a metaverse company

A Metaverse Company
一元宇宙公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1616)

Annual Report

2024

Contents

Corporate Information

The Board of Directors

Executive Directors

Mr. LIU Dong *(Chairman)*
Mr. LIU Zongjun *(Chief Executive Officer)*
Mr. HE Han
Ms. YANG Qinyan

Independent Non-executive Directors

Mr. LAM Kai Yeung
Ms. LIU Chen Hong *(resigned on 18 April 2024)*
Mr. KWOK Pak Shing
Mr. HUANG Bo *(appointed on 16 October 2024)*

Company Secretary

Ms. CHAN Yin Wah, *FCG, HKFCG, FCCA*

Authorised Representatives

Mr. LIU Dong
Ms. CHAN Yin Wah

Audit Committee

Mr. LAM Kai Yeung *(Chairman)*
Ms. LIU Chen Hong *(resigned on 18 April 2024)*
Mr. KWOK Pak Shing
Mr. HUANG Bo *(appointed on 16 October 2024)*

Remuneration Committee

Mr. KWOK Pak Shing *(Chairman)*
Mr. LIU Dong
Ms. LIU Chen Hong *(resigned on 18 April 2024)*
Mr. LAM Kai Yeung *(appointed on 18 April 2024 and resigned on 16 October 2024)*
Mr. HUANG Bo *(appointed on 16 October 2024)*

Nomination Committee

Mr. HUANG Bo *(Chairman) (appointed on 16 October 2024)*
Mr. LAM Kai Yeung *(Chairman) (appointed on 18 April 2024 and resigned on 16 October 2024)*
Ms. LIU Chen Hong *(Chairlady) (resigned on 18 April 2024)*
Mr. LIU Dong
Mr. KWOK Pak Shing

Registered Office in the Cayman Islands

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104, Cayman Islands

Head Office, Headquarters and Principal Place of Business in the People's Republic of China ("PRC")

Office 2/F, Building 5,
Dong Run Feng Jing,
No. 28 Courtyard, Nanshiliju,
Chaoyang District,
Beijing, the PRC

Principal Place of Business in Hong Kong

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East, Wanchai, Hong Kong

Corporate Information

Auditor (the "Auditor")

Moore CPA Limited
Certified Public Accountants and Registered Public Interest Entity Auditor
1001-1010, North Tower, World Finance Centre, Harbour City
19 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

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

Cayman Islands Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited
Level 6, HSBC Main Building
1 Queen's Road Central, Hong Kong

Stock Code

1616

Company's Website Address

http://www.starrise.cn

Chairman's Statement

Dear Shareholders,

It is my pleasure to present on behalf of the board (the "**Board**" or "**Board of Directors**") of directors (the "**Director(s)**") of A Metaverse Company ("**A Metaverse**" or the "**Company**") the audited consolidated results of the Company together with its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year**" or "**Period under Review**").

In 2024, the global economic environment continued to fluctuate. Against the backdrop of domestic structural transformation in seek of new quality productivity, China's economy faced multiple challenges and opportunities, presenting problems such as unbalanced development of the industries and low prices. Taking into the data of box office, number of moviegoers and number of episodes filed, the overall performance of the film and television industry was not as good as that of 2023, and it continued to undergo changes in the industry ecology and structure under the general trend of "improving quality and reducing quantity". After the impact of the COVID-19 epidemic ("**Epidemic**"), the industry has recovered but has not yet been able to return to the level before the outbreak of the Epidemic. The industry has focused more on the meticulous cultivation of content and quality enhancement, and many enterprises are facing problems such as excessive pressure on capital and narrowing of profit margins. The operating condition of the Group was adversely affected by the pressure in the macro economy and the film and television industry and the business revenue failed to meet the planned expectation and scale, which had caused certain pressure on the Group's financial position.

The Group believes that in the long run, as an important pillar of the cultural industry, the film and television industry is still one of key industries with national support and promising prospect. In order to achieve the long-term development and provide better returns for the shareholders of the Company (the "**Shareholder(s)**"), the Group will actively leverage its own advantages, continue to focus on the film and television investment and production field, develop and explore high-quality intellectual property rights ("**IPs**") project resources, expand platform resources, improve product quality and act proactively in response to the challenges and opportunities brought about by the technological development and new media to the film and television industry to sustain the Group's development.

Finally, I would like to take this opportunity to express my gratitude to the Directors, Shareholders, loyal customers and employees of the Company for their support and contributions.

By order of the Board

A Metaverse Company
LIU Dong
Chairman

Beijing, the PRC
31 March 2025

Financial Summary

in RMB'000	**2024**	2023	2022	2021	2020
		For the year ended 31 December			
RESULTS					
Revenue	**16,676**	23,748	38,092	96,109	94,120
Loss before taxation	**(38,598)**	(15,710)	(229,558)	(522,710)	(291,219)
Income tax credit/(expenses)	**–**	–	1,550	(11,408)	9,564
Loss for the Year	**(38,598)**	(15,710)	(228,008)	(534,118)	(281,655)

in RMB'000	**2024**	2023	2022	2021	2020
		As at 31 December			
ASSETS AND LIABILITIES					
Total assets	**280,807**	325,153	536,330	785,090	1,304,486
Total liabilities	**116,282**	122,030	317,807	345,819	432,195
Net assets	**164,525**	203,123	218,523	439,271	872,291

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（影心傳媒）**”), a wholly-owned subsidiary of the Group. The animated film “GO! REX”（你好，霸王龍）invested by Young Scene Media（影心傳媒） 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 RMB'000	**Gross profit RMB'000**	**Gross profit margin**	Revenue RMB'000	Gross profit RMB'000	Gross profit margin
Film and television business	**16,676**	**(22,456)**	**(134.7)%**	23,748	(53,368)	(224.7)%

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 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 approximately 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 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.

Connected Transactions

Save as the connected transaction mentioned in note 19(b) to the Financial Statements, the Company had not entered into any non-exempt connected transactions during the Year, which is required to be disclosed under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Events after the Reporting Period

As at the date of this report, 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 micro-drama	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
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

Directors and Senior Management Profile

The Board is responsible and has general powers for the management and conduct of the business. The Board currently consists of seven Directors, including four executive Directors, and three independent non-executive Directors. The following table sets forth information regarding members of the Board for the year ended 31 December 2024 and up to the date of this report:

Name	First Appointment Date
Executive Directors	
LIU Dong *(Chairman)*	24 February 2010
LIU Zongjun *(Chief Executive Officer)*	26 June 2012
YANG Qinyan	1 June 2021
HE Han	8 November 2016
Independent non-executive Directors	
LAM Kai Yeung	26 June 2012
LIU Chen Hong *(resigned on 18 April 2024)*	18 April 2018
KWOK Pak Shing	27 March 2020
Mr. HUANG Bo *(appointed on 16 October 2024)*	16 October 2024

Executive Directors

Mr. LIU Dong（劉東）, aged 56, is the Chairman of the Board and an executive Director appointed on 24 February 2010, and one of the Company's substantial shareholders. Mr. LIU has been with the Group since the acquisition of the equity interest of Zibo Yinshilai Textile Co., Ltd.（淄博銀仕來紡織有限公司）("**Yinshilai Textile**") by Zibo Yinshan Chemical Fiber Co., Ltd.（淄博銀杉化纖有限公司）in June 2005. Mr. LIU is currently the legal representative and a director of Yinshilai Textile and was firstly appointed to such posts in September 2005. Mr. LIU was appointed as a Director on 24 February 2010. He is primarily responsible for overall business development, strategic planning and business development of the Group. Mr. LIU has accumulated more than 20 years of experience in the textile industry in the PRC, which can be traced back to 1996 when he was appointed as the general manager of Zibo Wanjie Fiber Co., Ltd.（淄博萬傑纖維有限公司）. Mr. LIU had served as a deputy general manager of Zibo Wanjie Group Co., Ltd.（淄博萬傑集團有限公司）, and subsequently as a director and general manager (between December 1998 and December 2001) and the chairman of the board of director (between December 2001 and November 2004) of Shandong Wanjie High-Tech Co. Ltd.（山東萬傑高科技股份有限公司）("**Wanjie High-Tech**"). Mr. LIU studied in College of Textile Engineering of Shandong（山東紡織工學院）majoring in management and subsequently obtained a master of business administration degree from the Chinese Academy of Social Science in November 1998.

Mr. LIU was recognized as "Model Worker of the Textile Industry of the PRC"(全國紡織工業勞動模範)by the Ministry of Personnel of the PRC(中華人民共和國人事部)and China National Textile and Apparel Council(中國紡織工業協會)in 2006, "Outstanding Entrepreneur of the Zibo Municipality for the year 2006"(2006年度淄博市優秀企業家), "Outstanding Entrepreneur of the Zibo Municipality for the year 2008"(2008年度淄博市優秀企業家)and "Outstanding Entrepreneur of the Zibo Municipality for the year 2009"(2009年度淄博市優秀企業家)by the Zibo Municipal Committee of the Chinese Communist Party(中共淄博市委)and the People's Government of Zibo Municipality(淄博市人民政府)in 2007 and 2010, respectively, "Star Entrepreneur of the Zibo Municipality for the year 2010"(2010淄博市明星企業家)by the Zibo Municipal Committee of the Chinese Communist Party(中共淄博市委)and the People's Government of Zibo Municipality(淄博市人民政府)in 2011, "Outstanding Entrepreneur of the Shandong Province"(山東省優秀企業家)by Shandong Enterprise Confederation(山東省企業聯合會), Shandong Entrepreneur Association(山東省企業家協會), Shandong Industrial and Economics Confederation(山東省工業經濟聯合會)and Shandong Quality Association(山東省質量協會)in 2011, "Award for Outstanding Entrepreneurs of the Textile Industry of the Shandong Province"(山東省紡織企業家創業獎)by the Shandong Textile Industry Office(山東省紡織工業辦公室)and the Shandong Textile Enterprise Management Association(山東紡織企業管理協會)in 2007, one of the "Twelve Batch of Outstanding Young Entrepreneurs of the Zibo Municipality"(第十二屆淄博市傑出青年企業家)by the Zibo Municipal Committee of the Communist Youth League(共青團淄博市委), Zibo Municipal Economy and Trade Committee(淄博市經濟貿易委員會), the Zibo Municipal Administration for Industry and Commerce(淄博市工商行政管理局), the Zibo Municipal Department of Environmental Protection(淄博市環境保護局), the Zibo Municipal Association of Entrepreneur(淄博市企業家協會)and the Zibo Municipal Association of Young Entrepreneur(淄博市青年企業家協會)in 2007, "Outstanding Persons of the Textile Brand Culture Development of the PRC for the year 2010"(2010 中國紡織品牌文化建設傑出人物)by China National Textile and Apparel Council(中國紡織工業協會)and the Chinese Association for Textile Enterprises Culture Construction(中國紡織企業文化建設協會)in 2010, and "Boshan Star Entrepreneur for the year 2008"(2008年度博山區明星企業家), "Boshan Star Entrepreneur for the year 2010"(2010年度博山區明星企業家)and "Boshan Star Entrepreneur for the year 2011"(2011年度博山區明星企業家)by the Boshan District Committee of the Chinese Communist Party(中共博山區委)and the People's Government of Boshan District(博山區人民政府)in 2009 and 2011, respectively. Mr. LIU is a representative of the Fourteenth People's Congress of Zibo City(淄博市第十四屆人民代表大會).

Mr. LIU Zongjun(劉宗君), aged 54, is an executive Director appointed on 26 June 2012, and chief executive officer of the Company appointed on 1 April 2015. He joined the Group as assistant to the chairman of the board of directors, deputy general manager and manager of the human resources department of Yinshilai Textile since April 2010.

Mr. LIU is experienced in administrative management and has accumulated more than 20 years of experience in the textile industry. Between July 1993 and June 1994, Mr. LIU worked in the Shanghai office of Weifang Economic and Trade Centre(濰坊經濟貿易中心)governed by the Shandong Weifang Municipality Economic Committee(山東濰坊市經濟委員會). Between September 1994 and October 2004, Mr. LIU worked with Wanjie Group Co., Ltd. and held a series of positions including the role of executive in foreign economy and trade department of the Shanghai office, assistant to the general manager of Zibo Wanjie Fiber Co., Ltd.(淄博萬傑纖維有限公司)and assistant to the general manager and human resources manager of Wanjie High-Tech. Between October 2004 and April 2010, Mr. LIU served as general manager of Zibo Tianhao Weaving and Dyeing Co., Ltd(淄博天浩織染有限公司).

Mr. LIU graduated from Shanghai Textile College(上海紡織高等專科學校)in July 1993, majoring in textile material chemical processing. He obtained a Bachelor's degree in Chinese literature from Shandong University of Technology(山東理工大學)in January 2007. He also obtained an Executive Master of Business Administration (EMBA) from Donghua University(東華大學)in December 2014.

Ms. Yang Qinyan（楊秦燕）, aged 52, obtained an advanced diploma in fashion design from RAFFLES-BICT International College（北京服裝學院萊佛士國際學院）and LaSalle College International (Canada) in 2006, and a master's degree of executive master of business administration from The Chinese University of Hong Kong in 2017. Ms. Yang has over 20 years of experience in the field of media and advertising. From September 2003 to April 2014, she served as the managing director of the Beijing branch of a multinational media agency which specialises in advertising and marketing for domestic and international clientele. Ms. Yang joined Beijing Starwise Culture Media Co., Ltd.（北京睿博星辰文化傳媒有限公司）("**Beijing Starwise**"), which was a wholly-owned subsidiary of the Group in from 2017 to 2023, since May 2015 and acted as the president of Beijing Starwise and mainly responsible for overseeing the management, operation and development of intellectual properties.

Mr. HE Han（何漢）, aged 53, is an executive Director appointed on 8 November 2016 and is an experienced filmmaker and a member of board of directors of the Beijing Film Academy. He has been the president of Beijing Starrise Pictures Co., Ltd.（北京星宏影視文化有限公司）(formerly known as Beijing Yingsheng Cultural Investments Co., Ltd.（北京瀛晟文化投資有限公司）) since October 2015. Beijing Starrise Pictures Co., Ltd. is a wholly-owned subsidiary acquired by the Company in July 2016. Prior to joining the Group, Mr. HE served as the vice president of CITIC Culture Media Group（中信文化傳媒集團）and the chief director of the planning division of Century Heroes Film Investment Co., Ltd.（世紀英雄電影投資有限公司）from 2001 to 2005. Mr. HE also acted as the general manager of Beijing Airmedia Corporation Limited（北京航美影視文化有限公司）, the president of Beijing Xinghe Lianmeng Entertainment Co., Ltd.（北京星河聯盟影視發行有限公司）and the publisher of the "Cinema World（電影世界）" magazine between 2005 and 2015. Mr. HE graduated from the Beijing Film Academy with a Bachelor's degree in public service administration (film and television).

Independent non-executive Directors

Mr. LAM Kai Yeung（林繼陽）, aged 55, is a fellow of the Association of Chartered Certified Accountants（英國特許公認會計師公會）and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. LAM obtained a bachelor's degree in accounting from Xiamen University（廈門大學）in July 1990 and a master degree in business administration from Oxford Brookes University in the United Kingdom in July 2010.

Mr. LAM has been an independent non-executive Director since June 2012; an independent non-executive director of Holly Futures（弘業期貨股份有限公司）(a company listed on the Main Board of the Stock Exchange, stock code: 3678) from June 2015 to December 2021; an independent non-executive director of Shi Services Limited（時時服務有限公司）(formally known as Heng Sheng Holdings Limited and Kong Shum Union Property Management (Holding) Limited) (a company listed on the GEM of the Stock Exchange, stock code: 8181) since October 2015; an independent non-executive director of Kin Shing Holdings Limited（建成控股有限公司）(a company listed on the Main Board of the Stock Exchange, stock code: 1630) since May 2017; and an executive Director and the chief executive officer of Hang Pin Living Technology Company Limited（杭品生活科技股份有限公司）(formerly known as Hua Long Jin Kong Company Limited, Highlight China Lot International Limited and Ford Glory Group Holdings Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 1682) since June 2017 and September 2017, respectively. He also served as a director of Sunway International Holdings Limited（新威國際控股有限公司）(a company listed on the Main Board of the Stock Exchange, stock code: 58) from May 2015 to May 2019 and from August 2021 to January 2022; and an independent non-executive director of Finsoft Financial Investment Holdings Limited（匯財金融投資控股有限公司）(a company listed on GEM of the Stock Exchange, stock code: 8018) from June 2015 to June 2019.

Mr. KWOK Pak Shing（郭柏成）, aged 40, has been an independent non-executive Director since 27 March 2020. He obtained a bachelor degree of arts in business studies from the Hong Kong Polytechnic University in 2006. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. KWOK has over 18 years of experience in accounting, auditing, financial management and corporate governance matters. Since January 2025, he serves as the chief financial officer and company secretary of Nimble Holdings Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 186). Mr. KWOK also worked as a company secretary, a chief financial officer and/or a financial controller for several companies listed on the Stock Exchange from June 2013 to January 2025 and as an audit manager for an international accounting firm from July 2006 to June 2013.

Mr. HUANG Bo（黃波）, aged 48, obtained a bachelor degree of accounting from China University of Geosciences（中國地質大學）in June 2000 and he was qualified as a CPA in CPA Australia since November 2019. Mr. Huang has over 24 years of experience in financial management and accounting. From 2000 to 2003, he worked as an accountant and financial manager with China Railway Construction Bridge Engineering Bureau Group Co. Ltd. Mr. Huang then served as the finance manager and controller at CGCOC Group（中地海外集團）in Nigeria. Between 2008 and 2011, he held financial leadership positions at CGCOC Group in Angola and Ethiopia, focusing on project budgeting, tax planning, and risk management for significant projects. From 2011 to 2023, he served as the deputy financial director at CGCOC Group. Most recently, from 2015 to 2023, while holding the office of the deputy financial director at CGCOC Group, he also acted as the financial director and managing director at the Hong Kong subsidiary of CGCOC Group from 2015 to 2023. Between June 2023 and July 2024, Mr. Huang was the chief accountant at Hansom Holdings Group and he has been serving as the deputy financial director of Jinyuan EP Co., Ltd which is listed on the Shenzhen Stock Exchange (stock code: 000546) since August 2024.

Senior Management

The executive Directors are responsible for the day-to-day management of the Group's business.

Company Secretary

Ms. CHAN Yin Wah（陳燕華）, aged 48, is an associate director of SWCS Corporate Services Group (Hong Kong) Limited. She has over 15 years of professional experience in handling corporate secretarial, compliance and share registry matters for listed companies in Hong Kong. She worked for various international professional firms and listed companies in Hong Kong. Ms. CHAN holds a Bachelor's degree in economics and a master's degree in professional accounting. She is a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. She is also a fellow member of the Association of Chartered Certified Accountants in the United Kingdom.

