Company.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2020	2019	Change (%)
	(RMB'000, except percentages)		
Revenue	**789,743**	747,186	6%
– TV/film production and investment	**427,110**	435,529	-2%
– Education and training	**362,633**	311,657	16%
Gross profit	**353,238**	372,825	-5%
Operating profit	**368,291**	234,247	57%
Profit for the year	**337,140**	194,517	73%
Non-HKFRS: Adjusted Net Profit[(1)]	**365,365**	308,240	19%

The Board recommended a final dividend for the year ended 31 December 2020 of HK$0.08 per share.

(1) Adjusted Net Profit, which is unaudited, represents profit for the year adding back listing expenses, termination fee payment and amortisation of licensing rights payment to Communication University of China.

BUSINESS REVIEW AND OUTLOOK

Overview

The Group is currently entering a new chapter of development. Our business includes media and arts higher education, media and arts education and tutoring, and TV/film production and investment. We are committed to becoming China's leading comprehensive education and media group, built on a media and arts higher education business and a tutoring services business.

The Company was successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2020 (the "**Listing Date**"), enabling the Company to enter into the international capital markets and also providing funds for the long-term development of the Company and for grasping development opportunities in the industry. On 31 July 2020, the Over-allotment Option (as defined and described in the prospectus of the Company dated 30 June 2020 (the "**Prospectus**")) was fully exercised by the joint global coordinators (for themselves and on behalf of the international underwriters) pursuant to which the Company raised additional capital.

On 30 November 2020, the Group was officially included in the MSCI China Small Cap Index. The MSCI China Small Cap Index, which is compiled by MSCI Inc., a world-renowned index compilation company, aims to measure the performance of the small cap segment in the China market. The index covers companies with good business performance and growth potential. As an important tool for optimizing and improving investment portfolios, it has been widely referenced and adopted by global institutional investors.

Media and arts higher education

南京傳媒學院 ("**CUCN**" or "our **University**", formerly known as 中國傳媒大學南廣學院) officially converted from an independent college to a private higher education institution under the new school name 南京傳媒學院 (English name: Communication University of China, Nanjing) in March 2020.

As of 31 December 2020, we have approximately 17,596 students enrolled in CUCN, including 15,311 undergraduates, 443 international preparatory students and 1,842 continuing education students, representing a total year-on-year increase of approximately 18.5%. The total number of freshman enrolled in the 2020/2021 school year reached 6,592, a sharp increase of 44.1% year-on-year. Meanwhile, the new student registration rate for undergraduates reached a record 98.3%.

Our University attaches importance to teaching quality and continuously enhances academic competitiveness. In 2020, our University was newly appraised as the first tier at the national level for 2 majors and the first tier at the provincial level for 5 majors. With respect to major offerings， CUCN kept abreast of the needs of the industry. In 2020, our University had applied to offer 7 new majors in line with the trend of the time, including cross-border e-commerce and digital publishing. In 2020, our University implemented thoroughly a strategy to strengthen human capital and opened some high-level positions, such as "Distinguished Professors", "Artist in Residence" and others, and introduced a number of leaders with influence in the academics and media industry, heads of faculties, and distinguished professors. In terms of international exchanges, our school has further expanded our network of colleges and universities for international cooperation. In 2020, our University established international cooperation with 13 more well-known overseas universities and colleges, with the total number of partner institutions exceeding 70.

In order to meet the growing schooling needs of students, our University is also intensively building additional dormitories to increase school capacity and accommodate more students. The phase II dormitory building construction plan began in 2019, and was expected to accommodate 4,000 students. This dormitory building was completed ahead of schedule in 2020, and has been put into use in the 2020/2021 school year. A new phase of dormitory construction has been started, which can additionally accommodate approximately 5,000 students.

The Group's revenue from the education and training segment increased from approximately RMB311.7 million for the year ended 31 December 2019 to RMB362.6 million for the year ended 31 December 2020. The operating profit from the education and training segment increased from approximately RMB67.2 million for the year ended 31 December 2019 to approximately RMB248.2 million for the year ended 31 December 2020, representing an increase of 269.2%.

TV/Film production and investment

With respect to the film and television segment, we produced and delivered the TV series Shichahai (什刹海), which has been a stellar success. Broadcasted in July 2020, Shichahai outperformed other competing TV series on CCTV and was ranked No. 1 in viewer ratings nationwide. The series has been broadcasted in many countries and regions including the United States, Canada, Vietnam and Indonesia, and has won wide acclaim from audiences.

In April 2020, the Group's first web film Don't Call Me Jiushen (别叫我酒神) obtained a record-filing number from the NRTA, and has been broadcasted online since June 2020. As of the end of 2020, this web film had accumulated more than 100 million views on Tencent Video.

In 2020, the Group also delivered the co-produced TV series Zhaoge (朝歌) and Quiet (安靜). These two series are all expected to be released in 2021.

Media and arts education and tutoring

With respect to children's media and arts tutoring programs, the Group has launched media and arts tutoring programs for children and younger students, and started small scale recruitment activities in Beijing since August 2020.

On 19 December 2020, the Group agreed to acquire Affiliated Entities (as defined below) of Shuimuyuan, a leading fine arts tutoring institution in China. See "Material acquisitions and disposals" below for details.

