

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



a metaverse company

A Metaverse Company

一元宇宙公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1616)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

SUMMARY

- Revenue for the Year was approximately RMB16.7 million, representing a decrease of approximately 29.5% as compared to the revenue from continuing operations of approximately RMB23.7 million recognised in the previous year.
- Gross loss for the Year was approximately RMB22.5 million, representing a decrease in gross loss of approximately RMB30.9 million as compared to the gross loss of approximately RMB53.4 million recognised in the previous year.
- Gross profit margin for the Year was approximately (134.7)%, representing an increase of approximately 90.0 percentage points as compared to the gross profit margin of approximately (224.7)% for the previous year.
- Loss attributable to the equity shareholders of the Company for the Year was approximately RMB38.6 million, representing an increase in loss of approximately RMB23.0 million as compared to the loss attributable to the equity shareholders of the Company of approximately RMB15.6 million for the previous year.

DIVIDEND

- The Board does not recommend the payment of any final dividend for the Year.

The board (the “**Board**”) of directors (the “**Director(s)**”) of A Metaverse Company (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Year**” or the “**Period under Review**”) together with the comparative figures in 2023 as set out below. The consolidated results have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | | 2024 | 2023 |
|---|-------|-----------------|-----------------|
| | Notes | RMB'000 | RMB'000 |
| Revenue | 3 | 16,676 | 23,748 |
| Cost of sales and services | | (39,132) | (77,116) |
| Gross loss | | (22,456) | (53,368) |
| Other net income | 4 | 9,808 | 75,287 |
| Distribution costs | | (3,536) | (4,496) |
| Administrative expenses | | (8,979) | (17,795) |
| Other expenses | 5(c) | (1,580) | (10,404) |
| Reversal of impairment losses on trade and other receivables, net | | 4,550 | 4,002 |
| Loss from operations | | (22,193) | (6,774) |
| Net finance costs | 5(a) | (16,405) | (8,936) |
| Loss before taxation | 5 | (38,598) | (15,710) |
| Income tax | 6 | – | – |
| Loss and total comprehensive expense for the year | | (38,598) | (15,710) |
| Attributable to: | | | |
| Equity shareholders of the Company | | (38,598) | (15,645) |
| Non-controlling interests | | – | (65) |
| Loss and total comprehensive expense for the year | | (38,598) | (15,710) |
| Loss per share (RMB cents) | | | |
| – Basic and diluted loss per share | 8 | (1.79) | (0.73) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

| | | 2024 | 2023 |
|---|-------|----------------|----------------|
| | Notes | RMB'000 | RMB'000 |
| Non-current assets | | | |
| Property, plant and equipment | | 66 | 509 |
| Intangible assets | | 9,000 | 11,000 |
| Financial assets at fair value through profit or loss | | – | 1,577 |
| Investments in associates | | 20 | 20 |
| Drama series and films | | 7,324 | 48,104 |
| | | <u>16,410</u> | <u>61,210</u> |
| Current assets | | | |
| Trade and other receivables | 9 | 251,050 | 27,195 |
| Cash and cash equivalents | | 13,347 | 236,748 |
| | | <u>264,397</u> | <u>263,943</u> |
| Current liabilities | | | |
| Trade and other payables | 10 | 14,944 | 21,067 |
| Other borrowings | | 89,533 | 86,632 |
| Lease liabilities | | – | 175 |
| Current taxation | | 11,266 | 13,342 |
| | | <u>115,743</u> | <u>121,216</u> |
| Net current assets | | <u>148,654</u> | <u>142,727</u> |
| Total assets less current liabilities | | <u>165,064</u> | <u>203,937</u> |
| Non-current liabilities | | | |
| Lease liabilities | | – | 275 |
| Deferred tax liabilities | | 539 | 539 |
| | | <u>539</u> | <u>814</u> |
| Net assets | | <u>164,525</u> | <u>203,123</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2024*

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|-----------------------------|--------------------------------------|--------------------------------------|
| Capital and reserves | | |
| Share capital | 137,801 | 137,801 |
| Reserves | 26,724 | 65,322 |
| | <hr/> | <hr/> |
| Total equity | 164,525 | 203,123 |
| | <hr/> | <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards (“**IFRSs**”), which collective term includes all applicable individual IFRS Accounting 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 of Hong Kong Limited (the “**Listing Rules**”). The material accounting policy information in respect of the accounting policies adopted by the Group is set out below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of A Metaverse Company (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”). Note 2 provides information on any changes in accounting policies resulting from initial application of these amendments to IFRSs 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 of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the investments in equity securities are stated at their fair value as explained in the material accounting policy information.

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

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

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

The Group incurred a net loss of RMB38,598,000 for the year ended 31 December 2024. As at 31 December 2024, the Group has bonds amounting to RMB35,106,000 which were overdue for repayment since 15 February 2022, and other borrowing amounting to RMB54,427,000 which was overdue for repayment since November 2023. The Group has defaulted in repayment of the bonds issued by the

Company and the other borrowing as at 31 December 2024. Up to the date when the consolidated financial statements were authorised for issue, there was no settlement for the bonds and other borrowing.

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 of the Company 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:

- The Group has received settlement of advances relating to drama series and films amounting to RMB227,799,000 in March 2025;
- The Group will continue to pay close attention to the film and television media industry and make good use of its resources with an aim to attain positive and sustainable cash flow from operations;
- The Group is putting extra efforts on collecting its trade and other receivables and procuring the distribution of the drama series and films;
- The Group is in discussions with its lenders to timely renew or extend its existing other borrowings; and
- The Group will actively and regularly review its capital structure and source for additional capital by issuing bonds or new shares, where appropriate.

The directors of the Company have reviewed the Group's cash flow projections 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 of the Company, assuming the successful outcome of the above measures, 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 carrying 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 effects of these adjustments have not been reflected in the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these consolidated financial statements for the current accounting period:

| | |
|--------------------------------|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

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

3. REVENUE AND SEGMENT REPORT

(a) Revenue

Disaggregated revenue information

For the years ended 31 December 2024 and 2023, the principal activities of the Group are production, distribution and licensing of drama series and films. Further details regarding the Group's principal activities are disclosed in note 3(b).