Changes to Information of Directors and Chief Executives

Mr. LAM Kai Yeung, has been appointed as the chairman of the nomination committee (the "**Nomination Committee**") of the Company and a member of the remuneration committee (the "**Remuneration Committee**") of the Company with effect from 18 April 2024, and ceases to act as the chairman of the Nomination Committee and a member of the Remuneration Committee with effect from 16 October 2024.

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

Saved as disclosed above, the Directors confirmed that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance Report

As at 31 December 2024

Corporate Strategy and Culture

A Metaverse Company is a company listed on the main board of the Stock Exchange of Hong Kong (stock code: 01616), and is principally engaged in media business, i.e. the licensing of drama series and films and the production of drama series and films, and distribution and related services.

Since its establishment, the Group has always been committed to creating value for the media industry of film and drama series. Combining its corporate positioning and its own business, the Group strives to explore and make progress in film and drama series quality, user experience, audience satisfaction and employee development. While meeting the intrinsic needs of enterprise development, we actively assume social responsibility to achieve balanced development of environment, economy and society.

The Group is committed to providing superior product quality and services, and believes that high quality and innovative products are essential for sustainable corporate development. The Group strictly complies with the laws and regulations of the People's Republic of China, including the Law of the People's Republic of China on Product Quality, the Law of the People's Republic of China on Trademarks, the Law of the People's Republic of China on Advertising and the Law of the People's Republic of China on Protection of Consumer Rights and Interests, and provides first-class products and services to meet and exceed customers' expectations on the basis of protecting consumers' rights and interests in accordance with the law.

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.

Chairman and Chief Executive Officer

For the year ended 31 December 2024, the Company had adopted and complied with the Code Provision C.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between chairman and chief executive officer should be clearly established and set out in writing. Mr. LIU Dong had been the chairman of the Company and Mr. LIU Zongjun had been the chief executive officer of the Company for the Year and up to the date of this report.

Board Diversity Policy

Rule 13.92 of the Listing Rules stipulates that the Nomination Committee should have a policy concerning diversity of Board members, and should disclose the policy or a summary of the policy in the corporate governance report.

With an aim to achieve diversity on the Board, the Board has approved and adopted a board diversity policy (the "**Policy**") and the appropriate revisions to the terms of reference of the Nomination Committee to ensure the appropriate implementation of the Policy. The Policy was made with a view to achieving a sustainable and balanced development of the Company, of which, among others, all Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

The Company commits to selecting the best person to be members of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on individual merits and the expected contributions that the selected candidates will bring to the Board. In recent years, the Company has focused on enhancing the diversity of the Board. As at the date of this report, the Board consists of seven members, including one woman (Ms. YANG Qinyan). Therefore, the gender diversity has been achieved in the Board. Directors are aged from around 40 to 56 years old. The Board's composition (including gender, age and length of service) will be reviewed and disclosed in the Corporate Governance Report annually.

As at 31 December 2024, there are 10 (45.5%) female and 12 (54.5%) male employees (including the senior management) in the Group. The gender diversity is regarded as achieved.

The Group strives to achieve the goal of employee diversity to the maximum extent possible with gender diversity taking into consideration in staff recruitment. For the Group, recruitment is considered regardless of gender, as any position in the Group does not require any ability or skill that is considered to outperform another gender. The Group reviews the diversity policy from time to time to ensure the sustainability and effectiveness of the policy and will continue to review the diversity.

The Nomination Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

The Nomination Committee will review the Policy, as appropriate but at least annually, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Dividend Policy

The Company's dividend policy is that reasonable amount of the Group's profits available for distribution will be recommended for distribution in each financial year (commencing from the financial year ended 31 December 2012), in the form of interim dividend and final dividend. Directors consider that, in general, the amount of any future dividends to be declared by the Company will depend on the Group's results, working capital, cash position, capital requirements, the provisions of the relevant laws and other factors as may be considered relevant at such time by Directors. Directors consider that the Company's dividend policy mentioned above will not materially affect the Group's working capital position in the coming years.

Nomination Policy

The nomination policy of the Company (the "**Nomination Policy**") was approved by the Board on 27 December 2018. The Nomination Policy was effective from 1 January 2019.

The purpose of the Nomination Policy is to nominate suitable candidates to the Board for consideration and recommendation to Shareholders to be elected as Directors of the Company at the general meeting, or for the Board to appoint as Directors of the Company to fill casual vacancies; the number of candidates nominated may exceed (as deemed appropriate) the number of Directors appointed or re-appointed at a general meeting or exceed the number of casual vacancies to be filled.

Under the Nomination Policy: (1) the Nomination Committee will refer to the following factors when evaluating candidates, including reputation, the achievements and experience in the film and television, financial, legal, accounting or investment industries, the time available and the interests of the relevant parties, and the diversity of the Board (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and service tenure). All factors mentioned above are for reference only and not intended to cover all factors or otherwise be decisive. The Nomination Committee may decide to nominate any person as it deems appropriate; (2) the independent non-executive Directors who are about to retire are eligible to be nominated by the Board having considered the recommendations of the Nomination Committee and be re-elected as the Directors at the general meeting. For the avoidance of doubt, the independent non-executive Directors who have served as Directors for 9 consecutive years or more should be re-elected by Shareholders in the form of an independent resolution. The Nomination Committee and the Board should attach the resolution in the circular sent to Shareholders, and the circular should contain the reasons why the Nomination Committee and the Board believe that the person is still independent and should be re-elected; and (3) all Directors appointed to fill the casual vacancy shall be subject to the Shareholders' approval at the first annual general meeting after the appointment pursuant to the articles of association of the Company. Each Director (including those with a specified term) shall be subject to retirement by rotation, at least once every three years.

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 to the Listing Rules as the code of conduct regarding securities transactions of 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.

The Board of Directors

Composition

As at the date of the annual report, the Board comprises seven Directors, of which Mr. LIU Dong, Mr. LIU Zongjun, Ms. YANG Qinyan and Mr. HE Han are executive Directors; and Mr. LAM Kai Yeung, Mr. KWOK Pak Shing and Mr. HUANG Bo are independent non-executive Directors. For the year ended 31 December 2024 and up to the date of this report, the composition of the Board is as follows:

Executive Directors:

LIU Dong *(Chairman)*
LIU Zongjun *(Chief Executive Officer)*
YANG Qinyan
HE Han

Independent non-executive Directors:

LAM Kai Yeung
LIU Chen Hong *(resigned on 18 April 2024)*
KWOK Pak Shing
HUANG Bo *(appointed on 16 October 2024)*

The biographical details of each Director are set out in the section "Directors and Senior Management Profile" on pages 14 to 17.

Save as disclosed in the section "Directors and Senior Management Profile" above, there is no financial, business, family or other material relationship among members of the Board, the chairman and the chief executive.

Board meetings

In general, the Board is scheduled to meet regularly at least four times per year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such regular Board meetings do not involve approval obtained from the Board by circulation of written resolutions. During the year ended 31 December 2024, four Board meetings, two meetings of the Audit Committee, one Nomination Committee meeting, one meeting of the Remuneration Committee, and the annual general meeting ("**AGM**") were held and the attendance records of individual Directors are set out below:

	Meetings attended/eligible to attend (for the year ended 31 December 2024)				
	Board of Directors	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Annual general meeting**
Executive Directors					
LIU Dong *(Chairman)*	4/4	N/A	1/1	1/1	1/1
LIU Zongjun	4/4	N/A	N/A	N/A	1/1
YANG Qinyan	4/4	N/A	N/A	N/A	1/1
HE Han	4/4	N/A	N/A	N/A	1/1
Independent non-executive Directors					
LAM Kai Yeung *(Note)*	4/4	2/2	N/A	N/A	1/1
LIU Chen Hong (resigned on 18 April 2024)	1/1	1/1	1/1	1/1	1/1
KWOK Pak Shing	4/4	2/2	1/1	1/1	1/1
HUANG Bo (appointed on 16 October 2024)	1/1	0/0	0/0	0/0	0/0

Note: Mr. LAM Kai Yeung, has been appointed as the chairman of the Nomination Committee and a member of the Remuneration Committee with effect from 18 April 2024, and ceases to act as the chairman of the Nomination Committee and a member of the Remuneration Committee with effect from 16 October 2024.

At least 14 days notice are given to all Directors in advance for attending regular Board meetings. All other Board meetings, reasonable notice would be given. Meeting agendas and other relevant information are provided to the Directors at least 3 days in advance of Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

Directors have access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed. Both draft and final versions of the minutes are sent to all Directors for their comment and records. Minutes of Board meetings are kept by the company secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

Responsibilities of the Board and management

The Board is primarily responsible for overseeing and managing the Company's affairs, including the adoption of long-term strategies and appointing and supervising senior management to ensure that the operation of the Group is conducted in accordance with the objectives of the Group. The Board is also responsible for determining the Company's corporate governance policies which include: (i) to develop and review the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (iv) to review the Company's disclosure in the Corporate Governance Report.

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various Board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these Board committees are governed by the Company's articles of association (the "**Articles of Association**") as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the Articles of Association). With the composition of members of the Nomination Committee, Remuneration Committee and the Audit Committee, the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective Board committees.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved for the Board's decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with Shareholders, Board membership, delegation of authority and corporate governance.

The Board acknowledges its responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group. The financial statements set out on pages 62 to 130 were prepared on the basis set out in note 2 to the Financial Statements. Financial results of the Group are announced in a timely manner in accordance with statutory and regulatory requirements. The declaration of reporting responsibility issued by the external auditors of the Company on the Company's financial statements is set out in the Independent Auditors' Report on pages 55 to 61.

Material uncertainty related to going concern

Code Provision D.1.3 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 the Auditor on pages 55 to 56 of this report, 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 because 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.

Confirmation of independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Continuous professional development

Mr. HUANG Bo obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 16 October 2024. He has confirmed he understood his obligations as a director of a listed issuer under the Listing Rules.

During the year ended 31 December 2024, all Directors, including, Mr. LIU Dong, Mr. LIU Zongjun, Ms. YANG Qinyan, Mr. HE Han, Mr. LAM Kai Yeung, Ms. LIU Chen Hong, Mr. HUANG Bo and Mr. KWOK Pak Shing have been given relevant guidance materials and attended a training regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group. Continuing briefings and professional development to all Directors will be arranged whenever necessary.

All Directors have provided record of training attendance and the Company will continue to arrange or fund the training in accordance with Code Provision C.1.4.

Independent non-executive Directors

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 of 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 report.

All independent non-executive Directors have entered into a letter of appointment with the Company for a specific term of three years, subject to retirement by rotation and re-election.

In accordance with the Articles of Association, at each AGM, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. Such retiring Directors may, being eligible, offer themselves for re-election at the AGM. All Directors appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Mechanisms to Ensure Independent Views

The Company ensures independent views and input are available to the Board via the below mechanisms:

1. The Board composition and the independence of the independent non-executive Directors should be reviewed by the Nomination Committee on an annual basis, in particular the proportion of the independent non-executive Directors and the independence of the independent non-executive director who has served for more than nine years.

2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive directors to be independent.

3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the controlling shareholders and/or its associates.

4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.

5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the company policy.

6. If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical Board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at that Board meeting.

The Board reviews the mechanisms for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

Nomination Committee

The Company established the Nomination Committee on 26 June 2012 with written terms of reference in compliance with Code Provision B.3.1. Its terms of reference are available on the websites of the Company and the Stock Exchange.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and according to the Nomination Policy, make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. As at the date of this report, the Nomination Committee comprises three members and two of them are independent non-executive Directors, namely Mr. HUANG Bo (being the Chairman) and Mr. KWOK Pak Shing, and one executive Director, namely Mr. LIU Dong. Where necessary, the Nomination Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

Nomination Process and Selection Criteria

When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to the skills, experience, education background, professional knowledge, personal integrity and time commitments of the proposed candidates in accordance with the Nomination Policy, and also the Company's needs and other relevant statutory requirements and regulations required for the positions. All candidates must be able to meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules. Qualified candidates will then be recommended to the Board for approval.

Remuneration Committee

The Company established the Remuneration Committee on 26 June 2012 with written terms of reference in compliance with the Listing Rules. The written terms of reference of the Remuneration Committee was adopted in compliance with Code Provision E.1.2. Its terms of reference are available from the websites of the Company and the Stock Exchange.

The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group and to ensure that none of the Directors would determine his/her own remuneration. The Remuneration Committee also approves the terms of executive directors' service contracts, and reviewing and approving matters relating to share schemes under Chapter 17. The emoluments of executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration of the Company's performance and prevailing market conditions. The remuneration policy of independent non-executive Directors is to ensure that the independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. The emoluments of independent non-executive Directors are determined with reference to their skills, experience, knowledge, duties and market trends. As at the date of this report, the Remuneration Committee consists of three members and two of them are independent non-executive Directors, namely Mr. KWOK Pak Shing (being the Chairman) and Mr. HUANG Bo, and one of them is an executive Director, namely Mr. LIU Dong.

Pursuant to Code Provision E.1.5, the annual remuneration band of the senior management (including Directors) for the Year is set out below:

Remuneration band (HK$)	**Number of individuals**
Nil to 1,000,000	3
1,000,001 to 1,500,000	1

Details of remuneration of Directors are set out in note 8 to the consolidated financial statements. No Director has waived or agreed to waive any emoluments during the year ended 31 December 2024 (2023: nil).

The Remuneration Committee will review the proposals made by the management on the remuneration of executive Directors and senior management and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Audit Committee

The Company established the Audit Committee on 26 June 2012 with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with Code Provisions D.3.3 and D.3.7. Its terms of reference are available on the websites of the Company and the Stock Exchange. The Audit Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the Group's financial reporting process and internal controls.

The primary duties of the Audit Committee, among other things, are to make recommendations to the Board on the appointment, re-appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting and internal control and risk management procedures of the Company. As at the date of this report, the Audit Committee consists of three independent non-executive Directors, namely Mr. LAM Kai Yeung (being the Chairman), Mr. KWOK Pak Shing and Mr. HUANG Bo.

During the Year, the Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group, and discussed internal controls, risk management and financial reporting matters, the effectiveness of the internal audit function and the appointment of external auditors. The Audit Committee also discussed with the external auditors and reviewed the draft annual and interim reports of the Company. The Audit Committee was satisfied that the audited consolidated financial statements of the Company were prepared in accordance with applicable accounting standards and presented fairly the financial position and results of the Group for the Year.

The Audit Committee also reviewed the Company's compliance with Corporate Governance Code during the Year. During the year ended 31 December 2024, two meetings of Audit Committee were held on 28 March 2024 and 27 August 2024, respectively, and all the members of Audit Committee during the relevant period had attended the meetings.

During the year ended 31 December 2024, the Board has not taken a different view from the Audit Committee on the selection, appointment, resignation or dismissal of external auditors.

Corporate Governance Functions

During the Year, the Board reviewed the Company's policies and practices on corporate governance and made recommendations. The Board reviewed and monitored the training and continuous professional development of Directors and senior management, reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, and reviewed the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Auditor's Remuneration

During the Year, the Company engaged Moore CPA Limited as the external auditors of the Company. The fees charged by Moore CPA Limited in respect of its provision of audit services and non-audit services for the year ended 31 December 2024 amounted to RMB1.0 million and RMB0.4 million, respectively.

The reporting responsibilities of Moore CPA Limited are set out in the Independent Auditors' Report on pages 55 to 61.

Company Secretary

Ms. CHAN Yin Wah of SWCS Corporate Services Group (Hong Kong) Limited, an external service provider, has been engaged by the Company as the company secretary since September 2011, her biographical detail is set out in the section headed "Directors and Senior Management Profile" in this report. Ms. Chan has complied with the requirements under Rule 3.29 of the Listing Rules during the Year. The primary contact person of the Company is Ms. YANG Qinyan, the executive Director in relation to any corporate secretarial matters.

Risk Management and Internal Controls

The Board is responsible for maintaining an effective internal control system to safeguard the Group's assets and Shareholders' interests, and regularly conducts review and on-going monitoring on the risk management and internal control systems to ensure the effectiveness of the implementation of the internal control system. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has maintained an internal audit function and has established its internal control system focused on risk management, including company management policies and systems in written form, clearly defined organizational structure and responsibilities authorization system, stable and reliable financial management data and reports, and stringent supervision and appraisal system on risk management and internal control.

The Group continuously improves and regulates its internal control management policies and systems by strictly complying with national laws and regulations and the regulatory requirements under the Stock Exchange. Through objective identification, analysis and evaluation of the enterprise's risk events as well as in-depth analysis of the main aspects of internal control, the Group has established its internal control management system covering major businesses and risk matters regarding to its operation and management with limited management resources to focus on core issues. The Group has adopted three-level risk management and internal control authorization structural system: the Board, senior management and Group headquarters management center as well as all of the subsidiaries. The Board is the supreme decision-making body for the Company's risk management and internal control; the senior management and Group headquarters management center achieves effective identification and control of the risks related to all material matters; and all of the subsidiaries implement direct risk management and internal control function for their respective operations.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

(1) is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules;

(2) conducts its affairs in strict compliance with the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission;

(3) has included in the code of conduct of the Company a strict prohibition on the unauthorised use of confidential or inside information;

(4) ensures the appropriate handling and dissemination of inside information through the Company's own internal reporting processes and with reference to the outcome thereof considered by senior management.

In addition, the Group has formulated risk management plan to ensure the identification, assessment, management, control and reporting of all significant risks of the Group are carried out according to a unified guideline, and are reported to the senior management, the Audit Committee and the Board when necessary. Such guideline stipulates the Group's risk management policies and procedures which are carried out with the common risk management methods.

According to the Code Provision D.2.1, the Board should review the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report.

The Board has reviewed the internal control and risk management systems during the Year, including the Company's resources in accounting and financial reporting functions, staff qualifications and experience, as well as the adequacy of training courses and budget. Save as disclosed below, the Board believes that the Company's internal control and risk management systems are effective and adequate.

Internal Control Measures Taken by the Company in Light of the Audit Modification

According to the Code Provision D.2.4, it requires the Company to disclose how they have complied with the risk management and internal control code provisions, in particular the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects.

As mentioned on page 23 of this Corporate Governance Report, the Auditor was not provided with appropriate audit evidence mainly due to the incomplete and insufficient handover of work between the former in-house finance staff and the new staff responsible for the audit of the PRC entities of the Group. When the staff in charge of the audit left the Company, the handover process lacked thoroughness, resulting in a lack of understanding regarding the calculation logic of certain impairment data in the previous period's financial statements.

