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SILKWAVE INC
中播數據有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

	Year ended 31 December 2024 US$'000	2023 US$'000	Change US$'000	Change %
Revenue	**6,394**	7,338	**(944)**	(12.9%)
Gross profit	**2,904**	2,524	**380**	15.1%
Gain/(loss) from operations	**156**	(2,531)	**2,687**	106.2%
Share of results of an associate	**(541)**	(49,599)	**49,058**	(98.9%)
Impairment loss recognised on intangible assets	**(4,817)**	(20,224)	**15,407**	(76.2%)
Impairment loss recognised under expected credit loss model	**(4,257)**	(2,614)	**(1,643)**	62.9%
Loss for the year	**(9,459)**	(74,968)	**65,509**	(87.4%)
Total assets	**36,393**	44,785	**(8,392)**	(18.7%)
Total liabilities	**12,734**	11,666	**1,068**	9.2%
Net assets	**23,659**	33,119	**(9,460)**	(28.6%)

FINANCIAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Silkwave Inc (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024 (the "**Year**"), together with the comparative figures for the year of 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	Notes	***US$'000***	*US$'000*
Revenue	*3*	**6,394**	7,338
Cost of sales		**(3,490)**	(4,814)
Gross profit		**2,904**	2,524
Other income	*4*	**1**	4
Administrative expenses		**(933)**	(3,087)
Market development and promotion expenses		**(54)**	(498)
Finance costs	*5*	**(731)**	(862)
Other expenses		**(358)**	(92)
Share of results of an associate		**(541)**	(49,599)
Impairment loss recognised on intangible assets		**(4,817)**	(20,224)
Impairment loss recognised under expected credit loss model		**(4,257)**	(2,614)
Loss before tax	*7*	**(8,786)**	(74,448)
Income tax expense	*6*	**(673)**	(520)
Loss for the year		**(9,459)**	(74,968)

	Notes	**2024** *US$'000*	2023 *US$'000*
Other comprehensive (loss)/income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(12)**	2
Share of exchange differences of an associate		**11**	(75)
Other comprehensive loss, net of tax		**(1)**	(73)
Total comprehensive loss for the year		**(9,460)**	(75,041)
Loss for the year attributable to:			
– Owners of the Company		**(8,923)**	(66,813)
– Non-controlling interests		**(536)**	(8,155)
Loss for the year		**(9,459)**	(74,968)
Total comprehensive loss attributable to:			
– Owners of the Company		**(8,924)**	(66,886)
– Non-controlling interests		**(536)**	(8,155)
Total comprehensive loss for the year		**(9,460)**	(75,041)
			(Restated)
		US$	*US$*
Loss per share	*8*		
– Basic		**(0.10)**	(0.80)
– Diluted		**(0.10)**	(0.80)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 US$'000	2023 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**–**	–
Intangible assets		**18,990**	23,807
Interests in an associate		**10,133**	10,663
Rights-of-use assets		**18**	293
Financial assets at fair value through profit or loss		**–**	–
		29,141	34,763
CURRENT ASSETS			
Trade and other receivables	*9*	**1,584**	3,786
Amount due from a related company		**4,779**	5,509
Amount due from an associate		**–**	–
Bank balances and cash		**889**	727
		7,252	10,022
CURRENT LIABILITIES			
Trade and other payables	*10*	**1,539**	1,564
Lease liabilities		**23**	302
Income tax payable		**1,548**	875
		3,110	2,741
NET CURRENT ASSETS		**4,142**	7,281
TOTAL ASSETS LESS CURRENT LIABILITIES		**33,283**	42,044
NON-CURRENT LIABILITIES			
Convertible notes		**9,620**	8,898
Lease liabilities		**4**	27
		9,624	8,925
NET ASSETS		**23,659**	33,119

	Notes	**2024**	2023
		US$'000	*US$'000*
CAPITAL AND RESERVES			
Share capital	*11*	**114**	46,012
Share premium and reserves		**18,802**	(18,172)
Equity attributable to owners of the Company		**18,916**	27,840
Non-controlling interests		**4,743**	5,279
TOTAL EQUITY		**23,659**	33,119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

Silkwave Inc was incorporated in the Cayman Islands as an exempted company with limited liability. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business in Hong Kong is located at Room 1202, 12/F, Guangdong Finance Building, 88 Connaught Road West, Hong Kong.

