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STAR CM Holdings Limited

星空華文控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6698)

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024; AND

(2) CHANGE IN COMPOSITION OF THE NOMINATION COMMITTEE

Our Board hereby announces the audited consolidated results of our Company, its subsidiaries and consolidated affiliated entities (collectively referred to as our “**Group**”) for the year ended December 31, 2024 (the “**Reporting Period**”) together with the comparative figures for the year ended December 31, 2023. These annual results have been reviewed by our Board’s audit committee together with our management.

	Year ended December 31,		
	2024	2023	Change
	<i>(RMB in millions, except percentages)</i>		
Revenue	163.1	426.6	(61.8)%
Gross profit/(loss)	40.0	(59.4)	N/A
Loss before tax	(231.1)	(1,601.4)	(85.6)%
Loss for the year	(230.0)	(1,634.2)	(85.9)%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	<i>4</i>	163,147	426,567
Cost of sales		<u>(123,162)</u>	<u>(485,918)</u>
Gross profit/(loss)		39,985	(59,351)
Other income and gains		24,434	25,296
Decrease in fair value of financial assets at fair value through profit or loss		(2,813)	(12,093)
Selling and distribution expenses		(17,333)	(21,872)
Administrative expenses		(90,432)	(120,489)
Other expenses		(17,542)	(3,847)
Impairment loss on goodwill		(48,536)	(1,191,617)
Impairment loss on trade and other receivables		(50,200)	(167,746)
Impairment loss on loans to a joint venture and an associate		(10,727)	–
Impairment loss on property, plant and equipment		(16,000)	–
Impairment loss on right-of-use assets		(5,000)	–
Finance costs		(402)	(2,602)
Share of losses of:			
Joint ventures		(29,025)	(41,085)
Associates		<u>(7,528)</u>	<u>(5,966)</u>
LOSS BEFORE TAX	<i>5</i>	(231,119)	(1,601,372)
Income tax credit/(expense)	<i>6</i>	<u>1,073</u>	<u>(32,854)</u>
LOSS FOR THE YEAR		<u>(230,046)</u>	<u>(1,634,226)</u>
Loss attributable to:			
Owners of the Company		(232,541)	(1,604,634)
Non-controlling interests		<u>2,495</u>	<u>(29,592)</u>
		<u>(230,046)</u>	<u>(1,634,226)</u>
LOSS PER SHARE		<i>RMB</i>	<i>RMB</i>
			<i>(Restated)</i>
Basic and diluted	<i>8</i>	<u>(0.58)</u>	<u>(4.03)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(230,046)</u>	<u>(1,634,226)</u>
OTHER COMPREHENSIVE INCOME Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	<u>8,595</u>	<u>16,839</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>8,595</u>	<u>16,839</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(221,451)</u>	<u>(1,617,387)</u>
Total comprehensive loss attributable to:		
Owners of the Company	<u>(223,946)</u>	<u>(1,587,795)</u>
Non-controlling interests	<u>2,495</u>	<u>(29,592)</u>
	<u>(221,451)</u>	<u>(1,617,387)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000 (Restated)	At 1 January 2023 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		179,023	197,522	172,388
Other intangible assets		131,260	139,269	161,960
Right-of-use assets		92,627	104,675	111,346
Goodwill		256,585	301,343	1,488,335
Interests in joint ventures		507,766	539,661	580,746
Interests in associates		865,458	878,128	868,678
Financial assets at fair value through profit or loss		52,464	55,277	26,744
Restricted deposits		68,549	69,535	62,318
Deferred tax assets		33,801	31,510	60,165
Prepayments		–	19,131	15,709
Total non-current assets		<u>2,187,533</u>	<u>2,336,051</u>	<u>3,548,389</u>
CURRENT ASSETS				
Inventories		21	21	21
Program copyrights		202	224	110,135
Trade receivables	9	98,957	220,792	625,956
Prepayments, other receivables and other assets		74,394	260,895	101,216
Due from related parties	10	112,498	44,020	24,124
Cash and cash equivalents		425,251	353,878	587,590
Total current assets		<u>711,323</u>	<u>879,830</u>	<u>1,449,042</u>
CURRENT LIABILITIES				
Trade payables	11	117,117	177,366	253,252
Other payables and accruals		39,460	82,348	102,331
Contract liabilities		3,693	7,796	72,002
Provisions	12	35,423	16,167	12,340
Tax payable		25,525	35,050	40,636
Lease liabilities		4,582	5,659	7,892
Total current liabilities		<u>225,800</u>	<u>324,386</u>	<u>488,453</u>
NET CURRENT ASSETS		<u>485,523</u>	<u>555,444</u>	<u>960,589</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,673,056</u>	<u>2,891,495</u>	<u>4,508,978</u>

	At 31 December 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i> <i>(Restated)</i>	At 1 January 2023 <i>RMB'000</i> <i>(Restated)</i>
NON-CURRENT LIABILITIES			
Lease liabilities	2,309	6,315	7,670
Deferred tax liabilities	3,731	3,898	3,841
Other payables and accruals	7,021	7,196	5,715
Contract liabilities	12,347	3,903	13,460
	<u>25,408</u>	<u>21,312</u>	<u>30,686</u>
Total non-current liabilities	25,408	21,312	30,686
Net assets	2,647,648	2,870,183	4,478,292
EQUITY			
Share capital	3	3	3
Reserves	2,656,246	2,880,192	4,458,994
	<u>2,656,249</u>	<u>2,880,195</u>	<u>4,458,997</u>
Equity attributable to owners of the Company	2,656,249	2,880,195	4,458,997
Non-controlling interests	(8,601)	(10,012)	19,295
	<u>2,647,648</u>	<u>2,870,183</u>	<u>4,478,292</u>
Total equity	2,647,648	2,870,183	4,478,292

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on March 29, 2021. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 29 December 2022.

The Company is an investment holding company. The Company’s subsidiaries were principally involved in variety program intellectual property (“IP”) production, operation and licensing, music IP operation and licensing, drama series and film IP operation and licensing and other IP-related business.

In the opinion of the directors of the Company (the “Directors”), the ultimate controlling shareholders of the Company are Chinese Culture (Shanghai) Equity Investment Center (L.P.), Chinese Culture (Tianjin) Investment Management Co., Ltd., Mr. Tian Ming, Mr. Jin Lei and Mr. Xu Xiangdong (“Controlling Shareholders”).

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for notes receivable and certain financial assets stated at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Prior year adjustments

During the preparation of the consolidated financial statements for the year ended 31 December 2024, the directors of the Company identified errors in the consolidated financial statements for the years ended 31 December 2023 and 2022. Specifically, long-term loans provided to a joint venture and an associate were incorrectly classified as current assets and reported under “Due from related parties” without considering the substance of the loans.

The loans provided to a joint venture and an associate were utilized for the purpose of acquiring parcels of land and constructing properties, both of which necessitate extended periods for completion. The majority of these loans are non-interest-bearing, and no repayments have been received from the joint venture or the associate since the initial drawdown of the loans.

