拉近 Lajin

拉近網娛集團有限公司
LAJIN ENTERTAINMENT NETWORK GROUP LIMITED

2024
ANNUAL REPORT
年報

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Mr. Zhou Ya Fei

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GEM STOCK CODE

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Movies, TV Programmes and Internet Contents

As the impact of the COVID-19 pandemic faded out across the country, offline entertainment demand picked up, and short videos and internet short plays rapidly developed, which further compressed the survival room of internet movies. According to Enlightent, from 2022 to 2024, the number of internet movies with a shared box office over RMB10 million decreased significantly from 50 in 2022 to 38 in 2023, and further declined to 20 in 2024, with a severe reduction in the number of top films and their gross box office. In 2024, a total of 219 internet movies received the distribution license, representing a decrease of 28% from 307[1] in 2023. The actual supply from the content supply side to the internet movie market has significantly decreased. The number of internet movies released, the number of films with a shared box office over RMB10 million, the highest annual box office, and even the number of production, creation, and promotion agencies have all entered a declining industry bottleneck. All long video platform continuously implemented "cost reduction and efficiency enhancement" in the internet movie sector, with the predominant genre gradually narrowing towards "action films". In conclusion, both the internet movie industry and platforms need to find new positioning and advantages from the shadow of short videos, short plays, dramas, and theatrical movies.

The Group has paid attention to this major trend change and has continued to implement a prudent investment strategy for the internet movie sector in 2024. At the beginning of the year, the project "Mr. Qianhe" (《千鶴先生》) (formerly known as "Huangmiao Village – Taoist Priest Qianhe" (《黃廟村之千鶴道長》)) was simultaneously launched on three video platforms including iQIYI, Tencent, and Youku. The film is a fantasy folk-style internet movie created by the original team of Tencent's popular IP "Huangmiao Village" (《黃廟村》) and has gained strong popularity on both long video platforms and short video platforms since its release. As of 31 December 2024, the film accumulated a total box office of RMB10,740,000 across three platforms, ranking 19th in the annual box office list for 2024, and becoming one of the internet movies with over RMB10 million for the year. In addition to the first-round distribution of new projects in 2024, the Group continued to seek opportunities for distributing previous reserve again, actively pushing forward the second and third round of overseas work of historical projects and other new media pre-sales work actively, so as to strive for more profit. Among them, two premiered internet movies, i.e. "Transamerica" (《窈窕老爹》) and "Heroes of Desert" (《大漠神龍》), have launched on Mango TV (the third round of distribution), and the multiple rounds of distribution of the projects have effectively increased its capital recovery rate. Meanwhile, the retention of the internet movie promotion and distribution business increased the revenue channels and also helped to control the timing of project payment collection, which allowed for insights into the latest industry trends, enabling prudent investment in top-quality content under the small but professional investment strategy. The Group also maintained a close cooperative relationship with the platforms to jointly explore new opportunities in the internet movie industry, products, and models.

[1] Public announcement in the "Major Internet Movies and Dramas Information Filing System" of the National Radio and Television Administration

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of theatrical movies, the total box office of the theatrical movie market declined in 2024, and the overall performance was poor. According to data from Maoyan Pro, the total national box office in 2024 was RMB42.5 billion, representing a year-on-year decrease of nearly 23% as compared with RMB54.915 billion in 2023; the total box office volume fell back to about ten years ago, even lower than RMB43.81 billion in 2015; the total number of audiences in 2024 was 1.01 billion, representing a year-on-year decrease of 23.1% as compared with 1.3 billion in 2023; and average attendance for each screening also decreased from 10 to 7, representing a year-on-year decrease of 30%. According to the "Beacon's 2024 Annual Assessment Report for China Film Market"(燈塔2024中國電影市場年度盤點報告)by the Beacon Research(燈塔研究院), nearly 60% of the audience watched a movie only once in 2024, with 84% attending due to the movies released during popular box office schedules. It indicated that attracting "new audiences" in the market relied on popular release box office schedules. However, the prolonged effect of popular schedules was relatively weak. Once the schedules passed, the box office plummeted sharply, and the market struggled under an overall poor box office situation throughout the year. The weakness of mid-tier movies was another important reason for the overall poor box office performance in 2024, and the movies in the ranges of RMB500 million to RMB1 billion and RMB1 billion to RMB2 billion decreased significantly as compared with 2023 and pre-pandemic periods. In terms of film genres, crime films, suspense films, and special effects films have seen a noticeable decline in box office performance, while comedies undoubtedly dominated the box office during various periods. The domestic film market is still characterized by "comedy-driven", and the top five films of the year all contained comedy elements: "YOLO" (《熱辣滾燙》) (3.46 billion) and "Pegasus 2" (《飛馳人生2》) (3.398 billion) during the Spring Festival, "Successor" (《抓娃娃》) (3.327 billion) during the summer time, "Article 20" (《第二十條》) (2.454 billion) and "Boonie Bears: Time Twist" (《熊出沒之逆轉時空》) (2.006 billion) during the Spring Festival. Comedy films were better suited to the demand for family entertainment among audiences during the competitive schedules.

In this context, the Group has also participated in the investment in the comedy film "Out of Order" (《窗前明月，咣！》), which was directed by Wei Jiacheng(魏洳丞)and Du Xiaoyu(杜曉宇), starring Fei Xiang(費翔), Fu Jing(傅菁), Zuo Lingfeng(左凌峰), Ma Dongxi(馬東錫), Song Xiaobao(宋小寶), and a group of comedy stars. The project has premiered in Mainland China during the New Year's schedule on 31 December 2024. Unfortunately, the project was affected by a combination of factors such as intense market competition during the same period, a lower-than-expected screening arrangements, and insufficient promotional efforts, ultimately garnering a box office of nearly RMB40 million only, which was below pre-release expectations. The Group has reserved investment for another comedy film "Dreams of Getting Rich II" (《發財日記2》), which was the sequel to the 2021 internet movie shared box office champion "Dreams of Getting Rich" (《發財日記》) after its IP upgraded. The previous film's on-demand and shared box office in the whole network hit a record high, and its effective playtime market share reached 25.45%. "Dreams of Getting Rich II" (《發財日記2》) has been further upgraded, which is expected to start shooting in 2025 and the release date is yet to be determined.

MANAGEMENT DISCUSSION AND ANALYSIS

Artiste Management

The Group continues to cooperate with outstanding talent management teams in the industry, and recruit various artists with potentials who have emerged in different projects, which injects new impetus into the business of artiste management segment.

Leveraging its own resources and combining its various business segments, the Group will develop income sources for artists, increase exposure opportunities so as to bring returns and make contributions to the Group through various channels, such as providing customized performance opportunities and increasing exposure under the new media business.

Music

Lajin Music has augmented the copyright of a large number of high quality original music compositions through the efforts over the past few years, covering a variety of mainstream and non-mainstream music in styles of pop, rock, classical, electronic, rap, etc..

The Group has developed a comprehensive music promotion and distribution network and commenced copyright operation in full swing: Lajin Music collaborated with various domestic mainstream music platforms, such as QQ Music, KuGou Music, Kuwo Music, NetEase Cloud Music, Xiami Music as well as TikTok and gradually opened overseas issuance channels. It also established strategic partnerships with nearly 100 radio stations and internet radio channels in China. However, despite the efforts made in an attempt to realize the music copyrights on hand accumulated over the years, estimated recoverable amounts are less than the costs of these assets. As a result, the management made an impairment of the difference accordingly.

The Group has been trying to integrate its various business segments to create synergy and increase efficiency. Leveraging on the channel resources established in the music sector in the early years, and relying on the innovative thinking and technological advantages of its new media business, the Group has created a business model of providing “self-publishing” one-stop services for original independent musicians. It is committed to solving the problems of musicians in terms of creation, publication, copyright and revenue, providing them with comprehensive services such as individual host station, private domain operation, digital album publication, Music PASS Card issuance, and originality protection, providing a new path for the development of original musicians, allowing them to have more certainty in growth and alter the ecology of the original music market.

New media business

In the global boom of the Web3.0 authors economy, the Group has keenly captured the huge potential of the new media business segment. We have invested a lot of resources to build an innovative platform called AMBER APP, which has combined blockchain, Artificial Intelligence Generated Content (AIGC), digital watermark, NFC, Augmented Reality (AR) and other technologies to provide authors with unprecedented creation and publishing experience. In the wave of Web3.0, we not only pay attention to the needs of authors, but also combine the uniqueness of the music industry to seek a new business model of "authors economy + musician self-publishing + music art-toy", injecting new momentum into the growth of new media business.

The AMBER APP opens the door to self-publishing for a large number of original musicians, allowing them to own 100% of the copyright. Through in-depth cooperation with China Copyright Chain Company* (中國版權鏈公司), it provides official blockchain storage for each original music work to ensure that the rights and interests of musicians are fully protected. In addition, AMBER also combines ISRC certification to enhance the value of original music in an all-round way. We have never stopped on the road of technological innovation, continuously invested in research and development, and are committed to improving user experience. We have integrated cutting-edge technologies such as AI, blockchain and AR into the music industry, bringing unprecedented experience to users and opening a new chapter of self-publishing for musicians.

As the core innovative product of AMBER, the Music PASS Card integrates NFC technology and collection concept, providing a new monetization method for musicians. It not only has the collection value of traditional record, but also brings fans a new experience of online and offline integration through AR technology. This innovative business model has not only been well received by the market, but also provided musicians with a broader publishing platform to help them achieve more interests and income. Musicians have successfully gathered their fans, published digital albums, distributed Music PASS Card through AMBER, and integrated with live shows to realize a boom of purchase and collection among the fans.

The outstanding performance of AMBER has been highly recognised both inside and outside the industry. We were invited to participate in industry events such as the China Copyright Annual Conference and the China International Copyright Expo, demonstrating our strong determination in music copyright protection and innovation. The Music PASS Card project was even highly appraised by the National Copyright Administration and was highly recognised by our peers. In addition, AMBER also actively carried out cooperation negotiations with well-known musicians, domestic leading music festivals and performance companies, and implemented a number of cooperation, opening up new market channels for AMBER and creating a win-win situation.

In **2024**
the new media business achieved significant collaborations and breakthroughs:

1

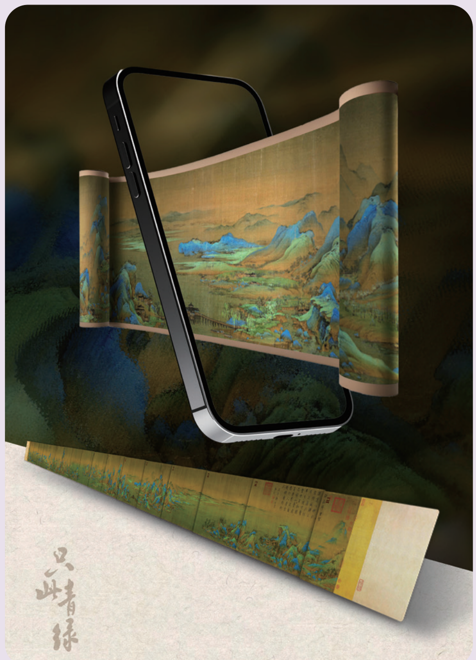
Collaborating with several renowned musicians, such as Wang Feng (汪峰) and Black Panthers (黑豹樂隊), the Group released the PASS Card with behind-the-scenes of their concerts or tours. Combining NFC and AR technologies, the AMBER PASS card includes concert audio and exclusive videos with blockchain authentication to ensure limited rights. With the development of technologies, blind box can be set up to enhance collection and interaction of fans. The cooperation of the AMBER PASS card in the music field also included the launching of a new band project in collaboration with the Rock Music Branch of Beijing Musicians Association, and working with Chinese 3x3 Basketball League in various competition locations, developing the "LIVEPASS Music Festival All-in-One Wristband", which was first applied at WATERZONIC Music Festival in Kunming, a renowned music festival brand in Thailand. Also, it expanded into the fields such as Chinese classical music, new folk music and opera. In addition, the Group collaborated with an overseas music production company to hold two signing/sales sessions for its bands and groups in Malaysia and Beijing, respectively. The Music PASS Card has achieved great success in the first distribution outside China, laying the foundation for the official launch of the international version of AMBER APP and the gradual internationalization of the new media business.

In addition to collaborating with "traditional" musicians or organizations, the virtual digital person "Lili" (厘里) has also utilized the AMBER PASS card to release its album "I'mma get it", so as to explore the possibility of integrating virtual idols and physical albums.

MANAGEMENT DISCUSSION AND ANALYSIS

2

Combining traditional culture with digital artistry, for the original musical "Till We Meet Again" (《金風玉露》) which was selected as one of the key creative catalog projects in 2024 of China Federation of Literary and Art Circles, the Group developed the intelligent PASS card that used AR technology for navigation to enhance the audience's immersive experience. The Group also collaborated with the dance poetry drama "The Journey of a Legendary Landscape Painting" (《只此青綠》) to release an NFC intelligent miniCD and design 20 sets of covers to recreate "A Thousand Li of Rivers and Mountains" (《千里江山圖》) using AR technology. Not only in the field of music dynamics, the Group has also collaborated with People's Daily for cultural communication to jointly launch six series of intelligent publications, including "Chinese Kung Fu" (《中國功夫》) and "Journey to China" (《尋藝東方》), showcasing Chinese culture to the world through NFC technology.



Dance poetry drama "The Journey of a Legendary Landscape Painting" (《只此青綠》)

Six series of intelligent publications, including "Chinese Kung Fu" (《中國功夫》) and "Journey to China (《尋藝東方》)

3

Establishing strategic partnerships with multiple companies in various fields, the Group jointly supported original musicians, provided global distribution and digital-physical integration PASS card services, and explored the possibility of promoting the AMBER PASS card to the cultural tourism and cultural creativity market.

MANAGEMENT DISCUSSION AND ANALYSIS

With the maturity of the global Web3.0 technology and AIGC technology and the vigorous development of the authors economy, the authors in the fields of music and art have established a closer connection with fans through the decentralized platforms, so as to achieve a more equitable income distribution. The digital music market has become a dominant force in the industry. Especially, driven by smartphones and streaming media platforms, users' demand for digital music continues to rise. The live music performance market has ushered in recovery and reform in the post-pandemic era, and digitalization, virtualization and on/offline integration has brought unprecedented monetization opportunities to musicians. The cross-over cooperation and the globalization of the music industry have further promoted the diversification and international development of the industry. Against this backdrop of the global music industry moving towards greater fairness, digitization, diversification and globalization, the Group, under the brand of AMBER, as a one-stop monetization tool platform for self-publishing on behalf of original musicians, is facing unprecedented opportunities and challenges.

Prospects and challenges

Looking at the theatrical film market in 2024, it still faced numerous challenges amid recovery, such as the overall lack of innovative content, the impact of economic downturn on changes in audience consumption habits, the contradiction between strong reliance on film schedules and weak long-tail effect of film schedule, all of which increased the investment risk in the theatrical film market. Although Spring Festival films at the beginning of 2025 broke historical records in terms of total box office, number of viewers, and single-day box office on the first day of the Lunar New Year, it mainly relied on the phenomenal success of the film "Ne Zha 2" (《哪吒之魔童鬧海》). Except for "Detective Chinatown 1900" (《唐探1900》) which can achieve a slight profit, the box office performance of the other four major Spring Festival films, namely, "Creation of the Gods II: Demon Force" (《封神第二部：戰火西岐》), "Boonie Bears: Future Reborn" (《熊出沒.重啟未來》), "The Legend of the Condor Heroes: The Great Hero" (《射雕英雄傳：俠之大者》) and "Operation Leviathan" (《蛟龍行動》) was quite bleak or even severely loss-making compared to their high production costs. Based on the contraction of the Internet movie market and the uncertainty in the theatrical film market, the Group will continue to prudently pursue valuable investment projects, deeply explore the investment and production of the "diversified comedy" type of films, with the aim of achieving returns in the comedy theatrical film sector and improving the stability and returns of the Group's revenue.

After years of strategic planning, the Group has possessed the Permit to Produce and Distribute Radio and Television Programs (《廣播電視節目製作經營許可證》), Internet Culture Operation Licence (《網絡文化經營許可證》), Value-added Telecommunications Business Operation Licence (《增值電信業務經營許可證》) and the Licence for Spreading Audio-Visual Programs via Information Network (《信息網絡傳播視聽節目許可證》), which are required for the entertainment and culture business in the PRC. In 2025, the Group will continue leverage on the advantages of licences and channels to actively establish new business lines in the film and television segment, jointly developing and producing custom-made films for online platforms with leading scale and impact with partners. Under the premise of locking in risks and reaping stable returns, the Group will maintain its brand participation in the film market, continue to closely monitor market changes, and seize new business opportunities.

The Group is actively researching and deploying to create a decentralized short-video copyright trading platform through the aforementioned qualifications and licenses. With the explosive growth of short-video content domestically and internationally, the traditional copyright trading model can no longer meet the fragmented and high-frequency content circulation demands. By utilizing blockchain technology, it will achieve copyright confirmation and tokenized transactions, fragment short-video content, significantly increase the number of investors and copyright holders and build a decentralized copyright trading platform to promote efficient content circulation and commercialization.