The immediate and ultimate holding company is Chi Capital Holdings Ltd ("**Chi Capital**"), being a company wholly-owned by Mr. Wong Chau Chi who is the controlling shareholder of the Company.

The Company acts as an investment holding company. The Group is principally engaged in the development and promotion of convergent mobile multimedia broadcasting ("**CMMB**")-based multimedia and interactive services via proprietary terrestrial infrastructure. The Group is operating a terrestrial UHF wireless television ("**TV**") network providing digital media and entertainment services to certain key markets in the United States of America ("**US**").

The Group is also engaged in trading which relates to the procurement and distribution of printed circuit board ("**PCB**") materials, and providing hardware and software solution related to artificial intelligence ("**AI**") and Internet-of-Things.

The consolidated financial statements are presented in United States dollars ("**US$'000**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss, which is carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

For the year ended 31 December 2024, the Group reported a loss attributable to owners of the Company of approximately US$8.9 million. The Directors have reviewed the Group's cash flow projections which cover a period of at least twelve months from 31 December 2024. Based on the Group's cash flows expected to be generated from operations, the Directors consider that the Group will be able to obtain adequate financial resources to enable it to operate and fulfill its liabilities and commitments as and when they fall due within the twelve months from 31 December 2024. The Group has also obtained a letter of support from Chi Capital which agreed to continuously provide financial support to enable the Group to meet its liabilities and commitments as and when they fall due in the foreseeable future. Accordingly, the Directors have prepared these consolidated financial statements on a going concern basis.

(a) Amendments to standards and interpretation adopted by the Group

The Group has applied the following amendments to standards and interpretation for its annual reporting period commencing 1 January 2024:

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

The amendments to standards and interpretation listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments to standards and interpretation in issue but not yet effective

The following new and amended standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group:

HKAS 21 and HKFRS 1	Lack of Exchangeability (Amendments)[1]
HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (Amendment)[2]
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Amendments)[3]
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)[4]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after a date to be determined.

In July 2024, HKICPA issued HKFRS 18 which is effective for the Group's annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the consolidated financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The Group is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

There are no other new standards, amendments and interpretation that are not yet effective and that would be expected to have a material impact on the Group's consolidated financial statements. The Group will adopt the above new standards, amendments to existing standards and interpretations when they become effective.

3. REVENUE AND SEGMENT INFORMATION

Information is reported to the Company's executive directors, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance with focus on types of services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 Operating Segment are as follows:

1. CMMB business – Provision of transmission and broadcasting of television ("**TV**") programs.

2. Trading business – Trading of printed circuit board ("**PCB**") materials and other AI related products.

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

For the year ended 31 December 2024

	CMMB business	**Trading business**	**Total**
	US$'000	***US$'000***	***US$'000***
Segment revenue	**3,481**	**2,913**	**6,394**
Segment (loss)/profit	**(2,549)**	**19**	**(2,530)**
Share of results of an associate			**(541)**
Other income			**1**
Impairment loss recognised under expected credit loss model			**(4,402)**
Unallocated corporate expenses			**(1,987)**
Loss for the year			**(9,459)**

For the year ended 31 December 2023

	CMMB business	Trading business	Total
	US$'000	*US$'000*	*US$'000*
Segment revenue	2,352	4,986	7,338
Segment loss	(18,738)	(91)	(18,829)
Share of results of an associate			(49,599)
Other income			4
Impairment loss recognised under expected credit loss model			(2,490)
Unallocated corporate expenses			(4,054)
Loss for the year			(74,968)

Segment assets

	2024 *US$'000*	2023 *US$'000*
CMMB business	**19,594**	26,378
Trading business	**892**	1,188
Total segment assets	**20,486**	27,566
Unallocated		
– Property, plant and equipment	**–**	–
– Right-of-use assets	**–**	253
– Interests in an associate	**10,133**	10,663
– Other receivables and deposits	**136**	126
– Amount due from a related company	**4,779**	5,509
– Amount due from an associate	**–**	–
– Bank balances and cash	**859**	668
Consolidated total assets	**36,393**	44,785

Segment liabilities

	2024 *US$'000*	2023 *US$'000*
CMMB business	**11,116**	9,716
Trading business	**588**	908
Total segment liabilities	**11,704**	10,624
Unallocated		
– Accruals	**1,030**	762
– Lease liabilities	**–**	280
Consolidated total liabilities	**12,734**	11,666