In order to prevent a recurrence of the aforementioned situation in the future, the Company has enhanced its internal control mechanisms since October 2023. This includes establishing alternative roles for relevant financial positions to strengthen the management of financial information. The Company will also ensure that financial information is securely backed up and stored in two separate locations with both electronic and paper files backed up and stored. The appropriateness and adequacy of the above internal control measures have been recognised by the management and the Audit Committee of the Company.

Shareholders' Rights

The Shareholders may make requisition for the convening of an extraordinary general meeting of the Company in accordance with the procedures set out in the Articles of Association as follows:

(1) Any two or more Shareholders, or any one or more Shareholders which is a recognized clearing house (or its nominee) holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings, shall have the right, by written notice, to require an extraordinary general meeting to be called by the Directors of the Company for the transaction of any business specified in such requisition.

(2) Such requisition shall be made in writing to the Board or the company secretary of the Company at the following addresses:

Principal place of business of the Company in Hong Kong
Address: 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
Attention: Ms. YANG Qinyan

Head office of the Company in the PRC
Address: Office 2/F, Building 5, Dong Run Feng Jing, No. 28 Courtyard, Nanshiliju, Chaoyang District, Beijing, the PRC
Attention: Ms. YANG Qinyan

(3) The requisition will be verified with the Company's branch share registrars in Hong Kong on the shareholding and upon their confirmation that such requisition is proper and in order, the Board will convene an extraordinary general meeting within 21 days from the date of deposit of the requisition, such extraordinary general meeting to be held within a further 21 days.

(4) If within 21 days of such deposit, the Board fails to proceed to convene such extraordinary general meeting, the requisitionist(s) himself (themselves) may do so in the same manner as that in which meetings may be convened by the Board, with such extraordinary general meeting to be held within three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

For matters in relation to the Board, the Shareholders can contact the Company at the following:

Address:	Office 2/F, Building 5, Dong Run Feng Jing, No. 28 Courtyard, Nanshiliju, Chaoyang District, Beijing, the PRC
Email:	michelle@starrise.net.cn
Tel:	(86) 10 8479 3988
Attention:	Ms. YANG Qinyan

There is no provision in the Companies Law of the Cayman Islands or in the Articles of Association giving Shareholders a right to propose resolutions at a general meeting, Shareholders who wishes to propose a resolution must make requisition for the convening of a general meeting in accordance with the procedures set out above.

Investor Relations and Communication

The Board recognizes the importance of good communications with all Shareholders. The Company believes that maintaining a high level of transparency is a key to enhance investor relations. The Company is committed to a policy of open and timely disclosure of corporate information to its shareholders and public investors.

The Company updates its shareholders on its latest business developments and financial performance through its corporate publications including annual reports and public announcements. Extensive information about the Company's activities for the year ended 31 December 2024 has been provided in this report. While the AGM provides a valuable forum for direct communication between the Board and its shareholders, the Company also maintains its website (http://www.starrise.cn) to provide an alternative communication channel for the public and its shareholders. All corporate communication and Company's latest updates are available on the Company's website for public's information.

For the year ended 31 December 2024, the Board reviewed and confirmed the implementation and effectiveness of the communication policy, taking into account that the Company has established communication channels to provide Shareholders and investors with timely information on the latest development of the Group.

Change in Constitutional Documents

There was no change in the memorandum and articles of association of the Company during the Reporting Period and up to the date of this annual report.

Report of the Directors

The Directors have pleasure in presenting their directors' report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the "**Financial Statements**").

Principal Activities

The principal activities of the Company is investment holding and those of the principal subsidiaries of the Company are set out in note 14 to the Financial Statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2024 and the state of financial affairs of the Group as at 31 December 2024 are set out in the consolidated financial statements on pages 62 to 130.

Having considered that the Group's financial situation for the year ended 31 December 2024, the Board does not recommend the payment of a dividend for the year ended 31 December 2024. At this point, the Board is committed to the further development of the Company in the coming years, in order to get a better return for the Shareholders.

5-year Financial Summary

A summary of the results and assets and liabilities of the Group for the last 5 financial years ended 31 December 2020 to 31 December 2024 is set out on page 5. This summary does not form part of the Financial Statements.

Share Capital

Details of movements in share capital of the Company during the Year are set out in note 22(b) to the Financial Statements.

SHARE OPTION SCHEME

Share Option Scheme adopted on 20 January 2022 (the "Share Option Scheme")

On 19 January 2022, the Shareholders passed the ordinary resolutions to adopt the Share Option Scheme. The Share Option Scheme was adopted with effect from 20 January 2022 (the "**Adoption Date**").

Set out below is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant Options to selected participants as incentives or rewards for their contribution to the Group, in particular:

(a) to motivate them to optimise their performance and efficiency for the benefit of the Group; and

(b) to attract and retain or otherwise maintain ongoing business relationships with them whose contributions are or will be beneficial to the Group.

2. Who May Join

The Board may, at its discretion, invite any person belonging to any class of the Eligible Participants to take up Options to subscribe for Shares.

3. Grant of Options and Acceptance of Offers

The Board shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound, at any time within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant as the Board may in its discretion select to subscribe for such number of Shares at the Exercise Price as the Board shall determine.

The Board shall not make an Offer to any Eligible Participant after inside information has come to its knowledge until (and including) the trading day after the Company has announced the information pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately before the earlier of (i) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option may be granted.

The Board shall forward to the Eligible Participant an offer document in such form as the Board may from time to time determine. The Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his Personal Representative(s)) for a period of ten (10) Business Days provided that no such Offer shall be open for acceptance after the Termination Date or after the Share Option Scheme has been terminated.

An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the duplicate offer document constituting acceptances of the Options duly signed by the Grantee, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

4. Exercise Price

The Exercise Price in respect of any Option shall, subject to any adjustments made pursuant to the terms in the Share Option Scheme, be at the absolute discretion of the Board, provided that it shall be not less than the highest of:

(a) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant;

(b) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five (5) Business Days immediately preceding the Date of Grant; and

(c) the nominal value of the Shares.

5. Maximum Number of the Shares Available for Subscription

The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the date of approval of the Shareholders for the adoption of the Share Option Scheme (the "**Scheme Limit**"), excluding for this purpose Shares which would have been issuable pursuant to Options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(a) renew the Scheme Limit at any time to 10% of the Shares in issue (the "**New Scheme Limit**") as at the date of the approval by the Shareholders in general meeting; and/or

(b) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the Options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time (the "**Maximum Limit**"). No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded. The maximum number of Shares in respect of which Options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with the Share Option Scheme whether by way of capitalisation issue, rights issue, open offer (if there is a price-dilutive element), consolidation, sub-division of shares or reduction of the share capital of the Company but in no event shall exceed the limit prescribed herein.

6. Maximum Entitlement of Each Grantee

The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised, outstanding Options and Shares which were the subject of Options which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the Date of Grant. Any further grant of Options in excess of this 1% limit shall be subject to:

(a) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(b) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person of the Company) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such Eligible Participant must be fixed before the Company's Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the Options to such Eligible Participant shall be taken as the Date of Grant for the purpose of calculating the subscription price of the Shares.

7. Grant of Options to Connected Persons

Any grant of Options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the Grantee).

If the Board proposes to grant Options to a substantial shareholder or any independent non-executive director of the Company or their respective associates which will result in the number of Shares issued and to be issued upon exercise of Options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange at the date of each grant,

such further grant of Options will be subject to the approval of the independent non-executive directors of the Company as referred to in this paragraph, the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which the Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time.

The circular to be issued by the Company to its shareholders pursuant to this paragraph shall contain the following information:

(a) the details of the number and terms (including the exercise price) of the Options to be granted to each selected Eligible Participant which must be fixed before the Shareholders' meeting of the Company and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such Options;

(b) a recommendation from the independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is the Grantee of the Options) to the independent shareholders of the Company as to voting;

(c) the information required under Rules 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(d) the information required under Rule 2.17 of the Listing Rules.

Parties that are required to abstain from voting in favour at the general meeting referred to in this paragraph may vote against the resolution at the general meeting of the Company provided that their intention to do so has been stated in the circular to shareholders of the Company.

8. Rights of Grantees

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or attempt to do so (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing by a Grantee shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee.

An Option shall be exerciseable in whole or in part in accordance with the terms and conditions of the Share Option Scheme by the Grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Such notice is to be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given.

The Shares to be allotted upon the exercise of an Option will not carry voting rights or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) until completion of the registration of the Grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of Options will rank pari passu and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

9. Time of Exercise of an Option

A period (which may not end later than ten (10) years from the Offer Date) to be determined and notified by the Board to the Grantee thereof and, in the absence of such determination, from the date of acceptance of the offer of such Option to the earlier of the date on which such Option lapses and ten (10) years from the Date of Grant.

The Board may, at its absolute discretion, fix any minimum period for which an Option must be held and any other conditions that must be fulfilled before the Options can be exercised upon the grant of an Option to an Eligible Participant.

Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:

(a) in the event of the Grantee, who is an employee of the Group at the time of the grant of the Option, ceasing to be an employee thereof by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Company and/or any of its Subsidiaries specified in the Share Option Scheme has occurred, the Grantee or, as appropriate, his Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of the Share Option Scheme within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death;

(b) in the event that the Grantee, who is an employee of the Group at the time of the grant of the Option, ceases to be an employee thereof by reason other than his death, ill-health, injury, disability or termination of his relationship with the Company and/or any of its Subsidiaries on one of more of the grounds specified in the Share Option Scheme, the Grantee may exercise the Option up to the entitlement of the Grantee as at the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) from such cessation which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not;

(c) if a general offer is made to all the Shareholders (or all such shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Hong Kong Code on Takeovers and Mergers)) and such general offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee of an Option shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within fourteen (14) days after the date on which the offer becomes or is declared unconditional;

(d) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Grantees and thereupon, each Grantee (or his Personal Representative(s)) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two Business Days prior to the date of the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the Grantee credited as fully paid;

(e) if a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given (such notice to be received by the Company no later than two (2) Business Days prior to the date of the proposed meeting), exercise the Option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

10. Performance Target

The Board may, at its absolute discretion, fix any performance targets that must be achieved and any other conditions that must be fulfilled before the Options can be exercised upon the grant of an Option to an Eligible Participant.

11. Reorganisation of Capital Structure

In the event of any alteration in the capital structure of the Company whilst any Option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer (if there is a price-dilutive element), consolidation, subdivision or reduction of share capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding Options and/or the subscription price per Share of each outstanding Option and/or the Scheme Limit, the New Scheme Limit and the Maximum Limit as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option schemes. The capacity of the auditors of the Company or the approved independent financial adviser, as the case may be, in this Clause is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the Grantees.

12. Early Termination of Option Period

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(a) the date of expiry of the option as may be determined by the Board;

(b) the expiry of any of the periods referred to in paragraph 9;

(c) the date on which the scheme of arrangement of the Company referred to in paragraph 9(e) becomes effective;

(d) subject to paragraph 9(d), the date of commencement of the winding-up of the Company;

(e) the date on which the Grantee ceases to be an Eligible Participant by reason of such Grantee's resignation from the employment of the Company or any of its Subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(f) the date on which the Board shall exercise the Company's right to cancel the Option at any time after the Grantee commits a breach referred to in paragraph 8 or the Options are cancelled in accordance with the terms of the Share Option Scheme.

13. Cancellation of Option Granted

Any cancellation of Options granted but not exercised must be approved by the Grantees of the relevant Options in writing. For avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph 12 above.

14. Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

(a) any alteration to the advantage of the Grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and

(b) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of Options granted shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any Option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the Grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by shareholders of the Company in general meeting.

15. Termination

The Company may by resolution in general meeting or the Board at any time terminate the operation of the Share Option Scheme and in such event no further Options shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any outstanding Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Outstanding Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

On 27 January 2022, the Board resolved to grant share options to certain Grantees to subscribe for a total of 144,440,000 ordinary shares with a nominal value of US$0.01 each of the Company, representing approximately 6.71% of the issued share capital of the Company on the date of the grant. The Options were granted to the Grantees on 27 January 2022 and all the Options were vested immediately on the date of grant. All the Options granted on 27 January 2022 lapsed during the year ended 31 December 2023.

There is no share option outstanding, granted, exercised, cancelled or lapsed during the Year. The number of share options that are available for grant under the Share Option Scheme as at 31 December 2023 and as at 31 December 2024 was 215,157,702. No option has been granted under the Share Option Scheme during the Period under Review, therefore, the weighted average closing price of Shares immediately before the date(s) on which the Options were granted during the Period under Review is not applicable.

During the Period under Review, (i) no service provider sub-limit was set under the Share Option Scheme, (ii) no options were granted to the Company's Directors, chief executive, or substantial Shareholders of the Company or their respective associates; (iii) no participant with Options granted and to be granted in excess of the 1% individual limit; (iv) no related entity participant or service provider with Options granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue (excluding treasury Share).

The remaining life of the scheme is approximately 7 years and 1 month as at 31 December 2024.

At no time during the Period under Review was any of the Company and its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such right.

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

At no time during the year ended 31 December 2024 which the Company, its subsidiaries or its associate was a party to any arrangements in order to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other legal entities.

Distributable Reserves

The Company was incorporated in the Cayman Islands on 24 February 2010. As at 31 December 2024, the Company did not have distributable reserves available for distribution to the Shareholders.

Major Customers and Suppliers

Total sales to the Company's five largest customers accounted for approximately 100% of the total sales for the Year and sales to the largest customer included therein accounted for approximately 53% thereof. Total purchases from the Company's five largest suppliers accounted for approximately 100% of the total purchases for the Year and purchases from the largest supplier included therein accounted for approximately 44% thereof.

To the best knowledge and belief of the Directors, neither the Directors or their associates, nor any Shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the Year.

Subsidiaries and Associated Companies

The details of the major subsidiaries of the Group are set out in note 14 to the Financial Statements.

Property, Plant and Equipment and Leasehold Land

During the Year, the Group has capital expenditure of RMB0.5 million (2023: approximately RMB2.7 million) which was mainly used for acquisition of property, machinery and equipment. The details of the changes in the properties, plant and equipment and leasehold land of the Group during the Year are set out in note 11 to the Financial Statements.

Borrowings

Particulars of borrowings of the Group during the Year are set out in note 19 to the Financial Statements. As at 31 December 2024, the Group did not have any machinery and equipment pledged as securities for the borrowings (2023: Nil) and no machinery and equipment were held under finance lease (2023: Nil).

Purchase, Sale or Redemption of the Company's Listed Securities

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury share (as defined in the Listing Rules)).

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

Directors

The Directors during the Year and up to the date of this report are:

LIU Dong *(Chairman)*
LIU Zongjun *(Chief Executive Officer)*
YANG Qinyan
HE Han
LAM Kai Yeung
LIU Chen Hong *(resigned on 18 April 2024)*
KWOK Pak Shing
HUANG Bo *(appointed on 16 October 2024)*

Directors and Directors' Service Contracts

Executive Directors

Each of Mr. LIU Dong and Mr. LIU Zongjun has renewed the service contract with the Company for a term of three years commencing on 12 April 2024. Ms. YANG Qinyan has renewed the service contract with the Company for a term of three years commencing on 1 June 2024. Mr. HE Han has renewed the service contract with the Company for a term of three years commencing on 8 November 2022.

Independent non-executive Directors

Mr. LAM Kai Yeung has renewed the letter of appointment with the Company for a term of three years commencing on 30 January 2025. Mr. KWOK Pak Shing has renewed the letter of appointment with the Company for a term of three years commencing on 27 March 2023. Mr. HUANG Bo has entered into a letter of appointment with the Company for a term of three years commencing on 16 October 2024. Ms. LIU Chen Hong resigned as the independent non-executive Director with effect from 18 April 2024.

None of the Directors has entered into any service contract which is not determinable by the Company or any of its subsidiaries within 1 year without payment of compensation, other than statutory compensation.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and all of them are considered to be independent.

In accordance with the Articles of Association, one third of the existing Directors shall retire from office, at the forthcoming AGM.

Biographies of Directors and Senior Management

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Directors and Senior Management Profile" on pages 14 to 17 of this report.

Non-competition Undertaking

The Company has entered into the deed of non-competition in favour of the Company with Mr. LIU Dong and Excel Orient Limited, which were the then controlling shareholders of the Company. Each of Mr. LIU Dong and Excel Orient Limited has made an annual declaration in respect of their compliance with the terms of non-competition undertaking.

The independent non-executive Directors had reviewed and confirmed that each of Mr. LIU Dong and Excel Orient Limited has complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms, and that there was no New Opportunity (as defined in the Prospectus headed "Relationship with Controlling Shareholders – Non-compete undertakings") as provided under the non-competition undertaking.

Interests and Short Positions of Directors and Chief Executives of the Company in the Shares, Underlying Shares or Debentures of the Company or Its Associated Corporations

As at 31 December 2024, the Directors and chief executives of the Company had the following interests in the shares, underlying shares and debentures of the Company, its Group members and/or associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers:

Name of Directors	Name of Group member/associated corporation	Capacity/nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding *(Note 2)*
Mr. LIU Dong *(Note 3)*	The Company	Interest of a controlled corporation	307,809,902 (L)	14.31%
Mr. HE Han	The Company	Beneficial owner	16,254,000 (L)	0.76%

Notes:

1. The letter "L" denotes the Directors' long position in the shares of the Company or the relevant associated corporation.

2. Total issued share of the Company as at 31 December 2024 is 2,151,577,026.

3. The shares are held by Excel Orient Limited which is a company incorporated in the British Virgin Islands (BVI) and the entire issued capital of which is beneficially owned by Mr. LIU Dong, a substantial shareholder and an executive Director of the Company.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company, any of its Group members or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code.

