Lajin Entertainment Network Group Limited
拉近網娛集團有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8172)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Lajin Entertainment Network Group Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this announcement misleading.

* *For identification only*

ANNUAL RESULTS

The board of directors (the "Board") of Lajin Entertainment Network Group Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024, together with the comparative audited figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	4	**5,332**	28,915
Cost of sales		**(4,829)**	(19,865)
Gross profit		**503**	9,050
Other income and gains, net	4	**4,529**	5,379
Selling and distribution expenses		**(314)**	(802)
Administrative expenses		**(31,874)**	(38,166)
Other expenses		**(9,042)**	(16,422)
Share of losses of associates		**(1,619)**	(1,876)
LOSS BEFORE TAX	5	**(37,817)**	(42,837)
Income tax expense	6	**–**	(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	7	**HK0.74 Cents**	HK1.00 Cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	HK$'000	*HK$'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

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**193**	1,083
Investment properties		**68,643**	75,813
Investments in associates		**5,178**	7,298
Equity investments designated at FVOCI		**243**	1,714
Intangible assets		**16,911**	17,513
Total non-current assets		**91,168**	103,421
CURRENT ASSETS			
Trade receivables	*8*	**7,035**	16,813
Prepayments, other receivables and other assets		**15,940**	19,140
Film rights and films and TV programmes under production	*9*	**13,683**	18,196
Inventories		**810**	837
Cash and cash equivalents		**7,626**	26,339
Total current assets		**45,094**	81,325
CURRENT LIABILITIES			
Trade payables	*10*	**427**	162
Other payables and accruals		**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		**37,809**	–
NET ASSETS		**77,271**	118,428
EQUITY			
Equity attributable to owners of the parent			
Share capital		**42,090**	42,090
Reserves		**56,859**	92,102
		98,949	134,192
Non-controlling interests		**(21,678)**	(15,764)
Total equity		**77,271**	118,428

Notes:

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.

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.

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.

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.

3. 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;

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

(b) 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.

(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)

(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.

(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:

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

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

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

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	HK$'000	*HK$'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

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.

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

	2024	2023
	HK$'000	*HK$'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

5. LOSS BEFORE TAX

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

	2024	2023
	HK$'000	*HK$'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*	**891**	4,778
Depreciation of investment properties*	**4,407**	1,068
Lease payments not included in the measurement of lease liabilities*	**503**	806
Amortisation of intangible assets*	**29**	30
Impairment loss on investments in associates*	**450**	–
Impairment loss recognised in respect of film rights and films and TV programmes under production*	**5,464**	2,273
(Reversal of) /impairment loss on trade receivables*	**(436)**	258
Impairment loss on other receivables, net*	**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.

6. INCOME TAX EXPENSE

	2024	2023
	HK$'000	*HK$'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.

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%.

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.

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 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.

7. 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.

8. 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.

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

At 31 December 2023

	Expected credit loss rate *%*	Gross carrying amount *HK$'000*	Expected credit losses *HK$'000*	Net carrying amount *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

9. 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.

10. 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	2023
	HK$'000	*HK$'000*
Within 1 year	**427**	162

The trade payables are non-interest bearing.

11. DIVIDEND

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

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

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.

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.

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.

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.

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.

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.

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.

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.

AUDIT COMMITTEE

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. The primary duties of the audit committee are to review the Company's annual report and financial statements, quarterly reports and interim reports and to provide advice and comment thereon to the Board. The audit committee is responsible for reviewing and supervising the financial reporting, internal control and risk management procedures of the Group.

The annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee.

EXTRACT OF THE AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024:

"Opinion

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.

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."

SCOPE OF WORK OF BDO LIMITED ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk). The 2024 annual report will be despatched to the Shareholders and will be available on the websites of the Stock Exchange in due course.

By Order of the Board
Lajin Entertainment Network Group Limited
Leung Wai Shun Wilson
Executive Director

Hong Kong, 31 March 2025

As at the date of this announcement, the executive directors are Mr. Colin Xu and Mr. Leung Wai Shun Wilson; the non-executive directors are Mr. Zou Xiao Chun, Mr. Zhou Ya Fei, Mr. Li Xue Song and Ms. Wu Qian and the independent non-executive directors are Mr. Ng Wai Hung, Mr. Lam Cheung Shing Richard and Mr. Wang Ju.