Fragmentation refers to breaking down short-video content into independently tradable units, reducing the investment threshold for single episode and facilitating flexible licensing and trading. Fragmented content is authorized by the platform for commercialization by third parties, allowing creators to earn revenue whilst investors can share in the growth dividends through copyright operation income. Simultaneously, blockchain technology is used to confirm the copyright of fragmented content (China Copyright Chain) and convert it into tradable Tokens to ensure transparency and security of transactions.

If the short-video copyright trading platform is successfully implemented, it can address the pain points of traditional copyright trading, such as difficulties in copyright confirmation, low transaction volume and poor liquidity, through a fragmented, rights-confirmed and tokenized trading model to provide an innovative solution for the industry. With blockchain at its core technology, a reliable, efficient and transparent copyright trading ecosystem can be constructed, supporting global operations and revenue distribution, thereby creating greater value for authors, investors and operators.

With the continuous advancement of the digital wave, various industries are undergoing unprecedented transformations. The Company, leveraging its forward-looking business layout and innovative AMBER PASS Card product, has demonstrated strong development potential in the application of the PASS Card across three major business segments of music, cultural tourism and cultural innovation, and membership services:

I. The music industry

Looking ahead, with the further popularization of digital music and the continuous rise of the fan economy, the Group's music business is expected to experience explosive growth. By continuously optimizing the AMBER PASS Card product to enhance user experience, the AMBER brand will be able to stand out in the fierce market competition and become a leader in the digital transformation of the music industry.

II. The cultural tourism and cultural innovation industry

In the cultural tourism and cultural innovation industry, the AMBER PASS Card which integrates digital and physical is an innovative product combining culture and technology, which not only serves as a carrier for art works, but also demonstrates broad application prospects in various fields such as cultural tourism and cultural innovation. It skillfully integrates art with scenic spots, culture, brands, and other elements, utilizing AR technology to provide tourists and users with a unique and rich cultural experience. Whether as a scenic area ticket, a cultural tourism souvenir, or a medium for brand promotion, the integration of digital and physical elements in the AMBER PASS Card shows its unique creativity and practicality. Looking ahead, with the continuous upgrading of the cultural tourism industry and the growing demand from consumers for personalized, high-quality cultural tourism products, the cultural tourism and cultural innovation business of the AMBER PASS Card will embrace broad development opportunities, helping the cultural tourism and cultural innovation industry to expand to the private traffic of each user. Through continuous innovation in technological and cultural creative products and enhancing the digital experience for visitors, the AMBER PASS Card will take a leading position in the cultural tourism and cultural innovation industry, promoting the dissemination and development of local cultural brands.

III. The membership service industry

In terms of membership services, fields such as healthcare and education, which heavily rely on personalized membership services, will undergo a profound transformation. Cross-industry integration and technological innovation have become the two main engines driving the development of the industry. The AMBER PASS Card cleverly integrates physical cards with digital services, retaining the member exclusivity of the physical card while providing the convenience of digital services to meet the highly personalized and diverse needs of members. Moreover, its powerful personalized customization features can accurately capture member preferences and offer a tailored service experience, reaching the private traffic of each member. At the same time, leveraging advanced technological means, it ensures the security protection of personal privacy, creating a secure and exclusive service environment for members. In the future, with the continuous maturity and application of technologies such as big data and AI, the AMBER PASS Card is expected to demonstrate competitiveness and market value in the membership service industry through its advantages in digital-physical integration and direct interaction.

MANAGEMENT DISCUSSION AND ANALYSIS

In light of the above, the application of the AMBER PASS Card across three major business segments of music, cultural tourism and cultural innovation, and membership services demonstrated strong development potential, offering unique solutions to improve weaknesses and address difficulties in various industries. By keeping up with the development trends of various industries, meeting member needs, and continuously innovating and optimizing the AMBER PASS Card products, the Group is expected to achieve comprehensive business expansion and sustained growth in 2025.

FINANCIAL REVIEW

The revenue of the Group was approximately HK$5,332,000 for the year ended 31 December 2024 (2023: HK$28,915,000). It was mainly generated from the provision of investment in movies, TV programmes and internet contents, artiste management and new media business, representing a decrease of 81.6% as compared to last year. The decrease was mainly attributable to the decrease in revenue from the Group's movies, TV programmes and internet content business.

Cost of sales for the year ended 31 December 2024 decreased to approximately HK$4,829,000 (2023: HK$19,865,000), was mainly due to the decrease in cost of sales from the Group's new media business and movies, TV programmes and internet content business.

During the year, loss for the year attributable to owners of the parent was approximately HK$31,277,000 (2023: loss of HK$42,222,000).

Movies, TV programmes and internet contents

During the year under review, the revenue contributed by such segment was approximately HK$3,794,000 (2023: HK$28,196,000), mainly representing shared revenue from internet movies.

Artiste Management

During the year under review, the revenue contributed by such segment was approximately HK$285,000 (2023: HK$343,000).

New Media Business

During the year under review, the revenue contributed by such segment was approximately HK$1,253,000 (2023: HK$376,000).

Administrative expenses

Administrative expenses were mainly the staff costs, operating lease expenses, depreciation of fixed assets and amortization expenses and other general administrative expenses of the Group incurred during the year under review. Administrative expenses decreased to approximately HK$31,874,000 from approximately HK$38,166,000 in the prior year primarily due to the decrease of staff cost during the year.

Other expenses

During the year under review, other expenses represented impairment loss recognized in respect of film rights and films and TV programmes under production of approximately HK$5,464,000 (2023: HK$2,273,000); impairment loss on investments in associates of approximately HK$450,000 (2023: Nil) and impairment loss on other receivables of approximately HK$3,275,000 (2023: HK$13,891,000).

Impairment loss on other receivables represented an impairment on a refund of an internet drama prepayment of HK$3,128,000 (2023: HK$647,000) for the year ended 2024. Impairment on other receivables also included other impairments in relation to the new media e-commerce business for the year ended 31 December 2023, which is nil during the year under review. Impairment losses recognised during the year under review was resulted from the worsened market condition leading to a higher risk of expected credit losses.

Liquidity and Financial Resources

At 31 December 2024, the Group had total assets of approximately HK$136,262,000 (2023: HK$184,746,000), including cash and cash equivalents of approximately HK$7,626,000 (2023: HK$26,339,000). During the year under review, the Group financed its operation with the proceeds from fund raising activities of prior years.

CONTRACTUAL ARRANGEMENTS UNDER THE STRUCTURED CONTRACTS

The Group has been using the Structured Contracts arrangements to indirectly own and control companies engaged in production and distribution of media contents in the PRC.

PRC rules and regulations

On 25 December 2001, the State Council promulgated the Regulations on the Administration of Films (《電影管理條例》), which came into force on 1 February 2002. Pursuant to the Regulations on the Administration of Films, foreign organizations or individuals are prohibited to engage in the film production within the territory of the PRC without a PRC partner.

On 6 July 2005, the Ministry of Culture (withdrawn), the State Administration of Radio, Film and Television (國家廣播電影電視總局) (withdrawn), the General Administration of Press and Publication (新聞出版總署) (withdrawn), the National Development and Reform Commission (the "NDRC") and the Ministry of Commerce (the "MOFCOM") jointly promulgated the Several Opinions on Introduction of Foreign Investment into the Cultural Sector (《關於文化領域引進外資的若干意見》), which came into force on 6 July 2005. Pursuant to such opinions, foreign investment is prohibited to establish and operate companies for production and broadcast of radio and television programme, film production, and film import and distribution.

On 6 September 2024, the NDRC and the MOFCOM jointly promulgated the Special Management Measures for Foreign Investment Access (Negative List) (2024 version) (《外商投資準入特別管理措施(負面清單)(2024年版)》), which came into force on 1 November 2024. Pursuant to the Catalogue, (i) the foreign investment is restricted to engage in the production of radio and television programmes and the film production by way of cooperation with domestic investors; (ii) the companies for production and operation of radio and television programmes are prohibited from foreign investment; (iii) the foreign investment is not allowed in film production, film distribution and film theatre.

To operate the Group's media contents business in the PRC, The Group has established controls over four entities by contractual arrangements under the structured contracts, which are:

1. Beijing Lajin Huyu Wenhua Chuanmei Company Limited (北京拉近互娛文化傳媒有限公司) ("OPCO1");

2. Jiaxuan Huanqiu Yingye Company Limited (稼軒環球影業有限公司) ("OPCO2");

3. Beijing Lajin Yingye Company Limited (北京拉近影業有限公司) ("OPCO3"); and

4. Wenzhou City Zhongbo Technology Company Limited (溫州市眾博科技有限公司) ("OPCO4")

"OPCOs" below shall mean any or all of the above entities.

The registered owners of the OPCO1-4 are two management personnel of the Group ("Registered Owners"). The OPCO1-3 and Registered Owners have respectively entered into the relevant structured contracts (the "Structured Contracts") with Beijing Lajin Hudong Chuanmei Keji Company Limited (北京拉近互動傳媒科技有限公司) (the "WOFE", an indirect wholly-owned subsidiary of the Company), and the OPCO4 and Registered Owners have respectively entered into the Structured Contracts with Beijing Lajin Power Technology Limited (北京拉近動力科技有限公司) (the "WOFE", an indirect wholly-owned subsidiary of the Company). The Structured Contracts are designed to provide the Company with an effective control over and the right to enjoy the economic benefits and risks in and/or assets of OPCOs. Through the Structured Contracts, the control and economic benefits and risks from the business of OPCOs will flow to WOFEs. For accounting purposes, OPCOs are regarded as indirect wholly owned subsidiaries of the Company.

Major terms of the Structured Contracts

Under the Structured Contracts, WOFEs have an irrecoverable and exclusive priority right to acquire directly and/or through one or more nominees, the equity interests held by the Registered Owners in OPCOs, as permitted by applicable PRC laws and regulations. Further, each agreement under the Structured Contracts includes a provision that each such agreement is binding on the legal assignees or heirs of the parties to each such agreement. In the event of death, bankruptcy or divorce of any of the Registered Owners, WOFEs may exercise its option to replace the relevant shareholders and the newly appointed nominee shareholders will still be subject to the Structured Contracts.

Mr. Leung Wai Shun Wilson, an executive director of the Company, is responsible for overseeing the daily operation of the OPCOs. The Directors consider that the possibility of material potential conflicts of interest between the Company and the Registered Owners is remote. In case of any material potential conflicts of interest between the Company and the Registered Owners, the Board will ensure that any material potential conflict of interests will be reported to the independent non-executive Directors as soon as practicable when the Company becomes aware of such potential conflict. The Board will review and evaluate the implications and risk exposure of such event and will monitor any material irregular business activities and alert the Board, including the independent non-executive Directors, to take any precautionary actions where necessary.

The Contractual Arrangements comprised of (a) Exclusive Business Cooperation Agreements, (b) Exclusive Option Agreement, (c) Powers of Attorney of the registered owners, (d) Equity Pledge Agreements and (e) Spouse Undertaking. Key provisions of the Contractual Arrangements are as follows:

Exclusive Business Cooperation Agreements（獨家業務合作協定）

Given the aforementioned prohibition/restriction of foreign investments in the production and distribution of media contents in the PRC, the WOFEs entered into contractual arrangements with the OPCOs, pursuant to which WOFEs shall provide to OPCOs consultancy services, including but not limited to management consultation, technology support and marketing strategies.

At the discretion of WOFEs, WOFEs can assign the rights and novate the obligations under the services agreement to any company nominated by WOFE without the consent of OPCOs and the Registered Owners.

The initial term of the services agreement is a fixed term of 10 years from the date of the execution of the services agreement. Upon expiry of the services agreement, WOFEs have the sole discretion to renew the services agreement for further extensions of the terms once every 10 years. OPCOs are not allowed to refuse the renewal of the services agreement.

In consideration for the provision of the aforesaid consultancy services and subject to compliance with PRC laws and regulations, the OPCOs shall pay WOFEs a service fee every year equivalent to 100% of the pre-tax profit of the OPCOs during such period.

Exclusive Option Agreement（獨家購買權合同）

The respective Registered Owners of the OPCOs have granted to WOFE (or its designated nominee(s)), to the extent permitted under the laws of the PRC: (i) an irrevocable option to acquire all or part of their respective equity interests in the OPCOs; and (ii) an irrevocable option to acquire all or part of the assets of the OPCOs.

The exercise price in respect of each of the above options shall be the minimum price as required by PRC laws and regulations at the time of exercising such options. The respective registered shareholders of the OPCOs and/or the respective OPCOs shall convey any proceeds which they will receive upon the exercise of the aforesaid options in a gratuitous manner to the WOFEs or the person as designated by the WOFEs.

Powers of Attorney of the registered owners（授權委託書）

Each of the Registered Owners has executed a power of attorney in favour of WOFEs to irrevocably appoint WOFEs as his/her exclusive agent to exercise, inter alia, all his/her rights as shareholder of OPCOs and to execute any documents necessary for giving effect to the Structured Contracts.

Equity Pledge Agreements（股權質押協議）

The Registered Owner of the OPCOs have pledged all of their respective equity interests in the OPCOs to WOFEs, as security for the performance of their obligations and/or that of the OPCOs under the Exclusive Option Agreements, Exclusive Business Cooperation Agreements, the Shareholder’s Entrustment Letters and such other agreements as concluded to supplement the abovementioned agreements.

Spouse Undertaking(配偶同意函)

A spouse undertaking signed by the spouse of each of the Registered Owners, in favor of WOFEs, acknowledging and consenting the signing of the Structured Contracts by registered owners.

There were no material changes to the Structured Contracts and/or the circumstances under which they were adopted, nor was there any unwinding of them or of a failure to do the same due to the restrictions that led to their adoption being removed.

OPCOs' Business activities

OPCOs are companies established in the PRC with limited liability which are principally engaged in the production and distribution of animation or television programmes (other than production of political news and other relevant radio and television programmes) and other related business. OPCOs also hold some key requisite PRC permits, licences and approvals for our business operations, including the Permit to Produce and Distribute Radio or Television Programs(廣播電視節目製作經營許可證), the Commercial Performance License(營業性演出許可證). Some of our intellectual property rights, including copyrights, trademarks, and domain names, are also held by the PRC contractual Entities. OPCOs are also used as the investment vehicle to invest in movies or other companies which give rise to business collaboration with the OPCOs.

Under the Permit to Produce and Distribute Radio or Television Programs(廣播電視節目製作經營許可證) renewed to OPCO1–4 dated 21 November 2025, 21 November 2025, 7 March 2027 and 31 March 2025 respectively by National Radio and Television Administration(國家廣播電視總局), OPCOs are allowed to engage in the provision and distribution of animation or Television Programmes (other than production of political news and relevant radio and television programmes) and other related business permitted under the relevant PRC rules for a period of two years. Under the Commercial Performance Licence (營業性演出許可證) dated 9 September 2021 renewed to OPCO1 by Beijing Municipal Bureau Of Culture (北京市文化局), OPCO1 is allowed to engage in business of performance brokerage and artiste management for a period from 11 June 2021 to 10 June 2024.

Under the Internet Culture Operation Licence(《網絡文化經營許可證》) dated 12 August 2024 renewed to OPCO4 by Zhejiang Provincial Department of Culture and Travel(浙江省文化和旅遊廳), OPCO4 is allowed to operate the business of animation and comic products and music products using information network during the period from 12 August 2024 to 11 August 2027; under the Licence for Spreading Audio-Visual Programs via Information Network(《信息網絡傳播視聽節目許可證》dated 29 July 2022 renewed to OPCO4 by the National Radio and Television Administration(國家廣播電視總局), OPCO4 is allowed to provide Internet audio-visual program services from 29 July 2022 to 29 July 2025; under the Value-added Telecommunications Business Operation Licence of the People's Republic of China(《增值電信業務經營許可證》dated 12 November 2021 renewed to OPCO4 by the Zhejiang Communications Administration(浙江省通信管理局), OPCO4 are allowed to engage in information service business from 12 November 2021 to 12 November 2026.

The Group has consolidated the financial results of OPCOs and its subsidiaries in its consolidated financial statements in accordance with HKFRSs. For the years ended 31 December 2023 and 2024, the financial results of OPCOs are as below:

	Revenue				Total Assets			
	2024		2023		**As at 31 Dec 2024**		As at 31 Dec 2023	
	HK$'000	**%**	*HK$'000*	%	***HK$'000***	**%**	*HK$'000*	%
OPCO1	**11**	**0.2%**	45	0.2%	**10,435**	**7.7%**	15,446	8.4%
OPCO2	**–**	**–**	–	–	**100**	**0.1%**	4,968	2.7%
OPCO3	**4,079**	**76.5%**	28,539	98.7%	**20,546**	**15.1%**	31,827	17.2%
OPCO4	**1,241**	**23.3%**	261	0.9%	**15,235**	**11.2%**	21,310	11.5%

Risk relating to the Structured Contracts

The following risks are associated with the Structured Contracts:

– the PRC Government may determine that the Structured Contracts do not comply with applicable PRC laws and regulations;

– the Structured Contracts may not provide control as effective as direct ownership;

– failure by the Registered Owners to perform their obligations under the Structured Contracts;

– the Company may lose the ability to use and enjoy assets held by OPCOs if those companies declares bankruptcy or becomes subject to a dissolution or liquidation proceeding;

– the shareholders of OPCOs may have potential conflicts of interest with the Company;

– the Company's ability to acquire the entire equity interests and/or assets of OPCOs through WOFE may be subject to various limitations; and

– the Structured Contracts may be challenged by the PRC tax authorities.