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| Disaggregated by major products or service lines | | |
| – Licensing of drama series and films | 16,488 | 12,327 |
| – Transfer of license of drama series and films | – | 11,321 |
| – Provision of drama series and films production, distribution and related services | 188 | 100 |
| | <u>16,676</u> | <u>23,748</u> |

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b)(i).

As at 31 December 2024 and 2023, the Group has no unsatisfied performance obligation.

The major customers which contributed more than 10% of the total revenue for the corresponding years are listed as below:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--------------------------------|------------------------|------------------------|
| Customer A (<i>note (a)</i>) | N/A | 11,321 |
| Customer B (<i>note (a)</i>) | N/A | 8,481 |
| Customer C (<i>note (b)</i>) | 9,002 | N/A |
| Customer D (<i>note (b)</i>) | 7,135 | N/A |

Note (a): The percentage of contribution is not applicable for Customers A and B in 2024 as they contributed less than 10% in the period.

Note (b): The percentage of contribution is not applicable for Customers C and D in 2023 as it contributed less than 10% in the period.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented one reportable segment as media. No operating segments have been aggregated to form the following reportable segment.

Media: produces, distributes, licenses and/or transfers drama series and films and provides related services. Currently the Group's activities in this segment are carried out in the People's Republic of China (the "PRC").

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources for the segment, the Group's senior executive management monitors the results, assets and liabilities attributable to the reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include trade creditors, accruals and other payables attributable to the segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segment with reference to revenue generated by the segment and the expenses incurred by the segment or which otherwise arise from the depreciation or amortisation of assets attributable to the segment.

The measure used for reporting segment results is "adjusted loss before taxes". To arrive at adjusted loss before taxes, the Group's loss is adjusted for items not specifically attributed to the individual segment, such as net finance cost, and impairments resulting from isolated, non-recurring events.

In addition to receiving segment information concerning adjusted loss before taxes, management is provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segment in its operations.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segment as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Disaggregated by timing of revenue recognition | | |
| Point in time | 16,676 | 23,620 |
| Over time | – | 128 |
| | <u>16,676</u> | <u>23,748</u> |
| Revenue from external customers | <u>16,676</u> | <u>23,748</u> |
| Reportable segment result (adjusted loss before taxes) | <u>(19,736)</u> | <u>(87,817)</u> |
| Interest income on bank deposits | 241 | 400 |
| Interest on bank loans and other financial liabilities | – | 1,998 |
| Depreciation and amortisation for the year | 2,311 | 2,645 |
| Reportable segment assets | | |
| Media | 280,807 | 325,153 |
| Unallocated | – | – |
| | <u>280,807</u> | <u>325,153</u> |
| Reportable segment liabilities | | |
| Media | 116,282 | 122,030 |
| Unallocated | – | – |
| | <u>116,282</u> | <u>122,030</u> |

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Revenue | | |
| Consolidated revenue (<i>note 3(a)</i>) | <u>16,676</u> | <u>23,748</u> |
| Loss | | |
| Reportable segment loss | (19,736) | (87,817) |
| Interest on bonds | (3,055) | (3,140) |
| Interest on other borrowing | (12,729) | (5,519) |
| Unallocated head office and net corporate income, gains and expenses | <u>(3,078)</u> | <u>80,766</u> |
| Consolidated loss before taxation | <u>(38,598)</u> | <u>(15,710)</u> |

(iii) Geographical information

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

4. OTHER NET INCOME

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Other income | | |
| Net income from investments in drama series and films * | – | 852 |
| Training service income | <u>7,364</u> | <u>2,630</u> |
| | <u>7,364</u> | <u>3,482</u> |
| Other gains and losses | | |
| Change in fair value of financial assets at fair value through profit or loss | – | (293) |
| (Loss)/gain from early termination of lease | (96) | 11,358 |
| Gain from disposal of subsidiaries | 4,711 | 63,145 |
| Net foreign exchange loss | (2,171) | (2,068) |
| Others | <u>–</u> | <u>(337)</u> |
| | <u>2,444</u> | <u>71,805</u> |
| | <u><u>9,808</u></u> | <u><u>75,287</u></u> |

* The amount represents net finance income from advances relating to drama series and films invested with fixed-income rate.

5. LOSS BEFORE TAXATION

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

(a) Net finance costs

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Interest on bonds | 3,055 | 3,140 |
| Interest on bank loans and other financial liabilities | – | 1,998 |
| Interest on other borrowing | 12,729 | 5,519 |
| Interest on lease liabilities | 24 | 29 |
| Interest income | (241) | (2,386) |
| Net foreign exchange loss | 827 | 618 |
| Other finance charges | <u>11</u> | <u>18</u> |
| | <u><u>16,405</u></u> | <u><u>8,936</u></u> |

(b) Staff costs (including directors' emoluments)

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Salaries, wages and other benefits | 6,303 | 10,967 |
| Contributions to defined contribution retirement plan | 633 | 956 |
| | <u>6,936</u> | <u>11,923</u> |

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement schemes (the “Schemes”) organised by the relevant local authorities whereby the Group is required to make contributions to the Schemes at certain percentages of the eligible employees’ salaries for the years ended 31 December 2024 and 2023. The relevant local government authorities are responsible for the entire pension obligations payable to retired employees. The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the annual contributions described above.