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2024 *US$'000*	2023 *US$'000*
Revenue from contracts with customers recognised at a point in time:		
Trading of PCB materials and other AI products	**2,913**	4,986
Revenue from contracts with customers recognised over a period of time:		
CMMB service income	**13**	48
Transmission and broadcasting of TV programs	**3,468**	2,304
	6,394	7,338

Other segment information

	CMMB business *US$'000*	Trading business *US$'000*	Total *US$'000*
Amounts included in the measurement of segment profit or loss:			
Year ended 31 December 2024			
Depreciation of right-of-use assets	**–**	**(22)**	**(22)**
Effective interest expense on convertible notes	**(722)**	**–**	**(722)**
Impairment loss recognised on intangible assets	**(4,817)**	**–**	**(4,817)**
Interest expense on lease liabilities	**–**	**(2)**	**(2)**
Year ended 31 December 2023			
Depreciation of property, plant and equipment	(12)	–	(12)
Depreciation of right-of-use assets	–	(30)	(30)
Effective interest expense on convertible notes	(835)	–	(835)
Impairment loss recognised on intangible assets	(20,224)	–	(20,224)
Interest expense on lease liabilities	–	(3)	(3)

Geographical information

The Group principally operates CMMB business in US (country of domicile of the operating subsidiary) and trading business in Taiwan and Hong Kong. Majority of the non-current assets of the Group are located in the US except for certain insignificant non-current assets (such as office equipment and motor vehicles) which are located in Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations.

	Revenue from external customers	
	2024	2023
	US$'000	*US$'000*
US	**3,468**	2,304
Taiwan	**2,913**	3,591
PRC	**13**	48
Hong Kong	**–**	1,395
	6,394	7,338

4. OTHER INCOME

	2024	2023
	US$'000	*US$'000*
Interest income	**1**	2
Others	**–**	2
	1	4

5. FINANCE COSTS

	2024	2023
	US$'000	*US$'000*
Effective interest expense on convertible notes	**722**	835
Interest expense on lease liabilities	**9**	27
	731	862

6. INCOME TAX EXPENSE

	2024	2023
	US$'000	*US$'000*
Current tax:		
US Income Tax	**673**	520

Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits for the year, except for the first HK$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the new two-tiered profits tax rates regime with effect from the year of assessment 2018/2019.

For the year ended 31 December 2024, US Income Tax is charged at 24% (2023: 24%) on the estimated assessable profits.

For the year ended 31 December 2024, Taiwan Income Tax is charged at 20% (2023: 20%) on the estimated assessable profits.

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onward.

7. LOSS BEFORE TAX

Loss before tax has been arrived after charging:

	2024	2023
	US$'000	*US$'000*
Cost of materials	**2,793**	4,719
Auditor's remuneration	**141**	128
Depreciation of property, plant and equipment	**–**	27
Depreciation of right-of-use assets	**276**	285
Employee benefits costs (including directors' emoluments)	**609**	2,272
Market development expense	**54**	137
Expense relating to short-term leases	**20**	–
Share of results of an associate	**541**	49,599
Impairment loss recognised on intangible assets	**4,817**	20,244

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the year is based on the following data:

	2024	2023
Loss for the year attributable to the owners of the Company for the purpose of calculating diluted loss per share *(US$'000)*	**(8,923)**	(66,813)
Number of ordinary shares		
		(Restated)#
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	**89,619,494**	83,930,286
Loss per share *(US$)*	**(0.10)**	(0.80)

The Company completed a share consolidation during the year ended 31 December 2024, in which every twenty existing ordinary shares were consolidated into one ordinary share (note 11). The loss per share for the prior year has been adjusted retrospectively to reflect the share consolidation.

Diluted losses per share is calculated by dividing net loss attributable to the Company by the weighted average number of outstanding ordinary shares in issue and dilutive ordinary share equivalents outstanding during the year. Dilutive ordinary share equivalents include shares issuable upon the exercise or settlement of share options and convertible notes issued by the Company.

For the years ended 31 December 2024 and 2023, the share options and convertible notes issued by the Company were not included in the calculation of diluted losses per share because of their anti-dilutive effect. Therefore, diluted losses per share were equal to basic losses per share for the years ended 31 December 2024 and 2023.

9. TRADE AND OTHER RECEIVABLES

The Group generally allows a credit period of between 15 to 60 days to its customers of CMMB Business and Trading Business. The trade receivables are due from a customer under Trading Business (2023: one) and three customers under CMMB business (2023: three) as at 31 December 2024.