Interest Discloseable under the SFO and Substantial Shareholders

As at 31 December 2024, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company, its Group members and/or associated corporations which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders of the Company	Capacity/nature of interest	Number of Shares and underlying Shares held/ interested *(Note 1)*	Approximate percentage of shareholding
Cinedigm Corp. *(Note 2)*	Beneficial owner	225,311,397 (L)	10.47%
Excel Orient Limited *(Note 3)*	Beneficial owner	307,809,902 (L)	14.31%
Ms. WANG Lingli *(Note 4)*	Family interest	307,809,902 (L)	14.31%
Aim Right Ventures Limited ("**Aim Right**") *(Note 5)*	Beneficial owner	505,322,946 (L)	23.49%
Link Wealth Holding Limited ("**Link Wealth**") *(Note 5)*	Beneficial owner	184,810,126 (L)	8.59%
Mr. LIU Zhihua *(Note 5)*	Interests of a controlled corporation	505,322,946 (L)	23.49%
Mr. CHAN Kin Sun *(Note 6)*	Beneficial owner	171,926,000 (L)	7.99%
Ms. CHENG Kwan Ying Jennifer *(Note 7)*	Family interest	171,926,000 (L)	7.99%
Jinbi Market (Hong Kong) Limited *(Note 8)*	Beneficial owner	303,609,790 (L)	14.11%
Yunnan Jinma Biji Tourism Hypermall Co., Ltd.* （雲南金馬碧雞旅遊商城股份有限公司） *(Note 8)*	Interests of a controlled corporation	303,609,790 (L)	14.11%
Kunming Municipal Infrastructure Integrated Development and Construction (Group) Shares Co., Ltd.* （昆明市政基礎設施綜合開發建設（集團）股份有限公司） *(Note 8)*	Interests of a controlled corporation	303,609,790 (L)	14.11%
Pioneer Investment Co., Ltd* （先鋒投資有限公司） *(Note 8)*	Interests of a controlled corporation	303,609,790 (L)	14.11%
SHI Zhengming *(Note 8)*	Interests of a controlled corporation	303,609,790 (L)	14.11%

* *for identification purposes only*

Notes:

1. The letter "L" denotes the long position of the persons/entities (other than the Directors or chief executive of the Company) in the shares of the Company or the relevant associated corporation.

2. Cinedigm Corp. is a company registered in Delaware with its Class A Common Stock listed on the NASDAQ Global Market with stock code: CIDM.

3. Excel Orient Limited is a company incorporated in the BVI and the entire issued share capital of which is beneficially owned by Mr. LIU Dong, a substantial shareholder and an executive Director of the Company. Therefore, Mr. LIU Dong is also deemed to be interested in the shares held by Excel Orient Limited.

4. Ms. WANG Lingli is the spouse of Mr. LIU Dong. Therefore, Ms. WANG Lingli is deemed, or taken to be interested in the shares of the Company which Mr. LIU Dong is interested in for the purpose of the SFO.

5. Link Wealth directly holds 184,810,126 Shares, which is a limited company incorporated in Hong Kong and wholly owned by Aim Right, a limited liability company incorporated in the BVI. Therefore, Aim Right is deemed to be interested in the 184,810,126 Shares held by Link Wealth by virtue of the SFO. In addition, 320,512,820 Shares are directly held by Aim Right, which is wholly owned by Mr. LIU Zhihua ("**Mr. LIU**"). By virtue of the SFO, Mr. LIU is deemed to be interested in all the Shares directly and indirectly held by Aim Right.

6. Mr. CHAN Kin Sun holds 171,926,000 Shares.

7. Ms. CHENG Kwan Ying Jennifer is the spouse of Mr. CHAN Kin Sun. Therefore, Ms. CHENG Kwan Ying Jennifer is deemed, or taken to be interested in the shares of the Company which Mr. CHAN Kin Sun is interested in for the purpose of the SFO.

8. Jinbi Market (Hong Kong) Limited*（金碧商城（香港）有限公司）("**Jinbi Market**") is a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is wholly owned by Yunnan Jinma Biji Tourism Hypermall Co., Ltd.*（雲南金馬碧雞旅游商城股份有限公司）("**Yunnan Jinma**"). The entire issued share capital of Yunnan Jinma is owned as to 83.72% by Kunming Municipal Infrastructure Integrated Development and Construction (Group) Shares Co., Ltd.*（昆明市政基礎設施綜合開發建設（集團）股份有限公司）("**Kunming Construction**") and as to 2.33% by Pioneer Investment Co., Ltd*（先鋒投資有限公司）("**Pioneer Investment**"), and the remaining 13.95% being held by 4 other independent third parties with their respective shareholdings not exceeding 10% of the issued share capital of Yunnan Jinma. The entire issued share capital of Kunming Construction is owned (a) as to 69.34% by Pioneer Investment, which in turn is owned as to 70% by SHI Zhengmin（石政民）and 30% by SHI Yimin（石義民）; (b) as to 8.17% by CHEN Hongbing（陳宏兵）; and (c) as to the remaining 22.49% being held by 4 other independent third parties (with their ultimate beneficial shareholders being State-own Legal-person Shareholder) with their respective shareholdings not exceeding 10% of the issued share capital of Kunming Construction.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had, or were deemed to have interests or short positions in the shares or underlying shares of the Company, its Group members and/or associated corporations which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

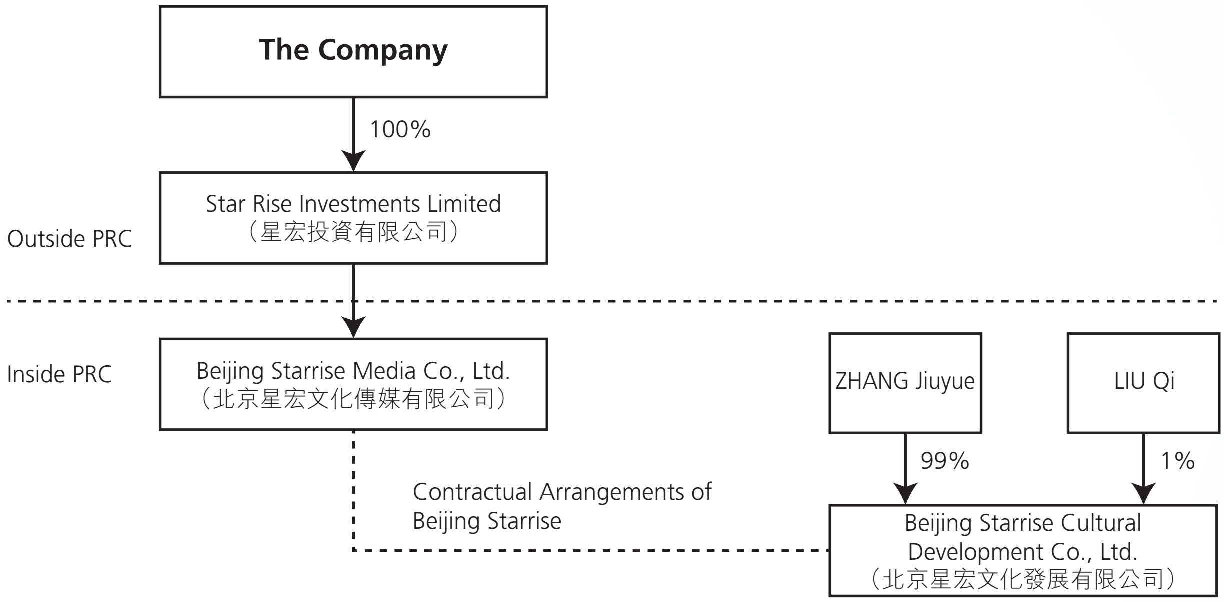
Contractual Arrangements

The brief descriptions of the major terms of the structured contracts under the contractual arrangements of Beijing Starrise Cultural Development Co., Ltd (北京星宏文化發展有限公司) ("**Beijing Starrise**" or the "**PRC Operational Entities**"), effective until 31 December 2024 (the "**Contractual Arrangements of Beijing Starrise**"), are as follows:

The Contractual Arrangements of Beijing Starrise

1. Diagram of the Contractual Arrangements of Beijing Starrise

The following simplified diagram illustrates the flow of economic benefits from Beijing Starrise to the Company under the Contractual Arrangements of Beijing Starrise:



2. Structured Contracts of Beijing Starrise

In relation to Contractual Arrangements of Beijing Starrise, Beijing Starrise Media Co., Ltd., Beijing Starrise and its registered shareholders entered into a series of contracts, including the exclusive technology support and service agreement ("**Exclusive Technology Support and Services Agreement 2016**"), the exclusive option agreement ("**Exclusive Option Agreement 2016**"), the equity pledge agreement ("**Equity Pledge Agreement 2016**") and the power of attorney ("**Power of Attorney 2016**"). The registered shareholders (the "**Registered Shareholders**") of Beijing Starrise are Ms. Zhang Jiuyue and Ms. Liu Qi.

(1) Exclusive Technology Support and Services Agreement 2016

Beijing Starrise Media Co., Ltd., Beijing Starrise and the Registered Shareholders entered into the Exclusive Technology Support and Services Agreement 2016, pursuant to which Beijing Starrise agrees to engage Beijing Starrise Media Co., Ltd. as its exclusive technology and service provider. The Exclusive Technology Support and Services Agreement 2016 is for an initial term of 10 years commencing from the date of the agreement (i.e. 26 May 2016), which can be extended for another 10 years at the option of Beijing Starrise Media Co., Ltd. on a recurring basis, until it is terminated by Beijing Starrise Media Co., Ltd. by giving a prior written notice of termination. Beijing Starrise and the Registered Shareholders are not contractually entitled to terminate the Exclusive Technology Support and Services Agreement 2016.

(2) Exclusive Option Agreement 2016

Beijing Starrise Media Co., Ltd., the Registered Shareholders and Beijing Starrise entered into the Exclusive Option Agreement 2016, pursuant to which the Registered Shareholders irrevocably grant Beijing Starrise Media Co., Ltd. or the person as designated by Beijing Starrise Media Co., Ltd. exclusive options to purchase, to the extent permitted by PRC laws and regulations, their equity interests in Beijing Starrise, entirely or partially, at the minimum purchase price permitted by PRC laws and regulations.

(3) Equity Pledge Agreement 2016

Beijing Starrise Media Co., Ltd., the Registered Shareholders and Beijing Starrise entered into the Equity Pledge Agreement 2016, pursuant to which the Registered Shareholders shall pledge all of their respective equity interests in Beijing Starrise to Beijing Starrise Media Co., Ltd. to secure the performance of all their obligations under the Contractual Arrangements and the obligations of the Registered Shareholders and Beijing Starrise under the Contractual Arrangements of Beijing Starrise. Under the Equity Pledge Agreement 2016, if any of the Registered Shareholders and/or Beijing Starrise breaches any obligation under the Contractual Arrangements of Beijing Starrise, Beijing Starrise Media Co., Ltd., as the pledgee, is entitled to request the Registered Shareholders to transfer the pledged equity interests, entirely or partially, to Beijing Starrise Media Co., Ltd. and/or any entity or person as designated by Beijing Starrise Media Co., Ltd.

(4) Power of Attorney 2016

Each of the Registered Shareholders issued a power of attorney in favor of Beijing Starrise Media Co., Ltd., pursuant to which they irrevocably authorize Beijing Starrise Media Co., Ltd. to exercise all of their rights and powers as shareholders of Beijing Starrise, including (i) rights to attend shareholders' meeting and sign relevant shareholders' resolutions; (ii) rights to exercise shareholders' rights including, without limitation, voting rights, nomination rights and appointment rights in a shareholders' meeting; (iii) rights to file documents with relevant governmental authorities or regulatory bodies; (iv) rights to receive dividends relating to disposal of, transfer, pledge or dealing with all or part of the equity interests of Beijing Starrise or to be entitled to any distribution upon liquidation of Beijing Starrise; and (v) any other rights as shareholders of Beijing Starrise.

During the year ended 31 December 2024, none of the Structured Contracts of Beijing Starrise above has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements has been removed.

Particulars of the PRC Operational Entities as at 31 December 2024:

Name of the PRC Operational Entities	Date of Establishment	Type of legal entity/ place of establishment and operation	Registered owners	Business activities
Beijing Starrise	May 2016	Limited liability company/the PRC	99% by ZHANG Jiuyue and 1% by LIU Qi	Engaging in investment, production and distribution of film and television series and related businesses through subsidiaries

The PRC Operational Entities are significant to the Group as they hold certain licenses and permits that are essential to the operation of the business of the Group through subsidiaries, such as the Radio and Television Program Production and Business Operation License(廣播電視節目製作經營許可證), the Teleplays Distribution License(電視劇發行許可證). In addition, most of the intellectual property rights, including film and television broadcast rights, audio and video products distribution rights of film and television series, information network publication rights of film and television series, are held by the PRC Operational Entities through subsidiaries.

The revenue and the total asset of the PRC Operational Entities subject to the Contractual Arrangements amounted to approximately RMB16.2 million for the year ended 31 December 2024 and approximately RMB96.5 million as at 31 December 2024.

The PRC Operational Entities have undertaken to the Company that, for so long as the shares of the Company are listing on the Stock Exchange, the PRC Operational Entities will provide the Group's management and the auditors of the Company with full access to its relevant records for the purpose of procedures to be carried out by the auditors of the Company on the transactions as contemplated under the Contractual Arrangements.

Risks Relating to the Contractual Arrangements

The PRC Government may consider the Contractual Arrangements to be not compliant with applicable PRC laws and regulations

The Group's PRC legal advisor had advised that there is a possibility that the PRC government may have different opinions on the interpretation of the applicable PRC regulations and would not agree that the Contractual Arrangements comply with PRC licensing, registration or other legal or regulatory requirements, existing policies or requirements or policies that may be adopted in the future. PRC laws and regulations governing the validity of the Contractual Arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations. The Company could not assure that the Contractual Arrangements would not be found to be in violation of any current or future PRC laws and regulations.

If the Company is found to be in violation of any existing or future PRC laws or regulations, including the MOFCOM Security Review Rules and any future regulations regarding the use of the VIE structure promulgated by any PRC government authority, the relevant regulatory authorities would have broad discretion in dealing with such breach or violation. Such action could have a material adverse impact on the Group's business, financial condition and results of operations. In the event that the Board is aware of any of such material adverse impact, the Company will publish announcement(s) as soon as possible.

The Contractual Arrangements may not be as effective as direct ownership

Due to the PRC's legal restrictions on foreign investment in the television series production industry, the Company control the PRC Operational Entities through the Contractual Arrangements rather than by equity ownership. Beijing Starrise and its subsidiaries are the Group's principal operating entities in the PRC and the holders of the key licenses required to operate television series production business in the PRC.

However, the Contractual Arrangements may not be as effective in exercising control over the PRC Operational Entities as equity ownership. For example, the PRC Operational Entities and their shareholders could breach or fail to perform their obligations under the Contractual Arrangements. If the Group had direct ownership of the PRC Operational Entities, the Group would be able to exercise their rights as shareholders to effect changes in their boards of directors, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management and operational level. Under the Contractual Arrangements, the Group would need to rely on their contractual rights thereunder to effect such changes or designate new shareholders for the PRC Operational Entities.

Reasons for and Benefits of the Contractual Arrangements

The Company, through the Contractual Arrangements, conducts the television series production business in the PRC in order to comply with the applicable PRC laws and regulations and exerts asset management control over the operations of Beijing Starrise and its subsidiaries, and enjoys all of the economic benefits of the PRC Operational Entities.

According to the Provision for the Administration of the Production and Distribution of Radio and Television Programs（《廣播電視節目製作經營管理規定》）, PRC incorporated companies with foreign investment, namely, the sino-foreign equity joint venture enterprises, the sino-foreign cooperative joint venture enterprises and the wholly owned foreign-invested enterprises, are not allowed to apply for the Radio and Television Programs Production and Operation License, which is required for the operations of PRC Operational Entities' principal business.

As a result of the foregoing, the Group has entered into the Contractual Arrangements with the PRC Operational Entities to conduct the television series production business in the PRC in order to comply with the applicable PRC laws and regulations and to assert asset management control over the operations of, and enjoy all of the economic benefits of the PRC Operational Entities. The Contractual Arrangements are designed specifically to confer right upon the Group to enjoy all the economic benefit of the PRC Operational Entities, to exercise management control over the operations of the PRC Operational Entities, and to prevent outflow of assets and values of the PRC Operational Entities to the registered shareholders of the PRC Operational Entities.

The Company's PRC legal advisor has opined that the Contractual Arrangements are legally binding on and enforceable against each party of each of the agreements in accordance with their terms and conditions under PRC laws and regulations, and do not violate the articles of association of Beijing Starrise Media Co., Ltd. and the PRC Operational Entities.

The Directors therefore believe that save as disclosed, the Contractual Arrangements are enforceable under the relevant laws and regulations in the PRC, and that the Contractual Arrangements provide a mechanism that enables the Company to exercise effective control over the PRC Operational Entities.

The Board believes that the Contractual Arrangements have been narrowly tailored to achieve the Company's business purpose and to minimize the potential conflict with relevant PRC laws and regulations. The principal businesses of the PRC Operational Entities and their subsidiaries are considered to be production of television series in the PRC, a sector where foreign investment is significantly restricted pursuant to the Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄》) and Provision for the Administration of the Production and Distribution of Radio and Television Programmes (《廣播電視節目製作經營管理規定》). In addition, Radio and Television Programmes Production and Operation License is required for the operation of the principal businesses of the PRC Operational Entities and their subsidiaries can only be obtained by domestic companies incorporated in the PRC without foreign investments. Since the Company was incorporated in the Cayman Islands, any investment made by the Company directly or through any of its subsidiaries, including Beijing Starrise Media Co., Ltd., is regarded as foreign investment under PRC laws. Therefore, the Company and its subsidiaries are not eligible to apply for the licenses and approvals required for the operation of the television series production business, nor could they acquire equity interests of any company which has already held these licenses under the PRC laws. In order to comply with the applicable PRC laws, the licenses and permits that are essential to the operation of the principal business are held by the PRC Operational Entities through their subsidiaries. The Group entered into the Contractual Arrangements with the PRC Operational Entities' to conduct their principal businesses in the PRC and to assert management control over the operations of, and enjoy all of the economic benefits of the PRC Operational Entities'.

Settlement of Potential Dispute Arising from the Contractual Arrangements

The structured contracts under the Contractual Arrangements are governed by the PRC laws. When a dispute arises under any of the structured contracts under the Contractual Arrangements, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. In case the dispute is not resolved, the structured contracts under the Contractual Arrangements provide that such dispute to be submitted to the China International Economic and Trade Arbitration Commission for arbitration. The decision of such arbitration is final and binding on the parties concerned. The structured contracts under the Contractual Arrangements contain dispute resolution clauses that provide for arbitration and that arbitrators may award remedies over the equity interests or assets of the PRC Operational Entities, injunctive relief (for example, for the conduct of business or to compel the transfer of assets) or order the winding up of the PRC Operational Entities.