Despite the above, as advised by the PRC legal advisers to the Company, the Contractual Arrangements are in compliance with and, to the extent governed by the PRC laws currently in force, are enforceable under, the current PRC laws. The Company will monitor the relevant PRC laws and regulations relevant to the Contractual Arrangement and will take all necessary actions to protect the Company's interest in the Structured Entities.

CAPITAL STRUCTURE

As at 31 December 2024, the Company has in issue a total of 4,209,131,046 ordinary shares.

GEARING RATIO

The gearing ratio, expressed as percentage of total liabilities excluding deferred tax liabilities over total equity attributable to owners of the parent, was approximately 59.6% (2023: 49.4%). The change in gearing ratio was mainly derived from the decrease of total equities attributable to owners of the parent from HK$134,192,000 to HK$98,949,000.

CHARGES ON THE GROUP'S ASSETS

At 31 December 2024, the Group did not have any charge on its assets.

Foreign Exchange Risk

Most of the income and expense of the Group are determined in RMB. The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management closely monitors the exposures and will consider hedging the exposures should the need arise.

Commitments

At 31 December 2024, the Group had capital commitments of approximately HK$45,060,000 (2023: HK$44,730,000).

Contingent Liabilities

At 31 December 2024, the Group had no contingent liabilities (2023: Nil).

Employees

As at 31 December 2024, the Group had 48 employees, including approximately 44 employees in PRC and 4 employees in Hong Kong. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performances, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options granted or to be granted under the share option scheme.

CONNECTED TRANSACTION

During the year ended 31 December 2024, there were no connected transactions or continuing connected transactions under the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements thereunder.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, to the best knowledge of the management, the Group has complied with the relevant standards, laws and regulations that have a significant impact to our businesses. At the same time, the Group always maintains a safe working environment for staff in accordance with relevant safety policies.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group believes that human resources is the most important asset for the Group's sustainable development. We offer competitive remuneration packages and high quality working environment for our employees. It is our customs to respect each other and to ensure that fairness is applied to everyone. From time to time, we provide relevant on-the-job trainings to enhance employees' professional knowledge. The Group also organises different leisure events and frequent group discussions for the participation of employees to enhance the bonding of the employees and communications with management.

Due to the nature of our businesses, we do not rely on single suppliers or customers. Having said that, we are always trying to build up long term relationships with our existing and potential customers and suppliers and we are not aware of any unresolved disputes with any of the customers and suppliers during the year.

REMUNERATION POLICY

The Group's compensation strategy is to cultivate a pay-for-performance culture to reward employee performance that will maximize shareholder value in the long run. The Group from time to time reviews remuneration packages provided to its employees to ensure that the total compensation is internally equitable, externally competitive and supports the Group's business strategy.

PROFILES OF DIRECTORS AND MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Colin Xu

Mr. Colin Xu, aged 35, obtained his bachelor degree of Visual Art from Simon Fraser University in Canada in 2012. Prior joining to the Group, Mr. Xu invested in some private business and gained three years of experiences in food and beverage industry after he founded a food and beverage business in 2013. Mr. Xu joined Beijing Lajin Film Co., Ltd.*(北京拉近影業有限公司), a wholly-owned subsidiary of the Group, as a vice president in 2016 and is responsible for business development and customer relationship maintenance. Mr. Xu is also subsequently responsible for exploring business opportunities and identifying potential partners for the Group's new media business.

Mr. Leung Wai Shun Wilson

Mr. Leung Wai Shun Wilson, aged 51, has over 25 years of experience in the field of auditing, accounting and finance. Mr. Leung held various senior positions in different organisations, including in an international accounting firm and listed companies in Hong Kong. During the period from March 2012 to October 2014, Mr. Leung was appointed as a director of Yueshou Environmental Holdings Limited (currently known as China Gem Holdings Limited) (stock code: 1191). During the period from October 2015 to November 2016, Mr. Leung served as the company secretary of another listed company in Hong Kong. Mr. Leung was the chief financial officer of Zhong Ao Home Group Limited (stock code: 1538) during the period from November 2016 to October 2017 prior to joining the Company. Mr. Leung is also the company secretary and authorised representative of the Company. Mr. Leung is a fellow member of the Hong Kong Institute of Certified Public Accountants.

NON-EXECUTIVE DIRECTORS

Mr. Zou Xiao Chun

Mr. Zou Xiao Chun, aged 55, graduated from the Department of Law of Nanchang University(南昌大學法律專業專科)in June 1990 and was granted the Chinese Lawyers Qualification Certificate(中國律師資格證書)in July 1991. Mr. Zou was also granted the Chinese Tax Advisers Qualification Certificate(中國税務師資格證書)in September 1995 and the Pass Certificate for the National Notary Public Qualification Examination(國家公證員資格考試合格證書)in December 1995. Furthermore, Mr. Zou was qualified as an industrial economist(工業經濟師)in October 1996. Mr. Zou has been a practising lawyer for 30 years and has practiced in legal areas relating to capital markets in the PRC for 20 years. Mr. Zou is currently a member of the remuneration committee of the Company. In June 2006, Mr. Zou founded Beijing John & Law Firm(北京市中逸律師事務所) and he still serves as a founding partner of this firm. Between December 2008 and March 2011, Mr. Zou was a director and vice chairman of Beijing Centergate Technologies (Holding) Co., Limited(北京中關村科技發展(控股)股份有限公司)(a company listed on the Shenzhen Stock Exchange) and since May 2012, has been re-appointed as a director of such company. Since 2011, Mr. Zou has been appointed as a member of the Executive Committee of GOME Holding Group Company Limited (國美控股集團有限公司), a company owned or controlled by Mr. Wong Kwong Yu. Between June 2011 and June 2014, Mr. Zou was a director of Sanlian Commercial Co., Limited(三聯商社股份有限公司)(a company listed on the Shanghai Stock Exchange). Since December 2010, Mr. Zou has been an executive director of GOME Retail Holdings Limited (together with its subsidiaries, the "GOME Group"), a company listed on the main board of the Stock Exchange and controlled by Mr. Wong Kwong Yu. From December 2010 to December 2013, Mr. Zou also served as the Vice President and then the Senior Vice President of the GOME Group. Since 2018, Mr. Zou was appointed as the Chairman of the board of directors of Beijing YiPing Capital Management Co., Limited and Jian Dao Zhong Chuang Investment Co., Limited. For the period from December 2018 to March 2024, Mr. Zou has been appointed as the Independent Non-Executive Director of Beijing Worldia Diamond Tools Co., Ltd(沃爾德金剛石工具股份有限公司)(a company listed on the STAR Market of the Shanghai Stock Exchange). From March 2015, Mr. Zou has been appointed as the non-executive director of the Company.

PROFILES OF DIRECTORS AND MANAGEMENT

Mr. Zhou Ya Fei

Mr. Zhou Ya Fei, aged 56, graduated from the Beijing Institute of Technology with a master's degree. Prior to joining the Group, he was the Chief Financial Officer of GOME Appliance Co., Ltd. from 2000 to 2004, and subsequently remained his position as the Chief Financial Officer for GOME Retail Holdings Limited (Stock Code: 0493) from 2004 to 2008 after the asset injection, and has been the executive vice president of GOME Holding Group Company Limited (incorporated in Beijing) since 2009. Mr. Zhou has over 30 years of experience in PRC accounting, finance and tax consulting. He is a registered accountant (non-practising) and a registered tax agent (non-practising) in the PRC. Mr. Zhou has been appointed as an Executive Director of Tong Tong AI Social Group Limited (formerly known as GOME Finance Technology Co., Ltd) (Stock Code: 0628) since March 2021. Currently, Mr. Zhou serves as member of both audit committee and nomination committee of the Company.

Mr. Li Xue Song

Mr. Li Xue Song, aged 56, is currently an assistant to the general manager of CITIC Satellite Communication Co., Ltd. (中信衛星通信有限公司) (formerly known as CITIC TMT Network Co. Ltd(中信數字媒體網絡有限公司)) (the parent company is CITIC Group Corporation(中國中信集團有限公司)("CITIC Group") — the holding company of the substantial shareholder of the Company), a director and general manager of CITIC Digital Technology Co., Ltd.(中信數字技術有限責任公司), a director and deputy general manager of China Broadcasting Chongqing Network Co., Ltd.(中國廣電重慶網絡股份有限公司). Since joining CITIC Group in 2001 and up to now, Mr. Li has held senior management positions in many other subsidiaries of CITIC Group and has extensive experience in broadcasting and communication businesses.

Ms. Wu Qian

Ms. Wu Qian, aged 38, has held various positions in Gome Capital Management Limited ("Gome Capital") since September 2016, including Investment Manager, Investment Director, and Senior Investment Director. She currently serves as the General Manager of Gome Capital, responsible for strategic cooperation, investment and financing, and mergers and acquisitions related to companies under Gome Capital and Gome Holding Group Company Limited.

Ms. Wu has also been serving as a non-executive director at Tong Tong AI Social Group Limited(通通AI社交集團有限公司) (formerly known as Gome Finance Technology Co., Ltd.(國美金融科技有限公司)) (Stock Code: 628) since July 2024 and a director at Gome Telecom Equipment Co., Ltd.(國美通訊設備股份有限公司)(SSE Code: 600898) since June 2023. Ms. Wu graduated in 2007 from the University of International Business and Economics with a bachelor's degree in international finance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Wai Hung

Mr. Ng Wai Hung, aged 61, is a practising solicitor and a partner in Iu, Lai & Li, Hong Kong. Mr. Ng has been admitted as a Hong Kong solicitor since 1992. Currently, Mr. Ng serves as the chairman of the nomination committee, and member of both audit committee and remuneration committee of the Company. Mr. Ng has been an independent non-executive director of Xinyi Electric Storage Holdings Limited since July 2016 and Kingkey Intelligence Culture Holdings Limited since September 2023, all being companies listed on the Stock Exchange. Mr. Ng has been a non-executive director of Coolpad Group Limited (a main board listed Company in HK) since January 2018.

PROFILES OF DIRECTORS AND MANAGEMENT

Mr. Lam Cheung Shing, Richard

Mr. Lam Cheung Shing, Richard, aged 66, serves as the chairman of both audit committee and remuneration committee, and as a member of the nomination committee of the Company. Mr. Lam is a fellow member of Hong Kong Institute of Certified Public Accountants and obtained the Master's Degree in Business Administration in the Chinese University of Hong Kong in 2006. He spent over ten years in PricewaterhouseCoopers, an international accounting firm and was promoted to the position of senior audit manager, and is equipped with extensive experience in accountancy, taxation and corporate finance. Mr. Lam has also been appointed as an independent non-executive director of China Water Industry Group Limited (stock code: 1129) since August 2019, Legend Strategy International Holdings Group Company Limited (stock code: 1355) since December 2022 and Far East Holdings Company Limited (stock code: 0036) with effect from November 2023, whose shares are listed on the Main Board of the Stock Exchange. Besides, Mr. Lam served as Executive Director of Everchina International Holdings Limited ("Everchina" – stock code: 0202), whose shares are listed on the Main Board of the Stock Exchange, from August 2001 to October 2023 and was designated as the Deputy Chairman and CEO of Everchina since June 2009 until his retirement in October 2023. In addition, Mr. Lam was appointed as a director in various companies whose shares are listed on the Main Board of the Stock Exchange during the period from December 2001 to December 2014, namely Eagle Legend Asia Limited (now known as Kaisa Capital Investment Holdings Limited) (stock code: 936), Kai Yuan Holdings Limited (stock code: 1215) and Softpower International Limited (now known as China Pipe Group Limited) (stock code: 380).

Mr. Wang Ju

Mr. Wang Ju, aged 71, graduated from the Beijing Broadcasting Institute 北京廣播學院 (currently known as the Communication University of China（中國傳媒大學）) with a vocal major in the School of Art. Mr. Wang is the former Permanent Vice Chairman and Chief Secretary of the China Audio-Video and Digital Publishing Association（中國音像與數字出版協會）. Prior to that, he was a music host of China National Radio 中央電台 (CNR), the chief editor of China Record Corporation (CRC)（中唱）, an associate chairperson of the judging panel of the China Gold Record Award（中國金唱片獎) and a member of the judging panel of PRC Outstanding Publication Award（中華優秀出版物評獎）, and more actively support the CMIC Music Awards (CMA)（唱工委音樂獎）in recent years which has great influence in the industry, and also acted as an expert in the judging panel of various national foundation programmes and various award programmes. He was also employed as a member of the National Technical Committee on Press and Publication Information of Standardization Administration of China（全國新聞出版標準化技術委員）under the Committee Panel of the Standardization Administration of the PRC（國家標準化管理委員會）and involved in the revision of the Copyright Law of the People's Republic of China（中華人民共和國著作權法）and other copyright laws at the invitation of the National Copyright Administration of the PRC（國家版權局）. He is also an expert of the authority in the PRC approving the imported audio and video products from 2008 onwards.

SENIOR MANAGEMENT

Mr. Xu Zhongmin — Chief Strategist

Mr. Xu Zhongmin has extensive business connections and network in the entertainment industry in the PRC. He was the founder of Jingwen. Jingwen was a music producer and was one of the largest music album distributors in the PRC which has discovered and fostered a number of famous artistes including Han Hong（韓紅）, Cui Jian（崔健）, Wang Feng（汪峰）, Guo Feng（郭峰）etc. It published and distributed albums of Mao Yamin（毛阿敏）, Li Yundi（李雲迪）, Lang Lang（郎朗）and other famous artistes in the PRC. While Jingwen was developing the local original music, it introduced music albums and video contents from international producers and distributors including Warner Bros. Records, EMI, Universal Music, Universal Picture, Discovery Channel and National Geographic Channel. It extended its business to publication of books and investment in multi-media educational materials. Mr. Xu was also actively involved in the investment in TV programmes and artiste management business and has been involved in producing concerts in the PRC and performance show PANDA! in Las Vegas, the United States of America. Mr. Xu is currently the chairman of Beijing Centergate Technologies (Holding) Co., Ltd. (stock code : 000931.SZ)

Mr. Hu Qinggang — Vice President of Lajin Group, CEO of Lajin Picture

Mr. Hu Qinggang ("Mr. Hu") has extensive experience in the finance field and had worked in the Finance Department of CITIC Group Corporation, a substantial shareholder of the Company, as the deputy director of the Finance and Planning Division. For the period from October 2006 to March 2020, Mr. Hu held the office of Executive Director, CFO, acting CEO of Frontier Services Group Limited (formerly known as DVN Holdings Limited) (stock code: 500). Mr. Hu holds a bachelor's degree in Economics from the Beijing University of Technology and a master's degree in Economics from the University of International Business and Economics in the PRC.

Mr. Wu Xin – CEO of Beijing Lajin Zhongbo Technology Limited*（北京拉近眾博科技有限公司）

Mr. Wu Xin ("Mr. Wu") grew up and studied in England during his teenager period and graduated from the department of mathematics, Trinity College, Cambridge University with a bachelor's degree in mathematics and a master's degree in arts. Mr. Wu joined Autonomy, the world's advanced pattern recognition and artificial intelligence company, where he was responsible for the research and development of core infrastructure and consulting on global major projects, and subsequently served as the first chief representative and general manager of Autonomy in Greater China, exploring the China market and working with partners to explore the market in the government, enterprise and telecommunications industries, which stimulated the rapid growth of the company in market value.

Since 2005, Mr. Wu has established a number of enterprises, and was selected as one of the first batch of national high-level innovative talents under the "Recruitment Program of Global Experts (Thousand Talents Plan)" by Organization Department of the Communist Party of China Central Committee in 2009. He has been awarded other major honors, including the first batch of "Scientific and Technological Entrepreneur Cultivation Project" in Jiangsu Province (2011), the "Excellent Talent with Outstanding Contributions in Dongcheng District" award in Beijing (2012), the Most Innovative Education Figures in 2013 by China.com.cn (2013), a member of the All-China Youth Federation, and an honorary professor of Communication University of China.

In 2008, he has founded Tvmining, a video search company, which served hundreds of TV stations and media institutions across the country, with annual sales of exceeding RMB1 billion and more than 1,000 invention patents. TV Hongbao APP under Tvmining has over 50 million registered users and received a valuation strategy investment of RMB2 billion from Baidu in 2020.

Mr. Wu is currently the CEO of Beijing Lajin Zhongbo Technology Limited, a subsidiary of Lajin Group, and is responsible for leading the new media business of AMBER.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The board of Directors (the "Board") and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public.