Impact of COVID-19

The Group was also impacted by the coronavirus ("**COVID-19**"). Our University resumed teaching through online courses in early March 2020 (about one month later than the spring semester was originally scheduled to begin), and resumed in-classroom learning from the end of April 2020. Our TV series and online movies had been produced and delivered as planned, and students had started their studies for the 2020/2021 school year as scheduled.

Recent development after the Reporting Period

The Group has been included in the list of eligible securities for Southbound Trading under Shenzhen-Hong Kong Stock Connect, effective from 15 March 2021. In addition, the Group has been included in the Hang Seng Composite Index and its small cap index, as well as the Hang Seng Consumer Goods & Services Index since 15 March 2021.

Business outlook

We see huge market potential in the field of education and content related to media and arts. Therefore, the Group plans to continue to maintain and strengthen the Group's leading position in the TV series production and investment industry and private media and arts university field, while actively expanding our business in the field of media and arts tutoring.

With respect to higher education, the Group continues to implement expansion plans to expand the capacity of CUCN to accommodate more students. At the same time, we are also actively looking for new campuses to further expand the capacity of our University so as to meet the strong organic growth brought about by the number of students enrolled in higher education, international preparatory courses and continuing education courses.

At the same time, the Group will identify suitable targets among media and arts universities around the world. The Group's mergers and acquisitions strategy for higher education aims to create a synergistic consortium of universities while maintaining the academic excellence, brand reputation and presence of our University.

With respect to media and arts education and tutoring, we see huge market opportunities (in view of the recent strong growth momentum and the absence of existing dominant players in the industry). We will speed up media and arts tutoring services offering, and provide more arts subjects tutoring programs, and leverage our edge in resources and brand reputation to provide students with presenting opportunities, striving to build a first-class and trustworthy flagship brand for media and arts tutoring.

At the same time, we will continue to support the expansion of Shuimuyuan to build a well-known brand in fine arts tutoring sector, and continue to improve the synergy between Shuimuyuan and the Group. In addition, we will continue to seek opportunities to develop the arts high school business and other arts tutoring fields to further expand the media and arts education business.

With respect to TV/film production and investment, we have contracted to invest in the TV series Kunlun Silk Road Treasure (崑崙絲路寶藏) (50% invested by the Group), Incomparable Beauty (無與倫比的美麗) (30% invested by the Group), Don't Call Me Jiuchen II (別叫我酒神II) (50% invested by the Group), which are expected to be delivered and broadcast in 2021. We will also look for other high-quality TV/film projects and opportunities for investment.

We pursue quality works and have been actively involved in the production and investment of TV series, variety shows and movies, whether we are the sole producer or we co-produce with others. The Group will continue this practice and produce high quality content.

Looking ahead, we will continue to produce and investment high-quality content, expand the scale of our University, and optimize tuition pricing to improve profitability. We will accelerate the development of the media and arts tutoring business. While expanding through organic growth, we will actively carry out external mergers and acquisitions in the higher education and arts tutoring sectors to create the greatest return for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue increased by 5.7% to RMB789.7 million for the year ended 31 December 2020, compared to RMB747.2 million for the year ended 31 December 2019. The following table sets forth our revenue by line of business for the years ended 31 December 2019 and 2020.

	Year ended 31 December			
	2020		2019	
	(RMB'000, except percentages)			
Segment Revenue				
TV/film production and investment	**427,110**	**54.1%**	435,529	58.3%
Education and training	**362,633**	**45.9%**	311,657	41.7%
Total	**789,743**	**100.0%**	747,186	100.0%

The Group's revenue from the TV/film production and investment business decreased from RMB435.5 million for the year ended 31 December 2019 to RMB427.1 million for the year ended 31 December 2020. The revenue for the year ended 31 December 2020 was mainly attributable to the first-round distribution of Shichahai (什刹海) and Zhaoge (朝歌), and the delivery of Don't Call Me Jiushen (別叫我酒神) and Quiet (安靜). By the comparison, the revenue for the year ended 31 December 2019 was mainly comprised of the first-round broadcasting and overseas distribution of The Heaven Sword and Dragon Saber (倚天屠龍記) as well as the online broadcasting of The Gods (封神). The Group was the sole producer of The Heaven Sword and Dragon Saber (倚天屠龍記) and the investment in the TV series was 100%. The Group co-produced Zhaoge (朝歌) and the investment was only 30%. Shichahai (什刹海) is modern series, which has a lower price than costume dramas such as The Heaven Sword and Dragon Saber (倚天屠龍記). The difference in investment portion and the TV series type, resulted in the decrease in revenue recorded during the Reporting Period compared to the corresponding period in 2019.

The Group's revenue from the education and training segment increased by 16.4% from RMB311.7 million for the year ended 31 December 2019 to RMB362.6 million for the year ended 31 December 2020, mainly attributable to the growth in total student enrolment in our University.

Cost of revenue

	Year ended 31 December			
	2020		2019	
	(RMB'000, except percentages)			
Segment Cost				
TV/film production and investment	**290,055**	**66.4%**	232,210	62.0%
Education and training	**146,450**	**33.6%**	142,151	38.0%
Total	**436,505**	**100.0%**	374,361	100.0%

The cost of revenue of the Group's TV/film production and investment segment increased from RMB232.2 million for the year ended 31 December 2019 to RMB290.1 million for the year ended 31 December 2020. The increase was primarily due to an increase in costs of purchasing the television series and film rights, partially offset by a decrease in the amortised costs relating to licensing our self-produced and co-invested television series and films.

