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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2023

FINAL RESULTS

The board of directors (the “Board”) of China Star Entertainment Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December 2023 together with the comparative figure for 2022 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Revenue	5	206,168	3,879
Cost of sales		(136,837)	(466)
Gross profit		69,331	3,413
Other revenue and other income	6	37,122	48,933
Administrative expenses		(95,408)	(88,174)
Marketing, selling and distribution expenses		(79,108)	(11,111)
Loss arising on change in fair value of financial assets at fair value through profit or loss		(27,721)	(25,257)
Gain arising on change in fair value of investment property		4,435	1,531
Other operating expenses		(53,811)	(20,576)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31st December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss from operations		(145,160)	(91,241)
Finance costs	7	<u>(142,994)</u>	<u>(2,414)</u>
Loss before tax	8	(288,154)	(93,655)
Income tax expense	9	<u>(1,354)</u>	<u>(465)</u>
Loss for the year		<u>(289,508)</u>	<u>(94,120)</u>
Loss for the year attributable to:			
Owners of the Company		(289,477)	(94,101)
Non-controlling interests		<u>(31)</u>	<u>(19)</u>
		<u>(289,508)</u>	<u>(94,120)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
Basic and diluted	11	<u>(11.76)</u>	<u>(3.79)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year	(289,508)	(94,120)
Other comprehensive income/(loss)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>186</u>	<u>(108)</u>
Total comprehensive loss for the year	<u>(289,322)</u>	<u>(94,228)</u>
Total comprehensive loss for the year attributable to:		
Owners of the Company	(289,291)	(94,209)
Non-controlling interests	<u>(31)</u>	<u>(19)</u>
	<u>(289,322)</u>	<u>(94,228)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		95,427	55,921
Investment property		153,950	149,114
Intangible assets		502	–
Interest in a joint venture		–	–
Loan to a director		–	489,639
Prepayment		21,293	–
		271,172	694,674
Current assets			
Inventories		153	–
Stock of properties		3,734,939	3,702,028
Film rights		8,015	8,115
Films in progress		9,625	76,321
Investment in films		96,512	104,743
Loan to a director		499,773	–
Trade receivables	12	1,849	3,368
Deposits, prepayment and other receivables		410,189	511,399
Financial assets at fair value through profit or loss		21,735	71,385
Amount due from a joint venture		–	60
Amount due from non-controlling interest		53	–
Time deposits		286	280
Cash and bank balances and restricted cash		130,295	75,484
		4,913,424	4,553,183
Total assets		5,184,596	5,247,857
Capital and reserves			
Share capital		24,608	24,608
Reserves		2,636,534	2,925,825
Equity attributable to owners of the Company			
Non-controlling interests		(659)	(681)
Total equity		2,660,483	2,949,752

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31st December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		25,095	4,256
Bank and other borrowings		1,417,142	1,550,000
Deferred tax liabilities		1,815	450
		<u>1,444,052</u>	<u>1,554,706</u>
Current liabilities			
Trade payables	13	124,728	10,253
Deposits received, accruals and other payables		46,105	87,564
Receipts in advance		45,092	2,325
Lease liabilities		10,708	3,243
Bank and other borrowings		350,312	50,000
Financing note payables		–	86,898
Amounts due to non-controlling interests		503,116	503,116
		<u>1,080,061</u>	<u>743,399</u>
Total liabilities		<u>2,524,113</u>	<u>2,298,105</u>
Total equity and liabilities		<u>5,184,596</u>	<u>5,247,857</u>
Net current assets		<u>3,833,363</u>	<u>3,809,784</u>
Total assets less current liabilities		<u>4,104,535</u>	<u>4,504,458</u>

NOTES:

1. GENERAL

China Star Entertainment Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and Unit 3409, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong respectively.

Its immediate and ultimate holding company is Heung Wah Keung Family Endowment Limited which is equally owned by Mr. Heung Wah Keung (“Mr. Heung”) and Ms. Chen Ming Yin, Tiffany (“Ms. Chen”), spouse of Mr. Heung.

The consolidated financial statements are presented in HK\$, which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

The principal activities of the Group are investment, production, distribution and licensing of films and television drama series, provision of artist management services, properties development and investment, building management services and development, promotion and operation in multi-channel network e-commerce platform.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1st January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

(b) Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund – Long Service Payment offsetting mechanism in Hong Kong

In June 2022, the Government of the Hong Kong Special Administrative Region (“Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (“Amendment Ordinance”), which will come into effect from 1st May 2025 (“Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published the captioned accounting guidance relating to the abolition of the offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and changed its accounting policy in connection with its LSP liability.

The change in accounting policy in the current year had no material impact on the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

(c) Amendments to HKFRSs and interpretation in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹

¹ Effective for annual periods beginning on or after 1st January 2024.

² Effective for annual periods beginning on or after 1st January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

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

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the HKICPA. For the purpose of presentation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the disclosure requirements of the Hong Kong Companies Ordinance.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the directors of the Company, being the chief operating decision maker (the “CODM”), for the purpose of monitoring segment performance and allocating resources between segments and that are used to make strategic decisions.

During the year ended 31st December 2023, the Group commenced the multi-media and entertainment business and it is considered as a new operating and reportable segment by CODM.