Throughout the financial year ended 31 December 2024, the Group has complied with the code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules save for certain deviations, details of which will be explained in the relevant paragraphs in this report. The Board has, since the amendments to the GEM Listing Rules regarding corporate governance practices were first proposed by the Stock Exchange, continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the year and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Group to ensure awareness to issues regarding corporate governance practices.

THE BOARD

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transaction, appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities. The statement of the auditor of the Company in relation to their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 37 to 41 of this annual report.

Composition

As at 31 December 2024, the Board comprises nine Directors: including two executive Directors, Mr. Colin Xu and Mr. Leung Wai Shun Wilson, four non-executive Directors, namely, Mr. Zhou Ya Fei, Mr. Zou Xiao Chun, Mr. Li Xue Song and Ms. Wu Qian, and three independent non-executive directors, namely Mr. Ng Wai Hung, Mr. Lam Cheung Shing Richard and Mr. Wang Ju.

At least one of the independent non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise. The number of independent non-executive Directors is more than one-third of the Board.

Biographical details of the Directors are set out in the section of Profiles of Directors and Management on pages 20 to 23.

The presence of six non-executive Directors (including 3 independent non-executive Directors) is considered by the Board to be a reasonable balance between executive and non-executive Directors. All of the non-executive directors are appointed for a renewable term of 3-years. The Board is of the opinion that the ratio of executive to non-executive Directors is reasonable and such balance can provide adequate checks and balances for safeguarding the interests of shareholders and of the Group. The non-executive Directors provide to the Group with a wide range of expertise and experience so that independent judgement can effectively be exercised as well as ensuring that the interests of all shareholders are taken into account. They are also responsible for participating in Board meetings, dealing with potential conflicts of interest, serving on audit committee, remuneration committee and nomination committee, scrutinising the Group's performance and reporting. Through their active participation, they provide their valuable skills, expertise and experience to the Board and the committees on which they serve so that the management process can be critically reviewed and controlled. The Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. All the directors give sufficient time and attention to the Company's affairs.

The Board as a whole is responsible for the appointment of new director and nomination for re-election by shareholders at the annual general meeting of the Company. Under the Company's bye-laws, the Board may from time to time appoint a director either to fill a vacancy or as an addition to the Board. Any new director appointed to fill a casual vacancy shall hold office until the first general meeting after his appointment and shall then be eligible for re-election at the next following annual general meeting. Any new director appointed by the Board as an addition to the existing Board shall hold office until the next annual general meeting of the Company and shall then be eligible for re-election. Every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Pursuant to Article 86(2) and Article 87(1) of the Bye-laws, Ms. Wu Qian, Mr. Li Xue Song and Mr. Lam Cheung Shing, Richard will retire at the annual general meeting and, being eligible, will offer themselves for re-election.

INDEPENDENCE

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. The Group has received from each independent non-executive Directors an annual confirmation of his independence. The Company considers these Directors to be independent under the guidelines set out in Rule 5.09 of the GEM Listing Rules.

All independent non-executive Directors are identified as such in all corporate communications containing the names of the directors. In addition, there is no material relationship among members of the Board.

DEVIATION FROM THE CG CODE

Throughout the year ended 31 December 2024, the Company complied with the CG Code in Appendix 15 to the GEM Listing Rules, with the exception of CG Code Provisions A.2.1 (separation of roles of chairman and chief executives), A.4.1 (specific terms of non-executive Directors) and A.6.7 (Directors attending general meetings).

(a) Chairman and Chief Executive Officer

Under the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As of the date of this report, both of the positions of Chairman and Chief Executive Officer at the Group level were still left vacant. However, the Company has appointed a number of Chief Executive Officers at subsidiary level for each business segments, who will be held responsible for the oversight of each business segments' operations. The Company will continue to look for the appropriate candidate to fill the vacancy as chairman and the chief executive officer where appropriate.

(b) Terms of non-executive Directors

Under the CG Code provision A.4.1, all non-executive Directors should be appointed for a specific term, subject to re-election. The term of office for non-executive Directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the Directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this Code provision.

(c) Non-executive Directors attending general meeting

Under the CG Code provision A.6.7, non-executive Directors should attend general meetings. During the year, due to directors' other commitments and travels, not all of the non-executive directors of the Company attended all general meetings.

BOARD MEETINGS AND SHAREHOLDERS' MEETINGS

The Board regularly meets in person or through other means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. At least 14 days' notice of regular Board meeting are given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides directors information on activities and development of the businesses of the Group. The company secretary assists in preparing the agenda for the meeting and ensures that all applicable rules and regulations in connection with the meetings are observed and complied with. The company secretary also takes detailed minutes of the meetings and keeps records of matters discussed and decision resolved at the meetings.

During the year under review, seven board meetings were held. Details of the attendance of the Directors at the meetings of the Board and its respective committees are as follows:

Name of Director	Board Meetings Attended/ Eligible to attend	Audit Committee Meeting Attended/ Eligible to attend	Remuneration Committee Meeting Attended/ Eligible to attend	Nomination Committee Meetings Attended/ Eligible to attend	General Meetings Attended/ Eligible to attend
Mr. Leung Wai Shun Wilson	4/4	N/A	N/A	N/A	1/1
Mr. Colin Xu	4/4	N/A	N/A	N/A	1/1
Mr. Zhou Ya Fei	4/4	2/2	N/A	1/1	0/1
Mr. Zou Xiao Chun	4/4	N/A	1/1	N/A	1/1
Mr. Li Xue Song	3/4	N/A	N/A	N/A	0/1
Ms. Wu Qian (appointed on 30 December 2024)	N/A	N/A	N/A	N/A	N/A
Mr. Ng Wai Hung	4/4	2/2	1/1	1/1	1/1
Mr. Lam Cheung Shing, Richard	4/4	2/2	1/1	1/1	1/1
Mr. Wang Ju	4/4	N/A	N/A	N/A	1/1

During regular meetings of the Board, the Directors discuss and formulate the overall strategies of the Group, monitor financial performances and discuss the annual, interim and quarterly results, set annual budgets, as well as discuss and decide on other significant matters. The execution of daily operational matters is delegated to management of the Group. Monthly updates on the Companies' performances is prepared by management to the Board so as to enable directors to discharge their duties.

The company secretary records the proceedings of each board meeting in detail by keeping minutes, including the record of all decisions by the board together with concerns raised and dissenting views expressed (if any). Drafts of board minutes are circulated to all directors for comment and approval as soon as practicable after the meeting. All minutes are open for inspection at any reasonable time on request by any director.

All Directors have access to relevant and timely information at all times as the management will supply the Board and its committees with all relevant information in a timely manner. They may make further enquiries if in their opinion it is necessary or appropriate to request for further information.

They also have unrestricted access to the advice and services of the company secretary, who is held responsible for providing Directors with board papers and related materials and ensuring that all proper Board procedures are followed and that all applicable laws and regulations are complied with. If considered necessary and appropriate by the Directors, they may retain the service of independent professional advisers at the Group's expense.

In case where a conflict of interest may arise involving a substantial shareholder or a Director, such matter will be discussed in a physical meeting and will not be dealt with by way of written resolutions. Independent non-executive directors with no conflict of interest will be present at meetings dealing with such conflict issues.

Independent non-executive directors and other non-executive directors will make positive contribution to the strategy and policies of the Company through independent, constructive and informed comments.

The board committees, including the audit committee, the remuneration committee and the nomination committee, have all adopted the applicable practices and procedures used in board meetings for all committee meetings.

The annual general meeting and other general meetings of the Company are the primary forum for communication by the Company with the shareholders and for shareholders' participation. All shareholders are encouraged to attend the general meetings or to appoint proxies to attend and vote at meetings on their behalf if they are unable to attend the meetings.

During the year ended 31 December 2024, apart from the annual general meeting held on 21 June 2024, the Company did not hold any other general meetings.

TRAINING AND SUPPORT FOR DIRECTORS

The Group provides a comprehensive and formal induction to each newly appointed director upon his/her appointment. Briefings and orientations are provided and organised to ensure that the new directors are familiar with the role of the Board, their legal and other duties as a director as well as the business and governance practices of the Group. Such programmes are tailored to each individual Director taking into account their background and expertise. The company secretary and compliance officer will continuously update all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

Pursuant to Code provision A.6.5, all Directors should participate in continuous professional development, including reading of relevant materials or attending relevant seminars to develop and refresh their knowledge and skills in relation to their contribution to the Board. All the Directors also understand the importance of continuous professional development and are committed to participate any suitable training or read relevant materials in order to develop and refresh their knowledge and skills. The Company has received from each Director a confirmation of their participation in continuous professional development.

A summary of the training received by the Directors for the year under review is as follows:

	Type of Continuous Professional Development	
Name of Directors	**E-learning or reading on corporate governance, regulatory updates development and other relevant topics**	**Attending relevant training sessions (including webinars)**
Executive Directors		
Mr. Colin Xu	✓	✓
Mr. Leung Wai Shun Wilson	✓	✓
Non-executive Directors		
Mr. Zou Xiao Chun	✓	✓
Mr. Zhou Ya Fei	✓	✓
Mr. Li Xue Song	✓	✓
Ms. Wu Qian (appointed on 30 December 2024)	✓	✓
Independent non-executive Directors		
Mr. Ng Wai Hung	✓	✓
Mr. Lam Cheung Shing, Richard	✓	✓
Mr. Wang Ju	✓	✓

Each Director will, upon his/her first appointment and thereafter on a yearly basis, disclose to the Group the number and nature of offices held by such director in public companies and organizations and other significant commitments.

REMUNERATION COMMITTEE

A remuneration committee was formed with specific written terms of reference. As at 31 December 2024, the remuneration committee consists of two independent non-executive Directors, namely, Mr. Lam Cheung Shing, Richard, Mr. Ng Wai Hung, and one non-executive Director, Mr. Zou Xiao Chun. Mr. Lam Cheung Shing, Richard is the chairman of the committee.

The remuneration committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of executive Directors and members of senior management of the Group, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues, and ensure that no director or any of his associates is involved in deciding his own remuneration and has access to professional advice if deemed necessary. The remuneration committee is also provided with other resources enabling it to discharge its duties.

The specific terms of reference of the remuneration committee are posted on the Company's website. The remuneration committee meets at least once a year.

During the year under review, the remuneration committee held one meeting to determine the remuneration package for the executive Directors, non-executive Directors and independent non-executive Directors, and approving the terms of executive Director's service contracts.

Remuneration (including share-based payment) of senior management other than directors for the full year of 2024:

Total Remuneration Bands	**Number of Executives**
HK$1 to HK$500,000	3
HK$500,001 to HK$1,000,000	–
HK$1,000,001 to HK$1,500,000	–

NOMINATION COMMITTEE

A nomination committee was formed with specific written terms of reference on 26 March 2012. As at 31 December 2024, the nomination committee consists of two independent non-executive Directors, namely, Mr. Ng Wai Hung, Mr. Lam Cheung Shing, Richard, and one non-executive Director, Mr. Zhou Ya Fei. Mr. Ng Wai Hung is the chairman of the nomination committee.

The duties of the nomination committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The nomination committee assesses and considers the relevant experiences, skills and qualification, and independence (applicable to independent directors) in its nomination procedure to select and recommend candidates for directorship.

The specific terms of reference of the nomination committee are posted on the Company's website. The nomination committee meets at least once a year.

During the year under review, the nomination committee held one meeting to review and recommend the appointment and re-appointment of directors.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. Rule 5.28 of the GEM Listing Rules requires that the audit committee must comprise a minimum of three members with a majority of independent non-executive Directors and at least one member must have appropriate professional qualifications or accounting or related financial management expertise. The main duties of the audit committee include the followings:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the compliance officer or external auditor before submission to the board.

(b) To review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditor.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

Other duties of the audit committee are set out in its specific terms of reference which are posted on the Company's website. The audit committee is provided with sufficient resources enabling it to discharge its duties.

As at 31 December 2024, the audit committee has three members, namely Mr. Lam Cheung Shing, Richard (chairman of the audit committee), Mr. Zhou Ya Fei and Mr. Ng Wai Hung, all being independent non-executive Directors except for Mr. Zhou Ya Fei who is a non-executive director of the Company. Mr. Lam Cheung Shing, Richard is a fellow member of both Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountant. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the management team of the Company. During the year, the audit committee held two meetings to review the Group's annual report and interim report.

The audit committee has also reviewed the financial reporting and compliance procedures, report on the company's internal control and risk management review and processes as well as the re-appointment of the external auditor. Material uncertainty relating to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern has been disclosed in Note 2.1 to the consolidated financial statements in the annual report. There is no disagreement between the Board and the audit committee regarding the selection, appointment, resignation or dismissal of external auditor.

The Company's annual report for the year ended 31 December 2024 has been reviewed by the audit committee. The accounts for the year were audited by BDO Limited whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that BDO Limited be nominated for appointment as the auditor of the Company at the forthcoming annual general meeting.

The company secretary keeps full minutes of all audit committee meetings. In line with practices consistent with Board meetings and other committee meetings, draft and final versions of audit committee meeting minutes are circulated to all members of the audit committee for comments, approval and record as soon as practicable after each meeting.

AUDITOR'S REMUNERATION

For the year ended 31 December 2024, the remuneration in respect of audit services provided by the auditor, BDO Limited, amounted to HK$1,060,000 (2023: HK$1,320,000). For non-audit services, no fees were paid.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company's Directors confirmed they have complied with the required standards of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the financial position of the Group. The auditor is responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

CORPORATE GOVERNANCE FUNCTION

No corporate governance committee has been established and the Board will therefore be responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of directors and senior management, review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance to the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the financial year ended 31 December 2024, the Board has reviewed the Company's policies and practices on corporate governance.

INTERNAL CONTROL AND RISK MANAGEMENT

In order to comply with applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 to the GEM Listing Rules, The Board acknowledges their overall responsibility for overseeing the Management in the design, implementation and monitoring of the risk management and internal control systems of the Group with a view to ascertaining the effectiveness of its operations. The Board has delegated such responsibility to the Management of the Group, under the supervision of the Board, the Management has established policies and procedures for daily operations and continuously improving such internal controls of the Group.

The Group established the risk management and internal control systems with aims to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatements or losses caused by judgment in decision making process, human error, fraud or other irregularities. For risk management, the Management has established a risk management policy and risk reporting mechanism. The Board, the Audit Committee, and the Management have reviewed the Group's financial, operation, compliance and strategic aspects and identified certain risk areas.

The Group has its internal protocol on handing and dissemination of inside information that set out the procedures in handling inside information in an accurate and secure manner and to avoid possible mishandling of inside information within the Group.

During the year, the Board has engaged an independent professional firm with an aim to set up and maintain an effective internal audit function to facilitate the Board in assessing its risk management and internal controls. The Group has established an internal audit charter, conducted an annual risk assessment and devised an internal audit plan under a risk-based approach. An annual internal control review was performed according to the approved internal audit plan with a view to assisting the Board and the Audit Committee to evaluate the effectiveness and adequacy of the Group's risk management and internal control mechanism.

The Audit Committee and the Board have conducted an ongoing review and monitoring of the effectiveness and adequacy of the risk management, reviewed and discussed the internal control review reports submitted by the independent professional firm. The Audit Committee and the Board considered that the systems of internal control and risk management were effectively and satisfactorily operated in general and would serve to protect the interest of the shareholders and safeguard the assets of the Group during the year ended 31 December 2024.

COMPANY SECRETARY

The company secretary is an employee of the Company and is appointed by the Board. The company secretary assists the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The company secretary is also responsible for advising the Board on governance matters. All Directors of the Company may call upon him for advice and assistance at any time in respect to their duties and the effective operation of the Board and board committee. Mr. Leung Wai Shun Wilson was appointed as the company secretary since 1 October 2018. The biographical details of Mr. Leung are set out in the section of Profiles of Directors and Management on page 20 of this report. Mr. Leung has undertaken not less than 15 hours of relevant professional training to update his skills and knowledge in 2024.

DELEGATION BY THE BOARD

The Board is responsible for decisions in relation to the overall strategic development of the Group's business. All directors have formal letters of appointment setting out key terms and conditions relative to their appointment. Due to the diversity and volume of the Group's business, responsibility in relation to the daily operations and execution of the strategic business plans are delegated to management of the Group.

All committees, namely the audit committee, the remuneration committee and the nomination committee, have specific terms of reference clearly defining the authorities and responsibilities of the respective committees. All committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions.

The Board review, on a yearly basis, all delegations by the Board to different committees to ensure that such delegations are appropriate and continue to be beneficial to the Company as a whole.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Insurance cover has been taken out for Directors' and Officers' Liability to provide adequate cover, as determined by the Board, in respect of the Board members and senior management members of the Company.

SHAREHOLDERS RELATIONS

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Company's activities can be reflected in many aspects.