	2024	2023
	US$'000	*US$'000*
Trade receivables	**1,474**	3,838
Less: provision for impairment losses	**(36)**	(181)
Trade receivables, net	**1,438**	3,657
Other receivables and deposits	**146**	129
Total	**1,584**	3,786

The ageing analysis of the gross trade receivables, presented based on invoice date, as at the end of the reporting period are as follows:

	2024	2023
	US$'000	*US$'000*
0 – 30 days	**534**	814
31 – 60 days	**428**	798
61 – 90 days	**512**	237
91 – 120 days	**–**	297
Over 120 days	**–**	1,692
Total	**1,474**	3,838

10. TRADE AND OTHER PAYABLES

	2024	2023
	US$'000	*US$'000*
Trade payables	**498**	797
Accruals	**1,041**	767
Total	**1,539**	1,564

The average credit period granted by its suppliers is 60 days (2023: 60 days). The ageing analysis of the trade payables based on invoice date was US$300,000 for 0 to 30 days (2023: US$541,000) and US$198,000 for 31 to 60 days (2023: US$256,000).

11. SHARE CAPITAL

	Number of ordinary shares of HK$0.20 each	Number of ordinary shares of HK$4.00 each	Number of ordinary shares of HK$0.01 each	Nominal value	Shown as
				HK$'000	*US$'000*
Authorised:					
At 1 January 2023, 31 December 2023 and 1 January 2024	25,000,000,000	–	–	5,000,000	
Share consolidation *(note (i))*	(25,000,000,000)	1,250,000,000	–	–	
Share-subdivision *(note (ii))*	–	(1,250,000,000)	500,000,000,000	–	
At 31 December 2024	–	–	500,000,000,000	5,000,000	
Issued and fully paid:					
At 1 January 2023	1,541,861,318	–	–	308,373	39,597
Issue of new shares by converrsion of convertible notes	177,828,570	–	–	35,566	4,559
Exercise of share options	72,700,000	–	–	14,540	1,856
At 31 December 2023 and 1 January 2024	1,792,389,888	–	–	358,479	46,012
Share consolidation *(note (i))*	(1,792,389,888)	89,619,494	–	–	–
Capital reduction *(note (ii))*	–	(89,619,494)	89,619,494	(357,583)	(45,898)
At 31 December 2024	–	–	89,619,494	896	114

Notes:

(i) On 8 October 2024, an extraordinary general meeting of the Company was held and the resolutions of the share consolidation of the Company involving consolidation of the number of shares on the basis that every twenty issued and unissued shares of HK$0.20 each be consolidated into one consolidated share of HK$4.00 each were approved, with effect from 10 October 2024.

(ii) On 8 October 2024, an extraordinary general meeting of the Company was held and the resolutions of capital reduction of issued shares and sub-division of unissued shares which has become effective on 23 December 2024. The capital reduction of issued shares and sub-division of unissued shares involved the following:

(a) the par value of each of the issued consolidated shares be reduced from HK$4.00 to HK$0.01 by cancelling the paid up share capital to the extent of HK$3.99 on each of the issued consolidated shares by way of a reduction of capital, so as to form issued new shares with par value of HK$0.01 each; and

(b) the credit amounted to approximately US$43,898,000 arising from the capital reduction be credited to the distributable reserve account of the Company as at the effective date of the capital reduction.

These new shares rank pari passu with the existing shares in issue in all aspects.

12. CAPITAL COMMITMENTS

As at 31 December 2024, the Group and the Company did not have any significant capital commitments (2023: Nil).

13. LITIGATION

On 18 October 2019, Mr. Hamza Farooqui ("**Mr. Farooqui**") filed a claim against Silkwave, the Company, Chi Capital, Mr. Wong Chau Chi (an executive director of the Company) and three other related parties of Silkwave for breach of implied contract, quantum meruit, promissory estoppel, unjust enrichment, breach of contract, fraud and fraud in the inducement, constructive trust, and defamation (the "**Claim**"). In the Claim, it is alleged that, among other matters, the defendants in the Claim are liable to Mr. Farooqui for certain work he performed for the benefit of the defendants in connection with business transactions involving satellite assets in Asia and Africa and certain compensations. There were no judgments or settlements have been made in the case as at 31 December 2023 and 2024.