(c) Other expenses

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Amortisation | | |
| – intangible assets | 2,000 | 2,000 |
| Depreciation | | |
| – owned property, plant and equipment | 21 | 126 |
| – right-of-use assets | 290 | 519 |
| Other expenses | | |
| – impairment loss recognised for drama series and films | 1,580 | 9,904 |
| – impairment loss on intangible assets | – | 500 |
| Auditors’ remuneration | | |
| – audit services | 1,000 | 1,600 |
| – non-audit services | 400 | 400 |
| Amortisation of drama series and films recognised as cost of sales | 39,100 | 22,324 |
| Cost of drama series and films recognised as cost of sales | <u>–</u> | <u>53,234</u> |

6. INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Current tax | | |
| Provision for the year | – | – |
| Deferred tax | | |
| Origination and reversal of temporary differences | – | – |

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in those jurisdictions.
- (ii) The Group's Hong Kong subsidiaries, being investment holding companies, do not derive income subject to Hong Kong Profits Tax. For the years ended 31 December 2024 and 2023, Hong Kong Profits Tax rate is 16.5%. The payments of dividends by the subsidiaries incorporated in Hong Kong are not subject to withholding tax.
- (iii) For the year ended 31 December 2024, the Group's PRC subsidiaries are subject to income tax at the rate of 25% (2023: 25%), except for Hainan Yingsheng Media Co., Ltd. which operates in Hainan province and engages in the production and distribution of drama series and films, it is subject to a preferential tax rate of 15% from 2020 to 2024.
- (iv) Dividends receivable by non-PRC resident corporate investors from PRC-residents are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Star Rise Investments Ltd. and Star Will Investments (HK) Ltd., Hong Kong subsidiaries of the Company, would be subject to PRC dividend withholding tax at 10% on dividends receivable from their PRC subsidiaries.
- (v) For the year ended 31 December 2023, pursuant to the PRC Enterprise Income Tax preferential policies in Khorgos of Xinjiang province, Khorgos Starrise Qicheng Media Co., Ltd., Khorgos Starrise Han Media Co., Ltd. and Khorgos Starwise Culture Media Co., Ltd., subsidiaries of the Company located in Khorgos of Xinjiang province and are principally engaged in the production and distribution of drama series and films, are entitled to a tax holiday of 5-year full exemption on Enterprise Income Tax commencing from the first revenue-generating year. The first exemption year for Khorgos Starrise Qicheng Media Co., Ltd., is 2019.

Khorgos Starrise Han Media Co., Ltd. and Khorgos Starwise Culture Media Co., Ltd. were established in October and November 2020 respectively and no revenue was earned in 2023.

7. DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 December 2024 (2023: Nil).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to ordinary shareholders of the Company is based on the following data:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Loss | | |
| Loss for the year attributable to ordinary shareholders of the Company | <u>(38,598)</u> | <u>(15,645)</u> |
| | 2024 <i>'000</i> | 2023 <i>'000</i> |
| Number of shares | | |
| Weighted average number of ordinary shares for the year | <u>2,151,577</u> | <u>2,151,577</u> |

The computation of diluted loss per share for the year ended 31 December 2023 does not assume the exercise of the Company's share options which were outstanding during the year because the exercise price of those share options was higher than the average market price of the Company's shares.

The Group had no potential dilutive ordinary shares in issue during the year ended 31 December 2024, therefore, the diluted loss per share is the same as basic loss per share.

9. TRADE AND OTHER RECEIVABLES

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Trade debtors, net of loss allowance (<i>note 9(a)</i>) | 16,643 | 8,441 |
| Deposits, prepayments and other receivables (<i>note 9(b)</i>) | <u>234,407</u> | <u>18,754</u> |
| Trade and other receivables expected to be recovered or recognised as expense within one year | <u>251,050</u> | <u>27,195</u> |

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the revenue recognition date and net of loss allowance, is as follows:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--------------------|------------------------|------------------------|
| Less than 3 months | 16,594 | 8,286 |
| 3 to 6 months | – | 155 |
| 6 to 12 months | <u>49</u> | <u>–</u> |
| | <u>16,643</u> | <u>8,441</u> |

As at the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the due date and net of loss allowance, is as follows:

| | 2024 RMB'000 | 2023 <i>RMB'000</i> |
|-------------------------|-------------------------------|------------------------|
| Current | 16,594 | 8,441 |
| 6 to 12 months past due | 49 | – |
| Amounts past due | 49 | – |
| | 16,643 | 8,441 |

Trade receivables are due within 1 to 6 months from the date of billing.

(b) Deposits, prepayments and other receivables

| | 2024 RMB'000 | 2023 <i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Advances relating to drama series and films (<i>note</i>) | 228,128 | 9,415 |
| Deferred expenses | – | 10 |
| Others | 6,279 | 9,329 |
| | 234,407 | 18,754 |

Note:

The balance represents advances to the film producers for the production of drama series and films. As at 31 December 2023, the Group is entitled to receive fixed income at annual return rate of 10% to 15% on the investment costs of RMB1,600,000. The balance was fully settled during 2024. The remaining balances are interest free advances to the film producers for production of drama series and films.

As at 31 December 2024, balance represents interest free advances to the film producers for the production of drama series and films with investment costs of RMB228,128,000. An amount of RMB227,799,000 was refunded in March 2025.

10. TRADE AND OTHER PAYABLES

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Trade creditors (<i>note 10(a)</i>) | 3,219 | 2,604 |
| Receipts in advance | 3,000 | 3,000 |
| Other creditors and accrued charges (<i>note 10(b)</i>) | 8,725 | 15,463 |
| | <u>14,944</u> | <u>21,067</u> |

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(a) Ageing analysis

As of the end of the reporting period, the aging of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|-----------------|-----------------|-----------------|
| Within 3 months | <u>3,219</u> | <u>2,604</u> |

(b) Other creditors and accrued charges

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Advances from third parties (<i>note (a)</i>) | – | 1,600 |
| Payables relating to drama series and films (<i>note (b)</i>) | 2,170 | 4,903 |
| Tax payable other than income tax (<i>note (c)</i>) | 2,864 | 2,096 |
| Accrued charges | 1 | 1 |
| Other payables | <u>3,690</u> | <u>6,863</u> |
| | <u>8,725</u> | <u>15,463</u> |

Notes:

- (a) Advances from third parties are non-trade in nature, unsecured, interest-free and had no fixed repayment terms or repayable within one year.
- (b) Payables relating to drama series and films mainly represented the monies received on behalf of the independent third parties who cooperated with the Group for production of drama series and films. The amounts are unsecured, interest-free and have no fixed repayment terms or repayable within one year.
- (c) Tax payable other than income tax mainly represents Value-added tax of RMB2,830,000 (2023: RMB1,769,000), Urban Maintenance and Construction tax of RMBnil (2023: RMB37,000) and surcharge of RMB34,000 (2023: RMB27,000).