Protection of the Interests of Our Group in the Event of Death, Bankruptcy or Divorce of the PRC Operational Entities Shareholders

As advised by the Company's PRC Legal Advisor, the provisions set out in the Contractual Arrangements are also binding on any successors of the PRC Operational Entities Shareholders as if the successor was a signing party to the Contractual Arrangements. Although the Contractual Arrangements do not specify the identity of successors to such shareholders, under the succession law of the PRC, statutory successors may include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents. Any breach by the successors would therefore be deemed to be a breach of the Contractual Arrangements. In case of a breach, Beijing Starrise Media Co., Ltd. can exercise its rights against the successors. Pursuant to the Contractual Arrangements, any successor of the PRC Operational Entities Shareholders shall assume any and all rights and obligations of the PRC Operational Entities Shareholders under the Contractual Arrangements as if the successor was a signing party to such Contractual Arrangements.

As advised by the Company's PRC Legal Advisor: (i) the Contractual Arrangements provide protection to our Group even in the event of death, divorce or bankruptcy of any of the PRC Operational Entities Shareholders; (ii) the death, divorce or bankruptcy of such Registered Shareholder would not affect the validity of the Contractual Arrangements, and the successors of such Registered Shareholder would be bound by the Contractual Arrangements; and (iii) there will not be any practical difficulties in enforcing the Contractual Arrangements.

Arrangements to Address Potential Conflicts of Interests

Each of the PRC Operational Entities Shareholders has given their irrevocable undertakings in the powers of attorney in favour of Beijing Starrise Media Co., Ltd., and has given certain restrictive covenants under the Contractual Arrangements which address potential conflicts of interests that may arise in connection with the Contractual Arrangements.

Internal Control Measures

In order to have effective control over and to safeguard the assets of the PRC Operational Entities, the Contractual Arrangements provide that, without the prior written consent of Beijing Starrise Media Co., Ltd., the PRC Operational Entities Shareholders shall not at any time sell, transfer, mortgage or dispose of in any manner any assets, legitimate interests in the business or revenue of the PRC Operational Entities, or allow any encumbrance thereon of any security interest. The PRC Operational Entities and its Shareholders shall always operate all of the PRC Operational Entities' businesses in the ordinary and usual course of business and shall maintain the asset value of the PRC Operational Entities and refrain from any action or omission that may adversely affect the PRC Operational Entities' operating status and asset value.

In addition to the abovementioned internal control measures as provided in the Contractual Arrangements, following Completion, the Company intends to implement, through Beijing Starrise Media Co., Ltd., additional internal control measures on the PRC Operational Entities with reference to the internal control measures adopted by the Group from time to time, which may include (without limitation):

(i) requiring the PRC Operational Entities to make available monthly management accounts and submit key operating data and bank statements after each month-end and provide explanations on any material fluctuations to Beijing Starrise Media Co., Ltd.;

(ii) requiring the PRC Operational Entities to assist and facilitate Beijing Starrise Media Co., Ltd. to conduct quarterly onsite internal audit on the PRC Operational Entities; and

(iii) if required, engaging legal advisers and/or other professionals to deal with specific issues arising from the Contractual Arrangements and ensure that the operation of the PRC Operational Entities will from time to time comply with applicable laws and regulations.

Competition and Conflict of Interests

During the Year, save as disclosed in the Prospectus of the Company dated 29 June 2012, none of the Directors or substantial Shareholders or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31 December 2024.

Permitted Indemnity Provision

Under the Articles of Association, the Company had a permitted indemnity provision (as defined in section 469 of the Companies Ordinance) in force for the benefit of the Directors throughout the Year and as at the date of this report.

Directors' Material Interests in Transactions, Arrangement or Contracts

Save as disclosed in this report, transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries, was a party and in which a Director and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Equity-Linked Agreements

Other than the Share Option Scheme mentioned in the paragraph headed "Share Option Scheme adopted on 20 January 2022" in this report, no equity-linked agreements were entered into by the Company during the Year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

Pre-Emptive Rights

There is no provision for the pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules up to the date of this report.

Corporate Governance Report

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 18 to 31 in this report.

Business Review

Overview

The fair review of the Group's business is detailed in the Management Discussion and Analysis on pages 6 to 13 of this report. The discussion constitutes a part of this report of the Directors.

Principal Risks and Uncertainties

The Board closely monitors factors which may affect the revenue of the media business, particularly the macroeconomic situation and the trend of industry and the external economic environment that would be regarded as principal risks.

Important Events after the Reporting Period

The important events after the reporting period of the Group are detailed in the events after the reporting period under the Management Discussion and Analysis on page 12 of this report. The report constitutes a part of this report of the Directors.

Future Development

The future developments of the Group are detailed in the Management Discussion and Analysis on pages 6 to 13 of this report. The report constitutes a part of this report of the Directors.

Key Performance Indicators

The key performance indicators are detailed in the Management Discussion and Analysis on pages 6 to 13 of this report. The report constitutes a part of this report of the Directors.

Environmental Policies and Performance

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. To the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands that a better future depends on everyone's participation and contribution. It has encouraged all employees to participate in environmental and social activities which benefit the community as a whole.

Thanks to its active engagement in the enhancement of management measures and technology improvement, the Group incurred less unit electricity consumption and expenses in production as compared to that of previous year. The Group also advocated conservation of resources in office and encouraged employees to develop good habits, conserve resources and energy to build a green and comfortable office environment.

Compliance with Laws and Regulations

During the year, the Group was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it. In addition to complying with basic laws and regulations such as the Company Law and the Listing Rules, the Group has also complied with the regulations of the film and television industry, including the Regulations on the Administration of Radio and Television, the Regulations on the Operation and Management of Radio and Television Production, and the Measures on Accounting for Film Enterprises.

Relationships with Employees

Employees are regarded as the most important and valuable assets of the Group. The Group provides bonuses and incentives based on their performances to encourage and motivate its staff to strive for better performance and will help staff members with career development and promotion within the Group by appropriate training and providing opportunities according to their respective skill requirements.

Relationships with Customers and Suppliers

The Group's principal customers are from media business. The Group has the mission to provide excellent customer service in media business whilst maintaining long term profitability, business and asset growth. Various means have been established by the Group to strengthen the communications between the customers and the Group in provision of excellent customer service towards market penetration and expansion.

Sound relationships with key suppliers and service providers of the Group are important in supply chain, meeting business challenges and regulatory requirements, which can derive cost effectiveness and foster long term business benefits.

Annual General Meeting

The AGM will be held on Monday, 26 May 2025. Shareholders should refer to 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.

Audit Committee

The Audit Committee comprises of Mr. Lam Kai Yeung (chairman), Mr. Huang Bo and Mr. Kwok Pak Shing. The Audit Committee, together with the Board, have reviewed the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the financial statements of the Group for the year ended 31 December 2024.

Auditor

From 22 July 2022, Moore CPA Limited was appointed by the Board as the auditor of the Company to fill the casual vacancy following the resignation of KPMG with effect from 6 June 2022. Save as disclosed above, the Company did not change auditor in the last three years.

The financial statements for the year ended 31 December 2024 have been audited by Moore CPA Limited, which will retire and, being eligible, offers itself for re-appointment at the forthcoming AGM. A resolution to re-appoint Moore CPA Limited and to authorise the Directors to fix its remuneration will be proposed at the forthcoming AGM.

By order of the Board
A Metaverse Company
LIU Dong
Chairman

Beijing, the PRC
31 March 2025

Independent Auditor's Report

MOORE

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大華馬施雲
會計師事務所有限公司

Independent Auditor's Report to the Shareholders of
A Metaverse Company
(Incorporated in the Cayman Islands with limited liability)

Qualified opinion

We have audited the consolidated financial statements of A Metaverse Company (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 62 to 130, 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 notes 7 and 21 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.

Basis for qualified opinion (Continued)

Current tax payable and income tax (Continued)

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 and other comprehensive income 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 2(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 2(b), these events or conditions, along with other matters set forth in note 2(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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for qualified opinion section and Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Timing of revenue recognition: licensing income from drama series and films
Refer to notes 2(p) and 4 to the consolidated financial statements.

The key audit matter

Revenue from licensing of the Group's drama series and films is recognised when the Group transfers control over the drama series and films to customers in accordance with the terms of the relevant licensing contracts.

The Group's drama series and films licensing contracts with customers, which principally comprise various owners of television channels and networks, have a variety of terms relating to acceptance of the drama series and films and the right of return of the master tapes for the drama series and films. Such terms may affect the timing of the recognition of licensing income from customers. The Group evaluates the terms of individual contracts in order to determine the appropriate timing for revenue recognition.

We identified the timing of revenue recognition from the licensing of drama series and films as a key audit matter because each contract with customers may have different terms and conditions and there is a risk that revenue may be recognised in the incorrect accounting period and also because revenue is one of the key performance indicators of the Group which gives rise to an inherent risk that revenue could be subject to manipulation to meet expectations or targets.

How the matter was addressed in our audit

Our audit procedures to assess the timing of revenue recognised from the licensing of drama series and films included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of the key internal controls in relation to revenue recognition;
- inspecting key licensing contracts to identify key terms and conditions, including the customer's acceptance of the drama series and films and the right of return, and assessing the Group's accounting policies for the recognition of revenue with reference to the requirements of the prevailing accounting standards;
- inspecting underlying documentation for manual journal entries raised during the reporting period relating to revenue which met specific risk-based criteria;
- comparing, on a sample basis, revenue transactions recorded before and after the reporting date with underlying documentation, including the relevant service agreement or licensing contract, the customer's acknowledgement of acceptance of the master tapes and broadcast schedules, to determine whether the related revenue had been recognised in the appropriate accounting period; and
- inspecting sales adjustments made after the reporting date and evaluating whether the related adjustments to revenue had been recorded in the appropriate accounting period.

Key audit matters (Continued)

Assessing impairment of trade and other receivables
Refer to notes 2(h) and 16 to the consolidated financial statements.

The key audit matter

We identified the impairment of trade and other receivables as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the estimation of impairment losses entails a significant degree of judgement concerning the ability of the debtors to make the required payment.

Management performed periodic assessment on the recoverability of the trade and other receivables and the sufficiency of provision for impairment based on information including credit profile of different debtors, ageing of the trade and other receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant debtors. Management also considered forward looking information that may impact the debtors' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

We focused on this area due to the impairment assessment of trade and other receivables under the expected credit losses model involved the use of significant management judgements and estimates.

How the matter was addressed in our audit

Our audit procedures to assess impairment of trade and other receivables included the following:

- obtaining an understanding of how allowance for trade and other receivables is estimated by the management;
- testing the ageing of trade receivables, on a sample basis, to the supporting documents and the credit term granted;
- challenging the information used to determine the expected credit losses by considering cash collection performance against historical trends and the level of credit loss charges over time;
- reviewing the accuracy of management's judgement by comparing historical management's judgement against actual write-offs;
- discussing with the management on their assessment based on the business relationship with debtors in relation to overdue trade and other receivables with/without settlement; and
- examining on sampling basis evidence related to post year end cash receipt.

Other information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for qualified opinion section above, we were unable to obtain sufficient appropriate evidence about the current tax payable and income tax expense of the Group. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

Moore CPA Limited
Certified Public Accountants

Pak Chi Yan
Practising Certificate Number: P06923

Hong Kong, 31 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	*4*	**16,676**	23,748
Cost of sales and services		**(39,132)**	(77,116)
Gross loss		**(22,456)**	(53,368)
Other net income	*5*	**9,808**	75,287
Distribution costs		**(3,536)**	(4,496)
Administrative expenses		**(8,979)**	(17,795)
Other expenses	*6(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	*6(a)*	**(16,405)**	(8,936)
Loss before taxation	*6*	**(38,598)**	(15,710)
Income tax	*7*	**–**	–
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	*10*	**(1.79)**	(0.73)

The notes on pages 67 to 130 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	*11*	**66**	509
Intangible assets	*12*	**9,000**	11,000
Financial assets at fair value through profit or loss	*13*	**–**	1,577
Investments in associates	*14*	**20**	20
Drama series and films	*15*	**7,324**	48,104
		16,410	61,210
Current assets			
Trade and other receivables	*16*	**251,050**	27,195
Cash and cash equivalents	*17*	**13,347**	236,748
		264,397	263,943
Current liabilities			
Trade and other payables	*18*	**14,944**	21,067
Other borrowings	*19*	**89,533**	86,632
Lease liabilities	*20*	**–**	175
Current taxation	*21(a)*	**11,266**	13,342
		115,743	121,216
Net current assets		**148,654**	142,727
Total assets less current liabilities		**165,064**	203,937
Non-current liabilities			
Lease liabilities	*20*	**–**	275
Deferred tax liabilities	*21(b)*	**539**	539
		539	814
Net assets		**164,525**	203,123

Consolidated Statement of Financial Position

31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Capital and reserves			
Share capital	*22(b)*	**137,801**	137,801
Reserves		**26,724**	65,322
Total equity		**164,525**	203,123

Approved and authorised for issue by the board of directors on 31 March 2025.

Liu Dong
Director

He Han
Director

The notes on pages 67 to 130 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

		Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Other reserve RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		137,801	857,469	88,020	82,385	5,751	(952,658)	218,768	(245)	218,523
Changes in equity for 2023:										
Loss and total comprehensive expense for the year		–	–	–	–	–	(15,645)	(15,645)	(65)	(15,710)
Contribution of capital from non-controlling shareholder		–	–	–	–	–	–	–	497	497
Disposal of subsidiaries		–	–	(82,175)	–	–	82,175	–	(187)	(187)
Transfer upon lapse of share options	*24*	–	–	–	–	(5,751)	5,751	–	–	–
Balance at 31 December 2023 and 1 January 2024		**137,801**	**857,469**	**5,845**	**82,385**	**–**	**(880,377)**	**203,123**	**–**	**203,123**
Changes in equity for 2024:										
Loss and total comprehensive expense for the year		**–**	**–**	**–**	**–**	**–**	**(38,598)**	**(38,598)**	**–**	**(38,598)**
Disposal of subsidiaries		**–**	**–**	**(314)**	**–**	**–**	**314**	**–**	**–**	**–**
Balance at 31 December 2024		**137,801**	**857,469**	**5,531**	**82,385**	**–**	**(918,661)**	**164,525**	**–**	**164,525**

The notes on pages 67 to 130 form part of these consolidated financial statements.

Consolidated Cash Flows Statement

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from operations	17(b)	**2,183**	49,278
Income tax paid	21(a)	**(1,010)**	–
Net cash generated from operating activities		**1,173**	49,278
Investing activities			
Net cash inflow/(outflow) from disposal of subsidiaries	23	**1,842**	(4,419)
Proceeds from settlement of consideration receivable from disposal of subsidiaries in prior year		**–**	42,505
Capital contributions to an associate		**–**	(20)
Payments for the purchase of property, plant and equipment and intangible assets		**(20)**	(579)
Payment for advance to third parties		**(227,799)**	–
Proceeds from repayments of advance to third parties		**14,000**	172,862
Interest received		**241**	2,386
Net cash (used in)/generated from investing activities		**(211,736)**	212,735
Financing activities			
Capital contributions from a non-controlling shareholder		**–**	497
Capital element of lease rental paid	17(c)	**(263)**	(703)
Proceeds from bank loans	17(c)	**–**	8,800
Repayment of bank loans	17(c)	**–**	(29,600)
Payment for redemption of bonds	17(c)	**(5,704)**	–
Proceeds from advances from third parties	17(c)	**602**	3,791
Repayment of advances from third parties	17(c)	**(602)**	(12,638)
Payment for penalty of early termination of leases	17(c)	**(131)**	–
Interest element of lease rentals paid	17(c)	**(24)**	(29)
Other borrowing costs paid	17(c)	**(8,006)**	(10,107)
Net cash used in financing activities		**(14,128)**	(39,989)
Net (decrease)/increase in cash and cash equivalents		**(224,691)**	222,024
Cash and cash equivalents at 1 January	17	**236,748**	10,890
Effect of foreign exchange rate change		**1,290**	3,834
Cash and cash equivalents at 31 December	17	**13,347**	236,748

The notes on pages 67 to 130 form part of these consolidated financial statements.

1. General information

The Company is incorporated in Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the "**Corporate Information**" section to the annual report.

The principal activities of the Company is investment holding and those of the principal subsidiaries of the Company are set out in note 14(a).

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. 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(c) 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 set out in note 2(e).

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.

2. Material accounting policy information (Continued)

(b) Basis of preparation of the consolidated financial statements (Continued)

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 in note 3.

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 as disclosed in note 19. As disclosed in note 19, 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.

2. Material accounting policy information (Continued)

(b) Basis of preparation of the consolidated financial statements (Continued)

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.

(c) 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.

(d) Subsidiaries and non-controlling interests

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

2. Material accounting policy information (Continued)

(e) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and associates, are set out below.

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVTPL**") for which transaction costs are recognised directly in profit or loss.

For an explanation of how the Group determines fair value of financial instruments, see note 25(e).

(f) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(h)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Contractual right	10 years
–	Patents and trademarks	5 – 10 years
–	Computer software	5 years

Both the period and method of amortisation are reviewed annually.

(g) Leased assets

As a lessee

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

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

2. Material accounting policy information (Continued)

(g) Leased assets (Continued)

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

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

The Group presents right-of-use assets in "Property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables);

– contract assets as defined in IFRS 15, Revenue from Contracts with Customers ("**IFRS 15**");

Financial assets measured at fair value, including equity securities measured at FVTPL, are not subject to the ECL assessment.

Measurement of ECLs

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

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

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

2. Material accounting policy information (Continued)

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

(i) Credit losses from financial instruments and contract assets (Continued)

Measurement of ECLs **(Continued)**

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

ECLs are measured on either of the following bases:

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

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

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

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

Significant increases in credit risk

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

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

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2. Material accounting policy information (Continued)

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

(i) Credit losses from financial instruments and contract assets (Continued)

***Significant increases in credit risk* (Continued)**

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(p) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

2. Material accounting policy information (Continued)

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

(ii) Impairment of other non-current assets/current assets

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

– property, plant and equipment, including right-of-use assets;

– pre-paid interests in leasehold land classified as being held under an operating lease;

– intangible assets;

– interest in an associate;

– drama series and films; and

– investments in subsidiaries and an associate in the Company's statement of financial position.

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

– ***Calculation of recoverable amount***

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

– ***Recognition of impairment losses***

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

2. Material accounting policy information (Continued)

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

(ii) Impairment of other non-current assets/current assets (Continued)

– ***Reversals of impairment losses***

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

(i) Drama series and films

Drama series and films represent completed drama series and films and drama series and films in production.

Completed drama series and films held for sale or distribution in the ordinary course of business are stated at lower of cost and net realisable value. Costs of these completed drama series and films comprise all direct costs incurred during the production of the drama series and films. The costs of these completed drama series and films are recognised as cost of sale expense at the point in time when the revenue from the sale or distribution of the drama series or film is recognised.