In endeavouring to maintain an on-going dialogue with shareholders, the annual general meeting provides a useful forum for shareholders to exchange views with the Board.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The annual general meeting circular, which is circulated to all shareholders at least 21 clear days or 20 clear business days (whichever is longer) prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures (including procedures for demanding and conducting a poll) and other relevant information and notice of at least 14 clear days or 10 clear business days (whichever is longer) shall be given to shareholders for all other general meetings. At the Company annual general meeting, all the resolutions were put to the vote by poll and the Company's Hong Kong Branch Share Registrar, was engaged as scrutineer to ensure the votes were properly counted. The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Company's Bye-laws.

The Company also communicates to its shareholders through its annual and interim reports. The Directors, company secretary or other appropriate members of senior management also respond promptly to inquiries from shareholders and investors.

SHAREHOLDERS' RIGHTS

According to the Bye-Laws, any one or more shareholder holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meeting of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an special general meeting to be called by the Board for the transaction of any business specified in such requisition. The requisition must be lodged with the Company's principal place of business of Hong Kong.

As regards proposing a person for election as a director, please refer to the procedures as set out in the Bye-Laws on the GEM website and the Company's website at http://www.irasia.com/listco/hk/lajin/index.htm.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the company secretary at the Company's office in Hong Kong at Unit 3903A, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

INVESTOR RELATIONS

The Company is committed to a policy of open and timely disclosure of corporate information to shareholders and investors. The Company updates shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports and notices, announcements and circulars. The Company's website (http://www.irasia.com/listco/hk/lajin/index.htm) provides a communication platform to the public and the shareholders.

To strengthen its relationship with investors, the Company meets with analysts and holds interviews with reporters and columnists of the press and other economic journals in suitable opportunities.

During the year ended 31 December 2024, there were no significant changes to the Company's constitutional documents.

CONCLUSION

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The management will devote considerable effort to strengthen and improve the standards of the corporate governance of the Group.

REPORT OF THE DIRECTORS

The Directors present the report of the directors and the audited consolidated financial statements for the year ended 31 December 2024.

BUSINESS REVIEW

The business review of the Company is as set out in the section of "Management Discussion and Analysis" on page 3 to 12 of this annual report.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. Details of the principal activities of its principal subsidiaries are set out in note 33 to the consolidated financial statements.

An analysis of the Group's revenue for the year by geographic segment is set out in note 4 to the consolidated financial statement.

RESULTS AND APPROPRIATIONS

The results of the Group for year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 45 to 46 of this annual report.

The Directors do not recommend the payment of any final dividend in respect of the year.

FINANCIAL SUMMARY

The summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 107 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 23 to the consolidated financial statements.

RESERVES

Details of the movement in the reserves of the Group and the Company during the year are set out on page 92 of this annual report and in note 25 to the consolidated financial statements respectively.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to shareholders as at 31 December 2024 amounting to HK$28,902,000 (2023: HK$203,767,000).

PUBLIC FLOAT

At the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors

Mr. Colin Xu
Mr. Leung Wai Shun Wilson

Non-Executive Directors

Mr. Zou Xiao Chun
Mr. Zhou Ya Fei
Mr. Li Xue Song
Ms. Wu Qian (appointed on 30 December 2024)

Independent Non-Executive Directors

Mr. Ng Wai Hung
Mr. Lam Cheung Shing, Richard
Mr. Wang Ju

Pursuant to Article 86(2) and Article 87(1) of the Bye-laws, Ms. Wu Qian, Mr. Li Xue Song and Mr. Lam Cheung Shing, Richard will retire at the annual general meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

None of the Directors and chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2024.

SHARE OPTION SCHEME

On 21 June 2024, the Company adopted a new share option scheme ("Share Option Scheme") after the expiry of the share option scheme adopted by the Company on 9 June 2024. The purpose of the Share Option Scheme is to enable the Company to grant options to the eligible participants ("Participants") in order to recognise and motivate the contribution of the Participants to the Group. The Share Option Scheme is effective for 10 years and will be expired in June 2034.

As at 31 December 2024, there were no outstanding options.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company 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 and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

DIRECTORS' INTEREST IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws of the Company, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company against all losses and liabilities & etc which they may incur or sustain by reason about the execution of their duties, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the directors. The Company has also arranged appropriate directors' and liability insurance coverage for the directors and officers of the Group.

DONATION

During the year ended 31 December 2024, the Group made no charitable and other donations (2023: HK$222,100).

SUBSTANTIAL SHAREHOLDERS

At 31 December 2024, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of substantial shareholder	Capacity	*Notes*	Interest in shares	Approximate percentage of the Company's issued share capital
Jiaxuan Group Company Limited ("Jiaxuan")	Beneficial owner	*(i)*	1,982,561,725	47.10%
Eagle King Investment Holding Limited	Interest of controlled corporation	*(i)*	1,982,561,725	47.10%
Mr. Wong Kwong Yu	Interest of controlled corporation	*(i)*	1,982,561,725	47.10%
Great Majestic Global Holdings Limited	Interest of controlled corporation	*(i)*	1,982,561,725	47.10%
Mr. Xu Zhong Min	Interest of controlled corporation	*(i)*	1,982,561,725	47.10%
CITIC Group Corporation	Interest of controlled corporation	*(ii)*	459,934,954	10.93%
CITIC Limited	Interest of controlled corporation	*(ii)*	459,934,954	10.93%
Famous Peak Investments Limited	Beneficial owner	*(ii)*	459,934,954	10.93%
First Charm Investments Limited	Beneficial owner	*(iii)*	311,545,414	7.40%
Mr. Ko Chun Shun Johnson	Interest of controlled corporation	*(iii)*	311,545,414	7.40%

REPORT OF THE DIRECTORS

Notes:

(i) Jiaxuan is owned as to 55% by Eagle King Investment Holding Limited ("Eagle King") and as to 45% by Great Majestic Global Holdings Limited ("Great Majestic"). Mr. Wong Kwong Yu owns 100% of Eagle King and Mr. Xu Zhong Min owns 100% of Great Majestic.

(ii) Famous Peak Investments Limited is a wholly-owned subsidiary of CITIC Investment (HK) Limited, being one of the wholly-owned subsidiaries of CITIC Limited. CITIC Group Corporation is the holding company of the CITIC Limited.

(iii) Mr. Ko Chun Shun, Johnson owns 100% of First Charm.

Save as disclosed above, as at 31 December 2024, the Company has not been notified by any persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales

— the largest customer	67.5%
— five largest customers combined	68.2%

Purchases

Due to the nature of the Group's principal business, the Group has no major suppliers.

At no time during the year did the Directors, an associate of a director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major customers or suppliers noted above.

CONNECTED TRANSACTION

During the year ended 31 December 2024, there were no connected transactions or continuing connected transactions under the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements thereunder.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2024 were audited by BDO Limited ("BDO") whose terms of office will expire upon the forthcoming annual general meeting of the Company. A resolution for the re-appointment of BDO as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Leung Wai Shun Wilson
Director

Hong Kong, 31 March 2025

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Lajin Entertainment Network Group Limited
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Lajin Entertainment Network Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 45 to 106, which comprise the consolidated statement of financial position at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements, which indicates the Group incurred a net loss of HK$37,817,000 and net cash used in operating activities of HK$20,347,000 for the year ended 31 December 2024 whilst the Group only had cash and cash equivalents amounted to HK$7,626,000 as of the same date. These events or conditions, along with other matters set forth in note 2.1, 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 judgement, 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 matter described in the "Material Uncertainty Related to Going concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of film rights and films and TV programmes under production	
At 31 December 2024, the Group had film rights and films and TV programmes under production with a carrying amount of approximately HK$13,683,000 stated at cost less accumulated amortisation and any impairment losses. At the end of each reporting period, both internal and external market information is considered to assess whether there is any indication that film rights and films and TV programmes under production are impaired. An impairment loss is recognised to reduce an asset to its estimated recoverable amount. Management's assessment process for the impairment of film rights and films and TV programmes under production is complex, highly judgemental and is based on assumptions, which are affected by the expected future film market and customers' demand. Relevant disclosures are included in notes 3 and 19 to the consolidated financial statements.	Our procedures performed in relation to the impairment assessment of film rights and TV programmes under production included the following: – evaluating management's impairment assessment and the rationale for recording the specific impairment; – evaluating management's business plans with reference to the market situation; – inquiring management about the method used in the impairment assessment; – evaluating management's analysis of the series, main artistes or directors' recent works of the films/programmes and the targeted markets of the films/programmes; – assessing the methodologies and assumptions used by management in determining the recoverable amounts of film rights and films and TV programmes under production; and – assessing the adequacy of the Group's disclosure of the impairment of film rights and films and TV programmes under production in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of certain non-financial assets	
At 31 December 2024, the Group had investment properties of HK$68,643,000 as well as intangible assets of HK$16,911,000 including license and software of HK$13,554,000 and HK$3,193,000 respectively with an indefinite useful life and are subject to annual impairment assessment. The investment properties are stated at cost less accumulated depreciation and any impairment losses. The intangible assets with an indefinite useful life are stated at cost less any impairment loss. Management has engaged independent external valuers to perform impairment assessment of the investment properties, license and software. The fair value of the investment properties is determined by reference to comparable rental transactions as available in the relevant market with adjustments to reflect the condition and locations of the related properties. The recoverable amount of license has been determined based on a comparable transactions method under market approach. The comparable transactions method utilises information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value. The recoverable amount of software has been determined based on fair value less costs of disposal with reference to the assessment performed by an independent professional valuer. Due to the significant judgement and estimates involved for the impairment assessment of investment properties, license and software, specific audit focus was placed on these areas. Relevant disclosures are included in notes 3, 13 and 16 to the consolidated financial statements.	Our procedures performed in relation to the impairment assessment of investment properties, license and software included the following: – assessing the capabilities, objectivity and competence of the independent valuers and the valuation report prepared by the independent valuers; – involving our internal valuation specialists to assist us in evaluating the methodology used with reference to the requirements of the prevailing accounting standards and assessing whether the key assumptions and inputs applied in the models were within the range adopted by other companies; – performing testing over the source data provided by the Group to the external valuers, on a sample basis, to satisfy ourselves of the accuracy of the information used by the valuers; and – assessing the adequacy of the Group's disclosure of the impairment of investment properties, license and software in the consolidated financial statements.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional 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.

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

- 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 work performed for the 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 to 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.

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants

Yau Shuk Yuen Amy
Practising Certificate No. P06095
Hong Kong, 31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	5	**5,332**	28,915
Cost of sales		**(4,829)**	(19,865)
Gross profit		**503**	9,050
Other income and gains, net	5	**4,529**	5,379
Selling and distribution expenses		**(314)**	(802)
Administrative expenses	6	**(31,874)**	(38,166)
Other expenses	6	**(9,042)**	(16,422)
Share of losses of associates	14	**(1,619)**	(1,876)
LOSS BEFORE TAX	6	**(37,817)**	(42,837)
Income tax expense	9	**–**	(9)
LOSS FOR THE YEAR		**(37,817)**	(42,846)
Attributable to:			
Owners of the parent		**(31,277)**	(42,222)
Non-controlling interest		**(6,540)**	(624)
		(37,817)	(42,846)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	11	**HK0.74 Cents**	HK1.00 Cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
LOSS FOR THE YEAR		**(37,817)**	(42,846)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(1,897)**	(3,183)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income ("FVOCI"):			
Changes in fair value, net of tax		**(1,443)**	753
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(3,340)**	(2,430)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(41,157)**	(45,276)
Attributable to:			
Owners to the parent		**(35,243)**	(44,746)
Non-controlling interests		**(5,914)**	(530)
		(41,157)	(45,276)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**193**	1,083
Investment properties	13	**68,643**	75,813
Investments in associates	14	**5,178**	7,298
Equity investments designated at FVOCI	15	**243**	1,714
Intangible assets	16	**16,911**	17,513
Total non-current assets		**91,168**	103,421
CURRENT ASSETS			
Trade receivables	17	**7,035**	16,813
Prepayments, other receivables and other assets	18	**15,940**	19,140
Film rights and films and TV programmes under production	19	**13,683**	18,196
Inventories		**810**	837
Cash and cash equivalents	20	**7,626**	26,339
Total current assets		**45,094**	81,325
CURRENT LIABILITIES			
Trade payables	21	**427**	162
Other payables and accruals	22	**20,755**	66,156
Total current liabilities		**21,182**	66,318
NET CURRENT ASSETS		**23,912**	15,007
TOTAL ASSETS LESS CURRENT LIABILITIES		**115,080**	118,428
NON-CURRENT LIABILITIES			
Other payables	22	**37,809**	–
NET ASSETS		**77,271**	118,428
EQUITY			
Equity attributable to owners of the parent			
Share capital	23	**42,090**	42,090
Reserves	25	**56,859**	92,102
		98,949	134,192
Non-controlling interests		**(21,678)**	(15,764)
Total equity		**77,271**	118,428

Colin Xu
Director

Leung Wai Shun Wilson
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

		Attributable to owners of the parent									
	Notes	Share capital HK$'000	Share premium HK$'000 (note i)	Fair value reserve HK$'000	Contributed surplus HK$'000 (note ii)	Other reserves HK$'000 (note iii)	Exchange reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2023		42,090	1,138,909*	(22,708)*	28,294*	14,426*	(22,202)*	(1,016,954)*	161,855	(7,778)	154,077
Loss for the year		–	–	–	–	–	–	(42,222)	(42,222)	(624)	(42,846)
Other comprehensive income for the year											
Changes in fair value of equity investments FVOCI, net of tax		–	–	753	–	–	–	–	753	–	753
Exchange differences arising from the translation of foreign operations		–	–	–	–	–	(3,277)	–	(3,277)	94	(3,183)
Total comprehensive income for the year		–	–	753	–	–	(3,277)	(42,222)	(44,746)	(530)	(45,276)
Capital contribution by non-controlling interest (note iv)		–	–	–	–	–	–	17,083	17,083	(7,456)	9,627
At 31 December 2023 and 1 January 2024		**42,090**	**1,138,909***	**(21,955)***	**28,294***	**14,426***	**(25,479)***	**(1,042,093)***	**134,192**	**(15,764)**	**118,428**
Loss for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(31,277)**	**(31,277)**	**(6,540)**	**(37,817)**
Other comprehensive income for the year											
Changes in fair value of equity instruments FVOCI, net of tax		**-**	**-**	**(1,443)**	**-**	**-**	**-**	**-**	**(1,443)**	**-**	**(1,443)**
Exchange differences arising from the translation of foreign operations		**-**	**-**	**-**	**-**	**-**	**(2,523)**	**-**	**(2,523)**	**626**	**(1,897)**
Total comprehensive income for the year		**-**	**-**	**(1,443)**	**-**	**-**	**(2,523)**	**(31,277)**	**(35,243)**	**(5,914)**	**(41,157)**
At 31 December 2024		**42,090**	**1,138,909***	**(23,398)***	**28,294***	**14,426***	**(28,002)***	**(1,073,370)***	**98,949**	**(21,678)**	**77,271**

* These reserve accounts comprise the consolidated other reserves of HK$56,859,000 (2023: HK$92,102,000) in the consolidated statement of financial position

Notes:

(i) Under the Companies Act 1981 of Bermuda (as amended), the share premium of the Company can be used for paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

(ii) The contributed surplus of the Company represents the capital reduction and capital reorganisation of share capital and reserves of the Company during the year ended 31 December 2010. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if: (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

(iii) The other reserves mainly represent the proportion of share of reserves of the Group's joint venture and associates.

(iv) The deeded disposal represents an additional capital contribution made by investors to a subsidiary, 北京拉近眾博科技有限公司, resulting a change in ownership interest in a subsidiary that do not result in a loss of control during the year ended 31 December 2023. The non-controlling interests is adjusted to reflect the changes in their relative interests. The amount recognised directly to the retained earnings represents the difference between the amount of the non-controlling interests being adjusted of RMB6,777,000 (equivalent to HK$7,456,000) and the fair value of consideration of RMB8,750,000 (equivalent to HK$9,627,000), which are attributed to the owners of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(37,817)**	(42,837)
Adjustments for:			
Interest income	5	**(83)**	(264)
Share of losses of associates	14	**1,619**	1,876
Depreciation of property, plant and equipment	6	**891**	5,266
Depreciation of investment properties	6	**4,407**	1,068
Amortisation of intangible assets	6	**29**	30
Impairment loss recognised in respect of films and TV programmes under production	6	**5,464**	2,273
Impairment loss on investments in associates	6	**450**	–
Impairment loss on trade and other receivables, net	6	**2,839**	14,149
Other income and gains, net	5	**(1,067)**	(4,452)
Operating loss before working capital changes		**(23,268)**	(22,891)
Decrease/(increase) in trade receivables		**10,213**	(12,921)
(Increase)/decrease in other receivables and other assets		**(75)**	18,735
Decrease in film rights and films and TV programmes under production		**–**	5,157
Decrease in inventories		**27**	4
Increase/(decrease) in trade payables		**265**	(85)
(Decrease)/increase in other payables and accruals		**(7,592)**	4,013
Cash used in operations		**(20,430)**	(7,988)
Interest received		**83**	264
Tax paid		**–**	(9)
Net cash flows used in operating activities		**(20,347)**	(7,733)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM INVESTMENTS ACTIVITIES			
Purchases of items of property, plant and equipment		**(19)**	(68)
Withdrawal of non-pledged time deposits with original maturity of over three months when acquired		**–**	2,422
Proceeds from the recovery of amount due of an impaired financial asset at FVTPL		**–**	2,193
Net cash flows (used in)/generated from investing activities		**(19)**	4,547
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(20,366)**	(3,186)
Cash and cash equivalents at beginning of year		**26,339**	29,516
Effect of foreign exchange rate changes, net		**1,653**	9
CASH AND CASH EQUIVALENTS AT END OF YEAR		**7,626**	26,339
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	**7,626**	26,339
Cash and cash equivalents as stated in the consolidated statement of financial position	20	**7,626**	26,339

1. CORPORATE INFORMATION

Lajin Entertainment Network Group Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 11 June 2001 and continued in Bermuda on 16 March 2009. The Company's shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 March 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 3903A, Far East Finance Centre,16 Harcourt Road, Admiralty, Hong Kong, respectively.