The Group has three reportable segments – film related business operations, property development and investment operations and multi-media and entertainment business operations. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

The Group’s reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

Particulars of the Group’s reportable segments are summarised as follows:

Film related business operations	– Investment, production, distribution and licensing of films and television drama series and provision of other film related services including artist management services
Property development and investment operations	– Investment and development of properties and building management services
Multi-media and entertainment business operations	– Development, promotion and operation in multi-channel network e-commerce platform

4. SEGMENT INFORMATION (CONTINUED)

Segment information about these operations is presented as below:

(a) An analysis of the Group's revenue and results by operating segments

	Segment revenue		Segment results	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Film related business operations	4,435	3,879	(52,560)	(20,015)
Property development and investment operations	148,230	–	(134,374)	(34,066)
Multi-media and entertainment business operations	53,503	–	(58,973)	–
	<u>206,168</u>	<u>3,879</u>	<u>(245,907)</u>	<u>(54,081)</u>

Reconciliation from segment results to loss before tax

Unallocated corporate income		36,284	46,324
Loss arising on change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		(20,456)	(21,530)
Unallocated corporate expenses		<u>(58,075)</u>	<u>(64,368)</u>
Loss before tax		<u>(288,154)</u>	<u>(93,655)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both years.

Segment results represent the loss suffered by each segment without allocation of central administrative expenses, partial finance costs, and partial other operating expenses under the heading of “unallocated corporate expenses”, partial other revenue and other income under the heading of “unallocated corporate income” and partial loss arising on change in fair value of financial assets at FVTPL. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. SEGMENT INFORMATION (CONTINUED)

(b) An analysis of the Group's financial position by operating segments

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS		
Segment assets		
– Film related business operations	396,491	517,537
– Property development and investment operations	3,946,935	3,926,568
– Multi-media and entertainment business operations	123,232	–
	<u>4,466,658</u>	<u>4,444,105</u>
Total segment assets	4,466,658	4,444,105
Unallocated assets	717,938	803,752
	<u>5,184,596</u>	<u>5,247,857</u>
LIABILITIES		
Segment liabilities		
– Film related business operations	6,445	77,193
– Property development and investment operations	2,320,496	2,201,208
– Multi-media and entertainment business operations	69,722	–
	<u>2,396,663</u>	<u>2,278,401</u>
Total segment liabilities	2,396,663	2,278,401
Unallocated liabilities	127,450	19,704
	<u>2,524,113</u>	<u>2,298,105</u>

For the purpose of resource allocation and performance assessment between segments:

- all assets are allocated to reportable segments, other than loan to a director, inventories, partial deposits, prepayment and other receivables, partial financial assets at FVTPL, amount due from a joint venture, amount due from non-controlling interest, partial cash and bank balances and partial property, plant and equipment for central administrative purposes; and
- all liabilities are allocated to reportable segments, other than other borrowing, partial deposits received, accruals and other payables and partial lease liabilities.

4. SEGMENT INFORMATION (CONTINUED)

(c) Other segment information

	Film related business operations		Property development and investment operations		Multi-media and entertainment business operations		Unallocated		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment results or segment assets:										
Amortisation of film rights	15	466	-	-	-	-	-	-	15	466
Amortisation of intangible assets	-	-	-	-	46	-	-	-	46	-
Depreciation of property, plant and equipment	1	1	933	730	5,316	-	5,821	6,079	12,071	6,810
Impairment losses recognised in respect of film rights	100	256	-	-	-	-	-	-	100	256
(Reversal of allowance)/allowance for expected credit loss ("ECL") on trade receivables	(8)	4	-	-	-	-	-	-	(8)	4
Allowance for ECL on deposits and other receivables	41,060	6,887	674	-	-	-	11,985	383	53,719	7,270
Loss on written off of property, plant and equipment	-	-	-	-	-	-	-	16	-	16
Loss on derecognition of loan to a director	-	-	-	-	-	-	-	13,046	-	13,046
Loss arising on change in fair value of financial assets at FVTPL	7,265	3,727	-	-	-	-	20,456	21,530	27,721	25,257
Gain arising on change in fair value of investment property	-	-	(4,435)	(1,531)	-	-	-	-	(4,435)	(1,531)
Additions to intangible assets	-	-	-	-	548	-	-	-	548	-
Additions to property, plant and equipment	4	-	3,793	646	45,647	-	2,098	9,925	51,542	10,571
Amounts regularly provided to the CODM but not included in the measure of segment results or segment assets:										
Bank interest income	61	140	529	1,363	75	-	302	121	967	1,624
Loan interest income	-	-	-	-	-	-	35,134	46,079	35,134	46,079
Finance costs	-	-	141,644	2,133	698	-	652	281	142,994	2,414
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4. SEGMENT INFORMATION (CONTINUED)

(d) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Film related business operation		
Customer A	N/A*	1,626
Customer B	N/A*	1,189
Customer C	N/A*	799
	<u> </u>	<u> </u>

Except disclosed above, no other customers contributed 10% or more to the Group's revenue for both years.

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

(e) Geographical information

The following table sets out information about geographical location of (i) revenue from external customers and (ii) non-current assets (excluded financial instruments). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the assets.