The cost of revenue of the Group's education and training segment increased by 3.0% from RMB142.2 million for the year ended 31 December 2019 to RMB146.5 million for the year ended 31 December 2020, mainly because of the increase in employee benefit expense in connection with the additional recruitment of teachers for the purpose of improving the teaching quality as well as the teacher-to-student ratio, partially offset by the decrease in the student activities cost due to the influence of COVID-19.

Gross profit and gross profit margin

	Year ended 31 December			
	2020		2019	
	Gross profit	**Gross margin**	Gross profit	Gross margin
	(RMB'000, except percentages)			
TV/film production and investment	**137,055**	**32.1%**	203,319	46.7%
Education and training	**216,183**	**59.6%**	169,506	54.4%
Total	**353,238**	**44.7%**	372,825	49.9%

As a result of the foregoing, the Group's gross profit decreased by 5.5% from RMB372.8 million for the year ended 31 December 2019 to RMB353.2 million for the year ended 31 December 2020. The Group's gross margin decreased from 49.9% for the year ended 31 December 2019 to 44.7% for the year ended 31 December 2020.

The gross margin for the Group's TV/film production and investment business decreased from 46.7% for the year ended 31 December 2019 to 32.1% for the year ended 31 December 2020, mainly attributable to the relatively lower selling price of first-round broadcasting of Shichahai (什刹海), a modern series.

The gross margin for the Group's education and training business increased from 54.4% for the year ended 31 December 2019 to 59.6% for the year ended 31 December 2020, mainly due to economies of scale.

Gain on sales of television series and film rights

The Group's gain on sales of television series and film rights amounted to RMB45.8 million for the year ended 31 December 2020 (2019: nil), mainly due to the Group's outright-sales of certain television series and film rights to shorten the payback cycle and recover our investment quickly, enabling the Group to invest and produce more high quality content.

Selling expenses

The Group's selling expenses increased by 201.1% from RMB9.0 million for the year ended 31 December 2019 to RMB27.1 million for the year ended 31 December 2020. The selling expenses for the Group's education and training segment increased from RMB0.6 million for the year ended 31 December 2019 to RMB4.6 million for the year ended 31 December 2020, primarily the result of an increase in marketing activities expense for student recruitment, while the selling expenses for the Group's TV/film production and investment business increased from RMB8.4 million for the year ended 31 December 2019 to RMB22.5 million for the year ended 31 December 2020, mainly due to the distribution fee incurred for the TV series Zhaoge (朝歌).

Administrative expenses

The Group's administrative expenses decreased by 1.3% from RMB74.1 million for the year ended 31 December 2019 to RMB73.2 million for the year ended 31 December 2020. Excluding the listing expenses of RMB11.2 million and RMB13.2 million for the years ended 31 December 2019 and 31 December 2020, respectively, the Group's administrative expenses decreased mainly because of the decrease in office expenses and utilities fee due to the COVID-19.

Other income

Other income increased from RMB17.5 million for the year ended 31 December 2019 to RMB44.4 million for the year ended 31 December 2020. The increase was primarily attributable to the increase in donation income.

Other gains/losses (net)

The Group recorded net other losses of RMB72.9 million for the year ended 31 December 2019 as compared to net other gains of RMB25.2 million for the year ended 31 December 2020. This difference was primarily due to the payment of the termination fee of RMB95.0 million to the Communication University of China in the third quarter of 2019.

Operating profit

As a result of the foregoing, the operating profits of the Group amounted to RMB368.3 million for the year ended 31 December 2020, compared to RMB234.2 million for the year ended 31 December 2019. The operating profit from the education and training segment increased from approximately RMB67.2 million for the year ended 31 December 2019 to approximately RMB248.2 million for the year ended 31 December 2020, representing an increase of 269.2%. The operating profit from TV/film production and investment decreased from RMB186.0 million for the year ended 31 December 2019 to RMB139.0 million for the year ended 31 December 2020.

Finance income – net

The Group's net finance income were RMB3.2 million for the year ended 31 December 2020, which decreased by RMB2.9 million as compared to RMB6.1 million net finance income for the same period of 2019 primarily due to the decrease in term deposits with initial term of over three months.

Taxation

Income tax expense of the Group decreased from RMB45.8 million for the year ended 31 December 2019 to RMB34.3 million for the year ended 31 December 2020. The decrease was mainly due to the decrease in operating profit for the Group's TV/film production and investment business from RMB186.0 million for the year ended 31 December 2019 to RMB139.0 million for the year ended 31 December 2020. Meanwhile, the CUCN is eligible to the preferential tax treatment for the year ended 31 December 2020 and 2019.

Profit for the year

As a result of the foregoing, the Group's profit for the year increased from RMB194.5 million for the year ended 31 December 2019 to RMB337.1 million for the year ended 31 December 2020.

Non-HKFRS Measure – Adjusted Net Profit

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

The adjusted net profit, which is unaudited, represents profit for the year adding back listing expenses, termination fee payment and amortisation of licensing rights payment to Communication University of China, (the "**Adjusted Net Profit**"). The Adjusted Net Profit of the Group for the year ended 31 December 2020 was RMB365.4 million, representing an increase of RMB57.2 million or a 18.5% increase from RMB308.2 million for the corresponding period in 2019.