Completed drama series and films held for earning licensing income are stated at cost, less accumulated amortisation and identified impairment losses, if any. Costs of completed drama series and films held for earning licensing income comprise fees paid and payable to acquire the drama series and films and direct costs incurred during the production of drama series and films. The costs of completed drama series and films held for earning licensing income are recognised as an expense based on the proportion of actual income earned from a drama series or film during the year to the total estimated income from the licensing of the drama series or films.

Drama series and films in production represents drama series and films under production and is stated at cost, less identified impairment losses, if any. The costs include all direct costs associated with the production of drama series and films. Costs are transferred to completed drama series and films upon completion.

(j) Trade and other receivables

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

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(h)(i)).

2. Material accounting policy information (Continued)

(j) Trade and other receivables (Continued)

The Group has certain investments in drama series and film projects in which the Group is entitled to receive a fixed income based on the Group's investment amount and contractual interest rate as specified in the respective drama series investment agreements. The investments are carried at amortised cost as their cash flows represent solely payments of principal and interest included in other receivables.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("**ECL**") in accordance with the policy set out in note 2(h)(i).

(l) Trade and other payables

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

(m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

(n) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

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

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

2. Material accounting policy information (Continued)

(n) Employee benefits (Continued)

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

(o) Income tax

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

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

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

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

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

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

2. Material accounting policy information (Continued)

(o) Income tax (Continued)

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Revenue and other income

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

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

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

(i) Licensing of drama series and films

Revenue arising from the licensing of drama series and films is recognised at the point in time when the customer takes possession of and accepts the drama series and films in accordance with the terms of the contracts and the amount can be measured reliably.

(ii) Transfer of license of drama series and films

Revenue arising from the transfer of license of drama series and films is recognised upon the delivery of the materials for video features including the master tapes or participation share of the license to the customers, in accordance with the terms of the underlying contracts and the amount can be measured reliably.

2. Material accounting policy information (Continued)

(p) Revenue and other income (Continued)

(iii) Provision of drama series and films production, distribution and related services

Revenue arising from provision of services (which included drama series and films production, distribution and related services), and a corresponding contract asset, are recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. The contract asset (either partially or in full) is reclassified to receivables when the entitlement to payment for that amount has become unconditional (see note 2(j)).

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(q) Translation of foreign currencies

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(r) Segment reporting

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

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

(s) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

3. Accounting judgement and estimates

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements in relation to the subsidiaries arising from contractual agreements.

The Group's subsidiaries have entered into certain contractual arrangements (the "**Contractual Arrangements**") with Beijing Starrise Cultural Development Co., Ltd. ("**Beijing Starrise**") and its equity holders, which enable the Group to:

– exercise effective financial and operational control over Beijing Starrise and its subsidiaries;

– exercise equity holders' voting rights of Beijing Starrise and its subsidiaries; and

– receive substantially all of the economic interest returns generated by Beijing Starrise and its subsidiaries.

The Group does not hold or own any equity interest in Beijing Starrise. However, as a result of the Contractual Arrangements, the Group has rights to receive variable returns from its involvement with Beijing Starrise and its subsidiaries and has the ability to affect those returns through its power over Beijing Starrise and its subsidiaries and is considered to control Beijing Starrise and its subsidiaries. Consequently, the Company regards Beijing Starrise and its subsidiaries as indirect subsidiaries. The Group has consolidated the financial position and results after the completion of acquisition, in 2016, of Beijing Starrise and its subsidiaries in the consolidated financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Beijing Starrise and its subsidiaries and uncertainties presented by the People's Republic of China ("**PRC**") legal system could impede the Group's beneficiary rights of the results, assets and liabilities of Beijing Starrise and its subsidiaries. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

3. Accounting judgement and estimates (Continued)

(b) Sources of estimation uncertainty

Note 25 contain information about the assumptions and their risk factors relating to financial instruments. Other key source of estimation uncertainty are as follows:

(i) Expected credit losses for trade receivables

The impairment provisions for trade receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see note 25(a). Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the profit or loss.

As at 31 December 2024, the carrying amount of trade receivables is RMB16,643,000 (2023: RMB8,441,000). During the year ended 31 December 2024, impairment loss on trade receivables of RMB364,000 (2023: reversal of impairment loss of RMB17,984,000) was recognised in profit or loss.

(ii) Drama series and films

The Group is required to estimate the projected revenue of each of the drama series and films in order to ascertain the amount of cost of the drama series and films recognised as an expense for each reporting period. The appropriateness of the estimates requires the use of judgement and assumptions with reference to the prevailing and future market conditions to estimate total projected revenue. Changes in these estimates and assumptions could have a material effect on the expense.

At the end of the reporting period, the management of the Group assesses the need for write-downs of carrying amounts of each of the drama series and films with reference to its recoverable amount. The recoverable amount of the drama series and films is determined based on the present value of the expected future revenue generated from the drama series and films less future cost of sales and service. If the recoverable amount is lower than the carrying amount, the carrying amount of the drama series and films will be written down to its recoverable amount.

As at 31 December 2024, the carrying amount of drama series and films is RMB7,324,000 (2023: RMB48,104,000). During the year ended 31 December 2024, impairment losses of RMB1,580,000 (2023: RMB9,904,000) was recognised in profit or loss.

(iii) Taxation

The Group files income taxes, including the dividend withholding tax in the PRC, with a number of tax authorities. Estimation is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determinations are uncertain during the ordinary course of business, where the final tax outcomes of these matters are different from the amounts originally recorded, the differences may impact the current income tax and deferred income tax provisions in the period in which the final tax outcomes become available.

As at 31 December 2024, the carrying amount of current tax payable and deferred tax liabilities are RMB11,266,000 and RMB539,000 (2023: RMB13,342,000 and RMB539,000) respectively.

4. 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 4(b).

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

	2024 RMB'000	2023 RMB'000
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
	16,676	23,748

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(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 RMB'000	2023 RMB'000
Customer A *(note (a))*	N/A	11,321
Customer B *(note (a))*	N/A	8,481
Customer C *(note (b))*	9,002	N/A
Customer D *(note (b))*	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.

4. Revenue and segment report (Continued)

(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 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.

4. Revenue and segment report (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

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 RMB'000	2023 RMB'000
Disaggregated by timing of revenue recognition		
Point in time	16,676	23,620
Over time	–	128
Revenue from external customers	16,676	23,748
Reportable segment result (adjusted loss before taxes)	(19,736)	(87,817)
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	–	–
	280,807	325,153
Reportable segment liabilities		
Media	116,282	122,030
Unallocated	–	–
	116,282	122,030

4. Revenue and segment report (Continued)

(b) Segment reporting (Continued)

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

	2024 RMB'000	2023 RMB'000
Revenue		
Consolidated revenue *(note 4(a))*	**16,676**	23,748
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	**(3,078)**	80,766
Consolidated loss before taxation	**(38,598)**	(15,710)

(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.

5. Other net income

	2024 RMB'000	2023 RMB'000
Other income		
Net income from investments in drama series and films *	**–**	852
Training service income *(note 12(a))*	**7,364**	2,630
	7,364	3,482
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 *(note 11(b))*	**(96)**	11,358
Gain from disposal of subsidiaries *(note 23)*	**4,711**	63,145
Net foreign exchange loss	**(2,171)**	(2,068)
Others	**–**	(337)
	2,444	71,805
	9,808	75,287

* The amount represents net finance income from advances relating to drama series and films invested with fixed-income rate as described in note 16(b).

6. Loss before taxation

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

(a) Net finance costs

	2024 RMB'000	2023 RMB'000
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	11	18
	16,405	8,936

(b) Staff costs (including directors' emoluments)

	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	6,303	10,967
Contributions to defined contribution retirement plan	633	956
	6,936	11,923

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.

6. Loss before taxation (Continued)

(c) Other expenses

	2024 RMB'000	2023 RMB'000
Amortisation		
– intangible assets *(note 12)*	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 *(note 15)*	1,580	9,904
– impairment loss on intangible assets *(note 12)*	–	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	–	53,234

7. Income tax

(a) 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 *(note 21(b))*	–	–

(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.

7. Income tax (Continued)

(a) (Continued)

(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.

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

	2024	2023
	RMB'000	RMB'000
Loss before taxation	**(38,598)**	(15,710)
Notional tax on loss before taxation, calculated at the rates applicable to the profits in the jurisdictions concerned	**(9,012)**	(2,972)
Tax effect of non-deductible expenses	**11**	29
Tax effect of non-taxable income	**(542)**	–
Tax effect of deductible temporary differences not recognised	**(742)**	1,600
Tax effect of unused tax losses not recognised	**10,285**	1,343
Income tax expense	**–**	–

8. Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	**Salaries, allowances and benefits in kind RMB'000**	**Discretionary bonuses RMB'000**	**Retirement scheme contributions RMB'000**	**2024 Total RMB'000**
Executive directors					
Liu Dong	**–**	**205**	**–**	**–**	**205**
Liu ZongJun	**–**	**114**	**–**	**–**	**114**
He Han	**–**	**969**	**15**	**66**	**1,050**
Yang Qinyan	**–**	**290**	**–**	**–**	**290**
Independent non-executive directors					
Lam Kai Yeung	**99**	**–**	**–**	**–**	**99**
Liu Chenhong *(note (iv))*	**23**	**–**	**–**	**–**	**23**
Kwok Pak Shing	**77**	**–**	**–**	**–**	**77**
Huang Bo *(note (v))*	**16**	**–**	**–**	**–**	**16**
	215	**1,578**	**15**	**66**	**1,874**

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	2023 Total RMB'000
Executive directors					
Liu Dong	–	203	–	–	203
Liu ZongJun	–	113	–	–	113
He Han	–	977	–	63	1,040
Yang Qinyan	–	490	–	–	490
Independent non-executive directors					
Lam Kai Yeung	97	–	–	–	97
Liu Chenhong *(note (iv))*	76	–	–	–	76
Kwok Pak Shing	76	–	–	–	76
	249	1,783	–	63	2,095

8. Directors' emoluments (Continued)

(i) During the years ended 31 December 2024 and 2023, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office.

(ii) No directors of the Company waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

(iii) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

(iv) Ms. Liu Chenhong resigned as an independent non-executive director with effect from 18 April 2024.

(v) Mr. Huang Bo was appointed as an independent non-executive director with effect from 16 October 2024.

9. Individuals with highest emoluments

Of the five individuals with the highest emoluments, one (2023: one) is director whose remuneration is disclosed in note 8. The remuneration of the remaining four (2023: four) highest paid individuals are as follow:

	2024 **RMB'000**	2023 RMB'000
Salaries and other emoluments	**1,992**	2,095
Discretionary bonuses	**36**	–
Retirement scheme contributions	**238**	242
	2,266	2,337

The number of highest paid employees (including the directors) whose emoluments fell within the following band:

	2024 **Number of individuals**	2023 Number of individuals
HK$nil to HK$1,000,000	**4**	4
HK$1,000,001 to HK$1,500,000	**1**	1

10. 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 RMB'000	2023 RMB'000
Loss		
Loss for the year attributable to ordinary shareholders of the Company	**(38,598)**	(15,645)

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the year	**2,151,577**	2,151,577

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.

11. Property, plant and equipment and right-of-use assets

(a) Reconciliation of carrying amount

	Buildings RMB'000	Machinery and equipment RMB'000	Office equipment RMB'000	Total RMB'000
Cost:				
At 1 January 2023	16,130	61	2,860	19,051
Additions	2,581	–	79	2,660
Early termination of leases	(15,535)	–	–	(15,535)
Disposal of subsidiaries	(2,035)	(61)	(2,807)	(4,903)
Written off	(596)	–	–	(596)
At 31 December 2023	545	–	132	677
At 1 January 2024	**545**	**–**	**132**	**677**
Additions	**456**	**–**	**20**	**476**
Early termination of leases	**(1,001)**	**–**	**–**	**(1,001)**
At 31 December 2024	**–**	**–**	**152**	**152**
Accumulated depreciation, amortisation and impairment:				
At 1 January 2023	(16,079)	(58)	(2,664)	(18,801)
Charge for the year	(519)	–	(126)	(645)
Written back upon early termination of leases	15,535	–	–	15,535
Written back upon disposal of subsidiaries	364	58	2,725	3,147
Written off	596	–	–	596
At 31 December 2023	(103)	–	(65)	(168)
At 1 January 2024	**(103)**	**–**	**(65)**	**(168)**
Charge for the year	**(290)**	**–**	**(21)**	**(311)**
Written back upon early termination of leases	**393**	**–**	**–**	**393**
At 31 December 2024	**–**	**–**	**(86)**	**(86)**
Net book value:				
At 31 December 2024	**–**	**–**	**66**	**66**
At 31 December 2023	442	–	67	509

11. Property, plant and equipment and right-of-use assets (Continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2024 RMB'000	1 January 2024 RMB'000
Buildings	**–**	442

The analysis of expense/(income) items in relation to leases recognised in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Buildings	**290**	519
Loss/(gain) from early termination of leases	**96**	(11,358)
Interest on lease liabilities	**24**	29

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 17(d) and 20, respectively.

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed terms of 3 years (2023: 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. During the year ended 31 December 2024, certain of the leases were early terminated upon settlement of compensation of RMB131,000 (2023: RMBnil) after negotiation with the landlord.

12. Intangible assets

	Contractual right (Note (a)) RMB'000	Patents and trademarks (Note (b)) RMB'000	Computer software RMB'000	Total RMB'000
Cost:				
At 1 January 2023	20,000	–	35	20,035
Additions	–	500	–	500
Disposal of subsidiaries	–	–	(35)	(35)
At 31 December 2023, 1 January 2024 and 31 December 2024	**20,000**	**500**	**–**	**20,500**
Accumulated amortisation and impairment:				
At 1 January 2023	(7,000)	–	(35)	(7,035)
Charge for the year	(2,000)	–	–	(2,000)
Written back upon disposal of subsidiaries	–	–	35	35
Impairment loss	–	(500)	–	(500)
At 31 December 2023	(9,000)	(500)	–	(9,500)
At 1 January 2024	**(9,000)**	**(500)**	**–**	**(9,500)**
Charge for the year	**(2,000)**	**–**	**–**	**(2,000)**
At 31 December 2024	**(11,000)**	**(500)**	**–**	**(11,500)**
Net book value:				
At 31 December 2024	**9,000**	**–**	**–**	**9,000**
At 31 December 2023	11,000	–	–	11,000

Notes:

(a) The Group acquired the contractual right under an arrangement for provision of training services relating to films production, which would be amortised over the contractual period. The training service income earned by the Group under this arrangement amounted to RMB7,364,000 for the year ended 31 December 2024 (2023: RMB2,630,000) and is included in "Other net income – Other income" in consolidated profit or loss.

(b) All the patents and trademarks are used for provision of cloud gaming, software development and technology consulting services.

13. Financial assets at fair value through profit or loss

	2024 RMB'000	2023 RMB'000
Non-current assets		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted equity interest in a fund – 嘉興首建投五號投資合伙企業(有限 企業)("**嘉興首建投**") *(note)*	–	1,577

Note:

On 8 October 2019, the Group and 14 independent third parties established 嘉興首建投 for the purpose of investing in unlisted equity securities for capital appreciation purpose. The Group contributed RMB1,900,000 to 嘉興首建投 as a limited partner. Upon the completion of the capital contribution, the Group holds 4.74% equity interest in 嘉興首建投.

During the year ended 31 December 2024, the Group disposed 4.74% equity interest in 嘉興首建投 upon the disposal of a subsidiary on 30 December 2024. Details are set out in note 23(c).

14. Investments in subsidiaries/associates

(a) Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Notes	Place of incorporation/ establishment and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities
Solid Will Ltd.		The British Virgin Islands	1 share of US$1 each	100% (2023: 100%)	100% (2023: 100%)	Nil (2023: Nil)	Investment holding
Star Will Investments Ltd.		The British Virgin Islands	1 share of US$1 each	100% (2023: 100%)	100% (2023: 100%)	Nil (2023: Nil)	Investment holding
Star Rise Investments Ltd. (星宏投資有限公司)		Hong Kong	1 share of HK$1 each	100% (2023: 100%)	Nil (2023: Nil)	100% (2023: 100%)	Investment holding
Beijing Starrise Media Co., Ltd. (北京星宏文化傳媒有限公司)	*(i) (iii)*	The PRC	Registered capital of US$50,000,000 and paid-in capital of US$30,980,000	100% (2023: 100%)	Nil (2023: Nil)	100% (2023:100%)	Investment holding
Beijing Starrise Cultural Development Co., Ltd. (北京星宏文化發展有限公司)	*(i)(ii) (iii)*	The PRC	RMB5,000,000	100% (2023: 100%)	Nil (2023: Nil)	Nil (2023: Nil)	Investment holding
Beijing Starrise Pictures Co., Ltd. (北京星宏影視文化有限公司)	*(i) (ii) (iii)*	The PRC	RMB10,000,000	100% (2023: 100%)	Nil (2023: Nil)	Nil (2023: Nil)	Drama series and films production and distribution
Khorgos Yingsheng Pictures Co., Ltd. (霍爾果斯瀛晟影視文化有限公司)	*(i) (ii) (iii)*	The PRC	Registered capital of RMB10,000,000 and paid-in capital of RMB6,800,000	100% (2023: 100%)	Nil (2023: Nil)	Nil (2023: Nil)	Drama series and films production and distribution
Ningbo Yuanning Media Co., Ltd. (寧波原寧文化傳媒有限公司)	*(i) (ii) (iii) (iv)*	The PRC	RMB3,000,000	Nil (2023: 100%)	Nil (2023: Nil)	Nil (2023: Nil)	Drama series and films production and distribution

Notes:

(i) The official names of these entities are in Chinese. The English translations of the names are for reference only.

(ii) These are the subsidiaries arising from the contractual arrangements (see note 3(a) for details).

(iii) These subsidiaries are registered as limited liability companies under PRC Law.

(iv) The subsidiary was disposed on 25 June 2024.

(v) None of the subsidiaries had issued debts securities at the end of the years.