Following a re-assessment, the directors have determined that these loans are not expected to be settled within twelve months after the end of the prior reporting periods. As a result, the loans should not be classified as current assets in accordance with IAS 1, Presentation of Financial Statements. These loans should be classified as long-term interests in the joint venture and associate, forming part of the net investment in the joint venture and associate, in accordance with IAS 28, Investments in Associates and Joint Ventures.

The tables below present the impact of the restatement of the Group’s previously issued consolidated statements of financial position as at 31 December 2023 and 1 January 2023.

Impact on the consolidated statement of financial position as at 31 December 2023

	As previously reported <i>RMB'000</i>	Prior year adjustments <i>RMB'000</i>	As restated <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	197,522	–	197,522
Other intangible assets	139,269	–	139,269
Right-of-use assets	104,675	–	104,675
Goodwill	301,343	–	301,343
Interests in joint ventures	360,951	178,710	539,661
Interests in associates	612,901	265,227	878,128
Financial assets at fair value through profit or loss	55,277	–	55,277
Restricted deposits	69,535	–	69,535
Deferred tax assets	31,510	–	31,510
Prepayments	19,131	–	19,131
	<hr/>	<hr/>	<hr/>
Total non-current assets	1,892,114	443,937	2,336,051
CURRENT ASSETS			
Inventories	21	–	21
Program copyrights	224	–	224
Trade receivables	220,792	–	220,792
Prepayments, other receivables and other assets	260,895	–	260,895
Due from related parties	487,957	(443,937)	44,020
Cash and cash equivalents	353,878	–	353,878
	<hr/>	<hr/>	<hr/>
Total current assets	1,323,767	(443,937)	879,830
CURRENT LIABILITIES			
Trade payables	177,366	–	177,366
Other payables and accruals	82,348	–	82,348
Contract liabilities	7,796	–	7,796
Provision	16,167	–	16,167
Tax payable	35,050	–	35,050
Lease liabilities	5,659	–	5,659
	<hr/>	<hr/>	<hr/>
Total current liabilities	324,386	–	324,386
NET CURRENT ASSETS	<hr/>	<hr/>	<hr/>
	999,381	(443,937)	555,444
TOTAL ASSETS LESS CURRENT LIABILITIES	<hr/>	<hr/>	<hr/>
	2,891,495	–	2,891,495

	As previously reported RMB'000	Prior year adjustments RMB'000	As restated RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	6,315	–	6,315
Deferred tax liabilities	3,898	–	3,898
Other payables and accruals	7,196	–	7,196
Contract liabilities	3,903	–	3,903
	<u>21,312</u>	<u>–</u>	<u>21,312</u>
Total non-current liabilities	<u>21,312</u>	<u>–</u>	<u>21,312</u>
Net assets	<u><u>2,870,183</u></u>	<u><u>–</u></u>	<u><u>2,870,183</u></u>
EQUITY			
Share capital	3	–	3
Reserves	2,880,192	–	2,880,192
	<u>2,880,195</u>	<u>–</u>	<u>2,880,195</u>
Equity attributable to owners of the Company	<u>2,880,195</u>	<u>–</u>	<u>2,880,195</u>
Non-controlling interests	<u>(10,012)</u>	<u>–</u>	<u>(10,012)</u>
Total equity	<u><u>2,870,183</u></u>	<u><u>–</u></u>	<u><u>2,870,183</u></u>

Impact on the consolidated statement of financial position at 1 Jan 2023

	As previously reported <i>RMB'000</i>	Prior year adjustments	As restated <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	172,388	–	172,388
Other intangible assets	161,960	–	161,960
Right-of-use assets	111,346	–	111,346
Goodwill	1,488,335	–	1,488,335
Interests in joint ventures	402,036	178,710	580,746
Interests in associates	617,867	250,811	868,678
Financial assets at fair value through profit or loss	26,744	–	26,744
Restricted deposits	62,318	–	62,318
Deferred tax assets	60,165	–	60,165
Prepayments, other receivables and other assets	15,709	–	15,709
	<u>3,118,868</u>	<u>429,521</u>	<u>3,548,389</u>
Total non-current assets			
CURRENT ASSETS			
Inventories	21	–	21
Program copyrights	110,135	–	110,135
Trade and bills receivables	625,956	–	625,956
Prepayments, other receivables and other assets	101,216	–	101,216
Due from related parties	453,645	(429,521)	24,124
Cash and cash equivalents	587,590	–	587,590
	<u>1,878,563</u>	<u>(429,521)</u>	<u>1,449,042</u>
Total current assets			
CURRENT LIABILITIES			
Trade payables	253,252	–	253,252
Other payables and accruals	186,673	–	186,673
Tax payable	40,636	–	40,636
Lease liabilities	7,892	–	7,892
	<u>488,453</u>	<u>–</u>	<u>488,453</u>
Total current liabilities			
NET CURRENT ASSETS	<u>1,390,110</u>	<u>(429,521)</u>	<u>960,589</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u><u>4,508,978</u></u>	<u><u>–</u></u>	<u><u>4,508,978</u></u>

	As previously reported <i>RMB'000</i>	Prior year adjustments	As restated <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities	7,670	–	7,670
Deferred tax liabilities	3,841	–	3,841
Other payables and accruals	19,175	–	19,175
	<u>30,686</u>	<u>–</u>	<u>30,686</u>
Total non-current liabilities	<u>30,686</u>	<u>–</u>	<u>30,686</u>
Net assets	<u>4,478,292</u>	<u>–</u>	<u>4,478,292</u>
EQUITY			
Share capital	3	–	3
Reserves	4,458,994	–	4,458,994
	<u>4,458,997</u>	<u>–</u>	<u>4,458,997</u>
Equity attributable to owners of the Company	<u>4,458,997</u>	<u>–</u>	<u>4,458,997</u>
Non-controlling interests	19,295	–	19,295
	<u>19,295</u>	<u>–</u>	<u>19,295</u>
Total equity	<u>4,478,292</u>	<u>–</u>	<u>4,478,292</u>

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to IFRSs for the first time for the current year's financial statements.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The adoption of the above amendments did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amendments to IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amendments to IFRSs, if applicable, when they become effective.

The following is a list of new and amendments to accounting standards, issued by IASB, which are not mandatorily effective for financial statements for the year ended 31 December 2024:

Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Annual improvements to IFRS Accounting Standards 2024	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²
IFRS 18 and consequential amendments to other IFRSs	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 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

The directors are in the process of assessing potential impact of the new standards and amendments. According to the preliminary assessment, these new standards and amendments are not expected to have any significant impact on the Group's consolidated financial statements when they become effective, except IFRS 18, which mainly impacts the presentation of the Group's consolidated statement of profit or loss and the Group will continue to assess the impact.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Revenue from external customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Chinese Mainland	102,283	365,663
Other regions	60,864	60,904
Total revenue	163,147	426,567

The revenue information above is based on the locations of customers.