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

	Year ended 31 December	
	2020	2019
	(RMB'000)	
Revenue	**789,743**	747,186
Profit before income tax	**371,468**	240,331
Income tax expense	**(34,328)**	(45,814)
Profit for the year	**337,140**	194,517
Add: Listing expenses	**13,225**	11,223
Add: One off payment to CUC	**–**	95,000
Add: Amortisation of licensing rights payment to CUC	**15,000**	7,500
Non-HKFRS: Adjusted Net Profit	**365,365**	308,240

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

Capital structure

The Group continued to maintain a healthy and sound financial position. The total assets of the Group increased from RMB1,768.8 million as of 31 December 2019 to RMB3,434.2 million as of 31 December 2020, while the total liabilities increased from RMB392.0 million as of 31 December 2019 to RMB559.0 million as of 31 December 2020. The liability-to-asset ratio decreased from 22.2% at the end of 2019 to 16.3% at the end of 2020.

As of 31 December 2020, the current ratio (the ratio of total current assets to total current liabilities) was 485.2% (2019: 303.7%).

Liquidity and financial resources

Other than the funds raised through the Global Offering (as defined in the Prospectus) in July 2020, the Group has historically funded the cash requirements principally from cash generated from the operations and bank and other borrowings. As of 31 December 2020, Group's cash and cash equivalents increased by 986.2% from RMB120.5 million as of 31 December 2019 to RMB1,308.7 million.

Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 per cent, or more of the Company's total assets as at 31 December 2020) during the year ended 31 December 2020.

Material acquisitions and disposals

On 19 December 2020, Bicheng Art Consulting (Nanjing) Co., Ltd, a wholly-owned subsidiary of the Company, entered into a share purchase agreement with Mr. Ma Xiaochuan, Beijing Shuimu Jinghua Education & Technology Co., Ltd, Monet (Hangzhou) Culture & Art Co. Ltd., Jinan Shuimuyuan Education & Technology Co., Ltd, Shenzhen Shuimuyuan Art Education Co., Ltd., Shenzhen Shuimuyuan Education & Technology Co., Ltd and Shuimuyuan (Dalian) Education & Technology Co., Ltd. (collectively, the "**Affiliated Entities**"), pursuant to which the Company acquired control of the Affiliated Entities comprising Shuimuyuan for an aggregate consideration of RMB300 million. See the announcement of the Company dated 20 December 2020 and the supplemental announcement of the Company dated 28 January 2021 for more details.

Save for the above, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the year ended 31 December 2020.

Pledge of assets

As of 31 December 2020, the Group has no pledge of assets.

Future plans for material investments or capital asset

As of 31 December 2020, the Group did not have detailed future plans for material investments or capital assets.

Gearing ratio

As of 31 December 2020, the Group's gearing ratio, calculated as total liabilities divided by total assets, was 16.3%, as compared with 22.2% as of 31 December 2019.

Foreign exchange exposure

During the year ended 31 December 2020, the Group mainly operated in China and the majority of the transactions were settled in RMB, the Company's primary consolidated affiliated entities' functional currency. As of 31 December 2020, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

Contingent liabilities

The Group had no material contingent liabilities as of 31 December 2020 (as of 31 December 2019: nil).

Capital commitment

As of 31 December 2020, capital commitment of the Group was RMB334.0 million (31 December 2019: RMB1.8 million).

Employees and remuneration

As of 31 December 2020, the Group had a total of 1,555 employees. We believe the number of our fulltime employees is in-line with the industry practice and can support our expansion. The following table sets forth the total number of employees by function as of 31 December 2020:

Function	**Number of employees**
TV/film production and investment	
Content creation	75
Administration	21
Education and training	
Teachers	1,314
Administration	145
Total	1,555

The total remuneration cost incurred by the Group for the year ended 31 December 2020 was RMB100.9 million, as compared to RMB92.7 million for the year ended 31 December 2019.

The Company also has adopted a post-IPO share award scheme and a post-IPO share option scheme.

CORPORATE GOVERNANCE

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

Compliance with the Code on Corporate Governance Practices

The Board is of the view that for the year ended 31 December 2020, the Company has complied with all the code provisions and certain recommended best practices in the Corporate Governance Code set out in Appendix 14 of the Listing Rules (the "**Corporate Governance Code**"), save for the deviations set out below.

Code provision A.1.1 of the Corporate Governance Code required that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. As the ordinary shares in the capital of the Company (the "**Shares**") were only listed on the Stock Exchange on 15 July 2020, the Company only held 1 Board meeting during the period from 15 July 2020 to 31 December 2020.

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

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

Code provision A.2.7 of the Corporate Governance Code requires that the chairperson should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. As the Shares of the Company were only listed on the Stock Exchange on 15 July 2020, no meeting between the Chairperson and the independent non-executive Directors was held.

Code provision A.5.2 of the Corporate Governance Code stipulates that nomination committee meetings should be held at least annually. As the Shares of the Company were only listed on 15 July 2020, no nomination committee meeting was held during the period from 15 July 2020 to 31 December 2020.

Code provision C.3.3 of the Corporate Governance Code stipulates that audit committee meetings should be held at least twice a year. As the Shares of the Company were only listed on 15 July 2020, only one audit committee meeting was held during the period from 15 July 2020 to 31 December 2020.

Code provision N(b) of the Corporate Governance Code stipulates that in each financial year the Company's company secretary must take no less than 15 hours of relevant professional tutoring. As the Shares of the Company were only the listed on the Stock Exchange on 15 July 2020, Mr. Sun Haitao did not receive a total of 15 hours of professional tutoring during the Reporting Period.