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

Set out below is a summary of the Company’s auditor’s independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2024:

Qualified opinion

We have audited the consolidated financial statements of A Metaverse Company (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 2 to 15, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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 qualified opinion

Current tax payable and income tax

As disclosed in note 6 to the consolidated financial statements, included in the consolidated statement of financial position at 31 December 2024 and 2023 were current tax payable of RMB11,266,000 and RMB13,342,000 respectively. Included in the consolidated statement of profit or loss and other comprehensive income were income tax expense of RMBnil for the years ended 31 December 2024 and 2023.

The carrying amounts of the current tax payable of the Group as at 31 December 2024 and 2023 comprised mainly of the current taxation payables in respect of profits of the group entities operating in the People’s Republic of China (the “**PRC Entities**”) in relation to the years ended 31 December 2015 to 31 December 2019 recognised in the consolidated financial statements of the Group for the respective financial years. Management of the Group explained to us that these balances for current taxation payables had been long outstanding in the consolidated financial statements of the Group because the PRC Entities recognised revenue in their local financial statements on different bases from the Group. However, we were not provided with sufficient appropriate audit evidence to support the appropriateness of recognising revenue, and hence profits, in the local financial statements of the PRC Entities on different bases from the Group. Consequently, we were unable to determine whether any adjustments to the (i) current tax payable balances recognised in the consolidated statement of financial position as at 31 December 2024 and 2023; (ii) income tax expense or credit recognised in the consolidated statement of profit or loss for the years ended 31 December 2024 and 2023; and (iii) provisions for other tax and related expense as at 31 December 2024 and 2023 and for the years ended 31 December 2024 and 2023 were necessary. Any adjustments to these amounts might have consequential effects on the Group’s

financial position as at 31 December 2024 and 2023 and its financial performance and cash flows for the years ended 31 December 2024 and 2023, and the related elements and disclosures thereof in these consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**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**”) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to note 1(b) to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB38,598,000 for the year ended 31 December 2024. As at 31 December 2024, the Group has bonds amounting to RMB35,106,000 which were overdue for repayment since February 2022, and other borrowing amounting to RMB54,427,000 which was overdue for repayment since November 2023. As stated in note 1(b), these events or conditions, along with other matters set forth in note 1(b), indicate that a material uncertainty exists that 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.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND BUSINESS OVERVIEW

In 2024, amid the continued volatility in the world economic environment, global economic growth further slowed down. Although China’s economy was confronted with complex and severe situation of intensifying external pressure and increasing internal difficulties, it operated steadily in general. However, there were still problems such as unbalanced development of the industries. In the past few years, the epidemic has caused long-term impact and unprecedented challenges to the media industry and the global economy. Although the Group has taken proactive measures to cope with the challenges, the Group’s business development is still adversely affected by the epidemic and has not yet been able to recover to the pre-epidemic level, and its operation has fallen short of expectations.

During the Period under Review, among the films and TV series invested by Beijing Starrise Pictures Co., Ltd. (北京星宏影視文化有限公司) (“**Starrise Pictures**”), a wholly-owned subsidiary of the Group, the theatrical film “Tiger Wolf Rabbit” (浴火之路) (formerly known as “Tiger Wolf Road” (虎狼之路)) was released in October 2024; the youth nostalgic film “Once Upon A Time In The Northeast” (東北往事), the theatrical film “Brave Girls” (哈嘍，馬大玲) (formerly known as “Twin Blades” (尖鋒姐妹)), “Li Xiaolong and Programmer Girl” (曆小龍與程序媛), the internet mini-drama “Night Screaming” (一夜驚笑) (formerly known as “Scream” (驚聲尖叫)), “Horror Blockbuster” (恐不大片), as well as the internet drama “Legend of Taotie” (饕餮記) are being submitted for screening; the internet movies “Emergency

Rescuing” (心跳營救) and “King of the Sniper” (狙擊之王) as well as the theatrical film “Tianta Crisis” (天塔危機) are currently at the stage of preparation for filming; the internet movies “New Tong Pak Foo Dim Chau Heung” (唐伯虎點秋香後傳), “Elderly Hero” (遲暮英雄), “The First Undercover in the Southern Song Dynasty – The Case of Demon Cat” (南宋第一臥底之妖貓案), “Mystery Case in Ying Dynasty” (大應奇案生死簿) and “Amaranthine Epiphyllum” (雙世曇花) have completed the stage of script writing.

During the Period under Review, no drama was released by Beijing Young Scene Culture Media Co., Ltd. (北京影心文化傳媒有限公司) (“**Young Scene Media**”), a wholly-owned subsidiary of the Group. The animated film “GO! REX” (你好，霸王龍) invested by Young Scene Media is currently at the stage of preparation for release; the internet movie “The Iron Bone and Steel Fist” (鐵骨鋼拳) was selected into the Youth Innovation Programme (青創計劃) of iQIYI and is under preparation; the internet dramas “Bulletproof Teacher” (穿越火線：防彈教師), “Limited Romance” (限定浪漫), “Through the Storm” (玉骨瓷心) (formerly known as “Shiny Days” (雨過天晴雲開處)), and “The Iron Trophy” (鐵甲雄風), all of which are valuable intellectual property (“**IP**”) projects have completed the stage of script writing and are at the stage of early investment and development.

For the film education segment, Starrise Pictures continued to develop cooperative colleges and universities to cultivate vocational talents for the film and television industry by leveraging on the resources and brand influence of the Group and all cooperative colleges and universities since Starrise Pictures entered into a cooperation agreement with Chongqing Normal University in 2019. By December 2024, the number of students in the school of media convergence jointly established with Chongqing Normal University reached 3,100 and the tuition fee received by the Group was approximately RMB18.0 million in 2024. The Group believes that the school of media convergence will provide stable income and a source of professional talents from various disciplines to the Group, further enhancing the competitiveness of the Company.