During the year, the Group was involved in the following principal activities:

- Artiste management service;
- New media business; and
- Movies, TV programmes and internet contents services.

Particulars of the Company's principal subsidiaries are set out in note 33 to the consolidated financial statements.

2.1 BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (collectively "HKFRS Accounting Standards") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited including the disclosure provisions of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income. These financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Going concern assumption

For the year ended 31 December 2024, the Group incurred a net loss of HK$37,817,000 and the net cash used in operating activities was HK$20,347,000 whilst the Group only had cash and cash equivalents amounted to HK$7,626,000 as of the same date (2023: HK$26,339,000). In preparing these consolidated financial statements using the going concern basis, the directors of the Company ("Directors") considered the future liquidity of the Group based on a cash flow forecast covering 12 months from the date of approval of these consolidated financial statements for issue which was prepared and taken into account of the following factors:

(i) A substantial shareholder of the Company has confirmed his intention to provide continuing financial support to enable the Group to meet its obligations in full as and when they fall due, in order to maintain the Group to operate as a going concern within the next twelve months from the date of approval of these consolidated financial statements for issue.

(ii) The Group is looking for new investor(s) or funding to the Company.

(iii) The Group plans to develop its new media business and expects to obtain positive cashflows to the Group.

2.1 BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION *(continued)*

Going concern assumption *(continued)*

In the opinion of the Directors, taking into account of the above plans and measures, the Group will have sufficient working capital to finance its operation and meet its financial obligations as and when they fall due. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, the use of the going concern basis depends on successful implementation of the above plans and measures that there are uncertainties inherently associated with their future outcomes, that include obtaining fund successfully, as and when needed, from the substantial shareholder as mentioned and the new media business could generate positive cash inflows as planned. As a result, these events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets or discharge its liabilities in the normal course of business.

Should the Group fail to achieve the above plans and measures, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any 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 these consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION *(continued)*

Basis of consolidation *(continued)*

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following amendments are effective for the annual reporting period beginning 1 January 2024:

- Supplier Financial Arrangements (Amendments to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures);
- Lease Liability in a Sale and Leaseback (Amendments to HKFRS 16 Leases);
- Classification of Liabilities as Current or Non-current (Amendments to HKAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendment to HKAS 1 Presentation of Financial Statements); and
- Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Amendment to HKAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants)

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates and HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards)

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to HKFRS 9 Financial Instruments and HKFRS 7 Financial Instruments: Disclosures)
- Contracts Referencing Nature-dependent Electricity (Amendments to HKFRS 9 Financial Instruments and HKFRS 7 Financial Instruments: Disclosures)
- Annual Improvements to HKFRS Accounting Standards – Volume 11

The following new standards are effective for the annual reporting period beginning 1 January 2027:

- HKFRS 18 Presentation and Disclosure in Financial Statements; and
- HKFRS 19 Subsidiaries without Public Accountability: Disclosures

The Group is currently assessing the effect of these new accounting standards and amendments.

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRS Accounting Standards. The Company's shares are listed and traded in The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

2.4 ACCOUNTING POLICIES

Fair value measurement

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture and equipment	20%
Computer equipment	$33^1/_3$%
Motor vehicles	25%

Investment properties

Investment property is property held to earn rentals, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write-off the cost of investment properties, less their residual values, if any, using the straight-line method over their estimated useful lives of 10-40 years. Both the useful life and residual value, if any, are reviewed annually.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the period in which the property is derecognised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Licence and software with indefinite useful life is stated at cost less any impairment. Other intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives.

2.4 ACCOUNTING POLICIES *(continued)*

Film rights and films and TV programmes under production

Film rights

Film rights are stated at cost less accumulated amortisation and accumulated impairment losses (if any). The Group amortises costs of film rights based on the expected pattern of consumption of the expected future economic benefits. The Group begins to amortise the capitalised costs of film rights when a film is released and it begins to recognise revenue from that film.

At the end of each reporting period, both internal and external market information is considered when assessing whether there is any indication that film rights are impaired. If any such indication exists, the carrying amounts of such assets are assessed and where relevant, impairment losses are recognised to reduce the asset to its estimated recoverable amounts. Such impairment losses are recognised in profit or loss.

Films and TV programmes under production

Films and TV programmes under production represent films, televisions drama series and TV programmes under production and are stated at cost at the date incurred, less any identified impairment losses. Costs include all costs associated with the production of films and TV programmes. Films and TV programmes under production are transferred to film rights when the permit of public screening is received.

At the end of each reporting period, both internal and external market information is considered when assessing whether there is any indication that films and TV programmes under production are impaired. If any such indication exists, the carrying amounts of such assets are assessed and where relevant, impairment losses are recognised to reduce the assets to their recoverable amounts. Such impairment losses are recognised in profit or loss.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

Financial assets designated at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

2.4 ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.4 ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach *(continued)*

The Group considers a financial asset in default when contractual payments are past due for a long period of time. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Level 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Level 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Level 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

2.4 ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

2.4 ACCOUNTING POLICIES *(continued)*

Income tax

Income tax comprises current. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Artiste management service income is recognised over the scheduled period on a straight-line basis because the customers simultaneously receive and consume the services rendered by the artistes of the Group as the Group performs.

Distribution agency income is recognised at the point in time when the services are rendered.

Film production and distribution income is recognised based on the pre-determined share of the distributable box office receipts from the public screening of the related films set out in the respective film investment agreements when the film is released.

2.4 ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

TV and internet programme revenue is recognised when master tapes and materials have been delivered to television stations and online entertainment content platforms and the right to play has been licensed in accordance with the terms of the underlying agreements and the right to receive payment is established, based on the pre-determined share of the sales proceeds from the licensing of the related TV and internet programme set out in the respective agreements.

Revenue from new media business includes commission fees, admission fees and grants from live-streamed activities. The Group charges commission fees and admission fees to third-party merchants for participating in the third-party video platforms, where the Group generally is acting as an agent and its performance obligation is to arrange for the provision of the specified goods or services by those third-party merchants. Upon successful sales, the Group charges the third-party merchants a negotiated amount if commission fees and grants based on the sales amount and fixed admission fees. The commission fees are recognised at the point when sale transaction of goods is completed. The admission fees and grants are recognised at the point of completion of live-streamed activities.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in accordance with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Accounting for companies governed under contractual arrangements as subsidiaries

The Company and some of its subsidiaries do not hold any equity interests in certain of their subsidiaries. Nevertheless, under the contractual agreements entered into between the Group and the shareholders who are the registered owners of those subsidiaries, the directors of the Company determine that the Group has the power to govern the financial and operating policies of those subsidiaries so as to obtain benefits from their activities. As such, those subsidiaries are accounted for as subsidiaries of the Group for accounting purposes.

The Group's revenue generated from the entities which are controlled by the Group through the contractual agreements described above amounted to approximately HK$5,332,000 (2023: HK$28,845,000) for the year ended 31 December 2024. At 31 December 2024, total assets and total liabilities of these entities amounted to approximately HK$46,316,000 (2023: HK$73,551,000) and HK$26,089,000 (2023: HK$27,857,000), respectively.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of film rights and films and TV programmes under production

At the end of each reporting period, both internal and external market information are considered when assessing whether there is any indication that film rights and films and TV programmes under production are impaired. If any such indication exists, the carrying amounts of such assets are assessed and where relevant, impairment losses are recognised to reduce the assets to their estimated recoverable amounts. Such impairment losses are recognised in profit or loss.

Management bases its estimates of recoverable amount of each film and TV programme on the historical performance of similar films and TV programmes, incorporating factors such as the past box office record of the leading actors and actresses, the genre of the film, anticipated performance in the home entertainment, television and other ancillary markets, and agreements for future sales.

These estimated recoverable amounts can change significantly due to a variety of factors. Such change in estimations may result in the write-down of the carrying values of the assets to their recoverable amounts. This could have an impact on the Group's results of operations. The carrying amounts of film rights and films and TV programmes under production are disclosed in note 19 to the financial statements.

Provision for expected credit losses on other receivables

The loss allowances for other receivables are based on assumptions about risk of default and expected loss rates. The Group makes adjustment in making these assumptions and selecting the inputs to the expected credit loss calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The information about the provision for expected credit losses on the Group's other receivables is disclosed in note 18 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Impairment of non-financial assets (other than goodwill and film rights and films and TV programmes under production)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. They are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Income taxes

The Group is subject to income taxes in various jurisdictions. Estimates are required in determining the provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the artiste management segment comprises the provision of artiste management service;

(b) the movies, TV programmes and internet contents segment comprises investment, production and distribution of movies, TV programmes and investment in internet contents;

(c) the new media segment comprises the promotion and demonstration through live video on the website.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's loss before tax except that impairment loss recognised in respect of trade and other receivables, impairment loss on investments in associates, recovery of amounts due on an impaired financial assets at FVTPL, share of losses of associates, other income as well as head office and corporate and other unallocated expenses are excluded from such measurement.

4. OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment revenue and results

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

	Artiste Management		Movies, TV Programmes and Internet contents		New media business		Elimination		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue *(note 5)*										
Revenue to external customers	**285**	343	**3,794**	28,196	**1,253**	376	**–**	–	**5,332**	28,915
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
	285	343	**3,794**	28,196	**1,253**	376	**–**	–	**5,332**	28,915
Segment results	**203**	(327)	**(15,265)**	10,477	**(10,490)**	(26,391)	**–**	–	**(25,552)**	(16,241)
Reconciliation										
Unallocated other income									**124**	934
Corporate and other unallocated expenses									**(7,481)**	(13,698)
Impairment loss recognised in respect of trade and other receivables, net									**(2,839)**	(14,149)
Impairment loss on investments in associates									**(450)**	–
Recovery of amounts due on an impaired financial assets at FVTPL									**–**	2,193
Share of losses of associates									**(1,619)**	(1,876)
Loss before tax									**(37,817)**	(42,837)

4. OPERATING SEGMENT INFORMATION *(continued)*

(b) Other segment information

	Artiste management		Movies, TV programmes and internet contents		New media business		Unallocated		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment and investment properties	**–**	12	**–**	1	**891**	5,253	**4,407**	1,068	**5,298**	6,334
Impairment loss recognised in respect of films and TV programmes under production	**–**	–	**5,464**	2,273	**–**	–	**–**	–	**5,464**	2,273
Impairment loss recognised in respect of trade and other receivables, net	**–**	–	**–**	–	**–**	–	**2,839**	14,149	**2,839**	14,149
Investments in associates	**–**	–	**–**	1,945	**–**	–	**5,178**	5,353	**5,178**	7,298
Capital expenditure*	**–**	–	**–**	–	**19**	3,391	**–**	–	**19**	3,391

* Capital expenditure consists of additions to property, plant and equipment and intangible assets during the year.

(c) Geographical information

In determining the Group's geographical information, revenue information is based on the locations of the customers, and asset information is based on the locations of the assets.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets*	
	2024	2023	**2024**	2023
	HK$000	HK$000	***HK$000***	HK$000
Mainland China	**5,332**	28,915	**89,143**	99,762
Korea	**–**	–	**1,782**	1,945
	5,332	28,915	**90,925**	101,707

* Non-current assets represent property, plant and equipment, investment properties, investments in associates and intangible assets.

4. OPERATING SEGMENT INFORMATION *(continued)*

(d) Information about major customers

Revenue from customers for the years ended 31 December 2024 and 2023 which individually amounted to over 10% of the total revenue of the Group is as follows:

	Reporting segment	2024 HK$'000	2023 HK$'000
Customer A	Movies, TV programmes and internet contents	**3,600**	22,439

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers	**5,332**	28,915

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 HK$'000	2023 HK$'000
Types of goods or services		
TV and internet programmes	**3,714**	6,781
Film distribution	**31**	20,472
Artiste management	**285**	343
Distribution agency service	**49**	943
New media business	**1,253**	376
Total revenue from contracts with customers	**5,332**	28,915
Geographical markets		
Mainland China	**5,332**	28,915
Timing of revenue recognition		
Transferred at a point in time	**5,047**	28,572
Transferred over time	**285**	343
	5,332	28,915

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from contracts with customers *(continued)*

(a) Disaggregated revenue information *(continued)*

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
New media business	**–**	623

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

TV and internet programmes

The performance obligation is satisfied when master tapes and materials have been delivered to television stations and online entertainment content platforms and the right to play has been licensed in accordance with the terms of the underlying agreements.

Film distribution

The performance obligation is satisfied when the film is released.

Artiste management

The performance obligation is satisfied over time because the customers simultaneously receive and consume the services rendered by the artistes of the Group as the Group performs.

Distribution agency service

The performance obligation is satisfied at the point in time when the services are rendered.

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from contracts with customers *(continued)*

(b) Performance obligations *(continued)*

New media business

The performance obligation is satisfied when control of assets is transferred to the customers and major obligations in the agreement have been fulfilled.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at 31 December are as follows:

	2024 **HK$'000**	2023 HK$'000
Amounts expected to be recognised as revenue:		
Within one year	**6,748**	–

	2024 **HK$'000**	2023 HK$'000
Other income		
Rental income	**2,181**	595
Interest income	**83**	264
Others	**1,198**	68
	3,462	927
Gains/(losses), net		
Recovery of amount due on an impaired financial assets at FVTPL	**–**	2,193
Recovery of amount on an impaired film rights and films and TV programmes under production	**1,039**	2,103
Exchange differences, net	**28**	156
	1,067	4,452
	4,529	5,379

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2024 HK$'000	2023 HK$'000
Costs of film and TV programme rights		**2,034**	11,776
Cost of new media business****		**2,713**	8,021
Cost of artiste management services		**82**	68
Total cost of sales		**4,829**	19,865
Auditor's remuneration*		**1,105**	1,320
Depreciation of property, plant and equipment*	12	**891**	4,778
Depreciation of investment properties*	13	**4,407**	1,068
Lease payments not included in the measurement of lease liabilities*		**503**	806
Amortisation of intangible assets*	16	**29**	30
Impairment loss on investments in associates*	14	**450**	–
Impairment loss recognised in respect of film rights and films and TV programmes under production*	19	**5,464**	2,273
(Reversal of) /impairment loss on trade receivables*	17	**(436)**	258
Impairment loss on other receivables, net*	18	**3,275**	13,891
Legal and professional fees*		**2,334**	2,995
Office operating expenses*/***		**2,362**	1,857
Management and service expenses*/***		**3,080**	1,971
Others*/***		**723**	2,630
Staff costs (including directors' remuneration):*/**			
– Salaries, allowances and other benefits		**15,790**	19,706
– Pension scheme contributions**		**939**	1,005
Total Staff costs		**16,729**	20,711

* These items are included in "administrative expenses" and "other expenses" in the consolidated statement of profit or loss.

** At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: Nil).

*** These items are mainly included entertainment, telephone and internet expense, repair and maintenance, cleansing and others.

**** Cost of new media business included depreciation of property, plant and equipment of HK$Nil and HK$488,000, respectively, for the year ended 31 December 2024 and 2023.

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the applicable GEM Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

For the year ended 31 December 2024:

	Fees *HK'000*	Salaries, and allowances *HK'000*	Discretionary bonus *HK'000*	Pension scheme contributions *HK'000*	Total *HK'000*
Executive directors:					
Mr. Colin Xu	–	651	–	126	777
Mr. Leung Wai Shun Wilson	–	1,179	–	95	1,274
Non-executive directors:					
Mr. Zou Xiao Chun (note (a))	–	–	–	–	–
Mr. Zhou Ya Fei (note (b))	–	–	–	–	–
Mr. Li Xue Song (note (c))	–	–	–	–	–
Ms. Wu Qian (appointed on 30 Decemberr 2024) (note (d))	–	–	–	–	–
Independent non-executive directors:					
Mr. Lam Cheung Shing Richard	120	–	–	–	120
Mr. Ng Wai Hung	120	–	–	–	120
Mr. Wang Ju	120	–	–	–	120
	360	1,830	–	221	2.411

During the years ended 31 December 2024 and 2023, no share option expense was recognised by the Group (2023: Nil) and no amount is included in the above directors' remuneration disclosures (2023: Nil).