4. SEGMENT INFORMATION (CONTINUED)

(e) Geographical information (Continued)

	Revenue from external customers		Non-current assets (excluded financial instruments)	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	805	4	52,914	54,918
Macau	148,230	–	23,377	828
Taiwan	–	–	154,013	149,289
The People's Republic of China excluded Hong Kong, Macau and Taiwan (the "PRC")	56,673	3,704	40,868	–
Others	460	171	–	–
	<u>206,168</u>	<u>3,879</u>	<u>271,172</u>	<u>205,035</u>

5. REVENUE

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Disaggregation of revenue from contracts with customers		
Distribution fee income	2,751	2,991
Artist management service income	1,684	888
Sales of properties	147,298	–
Building management service fee income	932	–
Multi-media business commission income	53,503	–
Revenue from contracts with customers	<u>206,168</u>	<u>3,879</u>
Revenue from contracts with customers		
Timing of revenue recognition		
A point in time	205,236	3,879
Over time	932	–
Revenue from contracts with customers	<u>206,168</u>	<u>3,879</u>

6. OTHER REVENUE AND OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividend income	52	62
Bank interest income	967	1,624
Loan interest income	35,134	46,079
Government grants (<i>Note</i>)	–	886
Sundry income	969	282
	<u>37,122</u>	<u>48,933</u>

Note: During the year ended 31st December 2022, the Group recognised government grants of HK\$886,000 in respect of Covid-19 related subsidies provided by the government of Macau Special Administrative Region.

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interests on bank borrowings	140,885	98,861
Interests on other borrowing	384	–
Interests on financing note payables	325	661
Bank guarantee charges	361	1,347
Interests on lease liabilities	1,008	281
Other finance costs	31	125
	<u>142,994</u>	<u>101,275</u>
Interests capitalised to stock of properties	–	(98,861)
	<u>142,994</u>	<u>2,414</u>

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Amortisation of film rights (included in cost of sales)	15	466
Amortisation of intangible asset (included in marketing, selling and distribution expenses)	46	–
Auditors' remuneration and other services:		
Auditors of the Company		
– audit services	1,100	800
– non-audit services	180	137
	1,280	937
Cost of properties sold (included in cost of sales)	85,474	–
Cost of multi-media and entertainment business (included in cost of sales)	51,348	–
Depreciation of property, plant and equipment	12,071	6,810
Employee benefit expenses (including directors' remuneration)	58,404	44,380
Expense relating to short-term leases	3,303	1,444
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	658	95
(Reversal of allowance)/allowance for ECL on trade receivables (included in other operating expenses)	(8)	4
Allowance for ECL on deposits and other receivables (included in other operating expenses)	53,719	7,270
Gain arising on change in fair value of investment property	(4,435)	(1,531)
Impairment loss recognised in respect of film rights (included in other operating expenses)	100	256
Loss on derecognition of loan to a director (included in other operating expenses)	–	13,046
Loss on written off of property, plant and equipment	–	16
Loss arising on change in fair value of financial assets at FVTPL	27,721	25,257
Net foreign exchange loss	1,886	13,527
	<u>1,886</u>	<u>13,527</u>

9. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Deferred tax	<u>1,354</u>	<u>465</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made for the year ended 31st December 2023 and 2022 as the Group has no assessable profits arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

The PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% for both years. Macau subsidiaries are subject to Macau Complementary Tax at the maximum progressive rate of 12% on the estimated assessable profit for both years. Taiwan subsidiary is subject to Taiwan corporate tax, the first NT\$120,000 taxable income of Taiwan subsidiary is exempted from corporate tax and taxable income above NT\$120,000 is taxed at 20%.

No provision for PRC Enterprise Income Tax, Macau Complementary Tax and Taiwan corporate tax has been made for both years as the Group has no assessable profits arising in the PRC, Macau and Taiwan.

10. DIVIDEND

No final dividend was paid or proposed during the year, nor any dividend has been proposed by the board of directors subsequent to the end of the reporting period (2022: nil).

11. LOSS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(289,477)</u>	<u>(94,101)</u>
	2023 <i>'000</i>	2022 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>2,461,911</u>	<u>2,480,883</u>

Pursuant to the deed polls of the bonus convertible bonds (“Bonus CBs”), the Bonus CBs conferred the holders with the same economic interests attached to the shareholders of the Company. Accordingly, 1,060,317 (2022: 1,060,317) fully paid ordinary shares of HK\$0.01 each which shall be convertible from an aggregated amount of approximately HK\$265,000 (2022: HK\$265,000) outstanding Bonus CBs are included in the weighted average number of ordinary shares for calculating the basic loss per share.

No diluted loss per share was presented as there was no potential ordinary shares in issue for both years.

12. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	2,531	4,058
Less: allowance for ECL	<u>(682)</u>	<u>(690)</u>
	<u>1,849</u>	<u>3,368</u>

12. TRADE RECEIVABLES (CONTINUED)

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for ECL:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	391	1,544
31 to 60 days	–	–
61 to 90 days	–	29
Over 90 days	1,458	1,795
	<u>1,849</u>	<u>3,368</u>

The average credit period granted to customers ranges from 30 to 90 days.