Compliance with the Model Code for Securities Transactions by Directors

The Shares of the Company were only listed on the Stock Exchange on 15 July 2020, since which time the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules has been applicable to the Company.

The Company has adopted the Management Trading of Securities Policy (the "**Company's Code**"), with terms no less exacting that the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Company's Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Company's Code since the Listing Date up to the date of this announcement.

Audit committee

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

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020 and has met with the independent auditor, Pricewaterhouse Coopers. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, risk management and internal control and financial reporting matters with senior management members of the Company.

Auditors scope of work

The figures contained in this announcement of the Group's consolidated results and the related notes thereto for the year ended 31 December 2020 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the figures set out in the audited consolidated financial statements of the Group prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the year ended 31 December 2020. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

OTHER INFORMATION

Purchase, sale or redemption of the Company's listed securities

Save for the global offering of the Shares of Company in 2020, neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Material litigation

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2020. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group since the Listing Date and up to the date of this announcement.

Use of proceeds from Global Offering

On 15 July 2020, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the global offering (following full exercise of the Over-allotment Option, as defined in the Prospectus) were approximately HK$1,383.0 million, which are intended to be applied in the manner set out in the Company's Prospectus. There was no change in the intended use of proceeds as previously disclosed.

Set out below is the status of use of proceeds from the global offering as of 31 December 2020.

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Amount used for the year ended 31 December 2020 (HK$ million)	Unutilised amount as of 31 December 2020 (HK$ million)	Expected time of full utilisation
Invest in high quality content	30%	414.9	107.9	307.0	2022
Improve and expand our University	30%	414.9	47.2	367.7	2022
Mergers and acquisitions	30%	414.9	0.1	414.8	2022
General working capital	10%	138.3	138.3	–	N/A

Dividend

The Board recommended a final dividend for the year ended 31 December 2020 of HK$0.08 per share. The final dividend is subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company to be held on Thursday, 27 May 2021 (the "**AGM**") and the final dividend is expected to be payable on or before Wednesday, 30 June 2021 to the Shareholders whose names appear on the register of members of the Company on Thursday, 10 June 2021.

Closure of register of members

The Company's AGM will be held on Thursday, 27 May 2021. The register of members of the Company will be closed for the purpose of determining the identity of members who are entitled to attend the AGM from Monday, 24 May 2021 to Thursday, 27 May 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Friday, 21 May 2021.

The register of members of the Company will be closed for the purpose of determining the entitlement of Shareholders to receive the final dividend from Monday, 7 June 2021 to Thursday, 10 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for the final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Friday, 4 June 2021.

FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income

		Year ended 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue	*4(a)*	**789,743**	747,186
Cost of revenue		**(436,505)**	(374,361)
Gross profit		**353,238**	372,825
Gain on sales of television series and film rights	*4(b)*	**45,804**	–
Selling expenses		**(27,095)**	(8,999)
Administrative expenses		**(73,236)**	(74,212)
Other income		**44,427**	17,504
Other gains/(losses) - net		**25,153**	(72,871)
Operating profit		**368,291**	234,247
Finance income		**3,227**	6,705
Finance costs		**–**	(621)
Finance income – net		**3,227**	6,084
Share of losses of investment accounted for using the equity method		**(50)**	–
Profit before income tax		**371,468**	240,331
Income tax expense	*5*	**(34,328)**	(45,814)
Profit for the year		**337,140**	194,517

	Note	Year ended 31 December **2020** ***RMB'000***	 2019 *RMB'000*
Profit attributable to			
Owners of the Company		**316,444**	177,358
Non-controlling interests		**20,696**	17,159
		337,140	194,517
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic earnings per share	*6*	**0.22**	0.15
Diluted earnings per share	*6*	**0.22**	0.15
Other comprehensive income			
Items that cannot be reclassified to profit or loss			
Currency translation differences		**(83,136)**	–
Items that may be reclassified to profit or loss			
Currency translation differences		**(1,789)**	696
Total comprehensive income		**252,215**	195,213
Total comprehensive income attributable to:			
Owners of the Company		**231,519**	178,054
Non-controlling interests		**20,696**	17,159
		252,215	195,213

Consolidated Balance Sheet

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Right-of-use assets		**106,228**	112,617
Property, plant and equipment		**603,202**	539,960
Investments accounted for using the equity method		**1,564**	–
Intangible assets		**1,099**	15,659
Deferred income tax assets		**16,183**	12,101
		728,276	680,337
Current assets			
Television series and film rights		**33,775**	71,650
Inventories		**56,906**	3,820
Trade receivables	*7*	**367,549**	70,336
Prepayments, deposits and other receivables		**120,448**	22,616
Financial assets at fair value through profit or loss		**818,540**	799,516
Cash and cash equivalents		**1,308,667**	120,481
		2,705,885	1,088,419
Total assets		**3,434,161**	1,768,756
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Combined capital		**–**	–
Share capital	*8*	**118**	86
Other reserves		**1,763,791**	548,976
Retained earnings		**966,404**	703,516
		2,730,313	1,252,578
Non-controlling interests		**144,871**	124,175
Total equity		**2,875,184**	1,376,753

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**–**	32,000
Deferred income		**1,263**	1,561
		1,263	33,561
Current liabilities			
Trade payables	*9*	**201,480**	36,304
Other payables and accrual charges		**91,608**	104,253
Contract liabilities		**204,690**	191,707
Current income tax liabilities		**38,322**	4,574
Dividend payables	*10*	**21,604**	21,604
		557,714	358,442
Total liabilities		**558,977**	392,003
Total equity and liabilities		**3,434,161**	1,768,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Cathay Media and Education Group Inc. (the "Company") was incorporated in the Cayman Islands on 4 January 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively referred to as the "Group") are principally engaged in television series and film production and investment as well as the provision of media and arts education and training service in the People's Republic of China (the "PRC").