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes:

(a) Mr. Zou Xiao Chun, a non-executive director, has waived his directors' fees for 2024 and 2023.

(b) Mr. Zhou Ya Fei, a non-executive director, has waived his director's fees for 2024 and 2023.

(c) Mr Li Xue Song, a non-executive director, has waived his directors' fees for 2024 and 2023.

(d) Ms. Wu Qian, a non-executive director, has waived her directors' fees for 2024.

7. DIRECTORS' REMUNERATION *(continued)*

For the year ended 31 December 2023:

	Fees *HK'000*	Salaries, and allowances *HK'000*	Discretionary bonus *HK'000*	Pension scheme contributions *HK'000*	Total *HK'000*
Executive directors:					
Mr. Colin Xu	–	665	–	122	787
Mr. Leung Wai Shun Wilson	–	1,227	–	96	1,323
Non-executive directors:					
Mr. Zou Xiao Chun (note (a))	–	–	–	–	–
Mr. Zhou Ya Fei (note (b))	–	–	–	–	–
Mr. Li Xue Song (note (c))	–	–	–	–	–
Independent non-executive directors:					
Mr. Lam Cheung Shing Richard	220	–	–	–	220
Mr. Ng Wai Hung	220	–	–	–	220
Mr. Wang Ju	220	–	–	–	220
	660	1,892	–	218	2,770

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2023: two directors), details of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are not directors of the Company are as follows:

	2024 *HK$'000*	2023 *HK$'000*
Salaries and allowances	**1,367**	1,335
Pension scheme contributions	**139**	75
Discretionary bonus	**–**	–
	1,506	1,410

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
Nil to HK$1,000,000	**3**	3

During the years ended 31 December 2024 and 2023, no share option expense was recognised by the Group and included in the above non-director and non-chief execution highest paid employees' remuneration disclosures.

9. INCOME TAX EXPENSE

	2024 *HK$'000*	2023 *HK$'000*
Current tax expense for the year	**–**	9

No provision for Hong Kong profits tax and Korea corporate income tax has been made for both years as the Group did not generate any assessable profits arising in Hong Kong and Korea.

No provision for PRC income tax has been made for the year ended 31 December 2024 as the Group did not generate any assessable profits arising in the PRC.

For the year ended 31 December 2023, pursuant to the PRC Corporate Income Tax Law and its implementation regulations, provision for PRC income tax of the Group is calculated based on the statutory income tax rate of 25%.

9. INCOME TAX EXPENSE *(continued)*

A reconciliation of the tax credit applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense for the year is as follows:

	2024	2023
	HK$'000	*HK$'000*
Loss before tax	**(37,817)**	(42,837)
Tax credit at the statutory tax rates	**(9,454)**	(10,265)
Tax effect of share of results of associates	**267**	310
Tax effect of expenses not deductible for tax	**(1,336)**	(1,230)
Tax effect of income not subject to tax	**17**	16
Tax losses not recognised	**10,570**	11,231
Tax effect of utilisation of tax losses previously not recognised	**(64)**	(53)
Total tax expense for the year	**–**	9

There was no share of tax attributable to associates (2023: Nil) included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

For the year ended 31 December 2024 and 2023, there was no material unrecognised in deferred tax liabilities.

At 31 December 2024, The Group has tax losses arising in Hong Kong of approximately HK$6,660,000 (2023: approximately HK$5,187,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of approximately HK$209,906,000 (2023: HK$167,882,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

10. DIVIDEND

No dividend was paid or proposed during 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of HK$31,277,000 (2023: HK$42,222,000), and the weighted average number of ordinary shares of 4,209,130,000 (2023: 4,209,130,000) in issue during the year.

Diluted loss per share were the same as the basic loss per share as the Group had no potential dilutive ordinary shares during the years ended 31 December 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Furniture and equipment	Computer equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 1 January 2023	111,002	2,846	15,564	7,938	1,391	138,741
Additions	–	15	–	53	–	68
Transfer (note 13 (c))	(108,740)	–	–	–	–	(108,740)
Exchange realignment	(2,262)	(77)	(419)	(215)	(38)	(3,011)
At 31 December 2023 and at 1 January 2024	**–**	**2,784**	**15,145**	**7,776**	**1,353**	**27,058**
Additions	**–**	**–**	**–**	**19**	**–**	**19**
Exchange realignment	**–**	**(92)**	**(496)**	**(255)**	**(44)**	**(887)**
At 31 December 2024	**–**	**2,692**	**14,649**	**7,540**	**1,309**	**26,190**
Accumulated depreciation						
At 1 January 2023	27,861	1,554	15,270	7,244	1,391	53,320
Charged for the year	4,059	647	130	430	–	5,266
Transfer (note 13 (c))	(31,351)	–	–	–	–	(31,351)
Exchange realignment	(569)	(47)	(411)	(195)	(38)	(1,260)
At 31 December 2023 and at 1 January 2024	**–**	**2,154**	**14,989**	**7,479**	**1,353**	**25,975**
Charged for the year	**–**	**560**	**103**	**228**	**–**	**891**
Exchange realignment	**–**	**(82)**	**(494)**	**(249)**	**(44)**	**(869)**
At 31 December 2024	**–**	**2,632**	**14,598**	**7,458**	**1,309**	**25,997**
Net carrying amount						
At 31 December 2024	**–**	**60**	**51**	**82**	**–**	**193**
At 31 December 2023	–	630	156	297	–	1,083

13. INVESTMENT PROPERTIES

	HK$'000
Cost	
At 1 January 2023	–
Transfer	108,740
Exchange realignment	(723)
At 31 December 2023 and 1 January 2024	108,017
Exchange realignment	(3,539)
At 31 December 2024	104,478
Accumulated depreciation	
At 1 January 2023	**–**
Transfer	**31,351**
Charge for the year	**1,068**
Exchange realignment	**(215)**
At 31 December 2023 and 1 January 2024	**32,204**
Charge for the year	**4,407**
Exchange realignment	**(776)**
At 31 December 2024	**35,835**
Net carrying amount	
At 31 December 2024	**68,643**
At 31 December 2023	75,813

(a) The Group's investment properties consist of commercial properties situated in the PRC. Investment properties are stated at cost less accumulated depreciation and impairment loss. For the years ended 31 December 2024 and 2023, no impairment loss was charged to the statement of profit and loss.

(b) The fair value of the investment properties was HK$81,459,000 at 31 December 2024 (2023: HK$80,539,000), which is determined by reference to comparable rental transactions as available in the relevant market with adjustments to reflect the condition and locations of the related properties.

(c) At 31 December 2024, the certificate of ownership in respect of a building of the Group in Mainland China with a carrying amount of HK$68,643,000 (2023: HK$75,813,000) has not been issued by the relevant PRC authority. The building was transferred from properties, plant and equipment during the year ended 31 December 2023.

14. INVESTMENTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Share of net assets	**12,558**	14,228
Goodwill on acquisition	**10,057**	10,057
	22,615	24,285
Provision for impairment	**(17,437)**	(16,987)
	5,178	7,298

The Group's associates are all held through wholly-owned subsidiaries of the Company.

Notes:

(i) At 31 December 2023, the recoverable amount of an investment in associate had been determined based on a value in use calculation using cash flow projections based on financial budgets covering a 5-year period. The pre-tax discount rate applied to cash flow projections is 19.49%. The growth rate used to extrapolate the cash flows beyond the 5-year period is 2%. As a result of this analysis, an impairment of HK$500,000 was recognised in other expenses in the consolidated statement of profit or loss for the year ended 31 December 2023.

At 31 December 2024, as the director of the Company considered this associate with Korean drama and film production as its major business had unclear future profitability due to facing severe difficulties for production companies under keen competition in domestic market. The Group performed an impairment assessment during the year ended 31 December 2024. The recoverable amount of the investment in this associate has been determined based on a net asset approach. As a result of this analysis, an impairment of HK$450,000 was recognised in other expenses in the consolidated statement of profit or loss for the year ended 31 December 2024 and accordingly the carrying amount of this associate became HK$Nil as at 31 December 2024 (2023: HK$450,000).

(ii) At 31 December 2023, as the director of the Company considered another associate with live-streaming as its major ordinary business had unclear future profitability due to further elaborate of regulations by the National Radio and Television Administration regarding internet celebrities, making it more difficult to incubate subsequent internet celebrities accounts, the Group performed an impairment assessment during the year ended 31 December 2023. The recoverable amount of investment in associate has been determined based on a net asset approach. As a result of this analysis, an impairment of HK$2,351,000 was recognised in other expenses in the consolidated statement of profit or loss for the year ended 31 December 2023.

The Group performed an impairment assessment of the investment in this associate using the same approach as 2023 and concluded that no further impairment is required in 2024.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 HK$'000	2023 HK$'000
Share of the associates' loss for the year	**(1,619)**	(1,876)
Aggregate carrying amount of the Group's investments in the associates	**5,178**	7,298

15. EQUITY INVESTMENTS DESIGNATED AT FVOCI

	2024 HK$'000	2023 HK$'000
Equity securities designed at FVOCI		
Unlisted equity investments, at fair value	**243**	1,714

The above equity investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature. The movements in fair value measurements in Level 3 during the year are disclosed in notes 31.

16. INTANGIBLE ASSETS

	License	Software	Other intangible assets	Total
	(note (i))	*(note (ii))*		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 January 2023	14,401	–	328	14,729
Addition	–	3,323	–	3,323
Exchange realignment	(388)	(22)	(9)	(419)
At 31 December 2023 and at 1 January 2024	**14,013**	**3,301**	**319**	**17,633**
Exchange realignment	**(459)**	**(108)**	**(10)**	**(577)**
At 31 December 2024	**13,554**	**3,193**	**309**	**17,056**
Accumulated amortisation				
At 1 January 2023	–	–	93	93
Charged for the year	–	–	30	30
Exchange realignment	–	–	(3)	(3)
At 31 December 2023 and at 1 January 2024	**–**	**–**	**120**	**120**
Charged for the year	**–**	**–**	**29**	**29**
Exchange realignment	**–**	**–**	**(4)**	**(4)**
At 31 December 2024	**–**	**–**	**145**	**145**
Net carrying amount				
At 31 December 2024	**13,554**	**3,193**	**164**	**16,911**
At 31 December 2023	14,013	3,301	199	17,513

An intangible asset with indefinite useful life is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

16. INTANGIBLE ASSETS *(Continued)*

Notes:

(i) The licence was granted by the National Radio and Television Administration of the PRC to Wenzhou City Zhongbo Technology Limited ("Wenzhou Zhongbo"), which was acquired by the Group in 2020, for the permission to conduct certain audio-visual program services.

The license was stated at cost and no impairment was recognised as at 31 December 2024 and 2023.

At 31 December 2024 and 2023, the recoverable amount of license has been determined based on a comparable transactions method under market approach by an independent professional valuer. The comparable transactions method utilises information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.

The licence has an indefinite useful life and subject to renewal by the authority. The licence is under the name of Wenzhou Zhongbo exclusively and it is not freely and legally transferable to another PRC company.

(ii) During the year ended 31 December 2023, capitalised development cost of software was recorded as intangible assets. The software has an indefinite useful life.

The software was stated at cost and no impairment was recognised as at 31 December 2024 and 2023.

At 31 December 2024 and 2023, the recoverable amount of software has been determined based on fair value less costs of disposal with reference to the assessment performed by an independent professional valuer.

17. TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**7,385**	17,599
Impairment	**(350)**	(786)
	7,035	16,813

The Group's trading terms with its customers are mainly on credit. The credit period is generally 3 months to 6 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

17. TRADE RECEIVABLES *(continued)*

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 365 days	**7,385**	15,774
Over 365 days	**–**	1,825
	7,385	17,599

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 31 December 2024

	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**	**Net carrying amount**
	%	***HK$'000***	***HK$'000***	***HK$'000***
Current (not past due)	**–**	**7,035**	**–**	**7,035**
Past due	**100%**	**350**	**(350)**	**–**
	–	**7,385**	**(350)**	**7,035**

17. TRADE RECEIVABLES *(continued)*

At 31 December 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
	%	HK$'000	HK$'000	HK$'000
Current (not past due)	–	15,774	–	15,774
Past due	100%	786	(786)	–
		16,560	(786)	15,774
Individual assessment	–	1,039	–	1,039
	–	17,599	(786)	16,813

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
	HK$'000	*HK$'000*
Deposits	**330**	241
Prepayments	**1,463**	5,286
Other receivables	**34,198**	25,725
Other assets	**–**	4,530
	35,991	35,782
Impairment allowance	**(20,051)**	(16,642)
	15,940	19,140

The expected credit losses of financial assets in prepayments, other receivables and other assets are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. At 31 December 2024, the impairment allowance of prepayments, other receivables and other assets recognised by the Group mainly included the expected credit losses in deposits and other receivables.

Included in other receivables, HK$3,193,000 (2023: HK$3,334,000) are due from a related company, which are unsecured, non–interest bearing and repayable on demand.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(continued)*

Financial assets included in other receivables and deposits at amortised cost are subject to impairment under the general approach and they are classified within the following stages of measurement of ECLs.

At 31 December 2024

		Gross carrying amount	Expected credit losses
		HK$'000	*HK$'000*
Stage 1	12-month expected credit loss	**5,358**	**–**
Stage 2	Lifetime expected credit loss	**4,900**	**1,012**
Stage 3	Lifetime expected credit loss with credit impaired	**24,270**	**19,039**
		34,528	**20,051**

At 31 December 2023

		Gross carrying amount	Expected credit losses
		HK$'000	*HK$'000*
Stage 1	12-month expected credit loss	5,368	–
Stage 2	Lifetime expected credit loss	4,974	1,018
Stage 3	Lifetime expected credit loss with credit impaired	15,624	15,624
		25,966	16,642

The movements in provision for impairment of other receivables and deposits are as follows:

	2024	2023
	HK$'000	*HK$'000*
At 1 January	**16,642**	3,021
Impairment losses recognised	**3,275**	13,891
Amount written off as uncollectible	**–**	(103)
Exchange realignment	**134**	(167)
At 31 December	**20,051**	16,642

19. FILM RIGHTS AND FILMS AND TV PROGRAMMES UNDER PRODUCTION

	Films and TV programme rights	Films and TV programme under production	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2023	10,352	15,751	26,103
Additions	214	2,508	2,722
Transfer to film and TV programme rights	2,480	(2,480)	–
Charged to cost of sales	(7,879)	–	(7,879)
Impairment	(2,104)	(169)	(2,273)
Exchange realignment	(113)	(364)	(477)
At 31 December 2023 and 1 January 2024	2,950	15,246	18,196
Impairment	**–**	**(5,464)**	**(5,464)**
Exchange realignment	**209**	**742**	**951**
At 31 December 2024	**3,159**	**10,524**	**13,683**

In light of the specific circumstances of the film and TV industry, the Group regularly reviews its film rights and films and TV programmes under production to assess the marketability/future economic benefits of film rights and films and TV programmes under production and the corresponding recoverable amounts.

At 31 December 2024 and 2023, the directors of the Company believe that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts of the film and TV programme rights to exceed the recoverable amounts.

During the year ended 31 December 2024, as impairment indicators arose from certain film rights and films and TV programmes under production, an impairment loss of approximately HK$5,464,000 (2023: HK$2,273,000) was recognised in respect of film rights and films and TV programmes under production, which belong to Movies, TV programmes and internet contents segment. The impairment was made based on management's estimation of their recoverable amounts against their carrying amounts. The estimated recoverable amounts at 31 December 2024 and 2023 were determined based on the present value of expected future revenues and related cash flows arising from the distribution of the film rights and films and TV programmes under production.

20. CASH AND CASH EQUIVALENTS

	2024 ***HK$'000***	2023 *HK$'000*
Cash and bank balances	**7,626**	26,339
Cash and cash equivalents as stated in the consolidated statement of financial position	**7,626**	26,339

At the end of the reporting period, the cash and bank balances of the Group denominated in United States Dollars ("USD"), South Korea Won ("KRW") and Renminbi ("RMB") amounted to approximately HK$3,041,000 (2023: HK$1,554,000), HK$281,000 (2023: HK$346,000) and HK$4,304,000 (2023: HK$11,581,000), respectively.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

An ageing analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Within 1 year	**427**	162

The trade payables are non-interest bearing.

22. OTHER PAYABLES AND ACCRUALS

	Notes	2024 HK$'000	2023 HK$'000
Contract liabilities	(a)	**6,748**	–
Salary payables		**1,349**	1,352
Other payables	(b)	**48,122**	62,729
Accruals		**2,345**	2,075
		58,564	66,156
Less: other payables-non-current portion	(b)	**(37,809)**	–
		20,755	66,156

Notes:

(a) Details of contract liabilities are as follows:

	2024 HK$'000	2023 HK$'000
Short-term advances received from customers		
New media business	**6,748**	–

Contract liabilities include short-term advances received to deliver new media business.

(b) Other payables mainly represented building consideration payable of HK$37,809,000 (2023: HK$39,906,000). As at 31 December 2024, it is non-interest-bearing and not expected to be repayable within one year (2023: no fixed terms of repayments).