	Lifetime ECL (not credit- impaired) <i>HK\$'000</i>	Lifetime ECL (credit- impaired) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January 2022	46	640	686
Allowance for ECL for the year	<u>4</u>	<u>–</u>	<u>4</u>
At 31st December 2022 and at 1st January 2023	50	640	690
Reversal of allowance for ECL for the year	<u>(8)</u>	<u>–</u>	<u>(8)</u>
At 31st December 2023	<u>42</u>	<u>640</u>	<u>682</u>

13. TRADE PAYABLES

The following is an aging analysis of trade payables, based on the invoice dates:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	86,393	2,552
31 to 60 days	1,431	283
61 to 90 days	–	1,784
Over 90 days	36,904	5,634
	<u>124,728</u>	<u>10,253</u>

The average credit period granted by suppliers ranges from 30 to 90 days.

14. COMPARATIVES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31st December 2023, the Group recorded revenue of HK\$206,168,000 as compared to HK\$3,879,000 for the year ended 31st December 2022. During the year, the Group recorded solid revenue growth as property development and investment operations contributed revenue of HK\$148,230,000 (2022: nil), multi-media and entertainment business operations contributed revenue of HK\$53,503,000 (2022: nil) and film related business operations contributed revenue of HK\$4,435,000 (2022: HK\$3,879,000) to the Group.

Loss for the year amounted to HK\$289,508,000, representing an increase of 208% from HK\$94,120,000 for the year ended 31st December 2022. The increase in loss are mainly attributable to substantial increase in finance costs amounted to HK\$142,994,000 (2022: HK\$2,414,000, an aggregate amount of HK\$101,275,000 of which HK\$98,861,000 had capitalized to stock of properties); marketing, selling and distribution expenses amounted to HK\$79,108,000 (2022: HK\$11,111,000) as substantial marketing and selling expenses were incurred in property sales and multi-media and entertainment business operations; and other operating expenses of HK\$53,811,000 (2022: HK\$20,576,000) which mainly include allowance for expected credit loss (“ECL”) on deposit paid. The effect was partially offset by the gross profit of HK\$69,331,000 (2022: HK\$3,413,000) generated mainly from property development and investment operations and multi-media and entertainment business operations.

Loss attributable to owners of the Company for the year ended 31st December 2023 amounted to HK\$289,477,000, representing an increase of 208% from HK\$94,101,000 in the previous year.

DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December 2023 (2022: nil).

BUSINESS REVIEW

The Group has three reportable segments – (1) film related business operations; (2) property development and investment operations; and (3) multi-media and entertainment business operations, a new business in the current year.

Of the total revenue for the year, HK\$4,435,000 or 2% was generated from film related business operations, HK\$148,230,000 or 72% was generated from property development and investment operations, and HK\$53,503,000 or 26% was generated from multi-media and entertainment business operations.

Film Related Business Operations

Film related business operations included investment, production, distribution and licensing of films and television drama series and provision of other film related services including artist management services.

In year 2023, revenue from film related business operations amounted to HK\$4,435,000 (2022: HK\$3,879,000) and its segment loss amounted to HK\$52,560,000 (2022: HK\$20,015,000). The Group currently has no film or TV drama series in production. As the capital investment and manpower involved in film production is comparatively significant, the Group keeps preservative in this operation. Film distribution is the ongoing business for the Group as it owns its film library and has sub-distributed films on behalf of other film owners and this year's revenue was mainly arises from sub-distribution fees and artist management service fees. The Group has passive investment in two films which are expected to release in year 2024 or 2025 and the Group normally will not intervene the distribution schedule of this kind of investment. The segment loss mainly included loss arising on change in fair value of investment in films of HK\$7,265,000 (2022: HK\$3,727,000) and allowance for ECL on deposits and other receivables for film related business of HK\$41,060,000 (2022: HK\$6,887,000), of which deposit paid to a production house for production of television drama series amounted to RMB38,000,000 was liquidated during the year and allowance for ECL of this deposit paid was fully made by the Group. As at 31st December 2023, no film or television drama series of the Group are in shooting stage.

Property Development and Investment Operations

Property development and investment operations included investing and development of properties and building management services of Tiffany House. The Group mainly has two projects in Macau, namely (i) Lot C7 do Plano de Urbanizacao da Baia de Praia Grande, located in the Nam Van Lakes Zone, at Avenida Doutor Stanley Ho, registered with the Macau Land and Real Estate Registry under no. 23070 (the "Property C7"); and (ii) Tiffany House located at Rua De Luis Gonzaga Gomes and Rua De Xiamen, Macau.