FINANCIAL REVIEW

During the Period under Review, the Group’s revenue was approximately RMB16.7 million, representing a decrease of approximately RMB7.0 million as compared to that of the previous year. The Group’s gross loss for the Year was approximately RMB22.5 million, representing a decrease in gross loss of approximately RMB30.9 million as compared to that of the previous year of approximately RMB53.4 million. The loss attributable to equity shareholders of the Company was approximately RMB38.6 million for the Year, which represented an increase in loss of approximately RMB23.0 million as compared to the previous year’s loss attributable to equity shareholders of the Company of approximately RMB15.6 million.

Revenue, gross profit and gross profit margin

The table below is an analysis of the Group's revenue, gross profit and gross profit margin for the years ended 31 December 2024 and 2023, respectively:

| | For the year ended 31 December | | | | | |
|------------------------------|--------------------------------|-----------------|---------------------|----------------|-----------------|---------------------|
| | 2024 | | | 2023 | | |
| | Revenue | Gross profit | Gross profit margin | Revenue | Gross profit | Gross profit margin |
| | <i>RMB'000</i> | <i>RMB'000</i> | | <i>RMB'000</i> | <i>RMB'000</i> | |
| Film and television business | <u>16,676</u> | <u>(22,456)</u> | <u>(134.7%)</u> | <u>23,748</u> | <u>(53,368)</u> | <u>(224.7%)</u> |

As of 31 December 2024, the Group's revenue from film and television business experienced a decrease of approximately 29.5%. Although the Group reinforced its efforts to promote the distribution of films and television dramas in 2024, the distribution prices of television dramas on traditional TV stations and other long video platforms kept dropping sharply. Against such sharp decline in revenue last year, the Group's gross profit margin experienced an increase of roughly 90.0 percentage points from approximately (224.7)% in the previous year to approximately (134.7)% this year. This increase of gross profit was primarily because the box office of theatrical films invested by the Group still ranked among top 20 among 501 films released by cinemas nationwide for the year, despite in 2024, there was a decrease of approximately 22.6% in the overall annual box office nationwide as compared to 2023.

Other net income

Components of other net income of the Group are mainly comprised of gain from the disposal of subsidiaries, loss from early termination of leases, net foreign exchange gain and training service income. For the Year, (i) gain from disposal of subsidiaries amounted to approximately RMB4.7 million, representing a decrease of RMB58.4 million as compared to approximately RMB63.1 million in the corresponding period of previous year, (ii) loss from early termination of leases amounted to approximately RMB0.1 million, representing a decrease of approximately RMB11.5 million as compared to the gains of approximately RMB11.4 million in the corresponding period of previous year, (iii) foreign exchange loss amounted to approximately RMB2.2 million, representing an increase of approximately RMB0.1 million as compared to the loss of approximately RMB2.1 million in the corresponding period of previous year, and (iv) training service income amounted to approximately RMB7.4 million, representing an increase of approximately RMB4.8 million as compared to approximately RMB2.6 million in the corresponding period of previous year.

Distribution costs

For the Year, distribution costs of the Group were approximately RMB3.5 million, representing a decrease of approximately 22.2% as compared to approximately RMB4.5 million for the corresponding period of previous year, which was mainly due to the fact that they included the businesses of Beijing Huasheng Taitong Media Investment Co., Ltd. (北京華晟泰通傳媒投資有限公司) (“**Huasheng Taitong**”) and other subsidiaries which had been disposed of for the corresponding period of last year.

Administrative expenses

For the Year, administrative expenses of the Group were approximately RMB9.0 million, representing a decrease of approximately 49.4% as compared to that of approximately RMB17.8 million in the corresponding period of previous year, which was mainly due to the fact that they included the businesses of Huasheng Taitong and other subsidiaries which had been disposed of for the corresponding period of last year.

Other operating expenses

For the Year, other operating expenses of the Group were approximately RMB1.6 million, representing a decrease of approximately RMB8.8 million as compared to the corresponding period of previous year, due to the decrease in impairment of films and television dramas.

Impairment losses on trade and other receivables

During the Year, the reversal for impairment losses on trade and other receivables of the Group were approximately RMB4.6 million, representing an increase of approximately RMB0.6 million compared with the impairment losses for the same period of the previous year, mainly due to the recovery of some impaired trade receivables in 2024.

Net finance costs

During the Year, net finance costs of the Group were approximately RMB16.4 million, representing an increase of approximately 84.3% as compared to that of approximately RMB8.9 million of the previous year, which was mainly due to an increase in late fee accrued for other borrowings overdue by the Group during the Period under Review.

During the Year, the Group's interest payments on other borrowings increased by approximately RMB7.2 million from approximately RMB5.5 million in 2023 to approximately RMB12.7 million during the Period under Review.

Income tax

Income tax of the Group was nil for the Year and it was mainly due to the loss incurred during the Year and no recognition of deferred tax assets of such tax loss.

Loss and total comprehensive expense attributable to the equity shareholders of the Company

For the Year, the loss attributable to the equity shareholders of the Company was RMB38.6 million, representing an increase in the loss attributable to the equity shareholders of approximately RMB23.0 million as compared to that of approximately RMB15.6 million in 2023. It was mainly due to the recognition of a substantial decrease in amounts of gain from the disposal of subsidiaries by the Group.

Current assets and financial resources

As at 31 December 2024, cash and cash equivalents of the Group were approximately RMB13.3 million, representing a decrease of approximately 94.4% from approximately RMB236.7 million as at 31 December 2023. This was mainly due to substantial investments in new films and television dramas by the Group during the Year.

For the Year, the Group's net cash generated from operating activities was approximately RMB1.2 million, net cash used in investing activities was approximately RMB211.7 million and net cash used in financing activities was approximately RMB14.1 million. The Board believes that the Group will be able to maintain a sound and stable financial position and maintain sufficient liquidity and financial resources for its business need, with the Group's effective cost control measures.

For the Year, the average trade receivables turnover days for films and television dramas of the Group decreased to 303 days from 1,310 days, being the average trade receivables turnover period for drama series and films for the same period of the previous year. This was due to the rapid collection of trade receivables in the films and television dramas business during the Year, resulting in a decrease in the turnover days of trade receivables.