4. REVENUE

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Types of goods or services		
Variety program IP production, operation and licensing	33,897	161,394
Music IP operation and licensing	13,970	30,608
Drama series and film IP operation and licensing	60,578	151,663
Other IP-related business	54,702	82,902
	<u>163,147</u>	<u>426,567</u>
Timing of revenue recognition		
At a point in time	90,853	252,701
Over time	72,294	173,866
	<u>163,147</u>	<u>426,567</u>

5. LOSS BEFORE TAX

The loss before tax is arrived at after charging:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of variety program IP production, operation and licensing	56,918	275,050
Cost of music IP operation and licensing	4,858	29,121
Cost of drama series and films IP operation and licensing	20,242	107,550
Cost of other IP related business	41,144	74,197
	<u>123,162</u>	<u>485,918</u>
Impairment loss on trade and other receivables	50,200	167,746
Impairment loss on loans to a joint venture and an associate	10,727	–
Impairment loss on goodwill	48,536	1,191,617
Impairment loss on property, plant and equipment	16,000	–
Impairment loss on right-of-use assets	5,000	–

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Pursuant to the relevant tax law of the Macau Special Administrative Region, Macau profits tax has been provided at the rate of 12% (2023: 12%) on the estimated assessable profits arising in Macau during the year.

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% (2023: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

Canxing Culture a subsidiary of the Group is qualified as High and New Technology Enterprises and was entitled to a preferential income tax rate of 15% (2023: 15%) during the year, which will expire on 12 December 2026.

The income tax (credit)/expense in the consolidated statement of profit or loss analysed as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax		
– (credit)/charge for the year	(772)	5,530
– under/(over) provision of prior years	<u>1,990</u>	<u>(1,559)</u>
	1,218	3,971
Deferred tax	<u>(2,291)</u>	<u>28,883</u>
Income tax (credit)/expense	<u>(1,073)</u>	<u>32,854</u>

7. DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 December 2024 and 2023. The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss of RMB232,541,000 (2023: RMB1,604,634,000) for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 398,538,168 (2023 (restated): 398,516,992) in issue during the year. Diluted loss per share is equal to the basic loss per share as the Company does not have any potentially dilutive ordinary shares outstanding for both years.

9. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	434,344	524,573
Less: impairment of trade receivables	<u>(335,387)</u>	<u>(303,781)</u>
	<u>98,957</u>	<u>220,792</u>

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally 30 days depending on the specific payment terms in each contract. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An aging analysis of the trade receivables based on the transaction dates and net of loss allowance is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	38,570	95,533
3 to 6 months	3,157	20,073
6 to 12 months	23	16,380
1 to 2 years	54,278	52,794
2 to 3 years	84	31,184
Over 3 years	2,845	4,828
	<hr/>	<hr/>
Total	98,957	220,792
	<hr/> <hr/>	<hr/> <hr/>

10. DUE FROM RELATED PARTIES

	<i>Notes</i>	2024 RMB'000	2023 RMB'000 <i>(Restated)</i>
Shanghai Xingkongshui'an Enterprise Development Co., Ltd. ("SH Xingkongshui'an")	<i>(i)</i>	500	500
CMC Asia Group Holdings Limited ("CMC Asia")	<i>(ii)</i>	32,590	–
Mengxiang Qi'an Culture Development (Shanghai) Co., Ltd. ("Mengxiang Qi'an")	<i>(iii)</i>	79,408	43,520
		<hr/>	<hr/>
Total		112,498	44,020
		<hr/> <hr/>	<hr/> <hr/>

Notes:

(i) SH Xingkongshui'an is a subsidiary of an associate of the Group. The loan to SH Xingkongshui'an of RMB500,000 is unsecured, interest-free and repayable on demand. In the opinion of the directors, the loans is expected to be settled within the next twelve months from the end of the reporting period.

(ii) In January 2024, the Group made a loan of HK\$28,000,000 (equivalent to RMB25,485,600) to CMC Asia, a company controlled by Mr. Tian Ming, a director and controlling shareholder of the Company. The loan is unsecured, interest-free and repayable within one year. On 1 March 2024, the loan was partially settled by offsetting against the trade payable of RMB8,716,000 due to Star China Media Limited, a subsidiary of CMC Asia. After the offsetting the remaining balance of the loan was RMB16,770,000. On 1 October 2024, the Group entered into a supplementary agreement with CMC Asia to extend the loan maturity date to 1 October 2025. The loan accrues interest at a rate of 5% per annum, retroactively effective from 1 March 2024. In March 2025, CMC Asia partially repaid the loan, remitting US\$850,000 to the Group.

On 21 October 2024, 5 November 2024 and 26 November 2024, the Group made additional three loans of US\$850,000, US\$500,000 and US\$700,000 to CMC Asia, respectively. These loans are unsecured, bear interest at 5% per annum and repayable within one year after the drawdown date. The maximum outstanding debit balances of the loans due from CMC Asia during the year ended 31 December 2024 was RMB32,590,000.

In the opinion of the directors, the loans are expected to be settled within the next twelve months from the end of the reporting period.

(iii) Mengxiang Qi'an is a joint venture of the Group. The loans to Mengxiang Qi'an bear interest at 5.39% per annum, unsecured and are repayable on demand. In the opinion of the directors, the loans are expected to be settled within the next twelve months from the end of the reporting period.

11. TRADE PAYABLES

An aging analysis of the trade payables based on the invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	47,663	115,876
1 to 2 years	45,191	39,062
2 to 3 years	14,180	11,054
Over 3 years	10,083	11,374
	<u>117,117</u>	<u>177,366</u>
Total	<u>117,117</u>	<u>177,366</u>

The credit terms of the trade payables are normally within 90 to 180 days.

12. PROVISIONS

During the year, certain subsidiaries of the Group were defendants in lawsuits. The Group has accrued the probable liabilities for these lawsuits. The movements of the provisions are as follows:

For the year ended 31 December 2024

	<i>Notes</i>	At 1 January 2024 RMB'000	Additional provisions made RMB'000	Provisions utilized RMB'000	At 31 December 2024 RMB'000
MBC-Guess the Singer! 2016	<i>(i)</i>	11,900	12,471	–	24,371
Entity A	<i>(ii)</i>	1,435	–	–	1,435
Entity B	<i>(iii)</i>	1,663	2,594	–	4,257
Entity C	<i>(iv)</i>	–	4,165	–	4,165
Entity D	<i>(v)</i>	–	8,000	(8,000)	–
Others		1,169	1,463	(1,437)	1,195
		<u>16,167</u>	<u>28,693</u>	<u>(9,437)</u>	<u>35,423</u>

For the year ended 31 December 2023

	<i>Notes</i>	At 1 January 2023 RMB'000	Additional provisions made RMB'000	Provisions utilized RMB'000	At 31 December 2023 RMB'000
MBC-Guess the Singer! 2016	<i>(i)</i>	11,900	–	–	11,900
Entity A	<i>(ii)</i>	–	1,435	–	1,435
Entity B	<i>(iii)</i>	–	1,663	–	1,663
Others		440	1,029	(300)	1,169
		<u>12,340</u>	<u>4,127</u>	<u>(300)</u>	<u>16,167</u>