The ultimate holding company of the Company is Cathay Media Holding Inc. ("Cathay Media Holding"), a company incorporated in the British Virgin Islands, and which is wholly owned by Mr. Pu Shulin ("Mr. Pu"), who is also an executive director and Chairman of the Board of Directors of the Company.

Prior to the incorporation of the Company and the completion of the reorganisation in the preparation of the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"), the television series and film production and investment business and the education and training service business was principally carried out by the companies which are controlled by Mr. Pu. The Reorganisation was completed on 5 September 2019 and pursuant to which the companies engaged in the television series and film production and investment business and the education and training service business under common control of Mr. Pu were transferred to the Group.

On 15 July 2020, the Company completed a public offering of 400,000,000 shares at a price of HK3.10 per share (the "Offering Price"). And its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited. On 5 August 2020, the Company issued additional 60,000,000 new shares upon the exercises of over-allotment of the public offering at the Offering Price.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance Cap. 622.

Prior to and following the Reorganisation, all companies comprising the Group were directly or indirectly controlled by Mr. Pu. The Reorganisation, as completed on 5 September 2019, has been accounted for as a reorganisation of business under common control in a manner similar to merger accounting, and accordingly the assets and liabilities of the television and films production and investment business and education and training service business transferred to the Company have been stated at historical carrying amounts and the comparative financial information for the year ended 31 December 2019 has been prepared as if the television and films production and investment business and education and training service business were transferred to the Company as of the beginning of the period presented.

The financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value.

2.1.1 New and amended standards adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 7, IFRS 9, and IAS 39
- COVID-19-related Rent Concession – amendments to IFRS 16
- Revised Conceptual Framework for Financial Reporting

The adoption of these amended standards and revised conceptual framework did not have any material impaction the Group's consolidated financial statement.

2.1.2 New and amended standards not yet adopted

		Effective for annual periods beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements 2018-2020 cycle		1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023

The new and amended standards have not been early adopted by the Group, and are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. Segment information

The CODM has been identified as the chief executive officer and executive directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources.

The CODM had identified the television series and film production and investment and education and training as separate reportable segments, namely the television series and film productions and investment segment and the education and training segment. Revenue of the television series and film production and investment segment comprise of the licensing income from the licensing of broadcasting rights for the television series and film rights and sales of television series and film rights produced for sale. Revenue of the education and training segment comprise of tuition fee income, boarding fee income, entrance examination fee income, international preparation program income, continuing education service income and others.

The CODM evaluates the performance of the reportable segments based on their revenue, gross profit and operating results which derived from gross profit to include selling expenses, administrative expenses, other income and other gains/(losses) - net. The CODM also assesses the assets and liabilities of the operating segments.

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2020 and 2019 are as follows:

	Television series and film production and investment *RMB'000*	**Education and training** *RMB'000*	**Unallocated** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2020					
Revenue	427,110	362,633	–	–	789,743
Cost of revenue	(290,055)	(146,450)	–	–	(436,505)
Gross profit	137,055	216,183	–	–	353,238
Gains on sale of television series and film rights	45,804	–	–	–	45,804
Selling expenses	(22,493)	(4,602)	–	–	(27,095)
Administrative expenses	(16,061)	(38,235)	(18,940)	–	(73,236)
Other income	5,104	39,323	–	–	44,427
Other (losses)/gains – net	(10,410)	35,563	–	–	25,153
Operating profit/(loss)	138,999	248,232	(18,940)	–	368,291
Finance income – net					3,227
Share of losses of investment accounted for using the equity method					(50)
Profit before income tax					371,468
Other segment information					
Additions to non – current assets	263	94,843	–	–	95,106
Depreciation and amortisation	136,113	48,623	–	–	184,736
As at 31 December 2020					
Total assets	710,684	1,792,245	1,179,339	(248,107)	3,434,161
Total liabilities	511,062	268,623	27,362	(248,070)	558,977

	Television series and film production and investment	Education and training	Unallocated	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019					
Revenue	435,529	311,657	–	–	747,186
Cost of revenue	(232,210)	(142,151)	–	–	(374,361)
Gross profit	203,319	169,506	–	–	372,825
Selling expenses	(8,407)	(592)	–	–	(8,999)
Administrative expenses	(17,079)	(38,106)	(19,027)	–	(74,212)
Other income	5,952	11,552	–	–	17,504
Other gains/(losses) - net	2,262	(75,133)	–	–	(72,871)
Operating profit/(loss)	186,047	67,227	(19,027)	–	234,247
Finance income – net					6,084
Profit before income tax					240,331
Other segment information					
Additions to non – current assets	35	108,976	–	–	109,011
Depreciation and amortisation	236,368	37,057	–	–	273,425
As at 31 December 2019					
Total assets	319,220	1,577,152	3,761	(131,377)	1,768,756
Total liabilities	217,298	281,613	24,469	(131,377)	392,003

Notes:

(a) The unallocated expenses represent professional fees and directors' emoluments.