The Property C7 is a lot of land with site area of 4,669 square meters which will be developed for residential and parking purpose with the maximum allowed height of the building of 34.5 meters above sea level and maximum utilization rate of 5.58 (parking not included) according to the Urbanistic Conditions Plan issued by Land and Urban Construction Bureau ("DSSCU") at 15th September 2016. A new Urbanistic Conditions Plan was issued by DSSCU on 29th June 2023 and the main improvement is the maximum allowed height of the building has increased from 34.5 meters above sea level to 46.7 meters. The development period of Property C7 is extended to 21st August 2026 by DSSCU on 3rd July 2023. During the year, the Group has entered into an operation entrustment agreement and a main sale agreement with a well-known Macau property developer and entrust it to assist for design, development and construction, sales and finance arrangement of the Project C7. The Group considers that this professional arrangement for the Property C7 can speed up the construction process and assist the

later sales. With the update of all these pre-requisite conditions for the Property C7, the Group has revised its development plan and submitted to DSSCU for approval in July 2023. The development plan submitted to the DSSCU for approval indicated that the Property C7 will be developed into a thirteen storey building and one basement and will have a gross floor area of (a) residential – 25,832 square meters, (b) commercial – 215 square meters and (c) parking – 3,930 square meters. It will provide 345 residential units, a commercial unit, and 147 carparks and 29 motorcycle parking spaces at the underground level. On 5th October 2023, the development plan was conditionally approved by DSSCU and the construction permit for the foundations and retaining works of the Property C7 was issued on 5th December 2023 with construction commenced on 14th December 2023 and is expected to obtain its occupation permit in year 2026.

Modern Vision (Asia) Limited which is an indirect wholly owned subsidiary of the Company (“Modern Vision”) is currently indirectly interested in 50% of the Property C7. On 20th February 2024, Reform Base Holdings Limited which is wholly owned by Ms. Chen (“Reform Base”), Ms. Chen and Modern Vision entered into an agreement pursuant to which Modern Vision will acquire from Reform Base the rights in relation to its 25% shareholding in Over Profit International Limited (“Over Profit”). Over Profit is indirectly owned 100% beneficial interest in the Property C7 (details refer to the section “Event after the Reporting Period”).

Tiffany House is located adjacent to Macao Polytechnic Institute and next to Golden Lotus Square, and is a couple of blocks away from Macau Fisherman’s Wharf and Sands Casino. Tiffany House has a gross floor area of (a) residential – 31,192 square meters, including 1,900 square meters for clubhouse, (b) commercial – 3,716 square meters and (c) parking – 11,250 square meters. It provides 230 residential units in two towers, with units ranging from studio flats to four-bedroom apartments as well as special units and 272 carparks and 75 motorcycle parks in three underground levels. A prestigious clubhouse decided by Mr. William Chang, a famous art director and star designer in Hong Kong which provides a wide range of facilities including swimming pool, gym room, well equipped kitchen, yoga and dance room, etc. Tiffany House has obtained its occupational permit in December 2019. The sales of the residential units of Tiffany House started in October 2022 and its first sales completed in January 2023. Sales started at Tower 1 of Tiffany House. Tower 2 which facing Golden Lotus Square and Guia Hill are expected to have higher unit price will start sales later. During the year, sales of 22 residential units with gross floor area of 1,425 square meters and 2 carparks were completed with average gross price of HK\$9,500 per square feet for residential units. The Group recognized that an excellent building management services can increase the value of the properties and therefore the Group has formed its building management services teams and starts to provide excellent building management services to the tenants of Tiffany House in the year.

The Group's luxury residential apartment with two car parking spaces in Taiwan (the "Taiwan Property") which is held as an investment property for long term capital growth. It has finished its renovation in year 2022 and is ready for rent. As the leasing market of luxury property in Taiwan is sluggish and the Group will spend more effort on sourcing tenant for the Taiwan Property.

In year 2023, revenue from property development and investment operations amounted to HK\$148,230,000 (2022: nil) and its segment loss amounted to HK\$134,374,000 (2022: HK\$34,066,000). All revenue in this year came from sales in Tiffany House. The segment loss was mainly due to substantial increase in finance costs for the bank loan of Tiffany House (the "Term Loan") amounted to HK\$139,006,000 charged to profit and loss after the completion of Tiffany House and finance costs of HK\$98,861,000 was capitalized to stock of properties in the last year. With the continuous increase in interest rate causing the substantial increase in finance costs, the burden of finance costs has affected the performance of the property development and investment operations. Accordingly, the Group will speed up the process of property sales. Provisional sales agreements of 16 residential units, 2 car parks and 1 motorcycle parks are signed before 31st December 2023 and will complete in the first half of the year 2024.

Multi-media and Entertainment Business Operations

The Group has established a wholly-owned subsidiary, 杭州英明向太多媒體有限公司 ("YMXT") in China which principal activities are multi-media and entertainment business operations which included development, promotion and operation of livestreaming e-commerce in multi-channel network e-commerce platform. Ms. Chen is an internet celebrity and she has an account in Douyin which attracted over ten millions of followers. Ms. Chen uses her social influence and social followers as a key opinion leader for marketing, endorsement and product placements of products and services for generating revenue, profit, branding and awareness for the Group. On 7th May 2023, the Group started a livestreaming e-commerce in Douyin using Ms. Chen's Douyin account and she is the network anchor for the livestreaming e-commerce event. The gross merchandise value ("GMV") for that date was over RMB81 million.