- (i) In 2020, Broadcasting Corporation (“MBC”) brought a lawsuit against the Group for breach of contract and claiming an aggregate amount of RMB124,400,000. In November 2022, the court made a judgement in favour of MBC for RMB11,900,000. However, both parties filed appeals against the first instance judgement in 2023. In October 2024, the court made a judgement in favour of MBC and therefore a further provision of RMB12,471,000 was made in these consolidated financial statements.
- (ii) Entity A claimed that one of the Group’s subsidiaries should reimburse Entity A’s expenses incurred for and revenue sharing from the music copyright protection activities amounting to RMB3,038,000. The directors, based on the advice from the Group’s legal counsel, believe that the subsidiary has a valid defence against the allegation and, accordingly, have only provided RMB1,435,000 arising from the litigation based on their best estimation as at 31 December 2024 and 2023.
- (iii) Entity B claimed that one of the Group’s subsidiaries should pay Entity B’s expenses incurred for and ticket fee sharing from holding a music festival amounting to RMB7,981,000. For the year ended 31 December 2023, the directors, based on the advice from the Group’s legal counsel, believe that the subsidiary has a valid defence against the allegation and, accordingly, have only provided RMB1,663,000 arising from the litigation based on their best estimation. During the year ended 31 December 2024, the Group resolved the dispute with Entity B through arbitration. As a result of the arbitration decision, an additional provision of RMB2,594,000 was made in these consolidated financial statements.
- (iv) Entity C claimed that one of the Group’s subsidiaries should pay RMB4,165,000 to Entity C for expenses incurred in organizing the variety show. The Group, based on the advice from the legal counsel, provided RMB4,165,000 arising from the litigation as at 31 December 2024.
- (v) For the year ended 31 December 2023, a subsidiary of the Group was still a defendant in a lawsuit brought by Entity D alleging that the subsidiary should pay the remuneration for its artistes’ performances in the variety programs. The amount claimed is RMB16,500,000. The directors, based on the advice from the Group’s legal counsel, believe that the subsidiary has a valid defence against the allegation and, accordingly, have not provided for any claim arising from the litigation. During the year ended 31 December 2024, the result of judgement came out and the Group paid approximately RMB8,000,000 to Entity D for settlement of the lawsuit.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Business Analysis by Business Line

(i) Variety Program IP Production, Operation and Licensing

As always, the programs produced by our Group have earned the trust of major broadcasting platforms and popularity among audience for the high quality production contents.

In 2024, we completed the broadcast of the variety program “Asia Super Young” (亞洲超星團). Our Group has been actively exploring strategic cooperation opportunities with other broadcasting platforms. In addition to some small-scale projects, commercial performances and music concerts, we participated in the directing and post-production services of variety shows on several platforms, such as “Lightup@edc China” (閃亮星電音) on YouKu platform, and “Tourism Sing” (鮮活唱游團) and “Super Novae Games”(超新星運動會) on Tencent platform in 2024.

In 2024, our Group shifted its focus to the directorial team and post-production aspects of variety shows, rather than managing the entire production process. As a result, the scale of our Group’s revenue and gross profit was relatively lower.

The revenue, gross profit and gross profit margin of our variety programs are affected by multiple factors, including but not limited to (i) the cooperation model we adopted for the programs; (ii) our negotiations with investing media platforms; (iii) the overall economic environment; and (iv) shift in audience preferences. As a result, due to the inherent risks in the business model of our variety program intellectual property (“IP”) production, operation and licensing, our financial performance may fluctuate from year to year. For details, see the section headed “Financial Review” in this announcement.

(ii) Music IP Operation and Licensing

As at December 31, 2024, our Group’s music library contained 9,733 IPs, consisting of 3,765 live music recordings produced during the creation of our music variety programs, 3,694 songs produced for our managed artists, and 2,274 lyrics and music compositions licensed and acquired.

(iii) Film and Drama Series IP Operation and Licensing

Our Group has leveraged our extensive film library, experienced in-house professional teams and long-term cooperative relationships with media platforms, to actively expand into the fields of film licensing and drama series production and licensing. As at December 31, 2024, our Group owned and operated a large library consisting of 757 Chinese film IPs and one drama series “Reading Class” (閱讀課) produced by our Group.

Our Group generally licenses our films to domestic and overseas TV networks and online video platforms for rebroadcasting in exchange for a fixed licensing fee during a specified timeframe. The licensing fee is usually determined based on certain factors, including the number of films licensed and the length of the licensing period.

(iv) Other IP-related Business

Our Group's other IP-related business primarily includes (i) artist management; (ii) concert organization and production; (iii) art education and training; (iv) mobile apps; (v) consumer products; and (vi) themed attractions. As at December 31, 2024, we had a total number of 75 managed artists.

FUTURE DEVELOPMENT

Looking ahead, our Group is dedicated to leveraging our strengths and experience to create more entertainment IPs to accommodate the fast-changing market demands and audience preferences in the industry. Our development initiatives include:

- Further strengthening our IP creation and operation capabilities: We will continue to operate our music IP library and film IP library. We will further enhance our content production capabilities in the field of variety programs, music, films and drama series, and enrich the genres and themes of our IPs. We will also actively participate in the secondary creation business of short dramas, activate the value of more than 700 old movies we own, develop short drama content that meets the needs of users in the short video era, and revitalize classic IPs;
- Further expanding our audience outreach and brand influence to enhance our monetization capabilities: We will continue to set up distribution channels to reach wider audience. We will increase the number of partner TV networks, online video platforms and music service providers and diversify our distribution channels and offer onsite experience through IP centered experience halls, electronic music centers and street dance centers. Leveraging the growth of the global entertainment industry, we will intensify our efforts to recruit content production professionals in the overseas entertainment market and attract talented artists globally in order to further enhance the influence and value of our entertainment IPs in the global market;
- Further expanding our business through mergers and acquisitions: We will keep a close watch on and continuously evaluate high-quality merger and acquisition targets that are complementary to our business and in line with our strategies. We aim to effectively integrate premium industry resources along the upstream and downstream of the entertainment market value chain, to further accelerate the expansion of our Group; and
- Continuing to attract talents and build our team: We provide excellent training, highly competitive compensations and incentive plans for our employees. We plan to attract top talents in the fields of IP production, operation and management via continuous improvements in our talent acquisition and retention system.

We are of the view that the development of the cultural and entertainment IP industry and the business environment in which our Group operates will remain promising in the future. Our Group remains confident that, with our vision and our experienced management team in the entertainment industry, we will continue to rise to prominence and deliver contents that are well enjoyed by our audience in the field of variety programs.

PROSPECTS

Our Directors are of the view that the general outlook of China's cultural entertainment IP industry and the business environment in which our Group operates will remain promising in the future. As one of our Group's core programs has been affected by certain events since 2023 and our performance during the Reporting Period was at a low point, our Group remains confident that with our vision and our experienced management team in the entertainment industry, we will continue to maintain a leading position in the field of variety programs, and deliver contents well enjoyed by our audience.

Our Group owns a library of more than 700 films, which have been distributed globally over the years. As a result, our Group's overall business remains relatively stable in terms of marketing and sales. In addition, we are also actively expanding into the short drama and short video fields. Our Group is also actively exploring the integration of short video field and e-commerce, the integration of short video field with content industry, social and other aspects, and strives to convert these into business opportunities and business income. Also, recently, our Company, together with Beijing iQIYI Science & Technology Co., Ltd.* (北京愛奇藝科技有限公司) ("iQIYI") and Hainan Happy Hour Films Company Limited* (海南歡樂時光影業有限公司) ("Happy Hour Film") jointly launched the "100 Hong Kong Films and Short Dramas Project" (百部港片微短劇計劃). The project is to select 100 classic Hong Kong film IPs and reproduce them in the form of short drama through in-depth cooperation, covering a wide range of genres, such as action, comedy, romance and police and crime, to recreate the unique style and sentiment of the golden age of Hong Kong films. Meanwhile, our Group is also closely monitoring the in-depth application of AIGC technology in the field of entertainment, to reduce costs while improving user experience.