(b) The unallocated assets represent professional fees capitalised and cash received from insurance of ordinary shares. The unallocated liabilities represent payables for professional fees and directors' emoluments.

(c) The inter-segment elimination is related to the inter-segment loans.

Geographical information

The following tables present information on revenue, based on the location of the customers of the Group by geographical regions.

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue		
Mainland China	**774,680**	740,961
Others	**15,063**	6,225
	789,743	747,186

Non-current assets are all located in the PRC.

The major customers which contributed more than 10% of the total revenue for the years ended 31 December 2020 and 2019 are listed as below:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Customer A	**–**	400,943
Customer B	**238,000**	–

4. Revenue and gain on sales of television series and film rights

(a) Revenue

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue recognised at a point in time		
Licensing income	**183,858**	435,529
Sales of inventories	**243,252**	–
Entrance examination fee income	**30,518**	28,202
	457,628	463,731
Revenue recognised over time		
Higher education related income		
– Tuition fees	**246,771**	225,994
– Boarding fees	**14,096**	20,494
International preparatory program	**39,307**	23,729
Continuing education services	**23,787**	5,298
Others	**8,154**	7,940
	332,115	283,455
	789,743	747,186

(b) Gain on sales of television series and film rights

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Gain on sales of television series and film rights	**45,804**	–

In October 2020, the Group has entered into a television series right transfer arrangement with a third party. Pursuant to which the Group has agreed to transfer and the third party has agreed to obtain all the share of legal rights held by the Group on one of the co-invested television series, which has been recognised as television series and film rights at a cash consideration of RMB102,000,000.

Details of sales of television series and film rights as described above:

	Year ended 31 December 2020
	RMB'000
Sales income	102,000
Carrying amount of television series and film rights at the date of disposal	(56,196)
Net gain before income tax	45,804

5. Income tax expense

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax expense	**38,410**	39,893
Deferred income tax (credit)/expense	**(4,082)**	5,921
	34,328	45,814

(a) Cayman Islands profits tax

The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of local income tax.

(b) British Virgin Islands profits tax

The Company's direct subsidiary incorporated in British Virgin Islands under the International Business Companies Acts of the British Virgin Islands is exempted from payment of local income tax.

(c) Hong Kong profits tax

Since 1 April 2018, Hong Kong profits tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

(d) PRC corporate income tax

Corporate income tax ("CIT") in the PRC is calculated based on the statutory profit or loss of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjusting certain income and expense items, which are not assessable or deductible for income tax purposes. According to the PRC Corporate Income Tax Law promulgated by the PRC government, the tax rate for the Company's PRC subsidiaries is 25%.

According to the Implementation Rules for the Law for Promoting Private Education (the "Implementation Rules"), private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment polices applicable to private schools requiring reasonable returns are to be separately formulated by the relevant government authorities under the State Council of the PRC. For year ended 31 December 2020, no regulations have been promulgated by such authorities in this regard. As a result, no income tax expense was recognised by CUCN for year ended 31 December 2020.

(e) PRC Withholding Tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

During the year, the Group had distributed certain portion of its PRC subsidiaries' retained earnings to their respective owners. The Group does not have any plan to further distribute the retained earnings of these PRC subsidiaries and intends to retain them for the operation and expansion of the Group's business in the PRC. Accordingly, no deferred income tax liability in connection with the aforesaid undistributed retained earnings has been recognised as at the end of each reporting period. As at 31 December 2020 and 2019, the undistributed retained earnings of those PRC subsidiaries amounted to approximately RMB953,422,000 and RMB693,082,000 respectively.

6. Earnings per share

(a) Basic

The basic earnings per share is calculated on the profit attributable to owner of the Company by the weighted average number of ordinary shares in issue during the years.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for both years has been adjusted for the effect of 460,000,000 ordinary shares issued, credited as fully paid immediately upon completing the IPO (Note 8(d)), and as if the subdivision of the Company's shares (Note 8(a)) were deemed to be effective since 1 January 2019.

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit attributable to owners of the Company *(RMB'000)*	**316,444**	177,358
Weighted average number of ordinary shares in issue *('000)*	**1,409,534**	1,200,000
Basic earnings per share (expressed in *RMB*)	**0.22**	0.15

(b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued during the years.

7. Trade receivables

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables		
– Television series and film production and investment	**364,048**	68,715
– Education and training	**7,619**	1,621
	371,667	70,336
Less: allowance for impairment	**(4,118)**	–
	367,549	70,336

(a) The Group's trade receivables were mainly denominated in RMB and the carrying amounts approximated their fair value.

(b) The table below sets forth an ageing analysis of trade receivables based on the recognition dates:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Less than 6 months	**258,008**	1,694
6 months to 1 year	**82,957**	7,222
1 to 2 years	**6,608**	61,420
2 to 3 years	**19,976**	–
	367,549	70,336

Subsequently in February 2021, the Group has collected trade receivables of RMB18,655,000, which was aged 2 to 3 years as at 31 December 2020.