YMXT is a multi-channel network company which business are livestreaming e-commerce in internet platform and wholesales, trading, import and export of products. During the year, we act as the mediator in the internet platform and keep a margin of commission each & every sale that is being done through our livestreaming channels. In addition, the suppliers will give annual or commitment advertising fees for YMXT to promote their products in our livestreaming channel or accounts or online shops managed by us. Besides, we can sale products by form of short video captured in livestreaming. We have established team of talented livestreamers and set up various livestreaming channels in Douyin including our main Douyin account 向太陳嵐, 向太奢品, 向太心動奢品 and 向太美麗人生 to enhance our customer base. In the second stage, we will cooperate with other suppliers or factories to sell our own products. The second stage are expected to start in the first half of year 2024. The progress of the second stage is behind the Group's expected schedule as more time and effort are invested in sourcing suitable products and the Group considered that the selection of product types and qualities are crucial for the long term growth of our development in this business.

In year 2023, revenue from multi-media and entertainment business operations amounted to HK\$53,503,000 and its segment loss amounted to HK\$58,973,000. During the year, more new comers and keen competition among platforms had hit back our revenue growth in this business. The loss mainly included marketing and operation expenses. During the year, the Group has built a more comprehensive organization structure to support the rapid growth of this business and to lay a solid foundation for the future development of the multi-media and entertainment business operations and thus marketing and advertising expenses are spent to increase the publicity of our livestreaming channels in different platforms and the number of our followers.

Geographical Segments

For the geographical segments, revenue of HK\$805,000 or 1% (2022: HK\$4,000 or 0%) was sourced from Hong Kong, revenue of HK\$148,230,000 or 72% (2022: nil or 0%) was sourced from Macau, revenue of HK\$56,673,000 or 27% (2022: HK\$3,704,000 or 96%) was sourced from China and HK\$460,000 or 0% (2022: HK\$171,000 or 4%) was sourced from other territories. Revenue from Macau mainly represented property sales of Tiffany House and revenue from China mainly represented commission income from multi-media and entertainment business operations.

Administrative Expenses

For the year ended 31st December 2023, administrative expenses amounted to HK\$95,408,000 (2022: HK\$88,174,000), representing an increase of 8%. The increase mainly included administrative expenses incurred in our new business, multi-media and entertainment business operations.

Marketing, Selling and Distribution Expenses

For the year ended 31st December 2023, marketing, selling and distribution expenses amounted to HK\$79,108,000 (2022: HK\$11,111,000). The increase was mainly due to marketing and selling expenses of Tiffany House which included engagement of consultancy parties, agency commission, advertisement in television, newspapers and billboards and printing costs in promotional materials and marketing expenses in our new business, multi-media and entertainment business operations which normally required significant advertising expenses in maintaining the publicity of the livestreaming channels such as the Douyin accounts and the number of followers.

Finance Costs

For the year ended 31st December 2023, finance costs amounted to HK\$142,994,000 (2022: HK\$2,414,000) were charged to the consolidated income statement. Interests on the Term Loan financing construction costs of Tiffany House amounted to HK\$139,006,000 were charged to the consolidated income statement and HK\$98,861,000 were capitalised to stock of properties in last year. The increase in finance costs was mainly due to increase in the interest rates for the year ended 31st December 2023.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st December 2023, the Group had total assets of HK\$5,184,596,000 (2022: HK\$5,247,857,000) and net current assets of HK\$3,833,363,000 (2022: HK\$3,809,784,000), representing a current ratio of 4.5 (2022: 6.1). The Group had cash and bank balances, time deposits and restricted cash in aggregate balance of HK\$130,581,000 (2022: HK\$75,764,000).

As at 31st December 2023, the Group had total borrowing of HK\$1,803,257,000 (2022: HK\$1,694,397,000) which comprised the Term Loan of HK\$1,580,312,000 (2022: HK\$1,600,000,000), a secured term loan (the “Secured Loan”) of HK\$87,142,000 (2022: nil), a loan note (the “Note Payable”) of nil (2022: HK\$86,898,000), an unsecured loan (the “Other Loan”) of HK\$100,000,000 (2022: nil) and lease liabilities of HK\$35,803,000 (2022: HK\$7,499,000). The purpose of the Term Loan is to finance the construction costs and any other soft costs in relation to Tiffany House and secured by first legal mortgage over properties of Tiffany House with carrying amount as stock of properties and restricted cash in aggregate amount of HK\$2,308,160,000 (2022: HK\$2,306,108,000), interest bearing at Hong Kong Interbank Offered Rate (“HIBOR”) for three or six month period selected by the borrower plus margin of 3% (2022: 3%) per annum for each interest period and its repayment schedules are as follows:

Instalments	Repayment Date (counting from 13th December 2022)	Minimum Repayment Amount (HK\$)
1	12 months	50,000,000
2	18 months	160,000,000
3	24 months	160,000,000
4	30 months	160,000,000
5	36 months	160,000,000
6	42 months	160,000,000
7	48 months (final maturity)	850,000,000

There is a clause in the Term Loan that mandatory prepayment in an amount of 90% of the net sales proceeds from Tiffany House (net deduction of direct expenses to be accepted by the lender) or dispositions of any properties or assets of Tiffany House unless otherwise approved by the lender. The remaining sales proceeds from Tiffany House after the repayment shall be deposited into a charge account, and can only be used for the payment of interest of the Term Loan. During the year, the Group had drawn HK\$100,000,000 for paying interest and bank charges of the Term Loan and had repaid HK\$119,688,000 which has fulfilled the minimum repayment requirement in the first 12 months. That means the Group has to repay HK\$250,312,000 within the next 12 months.