Nevertheless, our Group continues to remain vigilant about the overall economic outlook of both the Chinese economy and the global economy, and will actively implement appropriate measures in response to any changes that may have an impact on our business, financial conditions, results of operations and prospects.

FINANCIAL REVIEW

Overview

For the year ended December 31, 2024, we recorded revenue of RMB163.1 million and gross profit of RMB40.0 million. Our net loss amounted to RMB230.0 million in 2024 as compared with a net loss of RMB1,634.2 million in 2023. The reduction in net loss in 2024 was primarily attributable to a decrease in impairment loss on goodwill from RMB1,191.6 million recognized to RMB48.5 million recognized by our Group in 2024. Nevertheless, our Group still recorded a net loss for the year ended December 31, 2024, primarily due to the following reasons:

- (i) the programs produced by our Group in 2024 were of relatively small-scaled and generated relatively low gross profit;
- (ii) the joint ventures in which our Group invested still operated at a loss; and
- (iii) an impairment of goodwill of approximately RMB 48.5 million recognized for the year ended December 31, 2024, following an expected decline in film broadcasting rights licensing of our Group in the future.

Revenue by Business Line

During the years ended December 31, 2024 and 2023, we generated our revenues primarily from (i) variety program IP production, operation and licensing; (ii) music IP operation and licensing; (iii) film and drama series IP operation and licensing; and (iv) other IP-related business. The table below sets forth a breakdown of our revenue by business segment for the years ended December 31, 2024 and 2023:

	For the year ended December 31,	
	2024	2023
	<i>(RMB in millions)</i>	
Variety program IP production, operation and licensing	33.9	161.4
Music IP operation and licensing	14.0	30.6
Film and drama series IP operation and licensing	60.6	151.7
Other IP-related business	54.6	82.9
Total	163.1	426.6

(i) Variety Program IP Production, Operation and Licensing

Our revenue generated from variety program IP production, operation and licensing consists primarily of (i) revenue from advertising sales; (ii) commission received from producing variety programs; (iii) licensing fees received from licensing the broadcasting rights of our variety programs; and (iv) licensing fees received from licensing the right to host offline entertainment events.

Our Group's revenue generated from variety program IP production, operation and licensing decreased by 79.0% from RMB161.4 million for the year ended December 31, 2023 to RMB33.9 million for the year ended December 31, 2024, primarily due to the reduced scale of variety programs we produced.

(ii) Music IP Operation and Licensing

Our revenue generated from music IP operation and licensing consists primarily of the royalties or licensing fees received from licensing the music IPs we produced to music service providers such as (i) online music platforms; (ii) media companies; and (iii) karaoke operators. Revenue generated from music IP operation and licensing decreased by 54.2% from approximately RMB30.6 million in 2023 to approximately RMB14.0 million in 2024. The decrease was primarily due to a decrease in revenue from re-licensing of the old songs from our Group's music library in 2024.

(iii) Film and Drama Series IP Operation and Licensing

Our revenue generated from film and drama series IP operation and licensing consists primarily of the licensing fees received from licensing the broadcasting rights of the films in our film IP library. Revenue generated from film and drama series IP operation and licensing decreased by 60.1% from approximately RMB151.7 million in 2023 to approximately RMB60.6 million in 2024, primarily because we recognized revenue in 2023 from a multi-year film IP licensing contract that we entered into with a leading short video platform in China in 2020, and no such revenue was recognized from this multi-year film IP licensing contract in 2024.

(iv) Other IP-related Business

Our revenue generated from other IP-related business consists primarily of (i) service fees received from customers who engaged our artists for concerts, tours, in-person appearances and endorsement deals, and (ii) ticket sales from the concerts that we organized. Revenue generated from other IP-related business decreased by 34.1% from approximately RMB82.9 million in 2023 to approximately RMB54.6 million in 2024, primarily due to a decrease in the number of commercial performances by our managed artists as compared to 2023.

Cost of Sales

The following table sets forth our cost of sales by business segment for the years ended December 31, 2024 and 2023:

	For the year ended December 31,	
	2024	2023
	<i>(RMB in millions)</i>	
Variety program IP production, operation and licensing	56.9	275.1
Music IP operation and licensing	4.9	29.1
Film and drama series IP operation and licensing	20.2	107.6
Other IP-related business	41.1	74.2
Total	123.1	486.0

(i) Variety Program IP Production, Operation and Licensing

Cost of sales associated with variety program IP production, operation and licensing decreased by 79.3% from RMB275.1 million in 2023 to RMB56.9 million in 2024, which is in line with a decrease in our Group's revenue generated from the variety program IP production, operation and licensing.

(ii) Music IP Operation and Licensing

Cost of sales associated with music IP operation and licensing decreased by 83.2% from RMB29.1 million in 2023 to RMB4.9 million in 2024, primarily because no costs in connection with the re-licensing of old songs from our Group's music library were incurred in 2024, as compared to 2023.

(iii) Film and Drama Series IP Operation and Licensing

Cost of sales associated with film and drama series IP operation and licensing decreased by 81.2% from RMB107.6 million in 2023 to RMB20.2 million in 2024, primarily because no impairment of program copyrights of our drama series was recorded in 2024, as compared to 2023.

(iv) Other IP-related Business

Cost of sales associated with other IP-related business decreased by 44.6% from RMB74.2 million in 2023 to RMB41.1 million in 2024, which is in line with a decrease in revenue generated from other IP-related business.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The following table sets forth our gross (loss)/profit and gross (loss)/profit margin by each business segment for the years ended December 31, 2024 and 2023:

	For the year ended December 31,			
	2024	2023		
	Gross (Loss)/ Profit Margin (%)	Gross (Loss)/ Profit Margin (%)	Gross (Loss)/ Profit Margin (%)	Gross (Loss)/ Profit Margin (%)
Variety program IP production, operation and licensing	(23.0)	(67.8)	(113.7)	(70.4)
Music IP operation and licensing	9.1	65.0	1.5	4.9
Film and drama series IP operation and licensing	40.4	66.7	44.1	29.1
Other IP-related business	13.5	24.7	8.7	10.5
Total	40.0	24.5	(59.4)	(13.9)

As a result of the foregoing, we recorded a gross profit of RMB40.0 million in 2024, compared to a gross loss of RMB59.4 million in 2023.

(i) Variety Program IP Production, Operation and Licensing

Our gross loss for variety program IP production, operation and licensing decreased from RMB113.7 million in 2023 to a gross loss of RMB23.0 million in 2024. We recorded a gross loss margin of 67.8% in 2024 as compared to a gross loss margin of 70.4% in 2023, primarily due to (i) higher losses incurred in some large-scale projects in 2023; and (ii) the reduced scale of projects in 2024, while we further reduced fixed staff to cut costs related to the production of variety programs.