8. Share capital

	Number of ordinary shares	Nominal value of ordinary shares *US$*
Authorised shares at 1 January 2019 – US$1 each	50,000	50,000
Subdivision of shares *(Note (a))*	4,999,950,000	–
At 31 December 2020 and 2019 – US$0.00001 each	5,000,000,000	50,000

	Number of ordinary shares	Equivalent nominal value of ordinary shares *RMB'000*
As at 1 January 2019 *(Note (a))*	1	–
Issued and fully paid:		
Subdivision of shares *(Note (b))*	99,999	–
	100,000	–
Issued but not fully paid		
Increase in issued shares *(Note (c))*	1,199,900,000	86
As at 31 December 2019	1,200,000,000	86
As at 1 January 2020	1,200,000,000	86
Issued and fully paid:		
Issuance of ordinary shares upon IPO *(Note (d))*	400,000,000	28
Issuance of ordinary shares upon exercise of over-allotment option of IPO *(Note (d))*	60,000,000	4
As at 31 December 2020	1,660,000,000	118

(a) The Company was incorporated in the Cayman Islands under the Companies Law of Cayman Islands as an exempted company with limited liability on 4 January 2017 with an authorised share capital of US$50,000 divided into 50,000 shares of a nominal or par value of US$1 each. On the same date, one subscriber share of the Company was transferred to Cathay Media Holding Inc. ("CMHI"), a company wholly owned by Mr. Pu which is incorporated in the British Virgin Islands at par value.

On 5 September 2019, the shareholder of the Company resolved that the authorised share capital of the Company is divided into 5,000,000,000 shares with a nominal or par value of US$0.00001 each.

(b) On 5 September 2019, one issued share of a nominal or par value of US$1 each in the capital of the Company held by CMHI is sub-divided into 100,000 shares of a nominal or par value of US$0.00001 each.

(c) On 5 September 2019, CMHI and Media Fortune Limited ("MFL"), another company wholly owned by Mr. Pu Yu which is incorporated in the British Virgin Islands, subscribed 1,154,900,000 ordinary shares and 45,000,000 ordinary shares of the Company, respectively.

(d) On 15 July 2020, upon its listing on The Stock Exchange of Hong Kong Limited (the "HKSE"), 400,000,000 ordinary shares were issued at a price of HK$$3.1 per share for a total cash consideration, before related issuance expenses, of approximately HK$1,240,000,000 (equivalent to approximately RMB1,119,379,000). Accordingly, 400,000,000 ordinary shares with par value of US$0.00001 each are issued and US$4,000 (equivalent to approximately RMB28,000) are credited to share capital, and remaining amounts, are credited to share premium.

On 5 August 2020, the Company issued additional 60,000,000 ordinary shares with nominal value of US$0.00001 each for the exercises of over-allotment of the IPO at a price of HK$3.1 per share for a total cash consideration before related insurance costs of approximately HK$186,000,000 (equivalent to approximately RMB167,218,000) and 60,000,000 ordinary shares with par value of US$0.00001 each are issued and US$600 (equivalent to approximately RMB4,000) are credited to share capital, and remaining amounts, are credited to share premium.

Share issuance costs related to the IPO mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other costs. Incremental costs that are directly attributable to the issue of the new shares amounting to approximately RMB40,381,000 was treated as a deduction against the share premium arising from the issuance.

9. Trade payables

The ageing analysis of the trade payables based on their respective invoice dates are as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**174,128**	36,304
1 to 2 years	**27,352**	–
	201,480	36,304

10. Dividend payables

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Dividend payables	**21,604**	21,604

On 5 December 2017, Huaxia Audio-Visual has declared dividend of RMB58,092,000 and part of the declared dividends of RMB52,864,000 have been paid on 24 January 2018. The remaining dividend payables to the NCI of RMB5,228,000 has not yet been settled as of 31 December 2020 and 2019.

On 9 August 2019, Huaxia Audio-Visual declared dividend of approximately RMB181,964,000. Declared dividends of RMB165,588,000 have been paid on 26 August 2019. The remaining dividend payables to the NCI of RMB16,376,000 has not yet been settled as of 31 December 2020 and 2019.

Pursuant to the Board resolution on 29 March 2021, the Board has resolved to recommend for declaration and payment of a final dividend of HK$0.08 per share for the year ended 31 December 2020, subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on 27 May 2021. The final dividend will be paid on or before 30 June 2021 to the shareholders whose names appear on the register of members of the Company on 10 June 2021.

11. Subsequent events

As set out in the announcement and supplemental announcement dated 20 December 2020 and 28 January 2021 respectively, the Group has entered into an equity transfer agreement with the target company, which is providing art tutoring services to art entrance exam students under the brand of Shuimuyuan ("Shuimuyuan"). Pursuant to the agreement, Shuimuyuan has conditionally agreed to sell, and the Group has conditionally agreed to acquire, the 100% equity interest in Shuimuyuan for an aggregate consideration of RMB300,000,000. As of the date of this announcement, the acquisition has not been completed yet.

Other than the events as disclosed in note 10 and described above, there is no other significant event occurred after the balance sheet date.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cathaymedia.com). The annual report for the year ended 31 December 2020 will be dispatched to the Shareholders and made available for review on the same websites in due course.

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

China, 29 March 2021

As at the date of this announcement, the executive Directors are Mr. Pu Shulin, Mr. Sun Haitao, Mr. Wu Ye and Mr. Yan Xiang, and the independent non-executive Directors are Mr. Zhang Jizhong, Mr. Lee Cheuk Yin Dannis and Mr. Huang Yu.