14. Investments in subsidiaries/associates (Continued)

(b) Investments in associates

	2024 RMB'000	2023 RMB'000
Unlisted shares, at cost	20	20
Share of post-acquisition results	–	–
	20	20

Particulars of the Group's associates at 31 December 2024 and 2023 are as follows:

Name of company	*Notes*	Place of incorporation/ establishment and operation	Particulars of issued and paid up capital	Class of shares held	Percentage of ownership interest attributable to the Group 2024	Percentage of ownership interest attributable to the Group 2023	Principal activities
Star Will Investments (HK) Ltd. ("**Star Will HK**") (星途投資(香港)有限公司)	*(i)*	Hong Kong	HK$100	Ordinary	50%	50%	Investment holding
Beijing Starise Education Consulting Co., Ltd. (北京星宏教育諮詢有限公司)	*(ii) (iii) (iv)*	The PRC	Registered capital of RMB98,000 and paid-in capital of RMB20,000	Ordinary	49%	49%	Investment holding

Notes:

(i) 99 ordinary shares of Star Will HK were allotted to three shareholders on 28 February 2022 at HK$1 each. The equity interest of Star Will HK held by the Group changed from 100% to 50% and Star Will HK became an associate of the Group upon the completion of the capital contribution from all the shareholders of Star Will HK.

(ii) The official name of the entity is in Chinese. The English translation of the name is for reference only.

(iii) This associate is registered as limited liability company under PRC Law.

(iv) The associate is incorporated on 19 April 2023.

15. Drama series and films

	2024 RMB'000	2023 RMB'000
Costs of drama series and films		
– in production	**4,847**	34,847
– completed production	**38,422**	72,322
	43,269	107,169
Accumulated impairment loss	**(35,945)**	(59,065)
	7,324	48,104
Drama series and films – non-current portion	**7,324**	48,104

	In production RMB'000	Completed production RMB'000	Total RMB'000
As at 1 January 2023	1,666	106,184	107,850
Additions	30,000	–	30,000
Recognised in cost of sales	–	(75,558)	(75,558)
Impairment loss recognised	(55)	(9,849)	(9,904)
Disposal of subsidiaries	(1,611)	(2,673)	(4,284)
As at 31 December 2023	30,000	18,104	48,104
As at 1 January 2024	**30,000**	**18,104**	**48,104**
Refund from supplier	**–**	**(100)**	**(100)**
Transfer upon production completed	**(30,000)**	**30,000**	**–**
Recognised in cost of sales	**–**	**(39,100)**	**(39,100)**
Impairment loss recognised	**–**	**(1,580)**	**(1,580)**
As at 31 December 2024	**–**	**7,324**	**7,324**

During the years ended 31 December 2024 and 2023, due to delays of the publication dates and changes in the economic environment, the management considered that there existed indicators of impairment of drama series and films, and based on the results of the impairment assessment performed as at 31 December 2024 on these assets, impairment losses on drama series and films in production and completed production of approximately RMBnil (2023: RMB55,000) and RMB1,580,000 (2023: RMB9,849,000) respectively were recognised in "other expenses" in the consolidated income statement. The impairment assessment was made based on management's estimation of the recoverable amount against the carrying amount of the drama series and films. The estimated recoverable amount as at 31 December 2024 was determined based on the value in use of the assets and represented the present value of expected future revenue and related three years cash flows arising from the drama series and films discounting using the discount rate of 32.60% (2023: 32.13%).

16. Trade and other receivables

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

(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 RMB'000	2023 RMB'000
Less than 3 months	16,594	8,286
3 to 6 months	–	155
6 to 12 months	49	–
	16,643	8,441

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 RMB'000
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. Further details on the Group's credit policy are set out in note 25.

16. Trade and other receivables (Continued)

(b) Deposits, prepayments and other receivables

	2024 RMB'000	2023 RMB'000
Advances relating to drama series and films *(note)*	**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.

17. Cash and cash equivalents

(a) Reconciliation of cash and bank to cash and cash equivalents

	2024 RMB'000	2023 RMB'000
Bank deposits	**13,347**	236,748
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	**13,347**	236,748

As at 31 December 2024, the Group's cash and cash equivalents of RMB11,838,000 (2023: RMB236,536,000) are denominated in RMB, of which RMBnil (2023: RMB230 million) was remained in the PRC bank account under the subsidiary incorporated in Hong Kong.

The conversion of the RMB denominated balances maintained in the PRC into foreign currencies and remittance of RMB balance out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

17. Cash and cash equivalents (Continued)

(b) Reconciliation of loss before taxation to cash generated from operations:

	Notes	2024 RMB'000	2023 RMB'000
Loss before taxation		**(38,598)**	(15,710)
Adjustments for:			
Depreciation	*6(c)*	**311**	645
Amortisation	*6(c)*	**2,000**	2,000
Write-downs for drama series and films	*6(c)*	**1,580**	9,904
Impairment loss on intangible assets	*6(c)*	**–**	500
Reversal of impairment losses on trade and other receivables		**(4,550)**	(4,002)
Interest income	*6(a)*	**(241)**	(2,386)
Change in fair value of financial assets at fair value through profit or loss	*5*	**–**	293
Gain on disposal of subsidiaries	*5*	**(4,711)**	(63,145)
Finance costs		**15,808**	10,686
Foreign exchange gain		**(463)**	(3,216)
Loss/(gain) on early termination of leases	*5*	**96**	(11,358)
		(28,768)	(75,789)
Changes in working capital:			
Decrease in drama series and films		**39,200**	44,455
(Increase)/decrease in trade and other receivables		**(7,207)**	108,449
Decrease in trade and other payables		**(1,042)**	(27,837)
Cash generated from operations		**2,183**	49,278

17. Cash and cash equivalents (Continued)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities RMB'000 *(Note 20)*	Advance from third parties RMB'000	Bonds RMB'000 *(Note 19)*	Other borrowing RMB'000 *(Note 19)*	Total RMB'000
At 1 January 2024	450	1,600	44,934	41,698	88,682
Changes from financing cash flows:					
Capital element of lease rental paid	(263)	–	–	–	(263)
Proceeds for advance from third parties	–	602	–	–	602
Payments for advance from third parties	–	(602)	–	–	(602)
Repayment for redemption of bonds	–	–	(5,704)	–	(5,704)
Payment of penalty for early termination of leases	(131)	–	–	–	(131)
Interest element of lease rentals paid	(24)	–	–	–	(24)
Other borrowing costs paid	–	–	(8,006)	–	(8,006)
Total changes from financing cash flows	(418)	–	(13,710)	–	(14,128)
Other changes:					
Exchange adjustments	–	–	827	–	827
New leases entered	456	–	–	–	456
Early termination of leases	(512)	–	–	–	(512)
Disposal of subsidiaries *(note 23)*	–	(1,600)	–	–	(1,600)
Interest on lease liabilities	24	–	–	–	24
Interest on bonds and other borrowing *(note 6(a))*	–	–	3,055	12,729	15,784
Total other changes	(32)	(1,600)	3,882	12,729	14,979
At 31 December 2024	–	–	35,106	54,427	89,533

17. Cash and cash equivalents (Continued)

(c) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank loans RMB'000	Lease liabilities RMB'000 *(Note 20)*	Advance from third parties and a director RMB'000	Bonds RMB'000 *(Note 19)*	Other borrowing RMB'000 *(Note 19)*	Total RMB'000
At 1 January 2023	27,800	11,611	15,933	41,176	43,335	139,855
Changes from financing cash flows:						
Capital element of lease rental paid	–	(703)	–	–	–	(703)
Proceeds from bank loans	8,800	–	–	–	–	8,800
Repayment of bank loans	(29,600)	–	–	–	–	(29,600)
Proceeds for advance from third parties	–	–	3,791	–	–	3,791
Payments for advance from third parties	–	–	(12,638)	–	–	(12,638)
Interest element of lease rentals paid	–	(29)	–	–	–	(29)
Other borrowing costs paid	(1,112)	–	(1,839)	–	(7,156)	(10,107)
Total changes from financing cash flows	(21,912)	(732)	(10,686)	–	(7,156)	(40,486)
Other changes:						
Exchange adjustments	–	–	–	618	–	618
New leases entered	–	2,581	–	–	–	2,581
Early termination of leases	–	(11,358)	–	–	–	(11,358)
Disposal of subsidiaries *(note 23)*	(7,000)	(1,681)	(4,533)	–	–	(13,214)
Interest on lease liabilities	–	29	–	–	–	29
Interest on bonds, bank loans and other financial liabilities, and other borrowing *(note 6(a))*	1,112	–	886	3,140	5,519	10,657
Total other changes	(5,888)	(10,429)	(3,647)	3,758	5,519	(10,687)
At 31 December 2023	–	450	1,600	44,934	41,698	88,682

17. Cash and cash equivalents (Continued)

(d) Total cash outflow for leases:

Amounts included in the cash flow statement for leases comprise the following:

	2024 RMB'000	2023 RMB'000
Within financing cash flows	**418**	732

These amounts relate to the following:

	2024 RMB'000	2023 RMB'000
Lease rentals paid	**418**	732

18. Trade and other payables

	2024 RMB'000	2023 RMB'000
Trade creditors *(note 18(a))*	**3,219**	2,604
Receipts in advance	**3,000**	3,000
Other creditors and accrued charges *(note 18(b))*	**8,725**	15,463
	14,944	21,067

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	**3,219**	2,604

18. Trade and other payables (Continued)

(b) Other creditors and accrued charges

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

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).

19. Other borrowings

(a) The analysis of the carrying amount of other borrowings is as follows:

	2024 RMB'000	2023 RMB'000
Bonds *(note 19(b)(i))*	35,106	44,934
Other borrowing *(note 19(b)(ii))*	54,427	41,698
	89,533	86,632
Amounts due to be settled within one year	(89,533)	(86,632)
Amounts due to be settled after one year	–	–

19. Other borrowings (Continued)

(b) Significant terms and repayment schedule of non-bank borrowings

(i) 2020 Bonds

On 11 December 2020, the Company issued bonds with an aggregate face value of HK$43,000,000 and a maturity date on 11 December 2021, which is extendable to 11 December 2022 if agreed by the Company and BeiTai Investment LP ("**BeiTai**"). The bonds bear a nominal interest rate of 8% per annum. Interest is payable in arrears on 30 June 2021 and the maturity date.

On 23 March 2021, the Company and BeiTai agreed to extend the maturity date of the bonds in the aggregate principal amount of HK$43,000,000 to 15 February 2022. On 15 February 2022, the Company failed to settle the principal amount outstanding of RMB35,157,000 together with accrued interest of RMB3,070,000. During the year ended 31 December 2024, the interest accrued in profit or loss after default amounting to RMB3,055,000 (2023: RMB3,140,000). The Group partially settled RMB3,505,000 after maturity date of the bonds up to the year ended 31 December 2023 and further settlement of RMB5,704,000 for the year ended 31 December 2024. Up to the date when the consolidated financial statements were authorised for issue, the Company has been continuing its discussions with BeiTai as to the repayment plan of the bonds and the parties have not reached agreement yet.

(ii) Other borrowing and derivative liabilities

The Group in respect of a capital increment agreement dated 24 October 2019 (which was supplemented by supplemental capital increment agreement dated 24 October 2019) entered into among Khorgos Starrise Qicheng Media Co., Ltd（霍爾果斯星宏啟程傳媒有限公司）, a non wholly-owned subsidiary of the Company (the "**Target Company**"), 嘉興首建投五號投資合夥企業（有限合夥）(Jiaxing Shou Jian Tou No. 5 Investment Partnership (Limited Partnership)) (the "**Seller A**"), 北境企業管理諮詢（寧波）有限公司 (Bei Jing Corporate Management Consultation (Ningbo) Co., Ltd) (the "**Seller B**"), Beijing Starrise Media Co., Ltd.（北京星宏文化傳媒有限公司）, a wholly-owned subsidiary of the Company (the "**Purchaser**"), the Company and Beijing Xinghong Culture Development Co., Ltd.（北京星宏文化發展有限公司）, a PRC company controlled by the Group by way of contractual arrangements (the "**Guarantor**") in relation to, among others, the capital investment into the Target Company by Seller A which the Group has determined that it has the contractual obligation to deliver cash (as the Seller A has the right to request the Group to repurchase all the shares of the Target Company held by the Seller A within certain period of time at redemption price calculated according to the terms specified in the supplemental agreement) or another financial asset to this non-controlling shareholder and accordingly the capital injection should be recognised as loan liability of the Group owed to Seller A and the option attached to the loan liability should be recognised as derivative stated at fair value.

The fair value of the derivative liability became nil upon the exercise of the option by Seller A on 1 April 2022.

On 5 July 2022, the Target Company, the Seller A, the Purchaser, the Company and the Guarantor entered into the repurchase agreement (the "**Repurchase Agreement A**") in relation to the repurchase of approximately 39% equity interest in the Target Company in the consideration of approximately RMB43.71 million.

19. Other borrowings (Continued)

(b) Significant terms and repayment schedule of non-bank borrowings (Continued)

(ii) Other borrowing and derivative liabilities (Continued)

The Group failed to settle the other borrowings upon maturity in November 2022. The other borrowings were subsequently renewed on 5 June 2023.

On 5 June 2023, the Company, the Purchaser, Seller A, the Target Company and the Guarantor entered into a supplemental repurchase agreement (the "**Supplemental Repurchase Agreement**") to revise certain terms and conditions of the Repurchase Agreement A. The consideration of the Repurchase Agreement A is revised from approximately RMB43.71 million to approximately RMB47.26 million. The approximately RMB3.55 million increase in the consideration represents the delay interest (the "**Delay Interest**") in the amount of approximately RMB4.66 million on the net capital contributed by Seller A into Target Company of RMB37.93 million (the "**Repurchase Balance**") at the rate of 12.3% per annum for a period of 1 year from 19 November 2022 (being the due date for payment by the Group of the consideration under the Repurchase Agreement A) to 19 November 2023 (being the revised due date for payment by the Group of the consideration under the Supplemental Repurchase Agreement) minus approximately RMB1.11 million which the Purchaser has already paid. As Seller A was a substantial shareholder of the Target Company as at the material time the Supplemental Repurchase Agreement was entered into, Seller A was a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Repurchase from Seller A constituted a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. *Note*

The Purchaser shall pay (a) the amount of approximately RMB4.67 million to Seller A by 30 June 2023; (b) the monthly interest in the amount of RMB600,000 by the end of each month from July 2023; and (c) the repurchase balance of approximately RMB37.93 million and the outstanding Delay Interest in the amount of approximately RMB1.67 million on 19 November 2023.

If the Purchaser fails to fully repay the Repurchase Balance and Delayed Interest by 19 November 2023, the Purchaser shall pay a late fee to Seller A for the overdue payment (at a daily interest rate of 0.05%) until the full amount of the overdue payment and late fees have been paid.

The Group failed to settle the other borrowings upon maturity in November 2023. During the year ended 31 December 2024, the interest accrued in profit or loss after default amounting to RMB12,729,000 (2023: RMB5,519,000), which included the late fee accrued for overdue payment amounted to RMB8,268,000 (2023: RMB853,000). Up to the date when the consolidated financial statements were authorised for issue, the Company has been continuing its discussions with Seller A as to the repayment plan of the other borrowing and the parties have not reached agreement yet.

Note: As (i) Seller A is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Repurchase from Seller A; and (iii) the independent non-executive Directors have confirmed that the Repurchase from Seller A are on normal commercial terms and their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the entering into the Supplemental Repurchase Agreement is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

20. Lease liabilities

As at 31 December 2024, the lease liabilities were repayable as follow:

	2024 RMB'000	2023 RMB'000
Within 1 year	–	175
After 1 year but within 2 years	–	192
After 2 years but within 5 years	–	83
	–	275
	–	450

21. Income tax in the consolidated statements of financial position

(a) Current taxation in the consolidated statements of financial position represents:

	2024 RMB'000	2023 RMB'000
At 1 January	13,342	39,487
Tax paid	(1,010)	–
Disposal of subsidiaries *(note 23)*	(1,066)	(26,145)
At 31 December	11,266	13,342

(b) Deferred tax asset and liabilities recognised

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

	PRC dividend withholding tax RMB'000
Deferred tax arising from:	
At 1 January 2023	3,718
Disposal of subsidiaries *(note 23)*	(3,179)
At 31 December 2023	539
At 1 January 2024 and 31 December 2024	**539**

21. Income tax in the consolidated statements of financial position (Continued)

(b) Deferred tax asset and liabilities recognised (Continued)

(ii) Reconciliation to the consolidated statements of financial position

	2024 RMB'000	2023 RMB'000
Net deferred tax asset recognised in the consolidated statement of financial position	–	–
Net deferred tax liability recognised in the consolidated statement of financial position	539	539
	539	539

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(o), the Group has not recognised deferred tax assets in respect of cumulative tax losses of certain of its subsidiaries of RMB211,958,000 (2023: RMB197,880,000) as it is not probable that future taxable profits against which the losses can be utilised will be available to the relevant subsidiaries. The tax losses expire within the next five years.

As at 31 December 2024, the Group has deductible temporary differences arising from expected credit losses on trade and other receivable, impairment losses on drama series and films and impairment losses on intangible assets of RMB43,937,000 (2023: RMB71,607,000). As at 31 December 2024 and 2023, no deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

(d) Deferred tax liabilities not recognised

As at 31 December 2024, there are temporary differences relating to retained earnings of the Company's PRC subsidiaries amounted to RMB25,473,000 (2023: RMB25,687,000) for which no deferred tax liabilities were recognised in respect of the PRC dividend withholding tax at 10% that would be payable on the distribution of these profits to the Group's subsidiaries outside the PRC as the Group has no plan to distribute them in the foreseeable future.

Pursuant to the currently applicable PRC Enterprise Income Tax rules, distribution of statutory surplus reserve upon liquidation shall be treated as dividend income which is subject to PRC dividend withholding tax at 10% or less if reduced tax treaties or arrangements. As at 31 December 2024, temporary differences relating to the statutory surplus reserve of the Company's PRC subsidiaries amounted to RMB51,584,000 (2023: RMB51,898,000). No deferred tax liabilities were recognised as at 31 December 2024 as the Group has no plan to liquidate these subsidiaries in the foreseeable future.

22. Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below.

The Company

	Share capital RMB,000	Share premium RMB,000	Other reserve RMB,000	Share option reserve RMB,000	Accumulated losses RMB,000	Total equity RMB,000
Balance at 1 January 2023	137,801	857,469	146,736	5,751	(1,094,123)	53,634
Changes in equity for 2023:						
Loss and total comprehensive expense for the year	–	–	–	–	(99,570)	(99,570)
Recognition of equity-settled share-based payments	–	–	–	(5,751)	5,751	–
Balance at 31 December 2023 and 1 January 2024	**137,801**	**857,469**	**146,736**	**–**	**(1,187,942)**	**(45,936)**
Change in equity for 2024:						
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**239,733**	**239,733**
Balance at 31 December 2024	**137,801**	**857,469**	**146,736**	**–**	**(948,209)**	**193,797**

(b) Share capital

Authorised and issued share capital are as follows:

	2024 Number of shares	**2024** RMB'000	2023 Number of shares	2023 RMB'000
Authorised:				
Ordinary shares of US$0.01 each	**10,000,000,000**	**632,110**	10,000,000,000	632,110
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**2,151,577,026**	**137,801**	2,151,577,026	137,801

22. Capital, reserves and dividends (Continued)

(c) Nature and purpose of reserves

(i) Statutory surplus reserve

Pursuant to the Articles of Association of the Company's subsidiaries in the PRC, appropriations to statutory surplus reserve were made at a certain percentage of after-tax profit (after offsetting prior year losses) determined in accordance with the accounting rules and regulations of the PRC until such reserve reaches 50% of the registered capital of each relevant PRC subsidiary. The statutory surplus reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiaries and is non-distributable other than in liquidation.