(ii) Music IP Operation and Licensing

As a result of the foregoing, our gross profit for music IP operation and licensing increased by 506.7% from RMB1.5 million in 2023 to RMB9.1 million in 2024. Our gross profit margin for music IP operation and licensing also increased from 4.9% in 2023 to 65.0% in 2024, primarily due to the higher costs allocated in connection with the re-licensing of the old songs from our Group's music library with lower profitability for the year ended December 31, 2023.

(iii) Film and Drama Series IP Operation and Licensing

Our gross profit from film and drama series IP operation and licensing remained stable at RMB44.1 million in 2023 and RMB40.4 million in 2024. Our gross profit margin for film and drama series IP operation and licensing increased from 29.1% in 2023 to 66.7% in 2024, primarily due to the recognition of revenue in 2023 from a multi-year film IP licensing contract we entered into with a leading short video platform in China in 2020, with no such revenue recognized from this multi-year film IP licensing contract in 2024. Additionally, no impairment of program copyrights of our drama series was recorded in 2024 as compared to 2023.

(iv) Other IP-related Business

As a result of the foregoing, our gross profit for other IP-related business increased by 55.2% from RMB8.7 million in 2023 to RMB13.5 million in 2024. Our gross profit margin increased from 10.5% in 2023 to 24.7% in 2024. The increase was primarily because we incurred costs for some new offline business expansion in 2023.

Other Incomes and Gains

Our other incomes and gains remained relatively stable at RMB25.3 million and RMB24.4 million in 2023 and 2024, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 21.0% from RMB21.9 million in 2023 to RMB17.3 million in 2024, primarily due to a decrease in staff costs resulting from the reduction in the number of our sales staff.

Administrative Expenses

Our administrative expenses decreased by 25.0% from RMB120.5 million in 2023 to RMB90.4 million in 2024, primarily due to (i) a decrease in staff costs resulting from the reduction in the number of our administrative and R&D staff; and (ii) a decrease in professional services fees and expenses. The reduction was partially offset by an increase in amortization of office leasehold improvements.

Impairment Loss on Goodwill

We recorded an impairment loss on goodwill of RMB48.5 million in 2024 (2023: RMB1,191.6 million), primarily due to an expected decline in film broadcasting rights licensing of our Group in the future.

Impairment Loss on Trade and Other Receivables

We recorded an impairment loss on trade and other receivables of RMB50.2 million in 2024 (2023: RMB167.7 million), primarily due to the comparably larger extent of increase in credit risk for certain customers based on our assessment in 2023.

Impairment Loss on Loans to a Joint Venture and an Associate

We recorded an impairment loss on loans to a joint venture and an associate of RMB10.7 million in 2024 (2023: Nil), primarily due to an expected credit risk for loans to a joint venture and an associate based on our assessment.

Impairment Loss on Property, Plant and Equipment and Right-of-use Assets

We recorded an impairment loss on property, plant and equipment and right-of-use assets of RMB21.0 million in 2024 (2023: Nil). The impairment loss was primarily due to the recoverable amount of the cash-generating unit engaged in the business of variety program IP production, operation and licensing being lower than its carrying amount, as the unit is operating at a loss.

Decrease in Fair Value of Financial Assets at Fair Value Through Profit or Loss

We recorded a loss in changes in fair value of financial assets at fair value through profit or loss of RMB2.8 million in 2024, compared to a loss in changes in fair value of financial assets at fair value through profit or loss of RMB12.1 million in 2023, primarily due to fluctuations in the stock prices of listed companies in which we invested.

Other Expenses

Our other expenses increased by 360.5% from RMB3.8 million in 2023 to RMB17.5 million in 2024, primarily due to an increase in litigation compensation losses.

Finance Costs

Our finance costs decreased by 84.6% from RMB2.6 million in 2023 to RMB0.4 million in 2024. In 2023, we fully recognized revenue from advance payments under a long-term film IP licensing contract. Upon the full recognition of revenue, we no longer recorded finance costs arising from the advance payments.

Share of Losses of Joint Ventures and Associates

Our share of losses of joint ventures decreased by 29.4% from RMB41.1 million in 2023 to RMB29.0 million in 2024, primarily because of a decrease in loss in connection with the investment in Mengxiang Qi'an following the completion of construction of Mengxiang Qi'an. Our share of losses from associates increased by 25.0% from RMB6.0 million in 2023 to RMB7.5 million in 2024, primarily due to an increase in losses of our associates.

Income Tax Credit/(Expenses)

We recorded income tax credit of RMB1.1 million in 2024, as compared to income tax expenses of RMB32.9 million in 2023, primarily due to the derecognition of deferred tax assets arising from losses incurred in 2023.

Loss for the Years

As a result of above, we recorded a net loss of RMB230.0 million in 2024 as compared with a net loss of RMB1,634.2 million in 2023.

FINANCIAL POSITION

Property, Plant and Equipment

Our property, plant and equipment decreased by RMB18.5 million or 9.4% to RMB179.0 million as at December 31, 2024 from RMB197.5 million as at December 31, 2023, primarily due to the impairment losses recognized during the Reporting Period.

Goodwill

Our goodwill decreased by RMB44.7 million or 14.8% to RMB256.6 million as at December 31, 2024 from RMB301.3 million as at December 31, 2023, primarily due to an impairment of goodwill of approximately RMB48.5 million recognized during the Reporting Period following an expected decline in film broadcasting rights licensing of our Group in the future.

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	For the year ended December 31,	
	2024	2023
	<i>(RMB in millions)</i>	
MXQY unit	24.0	24.0
FSML unit	232.6	277.3
At end of year	<u>256.6</u>	<u>301.3</u>

Interests in Associates

Our interests in associates remained stable at RMB878.1 million and RMB865.5 million as at December 31, 2023 and 2024, respectively.

The following table sets forth our interests in associates as at December 31, 2024 and 2023:

	As at December 31,	
	2024	2023
	<i>(RMB in millions)</i>	
Cost of investments plus share of post-acquisition profits or loss and other comprehensive income, net of dividend received	605.4	612.9
Loans to an associate*	260.1	265.2
Total	<u>865.5</u>	<u>878.1</u>

* The loans to an associate were advanced to Shanghai Binqiao Enterprise Management Co., Ltd. (上海濱橋企業管理有限公司) (“Shanghai Binqiao”). The loans are unsecured of which RMB250,811,000 is interest-free and without fixed terms of repayment; and the remaining balances bear interest at the rate of 6% per annum and repayable in three years from the date of drawdown of the respective loans. In the opinion of the Directors, the loans are not expected to be settled within the next twelve months from the end of the Reporting Period.

Interests in Joint Ventures

Our interests in joint venture decreased by RMB31.9 million or 5.9% to RMB507.8 million as at December 31, 2024 from RMB539.7 million as at December 31, 2023, primarily due to the share of losses of our joint ventures recorded in 2024.