The Directors believe that the Claim is without merit and the likelihood of a significant loss arising from the Claim is small thus no provision of the Claim was considered necessary as at 31 December 2023 and 2024. Subsequently on 29 January 2025, the Claim is dismissed pursuant to the court order.

14. FINAL DIVIDEND

The board of directors of the Company did not recommend any final dividend to the shareholders of the Company for the year ended 31 December 2024 (2023: Nil).

15. EVENTS AFTER REPORTING PERIOD

On 11 February 2025, the Company has entered into the subscription agreements with the subscribers for the subscription of 5,700,000 shares at the subscription price of HK$0.85 per share for an aggregate consideration of approximately HK$4,845,000. The subscription was completed on 24 February 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS OPERATIONS

The principal activity of the Company is investment holding whilst its subsidiaries are mainly engaged in the provision of Convergent Mobile Multimedia Broadcasting ("CMMB"), trading of printed circuit board ("PCB") and Artificial Intelligence ("AI") related products, and satellite infotainment multimedia technology and services (the "Satellite Infotainment") for data and contents distribution by satellite.

CMMB Business

The Group's LPTV portfolio boasts an exciting array of programming, featuring everything from engaging local news and thrilling sports coverage to vibrant community events and sought-after syndicated content from major networks in the US. This diverse lineup is driven by the Group's commitment to delivering valuable programming that resonates with viewers and enriches local communities across the U.S.

Despite the challenges posed by this rapidly changing landscape, the Group remains optimistic and forward-thinking about its position in the U.S. TV market. It is dedicated to fostering collaborations with other broadcasters and partners, ensuring it stays competitive and relevant in the ever-evolving world of TV entertainment. With a focus on innovation and community engagement, the Group is excited about the prospects that lie ahead, ready to embrace the future of broadcasting.

Trading Business

The Trading business encompasses our PCB trading operations and various technology components utilized in AI-related applications. As technology continues to evolve at a rapid pace, maintaining competitiveness presents challenges. However, the market is increasingly receptive to incorporating AI-related hardware and technology, which can significantly enhance operational efficiency and flow.

The Group is committed to exploring new opportunities to diversify our product offerings within the Trading Business. This strategic expansion aims to scale our operations in a light-asset manner, enhancing both profitability and margins. Our primary focus will remain on trading high-tech components and products, particularly connectivity devices, which are vital in powering the next generation of technology.

By staying ahead of trends and embracing emerging technologies, the Group is excited about the prospects for growth and success in the evolving trading landscape. We believe that our proactive approach will not only bolster our competitive edge but also contribute to a thriving future as a key player in the high-tech trading market.

Satellite infotainment

The Company has been developing satellite based broadcasting service business with its associate company Silkwave Holdings, which is the main service operator with a full-fledged satellite and technology platform. While the Company only owns 20% in Silkwave, it is the major strategic and value-added service provider to Silkwave. While the satellite service sector operates within geographical constraints, the Group remains cautious about related developments.

Satellite-based infotainment can deliver seemless connectivity to smartphones, vehicles and any smart devices. Enhance multimedia experience and make long journeys more enjoyable. While the satellite platform will play a crucial role in smart city projects by providing data from traffic patterns to emergency alerts. The rollout of 5G technology will complement satellite systems by providing faster data transmission speeds and lower latency. This synergy can lead to more sophisticated infotainment applications, such as augmented reality navigation and immersive gaming experiences.

The Group continues to explore alternative use cases to leverage its satellite platform, aiming to create value for shareholders. This includes initiatives such as renting out spare satellite capacity and providing satellite-related services, capitalizing on the Group's expertise and experience in the aerospace field.

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group recorded loss for the year of approximately US$9.5 million (2023: approximately US$75.0 million). Loss per share of the Company (the "**Share**") was approximately US$0.10 (2023: approximately US$0.80 cents) and net assets per share of the Group was approximately US$0.26 (2023: approximately US$0.02).

Revenue

For the Year, the Group is engaged in the provision of transmitting and broadcasting television programs and trading of products with a revenue of approximately US$6.4 million (2023: approximately US$7.3 million). The decrease in revenue of approximately US$0.9 million was mainly due to the decrease in the trading Business, especially on the trading of AI products, as a result of sluggish economic condition.

Cost of sales

Cost of sales mainly includes costs of goods sold, staff costs and operating lease payments. The decrease in cost of sales of approximately US$1.3 million was due to an decrease in direct costs and costs of sales for the Year.