The Note Payable is interest bearing at interest rate ranging from 1.25% to 1.35% for the period from 1st January 2023 to 12th April 2023. The Group can apply for renewal of the Note Payable for variable periods and the bank guarantee can renew annually until 24th January 2051 or upon early termination. During the year, the Note Payable was repaid and the Secured Loan which bears interest at floating rate of 2-year New Taiwan Dollar deposit at Chungwa Post Co., Ltd plus margin 1.43% per annum (i.e. 3.03% as at 31st December 2023) and will mature on 12th March 2028 was drawn. Investment property in carrying amount of HK\$153,950,000 has been pledged to a bank for obtaining the Secured Loan.

The Other Loan is secured by personal guarantee provided by Mr. Heung Wah Keung, being chairman and controlling shareholder of the Company, interest bearing at 10% per annum and will mature on 18th December 2024.

As at 31st December 2023, the Group had bank facilities amounting to HK\$1,700,000,000 which were fully utilised. The Group's gearing was acceptable during the year with total debts of HK\$1,803,257,000 (2022: HK\$1,694,397,000) against owners' equity of HK\$2,661,142,000 (2022: HK\$2,950,433,000). This represents a gearing ratio, calculated in the basis of the Group's total borrowings over owners' equity of 68% (2022: 57%).

As at the date of approving these annual results and as at 31st December 2023, the fair value of the Group's equity securities listed in Hong Kong held at 31st December 2023 was approximately HK\$15,098,000 and HK\$21,735,000 respectively. During the year ended 31st December 2023, the Group did not acquired any equity securities listed in Hong Kong and disposed proceeds of HK\$29,184,000 equity securities listed in Hong Kong. The loss arising on change in fair value of financial assets at fair value through profit and loss of HK\$18,449,000 was resulted from change in fair values of equity securities listed in Hong Kong between the year ended 31st December 2023 and 31st December 2022. As at 31st December 2023, no single equity security's fair value held by the Group accounted for 5% or more of the total assets of the Group.

Reference is made to the announcement of the Company dated 29th May 2023 and the circular of the Company dated 6th June 2023 (the “Circular”) in relation to, among other things, details in respect of the adoption of a share award scheme (the “Share Award Scheme”), amendments to share option scheme, and grant and issue of 164,000,000 awarded shares to Ms. Chen, the substantial shareholder and executive director (the “Grant”). On 29th June 2023, the relevant resolutions in relation to the adoption of the Share Award Scheme, the amendments to share option scheme and the Grant have been approved by the Shareholders. During the year, no awarded shares were granted, issued, vested, cancelled or lapsed.

During the year ended 31st December 2023, no share options of the Company were outstanding, granted, exercised, lapsed, expired or cancelled.

CHARGES OF ASSETS

As at 31st December 2023, stock of properties and restricted cash in aggregate carrying amount of HK\$2,308,160,000 and quota capital of China Star Creative Development Limited, a wholly owned subsidiary of the Company which is engaged in the business of property development and investment has been pledged for bank facilities of HK\$1,700,000,000 granted to the Group; time deposit in amount of HK\$249,000 has been pledged as guarantee to Macau government for deposits in the development of stock of properties in Macau; and investment property in carrying amount of HK\$153,950,000 has been pledged for the Secured Loan facility of HK\$87,142,000 which has been fully drawn in the year.

EXCHANGE RISK AND HEDGING

The majority of the Group’s transactions, assets and liabilities are denominated in Hong Kong Dollar, Macau Pataca, United States Dollar, New Taiwan Dollar and Renminbi. The exposure to fluctuation in exchange rates in Renminbi mainly arises from its new business, multi-media and entertainment business operations in China and receipts and expenditure incurred in film investment, production and distribution. The Group has closely monitors its exposure to this fluctuation and consider appropriate hedging activities if necessary. The exposure to fluctuation in other currencies is considered to be minimal and no hedge activity is considered necessary.

COMMITMENTS

As at 31st December 2023, outstanding commitments by the Group amounted to HK\$913,999,000, of which HK\$888,773,000 as development expenditure for stock of properties in Macau, HK\$8,038,000 as development expenditure for catering operations in Macau and HK\$17,188,000 for film rights, films in progress and film deposits.

CONTINGENT LIABILITIES

As at 31st December 2023, the Group had no material contingent liability.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

There were no significant investments, material acquisitions or disposals during the year.

EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2023, the Group employed 236 staff (2022: 81 staff) with employee benefit expenses (included directors' remuneration) of HK\$58,404,000 (2022: HK\$44,380,000), of which HK\$43,023,000 (2022: HK\$44,380,000) classified as administrative expenses and HK\$15,381,000 (2022: nil) classified as marketing, selling and distribution expenses, an overall increase of 32%. The increase in headcount are mainly staff who are responsible for property sales and building management services of Tiffany House in Macau and for the new business, multi-media and entertainment business operations in China. The directors believe that the quality of its employees is the single most important factor in sustaining the Group's reputation and improving its profitability. The staff are remunerated based on their work performance, professional experience and prevailing industry practices. Apart from basic salaries, pension fund, housing allowances, meal allowances, medical schemes and discretionary bonuses, share options and share awards are awarded to certain staff according to the assessment of individual performance.