For the Year, drama series and films turnover period of the Group decreased to 702 days from 1,246 days for the same period of previous year. This was mainly due to the decrease in the amount of drama series and films as a result of the spin-off of certain companies as compared to the same period of the previous year.

As at 31 December 2024, the Group's lease liabilities were approximately RMBnil (2023: approximately RMB0.5 million) and bore fixed interest rate at nil (2023: 4.75%) per annum. As at 31 December 2024, the Group had bonds payable of approximately RMB35.1 million, with annual effective interest rate of 8.0% (2023: approximately RMB44.9 million, with annual effective interest rate of 8.0%). As at 31 December 2024, the Group's other borrowing was approximately RMB54.4 million (2023: RMB41.7 million) and bore fixed interest rate at 12.3% (2023: 12.3%) per annum and overdue interest at 0.05% per day (2023: overdue interest at 0.05% per day).

Trade receivables

Trade receivables were approximately RMB16.6 million as at 31 December 2024 (2023: approximately RMB8.4 million).

Loss per share

Calculating based on the weighted average number of 2,151,577,000 shares in issue, basic loss per share of the Company was approximately RMB0.0179 for the Year (2023: basic loss per share was approximately RMB0.0073). Calculating based on the weighted average number of 2,151,577,000 ordinary shares (diluted), diluted loss per share of the Company was approximately RMB0.0179 for the Year (2023: diluted loss per share was approximately RMB0.0073).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period under Review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage 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.

Capital structure

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher returns of the shareholders of the Company (the “**Shareholders**”) that might be possible with higher levels of borrowings and the benefits and security afforded by a sound capital position, and shall from time to time make adjustments to the Group's capital structure in light of changes in economic conditions.

As at 31 December 2024, the debts of the Group were mainly other borrowing and bonds with a total amount of approximately RMB89.5 million (2023: other borrowing, bonds and lease liabilities with a total amount of approximately RMB87.1 million). As at 31 December 2024, cash and cash equivalents were approximately RMB13.3 million (2023: approximately RMB236.7 million). As at 31 December 2024, the gearing ratio was approximately 46.3% (2023: approximately (73.7%)), which was calculated by dividing total debt (i.e. interest-bearing bank loans, other borrowing, lease liabilities and bonds, after deducting cash and cash equivalents) by total equity.

As at 31 December 2024, the debts of the Group that would become due within a year were approximately RMB89.5 million (2023: approximately RMB86.8 million).

As at 31 December 2024, the Group's cash and cash equivalents were mainly held in Renminbi, US dollars and HK dollars, of which, approximately RMB11.8 million (2023: approximately RMB236.5 million) or 88.7% (2023: 99.9%) of the cash and cash equivalents were held in Renminbi.

Capital commitments

The Group did not have any significant capital commitments as at 31 December 2024 (2023: Nil).

Employee and remuneration policy

As at 31 December 2024, the Group had a total of 22 employees (2023: 48).

For the Year, staff costs of the Group (including Directors' remuneration in the form of salaries and other allowances) were approximately RMB6.9 million (2023: approximately RMB11.9 million). The decrease in staff costs was mainly due to the reduction in the number of employees.

The Group remained committed to staff development by offering ongoing training to enhance their operational competencies. Meanwhile, the Group enhanced work efficiency and the average income of the staff through strategic measures such as position consolidation, process reorganization and improvement of the working and living environment of the staff. The remuneration of the employees of the Group was determined with reference to their working performance, experience and the industry practices. Additionally, the Group's management will conduct regular assessments of the compensation policy to ensure its effectiveness and alignment with industry practices.

Retirement schemes

Pursuant to the relevant labor rules and regulations in the PRC, the Group participates in defined contribution retirement schemes (the “**Schemes**”) organised by the relevant local authorities whereby the Group is required to make contributions to the Schemes at certain percentages of the eligible employees' salaries for the years ended 31 December 2024 and 2023.

The Company calculates the benefits payable based on an agreed percentage of the annuity plan based on the employee's length of service at the time of retirement.

The relevant local government authorities are responsible for the entire pension obligations payable to retired employees. The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the annual contributions described above. Therefore, (i) there were no forfeitures of contributions under these pension plans for each of the two years ended 31 December 2024 and 2023; and (ii) as of 31 December 2024, there were no forfeited contributions that could have been used by the Company to reduce its current level of contributions to these pension plans.

Exposure to foreign exchange risk

The Group adopted a prudent policy in managing its exchange rate risks. The imports and exports of the Group were settled in US dollars. The Group did not experience any significant difficulties in its operations or liquidity as a result of fluctuations in the currency exchange rates during the Period under Review. The Board believes that the Group will have sufficient foreign currency reserves to meet its requirements.

The Group did not use any foreign currency derivatives to hedge against the exposure in foreign exchange during the Year. The management of the Company will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Contingent liabilities

The Group did not have any contingent liability as at 31 December 2024 (2023: Nil).

Charges on assets

The Group did not have machinery and equipment pledged to banks as securities for the bank loans as at 31 December 2024 (2023: Nil).

Significant investments

The Group did not hold any significant investment in equity interest in other companies for the year ended 31 December 2024.

Future plans for material investments and investments in capital assets

As at 31 December 2024, the Group did not have any plans for material investments or investments in capital assets.

Acquisitions and disposals of subsidiaries and affiliated companies

Disposal of entire equity interest in Ningbo Yuanning Media Co., Ltd. (寧波原寧文化傳媒有限公司) (the “Disposal Company A”)

On 20 June 2024, Beijing Starrise Cultural Development Co., Ltd. (北京星宏文化發展有限公司) (the “**Vendor A**”), a wholly-owned subsidiary of the Company and Chongqing Zhiyuan Pictures Culture Media Co., Ltd. (重慶致遠影視文化傳媒有限公司) (the “**Purchaser A**”), an independent third party to the Group, entered into a sale and purchase agreement, pursuant to which, Vendor A has agreed to sell, and Purchaser A has agreed to acquire, the 100% interest in the Disposal Company A at a consideration of RMB100,000. The consideration was received during the year ended 31 December 2024. The transfer of control over the Disposal Company A has been completed on 25 June 2024.