Gross profit

Gross profit increased from approximately US$2.6 million in 2023 to approximately US$2.9 million in 2024, which arose primarily from higher broadcasting service income.

Administrative expenses

Administrative expenses decreased from approximately US$3.0 million in 2023 to approximately US$0.9 million for the Year, mainly due to implement of cost control in the Year.

Market development and promotion expenses

Market development and promotion expenses has decreased as compared to 2023, which include consultancy services fees for business development, travelling expenses for attending business conferences and meetings as well as research and development costs. The decrease is driven by implement of cost control in the Year.

Finance costs

Finance costs of the Group for the Year amounted to approximately US$0.7 million (2023: approximately US$0.8 million) which mainly represented effective interest expense on convertible notes. The Group did not bear any bank and other borrowings during the Year.

Financial asset at fair value through profit or loss

Management evaluated the fair value of financial assets at fair value through profit or loss ("**FVTPL**") by way of objective evidence, including but not limited to business forecasts and project timelines, etc.

Share of results of an associate

The Company shared a loss of approximately US$0.5 million (2023: approximately US$49.6 million) for its 20% interest in Silkwave Holdings Limited ("**Silkwave**").

Silkwave has been developing satellite connected-car multimedia business in China which will be supported by its AsiaStar satellite assets such as frequency spectrum and orbital slot. Over the years Silkwave has completed its network infrastructure, technology, and ecosystem platform and has been conducting trial services throughout China. It has been awaiting regulatory approvals from various government agencies to launch its commercial services, which in turn will allow the Company to start generating revenues. Due to numerous government delays, and the expected regulatory approvals have not yet arrived, and Silkwave cannot commence commercial services.

As there are increasing recognition of satellite service and application in the market, With the Covid situation finally came under control and China reopen the border in the early 2023 after three years of lockdown, the Company will continue to work on regulatory approval and commercial service roll-out for the PRC as well as other ASEAN market to seek opportunities for potential use of unutilized satellite capacity.

Decrease in shared loss in 2024 was mainly due to, the management has reassessed and revised its commercial operations and the expected cashflow and revenue streams associated with the business due to the delay in the regulatory and high-power satellite procurement in 2023, hence reduction in the valuation of the Silkwave assets is resulted.

Silkwave has been in negotiation of leasing out spare satellite bandwidth to other aerospace operators in who had communication needs, given the satellite bandwidth is scale asset for communication between satellites and ground station and receiver. This allow Silkwave effectively utilize existing satellite resource for profit generating activities.

The impairment loss of intangible assets

The impairment loss recognised on intangible assets for the year ended 31 December 2024 was approximately US$4.8 million (2023: approximately US$20.2 million) as management of the Group determined that the recoverable amount is lower than the carrying amount of the cash generating units arising from intangible assets by reference to a value-in-use ("**VIU**") calculation, which has been consistently applied in previous year.

Due to increasing challenge in the LPTV market as technology advances, LPTV operators face competition from a range of other media, including traditional broadcasters, streaming services, and social media platforms. The Group had managed to keep pace with the changes in broadcasting and distribution methods, but had to account for potential change in the broadcasting landscape for the LPTV market in the US. A more conservative approach was carried out on the future market expansion and revenue streams associated with the business, therefore reduction in valuation lead to make the necessary impairment of its LPTV assets.

Despite increasing challenge in the LPTV market, the Group remain positive to continue its presence and will focus on content diversification and collaborate with new content providers to navigate through the challenge and position ourselves for long-term success.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The total equity attributable to the owners of the Company decreased to approximately US$18.9 million as at 31 December 2024 as compared with approximately US$27.8 million in 2023 which was mainly derived from suffering loss for the year.

Current assets amounted to approximately US$7.3 million (2023: approximately US$10.0 million) comprising bank balances and cash of approximately US$0.9 million (2023: approximately US$0.7 million), trade and other receivables of approximately US$1.6 million (2023: approximately US$3.8 million), amount due from a related company of approximately US$4.8 million (2023: approximately US$5.5 million), and amount due from an associate was nil (2023: Nil).

Current liabilities amounted to approximately US$3.1 million (2023: approximately US$2.7 million) representing trade and other payables of approximately US$1.5 million (2023: approximately US$1.6 million), lease liabilities of approximately US$0.02 million (2023: approximately US$0.3 million) and tax payable of approximately US$1.5 million (2023: approximately US$0.9 million). As at 31 December 2024, the Group's current ratio was approximately 2.33 (2023: approximately 3.66).