The following table sets forth our interests in joint ventures as at December 31, 2024 and 2023:

	As at December 31,	
	2024	2023
	<i>(RMB in millions)</i>	
Cost of investments plus share of post-acquisition profits or loss and other comprehensive income, net of dividend received	383.7	361.0
Loan to a joint venture*	124.1	178.7
Total	<u>507.8</u>	<u>539.7</u>

* The loan to a joint venture was advanced to Mengxiang Qi'an. The loan is unsecured, interest-free and without fixed terms of repayment. In the opinion of the Directors, the loan is not expected to be settled within the next twelve months from the end of the Reporting Period.

Significant Investments

Save as disclosed in this announcement, we did not make or hold any significant investments (including any investment in an investee company with a value of 5.0 percent or more of our Company's total assets) during 2024.

Amount Due from Related Parties

Our Group recorded amounts due from related parties of RMB112.5 million as at December 31, 2024 (December 31, 2023: RMB44.0 million). For details, please refer to note 10 under "Notes to Financial Statements" above.

Other Intangible Assets

Our other intangible assets decreased by RMB8.0 million or 5.7% to RMB131.3 million as at December 31, 2024 from RMB139.3 million as at December 31, 2023, primarily due to regular amortization of our film IP licensing.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss amounted to RMB52.5 million as at December 31, 2024, representing a decrease of RMB2.8 million or 5.1% from RMB55.3 million as at December 31, 2023, which was primarily due to the fluctuations in the stock prices of listed companies in which we invested.

Restricted Cash

Our restricted cash remained relatively stable at RMB69.5 million and RMB68.5 million as at December 31, 2023 and 2024, respectively.

Program Copyrights

Our program copyrights remained relatively stable at RMB0.2 million and RMB0.2 million as at December 31, 2023 and 2024, respectively.

Trade Receivables

Our trade receivables amounted to RMB99.0 million as at December 31, 2024, representing a decrease of RMB121.8 million or 55.2% from RMB220.8 million as at December 31, 2023, which was in line with the decrease in our revenue and attributable to an increase of impairment of trade receivables.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets amounted to RMB74.4 million as at December 31, 2024, representing a decrease of RMB205.6 million or 73.4% from RMB280.0 million as at December 31, 2023, which was primarily due to the maturity of the short-term notes that we purchased in 2023.

Trade Payables

Our trade payables amounted to RMB117.1 million as at December 31, 2024, representing a decrease of RMB60.3 million or 34.0% from RMB177.4 million as at December 31, 2023, which is in line with the decrease in our cost of sales.

Other Payables and Accruals

Our other payables and accruals amounted to RMB46.5 million as at December 31, 2024, representing a decrease of RMB43.0 million or 48.0% from RMB89.5 million as at December 31, 2023, primarily due to settlement of certain other payables.

Contract Liabilities

Our contract liabilities amounted to RMB16.0 million as at December 31, 2024, representing an increase of RMB4.3 million or 36.8% from RMB11.7 million as at December 31, 2023, which was primarily due to an increase in contract liabilities pending recognition.

Provisions

Our provisions amounted to RMB35.4 million as at December 31, 2024, representing an increase of RMB19.2 million or 118.5% from RMB16.2 million as at December 31, 2023, which was primarily attributable to additional provisions recorded for expected litigation costs.

Lease Liabilities

Our lease liabilities amounted to RMB6.9 million as at December 31, 2024, representing a decrease of RMB5.1 million or 42.5% from RMB12.0 million as at December 31, 2023, which was primarily due to settlement of lease liabilities.

Liquidity and Capital Resources

As at December 31, 2024, we funded our cash requirements primarily from cash flows mainly through equity financing and the retained earnings of our Company. We had cash and cash equivalents of RMB425.3 million and RMB353.9 million as at December 31, 2024 and 2023, respectively. Meanwhile, our Group had no borrowings as at December 31, 2024 and 2023, respectively.

Our principal uses of cash have been for our business operations and expansion plans which require a significant amount of capital, including costs for variety program production, costs for music IPs production, and other working capital requirements. In the foreseeable future, our Company believes that our liquidity requirements will be satisfied by a combination of cash flow generated from our operating activities and other funds raised from capital markets from time to time.

Gearing Ratio

As at December 31, 2024, our gearing ratio was 0.26% (2023: 0.4%).

Material Acquisitions and Disposals

Save as disclosed in this announcement, we did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during 2024.

Pledge of Assets

As at December 31, 2024, pledged time deposit amounting to RMB68.5 million were pledged for purchase of leasehold land and litigation.

Contingent Liabilities

As at December 31, 2024, except for the lawsuits set out in note 12 to the financial statements as stated above, our Group had no other significant contingent liabilities.

Foreign Exchange Exposure

Our Group's businesses are principally conducted in RMB. We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As at December 31, 2024, major non-RMB assets are cash and cash equivalents which denominated in HK\$ or US\$. Fluctuation of the exchange rate of RMB against HK\$ or US\$ could affect our Group's results of operations. Our Group does not intend to hedge its exposure to foreign exchange fluctuations. We will constantly monitor the economic situation and our Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

Future Plans for Material Investments

Our Company has no other plans for material investments or capital assets, except the intended use of proceeds as disclosed in our Prospectus.

EMPLOYEE AND REMUNERATION POLICY

As at December 31, 2024, our Group had 127 employees. Total staff remuneration expenses including Directors' remuneration in 2024 amounted to RMB61.9 million. Remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policies of our Group are determined based on prevailing market levels and performance of the respective Group companies and individual employees. These policies are reviewed on a regular basis. Our Group strongly believes that our staff is an invaluable asset to our Group and is significant to our Group's business. Therefore, our Group recognizes the importance of maintaining a good relationship with our employees. In addition to salary, our Group also offers to its employees other fringe benefits, including year-end bonus, discretionary bonus, allowances and benefits in kind and pension scheme contributions.

MATERIAL LITIGATIONS

Our Group was involved in a number of pending/ongoing/concluded litigations during the Reporting Period and up to the date of this announcement.

(i) The litigation with Hummingbird Music Ltd.

From May to June 2016, an artist participated in the production of three episodes of "Heroes of Remix (蓋世英雄)", one of our variety programs. In July 2022, the artist's management company, Hummingbird Music Ltd. (蜂鳥音樂有限公司), brought a lawsuit against us at the Primary People's Court of Changning District of Shanghai, claiming performance service fee of RMB16.3 million and attorney's fee of RMB200,000. In June 2023, the court rendered a judgment in our favor, absolving us of any obligation to provide compensation. On July 6, 2023, Hummingbird Music Ltd. filed a petition to the Shanghai High People's Court for appeal against this judgment.

On August 29, 2024, the Shanghai High People's Court rendered a judgment and Hummingbird was awarded an aggregate amount of RMB8.0 million. As at the date of this announcement, the judgment has been executed.

(ii) The litigation with Munhwa Broadcasting Corporation

In July 2020, Munhwa Broadcasting Corporation ("MBC") brought a lawsuit against our Group to the Primary People's Court of Xuhui District of Shanghai Municipality for breach of contract, claiming an aggregate amount of RMB124.4 million from us. In January 2021, our Group filed a counterclaim against MBC for the return of US\$1.6 million down payment we paid to MBC, and to award us US\$480,000 in damages for breach of contract. The court rendered judgement in November 2022 and awarded MBC an aggregate amount of RMB11.9 million. Both parties filed petitions for appeal against the first instance judgment and the related hearing commenced on June 16, 2023. On October 30, 2024, the court rendered a judgment and MBC was awarded an aggregate amount of RMB24.4 million. As at the date of this announcement, the judgment has been executed. For further details about the background of the litigation, please refer to our 2024 interim report published on September 20, 2024.