EVENT AFTER THE REPORTING DATE

On 20 February 2024, Reform Base, Ms. Chen and Modern Vision entered into an agreement (the "Agreement") pursuant to which Reform Base has agreed to transfer the rights in relation to the shareholding of Reform Base in Over Profit including the right of Modern Vision to make recommendations to Reform Base on the management and operations of Over Profit and of such persons as Modern Vision may elect to be directors of Over Profit and the right for Modern Vision dividends and other distribution of Over Profit payable or due to Reform Base at the consideration of HK\$500,000,000 (subject to adjustment) (the "Acquisition"). The consideration shall be satisfied by setting-off such amount from the amount outstanding under loan to director with carrying amount of HK\$499,773,000 at 31st December 2023. The transaction constitutes a disclosable transaction and connected transaction of the Company. Therefore, the Company has to comply with the reporting and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

There is no other significant event took place subsequent to end of the reporting date.

PROSPECT

During the year under review, the Group has achieved breakthroughs in business operations and successfully diversified its business into the multi-media and entertainment business operations. New media platforms have been increasingly important gateway for users to obtain information and seek leisure entertainment and following the rapid increase in numbers of users in these kind of new media platforms, their commercial values are huge and unbelievable. These media platforms serve as important means for merchants to carry out their brand promotion and product distribution, especially with the livestreaming e-commerce. The Group has utilised its experience and capability in entertainment business in this new media e-commerce operations and provide entertainment to our customers in addition to satisfying them with cost efficient and quality products. The Group has a very good start in this business and gained a fast-growing popularity and has positioned ourselves to deliver premium and trustworthy products to our customers in our livestreaming channels. We have established and will continue to promote our membership system in order to establish and maintain our relationship with our customers. In January 2024, we launched our livestreaming channel on Taobao (淘寶) and wechat mini program (微信小程序) in order to increase our sales channels. In the coming few months, our own products will progressively launch to the market in our livestreaming channels. Our strategic positioning is clear and concise. In the future, we will continue to strive to become a livestreaming platform that focuses on selling premium and trustworthy products for our customers. However, the Group expects that livestreaming business will face much more unknown challenges. Competition in the industry limits the extent of growth and reduces profit margin. Recently, the revenue from short dramas dominates countless people's circles of friends and shocked the industry. The production costs for short dramas are much cheaper than films or television drama series and the Group plans to start investment in short dramas with our extensive knowledge and experience in the film industry.

For the property development and investment operations, the weakening global economy and mainland China's slowdown coupled with the interest rate hikes has affected the recovery of the Macau real estate market. Following the gradually recovery in the tourism and gaming industries, we expect housing market in Macau will gradually recovery in the coming year. The transaction unit price per square feet for Tiffany House keeps among highest in Macau in the year which proved the wide acceptance of its high qualify, design and specialty in the Macau property market. With the outperformed figures in tourism and gaming industries in Macau recently, the Group intends to speed up the sales of Tiffany House and more promotion and marketing programs will enforced. For the commercial units of Tiffany House, the Group has cooperated with a well-known local private kitchen to start catering operations. The mall of Tiffany House will run a retail shop and frequently conduct livestreaming e-commerce events in order to increase traffic in the mall and enhance the integration of online and offline customer data and the mutual diversion of customer sources of our multi-media and entertainment business. All these new business in the commercial units in Tiffany House are expected to have their grand openings in April 2024. The Group considers these residential

facilities can benefit the sales of Tiffany House. The construction progress of the Property C7 is on schedule and is expected to complete in year 2026. Due to the supreme location of the Property C7, the Group has confident on its later sales.

Looking forward, the Group will grasp favorable opportunities brought by the new business, multi-media and entertainment business and will enhance the development of commercial units in Tiffany House as well as sales of residential units and will strive to achieve high quality development of the Property C7.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December 2023.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices. The Company has applied the principles and complied with all the applicable code provisions laid down in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules for the year ended 31st December 2023.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

As at the date of this announcement, the audit committee of the Company comprises Messrs. Hung Cho Sing, Ho Wai Chi, Paul and Tai Kwok Leung, Alexander, all being independent non-executive directors. Mr. Ho Wai Chi, Paul is the chairman of the audit committee.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the Group's consolidated financial statements for the year ended 31st December 2023.

ADOPTION OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “Model Code”) as set out in Appendix C3 to the Listing Rules for securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 31st December 2023. The Model Code also applies to other specified senior management of the Group.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31st December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31st December 2023. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The Company’s 2023 annual report will be despatched to the shareholders of the Company on or before 30th April 2024 and will be published on the website of Stock (www.hkexnews.hk) and the Company’s website (www.chinastar.com.hk or www.irasia.com/listco/hk/chinastar).

By Order of the Board
China Star Entertainment Limited
Heung Wah Keung
Chairman

Hong Kong, 27th March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung; the independent non-executive directors of the Company are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tai Kwok Leung, Alexander.