The Group's cash and cash equivalents as at 31 December 2024 were mainly denominated in United States Dollars, Hong Kong Dollars and Renminbi.

TREASURY POLICIES

The Group adopts a treasury policy that aims to better control its treasury operations and lower its borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board also considers various funding sources depending on the Group's needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The deposits of the Group at various licensed banks have been and will continue to be conducted in accordance with the Group's treasury policy. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

INDEBTEDNESS

Convertible notes of the Group as at 31 December 2024 amounted to approximately US$9.6 million (2023: approximately US$8.9 million). The gearing ratio (a ratio of total loans to total assets) was approximately 26.4% (2023: approximately 19.9%), reflecting the Group's financial position was at a optimal level. Other than convertible notes, the Group did not have any bank borrowings as at 31 December 2024 (2023: Nil).

As at 31 December 2024, neither the Group nor the Company has any significant contingent liabilities (2023: Nil).

CAPITAL COMMITMENT

As at 31 December 2024, the Group and the Company did not have any significant capital commitments (2023: Nil).

PLEDGE OF/CHARGE ON ASSETS

As at 31 December 2024, neither the Group nor the Company has pledged or charged its assets to secure its borrowings (2023: Nil).

OFF-BALANCE SHEET TRANSACTIONS

As at 31 December 2024, the Group did not enter into any material off-balance sheet transactions (2023: Nil).

FOREIGN CURRENCY EXCHANGE RISK

Most of the assets, liabilities and transactions of the Group are denominated in United States dollars. The management of the Group considers that foreign exchange risk does not have significant impact to the Group, therefore, the Group did not make any hedging arrangement for the year ended 31 December 2024.

SEGMENT INFORMATION

Details of segmental information of the Group are set out in note 3 to the consolidated financial statements.

EMPLOYEE BENEFITS

The average number of employees of the Group for the year ended 31 December 2024 was approximately 17 (2023: approximately 22). The Group's staff costs (including Directors' fees and emoluments) for the year ended 31 December 2024 amounted to approximately US$0.6 million (2023: approximately US$2.3 million). The Group offers a competitive remuneration package to retain elite employees, including salaries, medical insurance, discretionary bonuses, other fringe benefits as well as mandatory provident fund scheme for employees in Hong Kong. The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. Share options would be granted to respective employees with outstanding performance and contributions to the Group.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed herein, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group is actively exploring other business opportunities and diversify its revenue stream and bring better return to the shareholders of the Company (the "**Shareholders**").

Save as disclosed herein, the Directors currently do not have any future plans for material investments or capital assets. The Directors will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 11 February 2025, the Company entered into subscription agreements with subscribers for the subscription of an aggregate 5,700,000 new shares for an aggregate consideration of approximately HK$4,845,000 at the subscription price of HK$0.85 per subscription share. The subscription was completed on 24 February 2025. The intent of the proceeds was to payment of professional fee and general working capital for the Company.

Details refer to the prospectus and the announcement dated 11 February 2025 and 12 February 2025 respectively. Apart from those disclosed herein, there were no significant event after the reporting period and up to the date of this announcement.

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

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

PROSPECTS

Trading of PCB and AI related products

As the Internet of Things (IoT), smart devices, and consumer electronics proliferate, the demand for high-quality PCBs is escalating. These components are essential for the functionality of everything from smartphones to home automation systems, providing a robust market for trading. With increasing awareness around environmental issues, there is a significant shift towards sustainable electronics. Trading in eco-friendly PCBs and AI components designed for energy efficiency can attract environmentally conscious consumers and businesses, opening new avenues for growth. The Group will continue to explore the possibility on expanding the trading product variety within the technology sector.

CMMB/LPTV BUSINESS

In recent years, the LPTV market in the US has experienced remarkable transformations, fueled by the digital switchover, the emergence of innovative technologies, and evolving regulatory policies. These changes have opened up new avenues for creativity and collaboration. The Group has actively partnered with local content providers and fellow broadcasters, forging strong relationships that enhance the richness of its programming.

As viewers increasingly shift from traditional TV sets to smartphones, there is a burgeoning demand for digital TV programming that embraces interactivity and engagement. This evolution presents an exciting opportunity to enhance the viewing experience, making it more immersive and dynamic. The Group is poised to capitalize on this trend, believing that offering high-quality digital content will not only attract new viewers but also cultivate loyalty among existing audiences.