23. SHARE CAPITAL

	2024 Number of shares *'000*	**2024 Share capital** *HK$'000*	2023 Number of shares *'000*	2023 Share capital *HK$'000*
Ordinary shares of HK$0.01 each				
Authorised:				
At 1 January and 31 December	**8,000,000**	**80,000**	8,000,000	80,000
Issued and fully paid:				
At 1 January and 31 December	**4,209,130**	**42,090**	4,209,130	42,090
Preferred shares of HK$0.01 each				
Authorised:				
At 1 January and 31 December	**2,000,000**	**20,000**	2,000,000	20,000
Issued and fully paid:				
At 1 January and 31 December	**–**	**–**	–	–

24. SHARE-BASED PAYMENT TRANSACTION

Share option scheme

Pursuant to a resolution passed at the annual general meeting of the Company held on 21 June 2024, a share option scheme ("Option Scheme") was adopted by the Company.

The major terms of the Option Scheme are summarised as follows:

(i) The purpose is to enable the Company to grant options to the participants in order to recognise and motivate the contributions of the participants of the Group.

(ii) The eligible participants include full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity or any person who, in the sole discretion of the board of directors, has contributed or may contribute to the Group.

(iii) The total number of shares in respect of which share options may be granted under the Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(iv) The total number of shares issued and to be issued upon exercise of the share options granted to each participant or grantee (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the shares in issue from time to time unless the same is approved by the shareholders.

(v) The total number of shares issued and to be issued upon exercise of the share options granted to each substantial shareholder (as defined in the GEM Listing Rules) of the Company or any of its respective associates or an independent non-executive director or any of his associates (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such grant shall not: (a) represent in aggregate over 0.1% of the shares in issue; and (b) have an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, unless the same is approved by the shareholders.

(vi) The exercise period should be determined by the board of directors upon grant of the share options but in any event should not exceed 10 years from the date of offer for grant.

(vii) Save as determined by the board of directors provided in the offer of the grant of the relevant share options, there is no general requirement that a share option must be held for any minimum period before it can be exercised.

(viii) The acceptance of a share option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1 from the grantee to the Company.

24. SHARE-BASED PAYMENT TRANSACTION *(continued)*

Share option scheme *(continued)*

(ix) The subscription price of a share option must not be less than the highest of:

a. the closing price of a share of the Company on the Stock Exchange on the date of grant;

b. the average closing price of a share of the Company from the five business days immediately preceding the date of grant; and

c. the nominal value of a share of the Company on the date of grant.

(x) The Option Scheme is effective for 10 years from the date of adoption.

All the outstanding share options are vested one year after the grant date.

During the year ended 31 December 2024 and 2023, no options were granted and no share-based compensation options were recognised. At 31 December 2024 and 2023, there was no outstanding share option under the Option Scheme.

25. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 48 of the financial statements.

In accordance with the regulations in the PRC and the respective articles of association, the PRC subsidiaries of the Group are required to make an appropriation of retained profits equal to at least 10% of their respective after tax profits, calculated in accordance with the PRC accounting standards and regulations. Such appropriations are classified in the consolidated statement of financial position as statutory reserves and start from the first period in which after-tax profits exceed all prior year accumulated losses. Appropriations to these reserves are not required after these reserves have reached 50% of the registered capital of the respective companies. In addition, the PRC subsidiaries may, subject to a shareholders' resolution, draw a discretionary reserve from their after-tax profits. The reserves shall be used to offset accumulated losses, or to increase registered capital of the companies. Where the statutory reserves are converted into capital, the remaining statutory reserve balance shall be no less than 25% of the registered capital prior to the conversion.

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Within operating activities	**503**	806

27. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

(i) The balances due from companies with common controlling shareholder of HK$Nil (2023: HK$29,000), included in the Group's trade receivables, are unsecured, interest-free and have no fixed terms of repayments.

(ii) The balance due from a related company of HK$3,193,000 (2023:HK$3,334,000), included in the Group's other receivables, are unsecured, non-interest bearing and repayable on demand.

(b) Compensation of key management personnel (included directors)

	2024 ***HK$'000***	2023 *HK$'000*
Salaries and allowances	**3,052**	3,390
Pension scheme contributions	**335**	227
Discretionary bonus	**–**	–
	3,387	3,617

28. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024 ***HK$'000***	2023 *HK$'000*
Contracted, but not provided for:		
Film rights and films and TV programmes under production	**45,060**	44,730

29. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the end of the reporting period (2023: Nil).

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at amortised costs *HK$'000*	Financial assets at fair value through other comprehensive income – Equity investments *HK$'000*	Total *HK$'000*
Equity investments designated at fair value through other comprehensive income	–	243	243
Trade receivables	7,035	–	7,035
Financial assets included in deposits and other receivables	14,477	–	14,477
Cash and cash equivalents	7,626	–	7,626
	29,138	243	29,381

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Trade payables	427
Financial liabilities included in other payables and accruals	51,816
	52,243

30. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

2023

Financial assets

	Financial assets at amortised costs *HK$'000*	Financial assets at fair value through other comprehensive income – Equity investments *HK$'000*	Total *HK$'000*
Equity investments designated at fair value through other comprehensive income	–	1,714	1,714
Trade receivables	16,813	–	16,813
Financial assets included in deposits and other receivables	9,324	–	9,324
Cash and cash equivalents	26,339	–	26,339
	52,476	1,714	54,190

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Trade payables	162
Financial liabilities included in other payables and accruals	66,156
	66,318

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024	2023	**2024**	2023
	HK$000	*HK$'000*	***HK$000***	*HK$'000*
Equity investments at FVOCI	**243**	1,714	**243**	1,714

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in deposits and other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption were used to estimate the fair values:

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique and income approach with the discounted cash flow method based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation "EV/ EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The valuation also requires the directors to determine the amounts of premiums and discounts that market participants would take into account when pricing the investments. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values as at 31 December 2023.

At 31 December 2024, since the EBITA of the equity investments designated at FVOCI is negative and future income is unpredictable, the EBITA multiple approach and income approach used in 2023 is not applicable to 2024. At 31 December 2024, the fair value of the equity investments designated at FVOCI is determined by net asset approach.

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

At 31 December 2024

	Fair value measurement using			
	Quoted prices In active markets (Level 1)	**Significant observable Inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$000	***HK$'000***	***HK$000***	***HK$'000***
Equity investments at FVOCI	**–**	**–**	**243**	**243**

At 31 December 2023

	Fair value measurement using			
	Quoted prices In active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$000	HK$'000	HK$000	HK$'000
Equity investments at FVOCI	–	–	1,714	1,714

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

	2024	2023
	HK$'000	*HK$'000*
Equity investments at FVOCI – unlisted:		
At 1 January	**1,714**	993
Change in fair value recognised in other comprehensive income	**(1,443)**	753
Exchange realignment	**(28)**	(32)
At 31 December	**243**	1,714

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis at 31 December 2023:

	Valuation Technique	**Significant unobservable input**	**Input**	**Sensitivity of fair value to the input**
Equity investments designated at fair value through other comprehensive income	Valuation multiples	Average EV/EBITDA multiple of peers	12.90	10% increase (decrease) in multiple would result in increase (decrease) in fair value by HK$204,000 (HK$204,000)
	Income approach with the discounted cash flow method	Discounted for lack of marketability	15.7%	5% increase (decrease) in discount would result in decrease (increase) in fair value by HK$17,000 (HK$15,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily from its bank balances with a floating interest rate. The Group does not use derivative financial instruments to hedge its interest rate risk.

At the end of the reporting period, the Group had no significant exposures to interest rate risk. The exposures to the interest rate risk are monitored on an ongoing basis.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group operates in Hong Kong, Korea and Mainland China and the majority of transactions are denominated in HK$, USD, KRW and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the relevant entity.

At the end of each reporting period, the carrying amounts of the Group's monetary assets and liabilities, which are denominated in foreign currencies, are as follows:

	Assets		Liabilities	
	At 31 December			
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
USD	**260**	1,554	**–**	–

The Group is mainly exposed to the foreign currency risk of USD against HK$. Management will monitor foreign exchange exposure to mitigate the foreign currency risk.

Sensitivity analysis

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in HK$ against USD, with all other variables held constant, of the Group's loss before tax (due to changes in the monetary assets and liabilities).

	Increase/ (decrease) in HK$ rate	**Increase/ (decrease) in Loss before tax**
		HK$'000
2024		
If USD weakens against HK$	**5%**	**13**
If USD strengthens against HK$	**(5%)**	**(13)**
2023		
If USD weakens against HK$	5%	78
If USD strengthens against HK$	(5%)	(78)

Management considered the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposure at the end of the reporting period did not reflect the exposure during the year.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at 31 December.

31 December 2024

	12-month ECLS	Lifetime ECLs			
	Stage 1 *HK$'000*	**Stage 2** *HK$'000*	**Stage 3** *HK$'000*	**Simplified approach** *HK$'000*	**Total** *HK$'000*
Trade receivables*	–	–	–	7,035	7,035
Financial assets included in other receivables and deposits					
– Normal**	14,477	–	–	–	14,477
– Doubtful**	–	–	20,051	–	20,051
Cash and cash equivalents					
– Not yet past due	7,626	–	–	–	7,626
	22,103	–	20,051	7,035	49,189

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Maximum exposure and year-end staging *(continued)*

At 31 December 2023

	12-month ECLS	Lifetime ECLs			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Trade receivables*	–	–	–	16,813	16,813
Financial assets included in other receivables and deposits					
– Normal**	5,368	–	–	–	5,368
– Doubtful**	–	4,974	15,624	–	20,598
Cash and cash equivalents					
– Not yet past due	26,339	–	–	–	26,339
	31,707	4,974	15,624	16,813	69,118

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the consolidated financial statements.

** The credit quality of the financial assets included in other receivables and deposits is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from other receivables are disclosed in note 18 to the consolidated financial statements.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of its financial instruments and projected cash flows from operations.

The liquidity risk is under continuous monitoring by management. The management of the Company will raise bank borrowings whenever necessary.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1 year or on demand *HK$'000*	Over 1 year *HK$'000*	Total *HK$'000*
At 31 December 2024			
Trade payables	**427**	**–**	**427**
Other payables and accruals	**14,007**	**37,809**	**51,816**
	14,434	**37,809**	**52,243**
At 31 December 2023			
Trade payables	162	–	162
Other payables and accruals	66,156	–	66,156
	66,318	–	66,318

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the stakeholders through the optimisation of the debt and equity balance. Note 2.1 disclosed more detail information regarding the Company's plans and measures for capital management.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the parent, comprising mainly share capital and reserve.

Management reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group is not subject to any externally imposed capital requirements.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management *(continued)*

The gearing ratio at the end of the reporting period was as follows:

	2024 *HK$'000*	2023 *HK$'000*
Trade payables	**427**	162
Other payables and accruals	**58,564**	66,156
Total debt *(note i)*	**58,991**	66,318
Equity attributable to owners of the parent	**98,949**	134,192
Total debt to equity ratio	**59.62%**	49.42%

Note:

(i) Total debt comprises trade payables, other payables and accruals.

33. PARTICULARS OF INTERESTS IN SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of Incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 Direct	2024 Indirect	Percentage of equity attributable to the Company 2023 Direct	2023 Indirect	Principal activities
Lajin Film Co., Limited	British Virgin Islands	US$1	**100**	**–**	100	–	Investment holding
Lajin Sino-Korean Entertainment Holding Limited	British Virgin Islands	US$1	**100**	**–**	100	–	Investment holding
Lajin Entertainment Network (HK) Limited	Hong Kong	US$1	**100**	**–**	100	–	Investment holding
Lajin Global Pictures (HK) Limited	Hong Kong	US$1	**100**	**–**	100	–	Investment holding
Hong Kong Xuanhe Management Limited	Hong Kong	HK$29,000,000	**–**	**100**	–	100	Artists management and investment holding
Lajin IFilm Limited	Hong Kong	HK$1,560,000	**–**	**60**	–	60	Cultural and entertainment media contents
Lajin Sino-Korean Entertainment Limited	Hong Kong	HK$1	**–**	**100**	–	100	Investment holding
Lajin Sport Limited	Hong Kong	HK$1	**–**	**100**	–	100	Investment holding
Lajin Picture Limited	Hong Kong	HK$1	**–**	**100**	–	100	Investment holding
Lajin Power (HK) Limited	Hong Kong	HK$2	**–**	**100**	–	100	Sourcing and production of media contents
北京拉近互動傳媒科技有限公司*(i)*	PRC/Mainland China	RMB250,000,000	**–**	**100**	–	100	Culture and entertainment Media contents
北京拉近互娛文化傳媒有限公司*(ii)*	PRC/Mainland China	RMB10,000,000	**–**	**100**	–	100	Culture and entertainment Media contents

33. PARTICULARS OF INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of Incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024		Percentage of equity attributable to the Company 2023		Principal activities
			Direct	Indirect	Direct	Indirect	
稼軒環球影業有限公司*(ii)*	PRC/Mainland China	RMB50,000,000	**–**	**100**	–	100	Culture and entertainment Media contents
北京拉近影業有限公司*(ii)*	PRC/Mainland China	RMB3,000,000	**–**	**100**	–	100	Culture and entertainment Media contents
柏視數碼(上海)有限公司*(i)*	PRC/Mainland China	US$10,000,000	**–**	**100**	–	100	Digital technology
北京新美星秀文化傳媒有限公司*(ii)*	PRC/Mainland China	RMB625,000	**–**	**80**	–	80	Artists management
北京大早晚集影視傳媒有限公司*(ii)*	PRC/Mainland China	RMB3,000,000	**–**	**100**	–	100	Culture and entertainment Media contents
溫州市眾博科技有限公司*(ii)*	PRC/Mainland China	RMB12,000,000	**–**	**100**	–	100	Culture and entertainment Media contents
拉近沃星影業(天津)有限公司*(ii)*	PRC/Mainland China	RMB5,000,000	**–**	**50.1**	–	50.1	Culture and entertainment Media contents
北京拉近星途科技傳媒有限公司*(i)*	PRC/Mainland China	RMB10,000,000	**–**	**100**	–	100	New media e-commerce business

(i) Companies are registered as wholly-foreign-owned enterprises under PRC law.

(ii) The Company does not have legal ownership in the equity of these subsidiaries. However, under certain contractual agreements (including power of attorney agreement, loan agreement, equity option agreement, equity interest pledge agreement and exclusive technical consulting and services agreement) entered into with the registered owners of these subsidiaries, the Company and its other legally-owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these companies to the Company and/or its other legally-owned subsidiaries. As a result, these companies are treated as subsidiaries of the Company and their financial results have been consolidated by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 **HK$'000**	2023 HK$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	**–**	140,532
Current assets		
Prepayments, other receivables and other assets	**887**	211
Due from subsidiaries	**74,984**	110,377
Cash and cash equivalents	**1,224**	625
Total current assets	**77,095**	111,213
LIABILITIES		
Current liabilities		
Other payables and accruals	**1,566**	2,105
Due to subsidiaries	**4,537**	3,783
Total current liabilities	**6,103**	5,888
Net current assets	**70,992**	105,325
Net assets	**70,992**	245,857
EQUITY		
Share capital	**42,090**	42,090
Reserves	**28,902**	203,767
Total equity	**70,992**	245,857

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

(b) A summary of the Company's reserves is as follows:

	Share premium HK$'000 (note i)	Contributed surplus HK$'000 (note ii)	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2023	1,138,909	28,294	(865,458)	301,745
Loss and total comprehensive income for the year	–	–	(97,978)	(97,978)
At 31 December 2023 and 1 January 2024	1,138,909	28,294	(963,436)	203,767
Loss and total comprehensive income for the year	–	–	(174,865)	(174,865)
At 31 December 2024	**1,138,909**	**28,294**	**(1,138,301)**	**28,902**

Notes:

(i) Under the Companies Act 1981 of Bermuda (as amended), the share premium of the Company can be used for paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

(ii) The contributed surplus of the Company represents the capital reduction and capital reorganisation of share capital and reserves of the Company during the year ended 31 December 2010. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if: (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

35. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below. This summary does not form part of the audited financial statements.

RESULTS

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**5,332**	28,915	10,533	68,340	20,660
Loss before tax	**(37,817)**	(42,837)	(102,691)	(140,130)	(131,221)
Income tax (expense)/credit	**–**	(9)	(2)	(3)	(5)
Loss for the year	**(37,817)**	(42,846)	(102,693)	(140,133)	(131,226)
Loss for the year attributable to:					
Owners of the parent	**(31,277)**	(42,222)	(94,607)	(131,259)	(130,339)
Non-controlling interests	**(6,540)**	(624)	(8,086)	(8,874)	(887)
	(37,817)	(42,846)	(102,693)	(140,133)	(131,226)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 December				
	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**136,262**	184,746	224,506	344,864	473,169
Total liabilities	**(58,991)**	(66,318)	(70,429)	(70,167)	(68,400)
Non-controlling interests	**21,678**	15,764	7,778	11,251	2,530
	98,949	134,192	161,855	285,948	407,299

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