Disposal of entire equity interest in Shenzhen Starrise Pictures Guarantee Co., Ltd. (深圳市星宏影視擔保有限公司) (the “Disposal Company B”)

On 20 December 2024, Beijing Starrise Media Co., Ltd. (北京星宏文化傳媒有限公司) (the “**Vendor B**”), a wholly-owned subsidiary of the Company and Mr. GUO Dongjun (the “**Purchaser B**”), an independent third party to the Group, entered into a sale and purchase agreement, pursuant to which, Vendor B has agreed to sell, and Purchaser B has agreed to acquire, the 100% interest in the Disposal Company B at a consideration of RMB2,000,000. The consideration was received during the year ended 31 December 2024. The transfer of control over the Disposal Company B has been completed on 30 December 2024.

Save as disclosed above, during the year ended 31 December 2024, the Group did not have any material acquisitions or disposals of subsidiaries, joint ventures and associated companies.

Events after the Reporting Period

As at the date of this announcement, there were no important events affecting the Group that have occurred since 31 December 2024.

OUTLOOK

In 2024, the Chinese government was trying to find new driving forces for development by shifting to a new growth model, and governments at all levels were also actively working to boost domestic consumption. The Group believes that the media industry will gradually regain its development momentum as the central and local governments continue to boost domestic demands.

Looking forward, although the current financial performance did not meet expectations as planned, the Group believes that the film and television media industry in China will gradually improve as China's economy recovers. The Group will pay close attention to the policies related to the film and television media industry and make full use of its existing resources to constantly diversify its film and television media business and strive for more diversified business opportunities, so as to generate better rewards for the Shareholders and to facilitate the Group's better development.

Currently, the Group's preparatory plans and filming works are proceeding orderly, and the broadcasted dramas in 2024 and the production schedule of its films and television series in the future are as follows:

| No. | Name | Genre | (Planned) Shooting commencement date | Remarks |
|-----|--|----------------------|--------------------------------------|-----------------------------|
| 1 | Tiger Wolf Rabbit (浴火之路) (formerly known as "Tiger Wolf Road" (虎狼之路)) | Theatrical film | In February 2021 | Broadcasted in October 2024 |
| 2 | Once Upon A Time In The Northeast (東北往事) | Youth nostalgic film | In March 2017 | Submitted for screening |
| 3 | Brave Girls (哈嘍, 馬大玲) (formerly known as "Twin Blades" (尖鋒姐妹) and "Li Xiaolong and Programmer Girl" (曆小龍與程序媛)) | Theatrical film | In May 2019 | Submitted for screening |
| 4 | Night Screaming (一夜驚笑) (formerly known as "Scream" (驚聲尖笑), "Horror Blockbuster" (恐不大片)) | Internet movie | In November 2017 | Submitted for screening |
| 5 | Legend of Taotie (饕餮記) | Internet drama | In October 2018 | Waiting for premiering |
| 6 | GO! REX (你好, 霸王龍) | Animated film | In May 2017 | Preparing for release |
| 7 | The Iron Bone and Steel Fist (鐵骨鋼拳) | Internet movie | To be determined | Preparing for filming |
| 8 | Emergency Rescuing (心跳營救) | Internet movie | To be determined | Preparing for filming |
| 9 | King of the Sniper (狙擊之王) | Internet movie | To be determined | Preparing for filming |
| 10 | Tianta Crisis (天塔危機) | Theatrical film | To be determined | Preparing for filming |
| 11 | New Tong Pak Foo Dim Chau Heung (唐伯虎點秋香後傳) | Internet movie | To be determined | Script completed |
| 12 | Elderly Hero (遲暮英雄) | Internet movie | To be determined | Script completed |
| 13 | The First Undercover in the Southern Song Dynasty –The Case of Demon Cat (南宋第一臥底之妖貓案) | Internet movie | To be determined | Script completed |
| 14 | Mystery Case in Ying Dynasty (大應奇案生死簿) | Internet movie | To be determined | Script completed |
| 15 | Amaranthine Epiphyllum (雙世曇花) | Internet movie | To be determined | Script completed |
| 16 | The Iron Trophy (鐵甲雄風) | Internet movie | To be determined | Script completed |
| 17 | Bulletproof Teacher (穿越火線: 防彈教師) | Internet drama | To be determined | Script completed |

| No. | Name | Genre | (Planned) Shooting commencement date | Remarks |
|-----|--|----------------|--------------------------------------|------------------|
| 18 | Limited Romance (限定浪漫) | Internet drama | To be determined | Script completed |
| 19 | Through the Storm (玉骨瓷心) (formerly known as “Shiny Day” (雨過天晴雲開處)) | Internet drama | To be determined | Script completed |

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

For the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares).

As at 31 December 2024, the number of treasury shares held by the Company is nil.

CHANGE OF DIRECTORS AND SENIOR MANAGEMENT INFORMATION

Reference is made to the announcement of the Company dated 16 October 2024.

Mr. Huang Bo was appointed as an independent non-executive Director; and a member of each of the Audit Committee and the remuneration committee of the Company (the “**Remuneration Committee**”) and the chairman of the nomination committee of the Company (the “**Nomination Committee**”) with effect from 16 October 2024.

Save as disclosed above, the Directors confirmed that no other information is required to be disclosed pursuant to Rule 13.51(B) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

CORPORATE GOVERNANCE

Adapting and adhering to the recognized standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of Shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules on the Stock Exchange. Save as disclosed below, the Company had complied with the CG Code throughout the Period under Review.

(I) Non-compliance with the Rules 3.10(1) and 3.21 of the Listing Rules

Reference is made to the announcements of the Company dated 18 April, 17 July, 5 August, and 16 October 2024.

Ms. Liu Chen Hong (“**Ms. Liu**”) tendered her resignation as an independent non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee, and the Chairlady of the Nomination Committee, with effect from 18 April 2024, due to her decision to devote more time to her other business commitments.

During the period from 18 April 2024 to 15 October 2024, the Board had only two independent non-executive Directors, as the Company was in the process of identifying a suitable candidate to fill the vacancy left by Ms. Liu’s resignation. Consequently, the Company did not meet the minimum requirement of three independent non-executive Directors as stipulated under Rule 3.10(1) of the Listing Rules, nor the minimum requirement of three members for the Audit Committee as required under Rule 3.21 of the Listing Rules.