(iii) The litigation with Mr. Xiong Yuanteng (熊遠騰) and Mr. Xie Hongbo (謝洪波)

In July 2024, Mr. Xiong Yuanteng and Mr. Xie Hongbo brought a lawsuit against MXQY to the Fengxian District People’s Court of Shanghai Municipality (上海市奉賢區人民法院) over damage to the interest of Mengxiang Dangran Music Culture & Communication (Shanghai) Co., Ltd. (夢響當然音樂文化傳播(上海)有限公司) (“MXDR”), requesting that MXQY be ordered to return and pay to MXDR an aggregate amount of approximately RMB15.66 million. MXDR has been listed as a third party to this case. The trial of this case is set to take place on August 20, 2024. As at the date of this announcement, the lawsuit has been revoked by Mr. Xiong Yuanteng and Mr. Xie Hongbo. For further details about the background of the litigation, please refer to our 2024 interim report published on September 20, 2024.

Save as disclosed in this paragraph, the Directors are not aware of any material litigations or claims that are pending or threatened against our Group during the Reporting Period and up to the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, there were no significant events that might affect our Group since the year ended December 31, 2024.

CHANGE IN COMPOSITION OF THE NOMINATION COMMITTEE

The Board is pleased to announce that, with effect from March 31, 2025, (i) Mr. Chen Rehao, an independent non-executive Director, has ceased to be a member of the nomination committee of the Company (the “**Nomination Committee**”); and (ii) Ms. Shen Ning (“**Ms. Shen**”), an executive Director, has been appointed as a member of the Nomination Committee.

Following the above changes, the Nomination Committee has one director of a different gender.

The above changes were implemented in response to the amended Corporate Governance Code and the Listing Rules which will come into effect on July 1, 2025. Good corporate governance plays a significant role in the overall performance of the Company and the Board believes that the implementation of such changes could strengthen the effectiveness and diversity of the Board and further enhance good corporate governance practice of the Company as a whole.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Chen Rehao for his valuable contributions to the Company during his tenure as a member of the Nomination Committee, and to extend its warm welcome to Ms. Shen in her new role in the Nomination Committee.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Our Board is committed to achieve high corporate governance standards. Our Board believes that high corporate governance standards are essential in providing a framework for our Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

Compliance with the Code on Corporate Governance Practices

Our Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of our Company's corporate governance practices.

Code provision C.2.1 of the Corporate Governance Code recommends that the roles of chairman and chief executive to be separate and not be performed by the same person. Our Company deviates from this provision as Mr. Tian Ming performs both the roles of chairman of our Board and the chief executive officer of our Company. As Mr. Tian has been managing our Group's business and overall strategic planning for several years, our Directors consider that vesting the roles of chairman and chief executive officer in Mr. Tian is beneficial to the business prospects and management of our Group by ensuring consistent leadership within our Group. Taking into account all the corporate governance measures that we implemented upon Listing, our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Accordingly, our Company had not segregated the roles of its chairman and chief executive officer. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at an appropriate time if necessary, taking into account the circumstances of our Group as a whole.

Save as disclosed above, our Company complied with the code provisions set out in the Corporate Governance Code during the Reporting Period. Our Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of our Company.

Compliance with the Model Code for Securities Transactions by Directors

Our Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the code of conduct regarding our Directors' dealings in the securities of our Company. Having made specific enquiries with our directors, our Directors have confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period.

Scope of work for Annual Results Announcement by Auditor

The financial information set out in this announcement does not constitute our Group's audited accounts for the year ended December 31, 2024, but represents an extract from the consolidated financial statements for the year ended December 31, 2024 which have been audited by the auditor of our Company, Crowe (HK) CPA Limited, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The audit committee comprises three members, namely Mr. Chen Rehao, Mr. Li Liangrong and Mr. Sheng Wenhao, with Mr. Chen Rehao (being our independent non-executive Director with the appropriate professional qualifications) as chairman of the audit committee.

Our audit committee has reviewed our audited consolidated financial statements for the year ended December 31, 2024 and has discussed with the senior management of our Company, on matters with respect to the accounting policies and practices adopted by our Company and internal control.

Other Board Committees

In addition to our audit committee, our Board has also established a nomination committee and a remuneration committee.

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

During the Reporting Period, neither our Company nor any of our subsidiaries purchased, sold or redeemed any of our Company's securities listed on the Stock Exchange (including sale of treasury shares). As at December 31, 2024, the Company did not hold any treasury shares.

FINAL DIVIDEND

Our Board does not recommend the payment of a final dividend for the year ended December 31, 2024.

PUBLICATION OF THE 2024 ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.starcmgroup.com. Our annual report for 2024 financial year will be published on the aforesaid websites of the Stock Exchange and our Company and will be despatched to our Shareholders (where applicable) in due course.

ANNUAL GENERAL MEETING

AGM will be held on Thursday, June 19, 2025 and the notice of the AGM will be published and dispatched to the Shareholders (where applicable) in accordance with our Company's articles of association and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of our Company will be closed from Monday, June 16, 2025 to Thursday, June 19, 2025, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all Share transfer forms accompanied by the relevant Share certificates must be lodged with our Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, June 13, 2025.

DEFINITIONS

“AGM”	the annual general meeting of our Company
“AIGC”	AI-generated content
“Board”	the board of directors of our Company
“Canxing Culture”	Shanghai CanXing Culture & Media Co., Ltd. (上海燦星文化傳媒股份有限公司)
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, China
“Company”	STAR CM Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands on March 29, 2021
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of our Company
“Global Offering”	has the meaning ascribed to it in the Prospectus
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Listing”	the listing of Shares on the Main Board of the Stock Exchange on December 29, 2022
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Mengxiang Qi’an”	Mengxiang Qi’an Culture Development (Shanghai) Co., Ltd. (夢響啟岸文化發展(上海)有限公司)
“MXQY”	Mengxiangqiangyin Culture Broadcast (Shanghai) Company Ltd. (夢響強音文化傳播(上海)有限公司)

“Prospectus”	Our Company’s prospectus dated December 15, 2022, a copy of which is available on the Stock Exchange’s website at www.hkexnews.hk
“RMB”	Renminbi yuan, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.000001 each
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “US dollar(s)”	United States dollar, the lawful currency for the time being of the United States

By Order of the Board
STAR CM Holdings Limited
Mr. Tian Ming
*Chairman of the Board
and Chief Executive Officer*

Hong Kong, March 31, 2025

As at the date of this announcement, the Board comprises (i) Mr. Tian Ming, Mr. Jin Lei, Mr. Xu Xiangdong, Mr. Lu Wei, Ms. Wang Yan and Ms. Shen Ning as executive Directors; and (ii) Mr. Li Liangrong, Mr. Chen Rehao and Mr. Sheng Wenhao as independent non-executive Directors.

* *For identification purposes only*