(ii) Other reserve

The other reserve represents mainly the difference between the net assets value of subsidiaries acquired and the consideration paid and the waived amount of the amount due to the holding company.

(iii) Share option reserve

The share option reserve represents the fair value of share options granted which are yet to be exercised. The amount will be transferred to accumulated losses when the related options are expired or are forfeited.

(d) Distributability of reserves

Under the Company Law of the Cayman Islands, the funds in the share premium account and the retained earnings account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

As at 31 December 2024 and 2023, the aggregate amount of reserves available for distribution to equity shareholders of the Company was nil. The directors do not recommend the payment of a final dividend for the years ended 31 December 2024 and 2023.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure, which consists of net debt, which includes the other borrowings and lease liabilities disclosed in notes 19 and 20 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and other reserves, to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged from 2023.

22. Capital, reserves and dividends (Continued)

(e) Capital management (Continued)

Debt to equity ratios as at 31 December:

	2024 RMB'000	2023 RMB'000
Other borrowings	89,533	86,632
Lease liabilities	–	450
Less: Cash and cash equivalents	(13,347)	(236,748)
Total net debt	76,186	(149,666)
Total capital	164,525	203,123
Debt to equity ratio	46.3%	(73.7)%

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

23. Disposal of subsidiaries

(a) Disposal of entire equity interest in Huasheng Taitong, Beijing Starrise Han Cultural Development Co., Ltd., Yongming Pictures and Beijing Starwise ("**Disposal Group**")

On 22 December 2023, Beijing Starrise ("**Vendor C**") and Dongyang Xingsheng (Beijing) Cultural Development Co., Ltd.（東陽星晟（北京）文化發展有限公司）("**Purchaser A**"), an independent third party to the Group, entered into a sale and purchase agreement, pursuant to which, Vendor C has agreed to sell, and Purchaser A has agreed to acquire, the 100% interest in Disposal Group at a consideration of RMB3,600,000. The consideration net of the outstanding debt owed by the Vendor C to the Disposal Group amounting to RMB455,000 was received during the year ended 31 December 2023. The transfer of control over the Disposal Group has been completed on 25 December 2023.

	RMB'000
Consideration	
Cash	3,600
Non-current assets	
Property, plant and equipment	1,756
Drama series and films	1,426
Trade and other receivables	100
Current assets	
Trade and other receivables *(note (i))*	61,224
Cash and cash equivalents	4,874
Drama series and films	2,858
Current liabilities	
Bank loan	(7,000)
Trade and other payables *(note (i))*	(93,591)
Tax payable	(26,145)
Lease liabilities	(678)
Non-current liabilities	
Lease liabilities	(1,003)
Deferred tax liabilities	(3,179)
Net liabilities disposed of	(59,358)
Non-controlling interest	(187)
Gain on disposal *(note (ii))*	63,145
Total consideration	3,600
Net cash outflow arising on disposal	
Cash consideration	3,600
Offset outstanding debt *(note (i))*	(3,145)
Cash consideration received	455
Less: cash and cash equivalents disposed of	(4,874)
	(4,419)

23. Disposal of subsidiaries (Continued)

(a) Disposal of entire equity interest in Huasheng Taitong, Beijing Starrise Han Cultural Development Co., Ltd., Yongming Pictures and Beijing Starwise ("**Disposal Group**") (Continued)

Notes:

(i) These include RMB5,863,000 due from Group entities and RMB2,718,000 due to Group entities. The net amount due from Group entities of RMB3,145,000 was offset against the consideration sum of RMB3,600,000.

(ii) The gain of disposal is mainly due to the fact that the Disposal Group had net liabilities of carrying amount of RMB59,358,000.

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

On 20 June 2024, Vendor C and Chongqing Zhiyuan Pictures Culture Media Co., Ltd.（重慶致遠影視文化傳媒有限公司）(the "**Purchaser B**"), an independent third party to the Group, entered into a sale and purchase agreement, pursuant to which, Vendor C has agreed to sell, and Purchaser B 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.

	RMB'000
Consideration	
Cash	100
Current assets	
Trade and other receivables	1,701
Cash and cash equivalents	22
Current liabilities	
Trade and other payables	(5,081)
Tax payable	(958)
Net liabilities disposed of	(4,316)
Gain on disposal (note)	4,416
Total consideration	100
Net cash inflow arising on disposal	
Cash consideration received	100
Less: cash and cash equivalents disposed of	(22)
	78

Note: The gain of disposal is mainly due to the fact that the Disposal Company A had net liabilities of carrying amount of RMB4,316,000.

23. Disposal of subsidiaries (Continued)

(c) 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）(“**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 D**”) and Mr. Guo Dongjun (the “**Purchaser C**”), an independent third party to the Group, entered into a sale and purchase agreement, pursuant to which, Vendor D has agreed to sell, and Purchaser C 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.

	RMB'000
Consideration	
Cash	2,000
Current assets	
Financial assets at FVTPL	1,577
Cash and cash equivalents	236
Current liabilities	
Tax payable	(108)
Net assets disposed of	1,705
Gain on disposal	295
Total consideration	2,000
Net cash inflow arising on disposal	
Cash consideration received	2,000
Less: cash and cash equivalents disposed of	(236)
	1,764

24. Share-based payments

Share Option Scheme adopted on 20 January 2022 (the "**Share Option Scheme**")

As the original share option scheme of the Company had a term of ten (10) years and would expire on 25 June 2022, the board of directors proposed to (i) terminate the original share option scheme in accordance with its terms; and (ii) adopt the Share Option Scheme for the approval by the shareholders in the extraordinary general meeting on 19 January 2022. On 19 January 2022, the shareholders of the Company passed the ordinary resolutions to (i) terminate the original share option scheme; and (ii) adopt the Share Option Scheme. The Share Option Scheme was adopted with effect from 20 January 2022. The Share Option Scheme was adopted for a period of 10 years commencing from 20 January 2022 to 19 January 2032.

The purpose of the Share Option Scheme is to enable the Group to grant options to (a) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; and (b) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries (collectively, the "**Eligible Participants**") as incentives or rewards for their contribution to the Group, in particular: (a) to motivate them to optimise their performance and efficiency for the benefit of the Group; and (b) to attract and retain or otherwise maintain ongoing business relationships with them whose contributions are or will be beneficial to the Group.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on the date of approval of the shareholders for the adoption of the Share Option Scheme (the "**Scheme Limit**"), excluding for this purpose shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the board of directors may:

(a) renew the Scheme Limit at any time to 10% of the shares in issue (the "**New Scheme Limit**") as at the date of the approval by the shareholders of the Company in general meeting; and/or

(b) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the board of directors.

Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares in issue from time to time (the "**Maximum Limit**"). No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

24. Share-based payments (Continued)

Share Option Scheme adopted on 20 January 2022 (the "Share Option Scheme") (Continued)

The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

On 27 January 2022, the board resolved to grant share options to certain employees of a subsidiary of the Group under the Share Option Scheme (the "**Grantees**") to subscribe for a total of 144,440,000 ordinary shares with a nominal value of US$0.01 each of the Company, which represented approximately 6.71% of the issued share capital of the Company on 27 January 2022. The share options were granted to the Grantees on 27 January 2022 and all the share options were vested immediately on the date of grant.

Details of the share options are as follows:

Date of grant	Number of share options granted	Exercisable period	Exercise price
27 January 2022	144,440,000 *(note 1)*	27 January 2022 to 26 January 2024 *(note 2)*	HK$0.181 per share

Note 1: The options shall vest immediately on the date of grant.

Note 2: The options were lapsed on 30 January 2023, which was a month after the disposal of Digital Light Year Technology Co., Limited.

The following table discloses movement of the Company's share options held by Grantees for the year ended 31 December 2023:

Date of grant	Exercise price	Outstanding at 1 January 2023	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2023
27 January 2022	HK$0.181	144,440,000	–	–	144,440,000	–
Exercisable at the end of the year		144,440,000	–	–	–	–
Weighted average exercise price (HK$)		0.181	–	–	0.181	–

25. Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally requires customers to settle trade receivables in accordance with contracted terms and other debts in accordance with agreements. Credit terms may be granted to customers, depending on the nature of business. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate. The Group has concentration of credit risk as 53% (2023: 89%) and 100% (2023: 100%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 16.

For the debtors and the individually significant outstanding trade receivables which were not assessed as credit impaired, the Group measures loss allowances at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

25. Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

The following table provide information about the Group's exposure to credit risk and ECLs for trade receivables due from customers other than the abovementioned individually evaluated customers, which are assessed on collective basis using provision matrix as at 31 December 2024:

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	3.0%	17,106	512
6 to 12 months past due	69.4%	160	111
More than 2 years past due	100%	875	875
		18,141	1,498

	2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	3.0%	8,700	259
More than 2 years past due	100.0%	875	875
		9,575	1,134

25. Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

Movement in the loss allowance account in respect of these trade receivables which are assessed on collective basis during the year is as follows:

	Lifetime ECL (Not credit impaired) RMB'000	Lifetime ECL (Credit impaired) RMB'000	Total RMB'000
Balance at 1 January 2023	2,149	29,598	31,747
Disposal of subsidiaries	(844)	(11,785)	(12,629)
Impairment losses reversed during the year	(1,046)	(16,938)	(17,984)
Balance at 31 December 2023	259	875	1,134
Balance at 1 January 2024	**259**	**875**	**1,134**
Impairment losses recognised during the year	**364**	**–**	**364**
Balance at 31 December 2024	**623**	**875**	**1,498**

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance:

– increase in days not past due resulted in a increase in loss allowance of RMB253,000 (2023: RMB1,046,000);

– increase in days past due over 30 days resulted in an increase in loss allowance of RMB111,000 (2023: RMBnil);

– decrease in days past due over 30 days resulted in a decrease in loss allowance of RMB16,938,000 for the year ended 31 December 2023.

As at 31 December 2024, the Group has exposure to credit risk on the other receivables with aggregate gross carrying amount of RMB240,401,000 (2023: RMB29,662,000), of which RMB5,994,000 (2023: RMB5,994,000) were credit impaired and the remaining RMB234,407,000 (2023: RMB23,668,000) were not credit impaired with expected credit loss of RMBnil (2023: RMB4,914,000). As part of the Group's credit risk management, the Group assessed that reversal of expected credit losses for these other receivables of RMB4,914,000 (2023: expected credit losses of RMB13,982,000) were recognised in profit or loss for the year ended 31 December 2024. The management of the Group considers the probability of default based on the financial position of the debtors and the economic environment of the debtors operate.

During the year ended 31 December 2023, other receivables with gross carrying amount of RMB60,999,000, which were credit impaired, were written off due to the loss of contact of the debtor.

25. Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

Movement in the loss allowance account in respect of these other receivables during the year is as follows:

	Lifetime ECL (Not credit impaired) RMB'000	Lifetime ECL (Credit impaired) RMB'000	Total RMB'000
Balance at 1 January 2023	3,851	83,126	86,977
Disposal of subsidiaries	(3,851)	(25,201)	(29,052)
Impairment losses recognised during the year	4,914	9,068	13,982
Written off during the year	–	(60,999)	(60,999)
Balance at 31 December 2023	4,914	5,994	10,908
Balance at 1 January 2024	**4,914**	**5,994**	**10,908**
Impairment losses reversed during the year	**(4,914)**	**–**	**(4,914)**
Balance at 31 December 2024	**–**	**5,994**	**5,994**

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The steps taken or that will be taken by the Group to respond to possible future liquidity constraints and the impact of those steps on the consolidated financial statements include but not limited to the following:

– The Group has raised funds through issuing new stocks and debts;

– The Group is applying for banking facilities to respond to possible future liquidity needs; and

– The Group will continue to pay close attention to its core business and make good use of its resources, together with managing its working capital, with an aim to attain positive and sustainable cash flow from operations.

25. Financial risk management and fair values (Continued)

(b) Liquidity risk (Continued)

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

	2024						
	Contractual undiscounted cash outflow						
	Interest rate	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years within 5 years RMB'000	After 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade creditors, other creditors and accrued charges	Nil	9,080	–	–	–	9,080	9,080
Bonds	8.00%	37,829	–	–	–	37,829	35,106
Other borrowing	12.35%	58,907	–	–	–	58,907	54,427
		105,816	–	–	–	105,816	98,613

	2023						
	Contractual undiscounted cash outflow						
	Interest rate	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years within 5 years RMB'000	After 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade creditors, bills payable, other creditors and accrued charges	Nil	15,971	–	–	–	15,971	15,971
Bonds	8.00%	45,783	–	–	–	45,783	44,934
Other borrowing	12.35%	48,132	–	–	–	48,132	41,698
Other lease liabilities	4.75%	194	202	84	–	480	450
		110,080	202	84	–	110,366	103,053

25. Financial risk management and fair values (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings (being interest-bearing financial liabilities less bank deposits) at the end of the reporting period.

	2024		2023	
	Effective interest rate		Effective interest rate	
	%	RMB'000	%	RMB'000
Fixed rate borrowings:				
Lease liabilities	N/A	–	4.75%	450
Bonds	8.00%	35,106	8.00%	44,934
Other borrowing	12.35%	54,427	12.35%	41,698
		89,533		87,082
Variable rate borrowing or assets:				
Less: bank deposits	0.05%-0.25%	(13,347)	0.20%-0.35%	(236,748)
Total net interest-bearing borrowings		76,186		(149,666)

(ii) Sensitivity analysis

Management believes that the interest rate risk exposure is minimal and that fluctuations in interest rates would not have a material impact on the financial statements. Therefore, the Company has not provided sensitivity analysis disclosures for cash flow interest rate risk in these consolidated financial statements.

25. Financial risk management and fair values (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through sales, purchases and other borrowings which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars.

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of non-PRC companies comprising the Group into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in Renminbi)			
	2024		2023	
	US$ RMB'000	**HK$ RMB'000**	US$ RMB'000	HK$ RMB'000
Trade and other receivables	**227,799**	**–**	8,524	–
Cash and cash equivalents	**1**	**1,508**	8	202
Bonds	**–**	**(35,106)**	–	(44,934)
Net exposure arising from recognised assets and liabilities	**227,800**	**(33,598)**	8,532	(44,732)

The following table indicates the instantaneous change in the Group's loss for the year and accumulated losses and other components of consolidated equity that would arise if foreign exchange rates to which the Group have significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2024		2023	
	US$ RMB'000	**HK$ RMB'000**	US$ RMB'000	HK$ RMB'000
Increase in foreign exchange rates	**5%**	**5%**	5%	5%
(Decrease)/increase in loss for the year	**(11,390)**	**1,680**	(427)	2,237
Decrease in foreign exchange rates	**5%**	**5%**	5%	5%
Increase/(decrease) in loss for the year	**11,390**	**(1,680)**	427	(2,237)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss for the year (and consequently equity) measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes.

25. Financial risk management and fair values (Continued)

(d) Currency risk (Continued)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis as 2023.

(e) Fair value measurement

(i) Financial assets and financial liabilities that are measured at fair value on a recurring basis

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held to coincide with the reporting dates twice a year.

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets at FVTPL				
– unlisted equity investment	1,577	–	–	1,577

25. Financial risk management and fair values (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

***Fair value hierarchy* (Continued)**

During the years ended 31 December 2023 and 2024, except for the disposal of the financial assets at FVTPL amounted to RMB1,577,000 during the year ended 31 December 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Weighted average
As at 31 December 2023				
Financial assets at FVTPL				
– unlisted equity investment	Income approach	Discount rate	2%	2%

As at 31 December 2023, the fair value of the unlisted equity investment is determined using income approach and the significant unobservable input used in the fair value measurement is discount rate. The fair value measurement is negatively correlated to the discount rate.

As at 31 December 2023, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 10% would not have material impact on the Group's loss for the year.

25. Financial risk management and fair values (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Information about Level 3 fair value measurements **(Continued)**

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets at FVTPL		
– Unlisted equity investment in a fund		
At 1 January	1,577	1,870
Change in fair value recognised in profit or loss for the year	–	(293)
Disposal of a subsidiary	(1,577)	–
At 31 December	–	1,577
Total loss for the year included in profit or loss	–	293

The gain or loss arising from the change in fair value of financial assets at FVTPL are presented in "other net income" in the consolidated statement of profit or loss.

(ii) Financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

26. Material related party transactions

(a) Key management personnel remuneration

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

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	3,949	4,127
Post-employment benefits	304	305
	4,253	4,432

Total remuneration is disclosed in "staff costs (including directors' emoluments)" (see note 6(b)).

26. Material related party transactions (Continued)

(b) Outstanding balances with related parties

As at 31 December 2024 and 2023, the Group had the following balances with related parties:

	2024 **RMB'000**	2023 RMB'000
Amount due to a shareholder of the Company *(note)*	**35,106**	44,934

Note: The amount due to a shareholder, who held 4.88% (2023: 5.96%) equity interest of the Company is included in "other borrowings" (note 19).

(c) Material transactions with related parties

The Group has entered into transactions with related parties for the year ended 31 December 2024 and 2023 as follows:

Related party	**Nature of transaction**	**2024** **RMB'000**	2023 RMB'000
A director	Interest expense	**–**	124
A shareholder of the Company	Interest expense	**3,055**	3,140

27. Company-level statement of financial position

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Investments in subsidiaries	14	–	–
Current assets			
Other receivables		227,799	–
Cash and bank		1,508	210
		229,307	210
Current liabilities			
Other payables		404	1,212
Other borrowings		35,106	44,934
		35,510	46,146
Net current assets/(liabilities)		193,797	(45,936)
Net assets/(liabilities)		193,797	(45,936)
Capital and reserves	22		
Share capital		137,801	137,801
Reserves		55,996	(183,737)
Total equity/(deficit)		193,797	(45,936)

Approved and authorised for issue by the board of directors on 31 March 2025.

Liu Dong
Director

He Han
Director

28. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

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

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.