Following the appointment of Mr. Huang Bo as an independent non-executive Director on 16 October 2024, the Board has comprised three independent non-executive Directors since 16 October 2024. Accordingly, the Company has been in full compliance with the requirements of Rules 3.10(1) and 3.21 of the Listing Rules from 16 October 2024 to the date of this announcement.

(II) Qualified opinions from the Auditor

Code provision D.1.3 of the CG Code stipulates that, unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis. The Group incurred a net loss of approximately RMB38,598,000 for the year ended 31 December 2024. As at 31 December 2024, the Group has bonds amounting to RMB35,106,000 which were overdue for repayment since February 2022, and other borrowing amounting to RMB54,427,000 which was overdue for repayment since November 2023. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

The Board's views on the qualified opinions

In respect of the qualified opinions made by Moore CPA Limited (the “**Auditor**”) on pages 16 to 17 of this announcement, the Board has the following views:

The Auditor requested the Company to provide records and calculation logic for the information on the profit generated by the relevant PRC entities for the years ended 31 December 2015 to 31 December 2019 (the “**Information on the Profit Data for 2015 to 2019**”), the Company was unable to provide complete records and full calculation logic. Part of the financial information could not be provided to the Auditor was due to the fact that the finance staff responsible for the relevant work left the Company in June 2022, and due to the restrictive measures to prevent and control the epidemic at that time, the handover of work could not be carried out smoothly and the subsequent communication was very difficult, thus resulting in part of the financial information not being provided to the auditor.

The management's judgment was based on the audit basis, process and opinion of the Information on the Profit Data for 2015 to 2019 as reviewed by the Company's previous auditor, KPMG, in 2020. The Company appointed the Auditor on 22 July 2022. However, the Auditor did not have access to complete financial information after its appointment and therefore had a different view on this issue with the management. The Audit Committee agreed with the management's position and basis.

The Company's action plan

Regarding the current tax payable and income tax issues raised by the Auditor, the Company has sorted out the accounts and promptly paid the taxes owed in the previous period. Meanwhile, the Company will gradually clean up the book assets and liabilities, and conduct tax liquidation and write-off for the PRC entities involved in the permanent differences caused by external objective reasons. The Company expects to resolve all the above-mentioned audit qualified opinions issues by June 2025.

Implementation status: after the implementation of the Company's action plan, the amount that has been settled amounted to RMB28.2 million. As of 31 December 2024, this amount has been reduced from RMB39.5 million to RMB11.3 million. The Company will continue to implement the action plan and is expected to completely solve this problem and return this amount to zero by 30 June 2025. The management will monitor the progress of the action plan, seek advice from the Audit Committee when necessary and regularly report to the Audit Committee.

Based on the actual implementation of the above action plan, the Company has significantly reduced the amount under tax issues involved in the qualified opinion, and the management and the Board considers that the plan can be used to solve the problems involved in the qualified opinions.

The Company would like to clarify that the qualified opinions issued by the Auditor in 2024 – the current tax payable and income tax issues – are not recurring new issues, but issues arising from the profit data from 2015 to 2019 that have continued from 2021 to 2024. As stated above, through the implementation of the action plan, the amount involved in this issue has been reduced from RMB39.5 million in 2021 to RMB11.3 million in 2024. In addition, the Company will strengthen internal control measures in the future to enhance financial information management by setting up alternative roles for relevant financial positions, so as to ensure that financial information is backed up and kept in separate places. Meanwhile, the Company will implement backup and storage methods of electronic and paper files to prevent the recurrence of the inability to completely save financial information and related calculation logic.

Since the above unresolved audit issues involve multiple fiscal years and multiple domestic entities, and the specific circumstances of each entity are different, the Company needs to gradually resolve the issue in batches, and plans to zero out the amount involved in this tax issue in 2025.

Audit Committee's opinions on qualified opinions and the Company's actions

The Audit Committee agrees with management's opinions above. After testing the actual implementation effectiveness, the Audit Committee considers that the above action plan is effective and can be used to solve the audit issue and will continue to monitor this action plan.

MODEL CODE FOR SECURITIES TRANSACTION BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. The Company confirms that, having made specific enquiry of all Directors, all the Directors have complied with the required standards of dealing as set out in the Model Code during the Year.

AUDIT COMMITTEE

The Audit Committee established by the Board has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financing reporting matters with the senior management. The Audit Committee has reviewed and was satisfied that the consolidated financial statements of the Group for the Year were prepared in accordance with applicable accounting standards and presented fairly the financial position and results of the Group for the Year.

FINAL DIVIDEND

The Board did not recommend the payment of any dividend in respect of the year ended 31 December 2024 (2023: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**AGM**”) will be held on Monday, 26 May 2025. Shareholders should refer to the details regarding the AGM in the circular of the Company to be dispatched in April 2025 and the notice of the AGM and form of proxy accompanying thereto.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 21 May 2025 to Monday, 26 May 2025, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the AGM, all transfer instruments accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 20 May 2025.

SCOPE OF WORK OF THE AUDITORS

The financial figures in respect of Group's consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been compared by the Group's auditor Moore CPA Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024 and the amounts were found to be in agreement. The work performed by Moore CPA Limited in this respect did not constitute an audit, review or other 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF THIS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.starrise.cn>) and the annual report of the Company for the Year will be dispatched to the Shareholders within the time specified under the Listing Rules.

By order of the Board
A Metaverse Company
Liu Dong
Chairman

Beijing, the PRC, 31 March 2025

As at the date of this announcement, the Board comprises seven Directors, namely Mr. LIU Dong, Mr. LIU Zongjun, Ms. YANG Qinyan, and Mr. HE Han as executive Directors; and Mr. LAM Kai Yeung, Mr. KWOK Pak Shing and Mr. HUANG Bo as independent non-executive Directors.

This announcement is prepared in both Chinese and English. In the event of inconsistency, the English text of this announcement shall prevail over the Chinese.