As technology enables greater flexibility in broadcasting, LPTV stations have opportunities to expand into underserved markets or regions with limited media access. This expansion can enhance their reach and create new revenue opportunities.

Satellite Multimedia Service Development

The development of satellite multimedia services presents significant opportunities driven by advancements in technology and growing demand for connectivity. As consumers and businesses increasingly rely on high-speed internet and streaming, satellite services can provide reliable connectivity in remote areas where traditional infrastructure is lacking. The integration of 5G technology further enhances these services, enabling faster data transmission and reduced latency, which is crucial for applications like video conferencing and real-time data services. Additionally, satellite multimedia can cater to diverse sectors, including education and healthcare, bridging gaps in access and enhancing user engagement through interactive and personalized content.

Emerging markets represent a particularly promising area for growth, as developing regions seek satellite solutions to address connectivity challenges. Regulatory support from governments can foster collaboration between public and private sectors, amplifying the reach of satellite services. By optimizing content delivery networks and partnering with content creators, satellite providers can enhance their offerings and attract more users. Furthermore, focusing on sustainability and developing energy-efficient technologies can improve brand reputation and appeal to environmentally conscious consumers. The future of satellite multimedia services is bright, with significant potential for innovation and expansion in a connected world.

Additionally, the development of satellite-connected car multimedia services aligns with the broader trend towards connected and autonomous vehicles. Integrating satellite connectivity into car multimedia systems can contribute to improved safety, enhanced user experience, and greater convenience for drivers and passengers.

Indeed, the development of satellite-connected car multimedia services is significantly influenced by geographical and regulatory factors, including regulatory licensing requirements and concerns surrounding data control and privacy. These factors can vary greatly between regions and can impact the feasibility and implementation of such services.

Given these complexities, the Group is adopting a cautious approach and carefully assessing the business landscape. This includes navigating regulatory requirements, addressing privacy concerns, and ensuring compliance with relevant laws and regulations. By doing so, the Group aims to strategically maneuver its business approach in order to create value for shareholders while mitigating potential risks associated with regulatory and privacy challenges.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a revised code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards under the revised Model Code for Securities Transactions by Directors of Listed Issuer ("**Model Code**") as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code throughout the year ended 31 December 2024 and all the Directors confirmed that they have fully complied with the required standard set out in the Model Code and the code of conduct throughout the year ended 31 December 2024.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises a total of three members, namely, Dr. Li Jun, Mr. Chow Kin Wing (Chairman of the Audit Committee) and Mr. Tam Hon Wah.

The Audit Committee has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2024, together with the auditor of the Company and have discussed with management, the accounting policies adopted by the Group and its internal controls and financial reporting matters.

SCOPE OF WORK OF LINKSFIELD CPA LIMITED

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 Group's auditor, Linksfield CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Linksfield CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Linksfield CPA Limited in the preliminary announcement.

CODE OF CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance code (the "**CG Code**") contained in Appendix C1 to the Listing Rules. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

The Board considers that good corporate governance of the Company is central to safeguarding the interests of the shareholders and enhancing the performance of the Group. The Board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions of the CG Code throughout the year ended 31 December 2024 except:

The Company has been deviated from the code provision C.2.1 of the CG Code, as the roles of chairman and chief executive of the Company were not separate. With effect on 19 May 2008, Mr. Wong was re-designated as the chairman while also serving as the chief executive of the Company. According to the code provision C.2.1 of the CG Code, the roles of a chairman and a chief executive should be separate and should not be performed by the same individual. Given Mr. Wong has had extensive experience in the business of the Group and has performed satisfactorily since his joining of the Company in 2007, particularly in soliciting new possible business opportunities and deducing the overall strategic plan for the future development of the Company, the Board considers that it would be beneficial for the Group if Mr. Wong is also in charge of overseeing the Company's operations as the chairman. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will regularly review the effectiveness of this arrangement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.silkwave.com.hk). The 2024 annual report will be dispatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
SILKWAVE INC
Wong Chau Chi
Chairman

Hong Kong, 31 March 2025

As at the date of this announcement, the executive directors are Mr. Wong Chau Chi and Ms. Woo Lan Ying; the non-executive directors is Mr. Lui Chun Pong; and the independent non-executive directors are Dr. Li Jun, Mr. Chow Kin Wing and Mr. Tam Hon Wah.