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a metaverse company

A Metaverse Company

— 元 宇 宙 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1616)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

SUMMARY

- Revenue for the Year was approximately RMB23.7 million, representing a decrease of approximately 37.8% as compared to the revenue from continuing operations of approximately RMB38.1 million recognised in the previous year.
- Gross loss for the Year was approximately RMB53.4 million, representing an increase in gross loss of approximately RMB19.0 million as compared to the gross loss of approximately RMB34.4 million recognised in the previous year.
- Gross profit margin for the Year was approximately (224.7%), representing a decrease of approximately 134.4 percentage points as compared to the gross profit margin of approximately (90.3%) for the previous year.
- Loss attributable to the equity shareholders of the Company for the Year was approximately RMB15.6 million, representing a decrease in loss of approximately RMB208.2 million as compared to the loss attributable to the equity shareholders of the Company of approximately RMB223.8 million for the previous year.

DIVIDEND

- The Board does not recommend the payment of any final dividend for the Year.

The board (the “**Board**”) of directors (the “**Director(s)**”) of A Metaverse Company (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Year**” or the “**Period under Review**”) together with the comparative figures in 2022 as set out below. The consolidated results have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	3	23,748	38,092
Cost of sales and services		<u>(77,116)</u>	<u>(72,482)</u>
Gross loss		(53,368)	(34,390)
Other net income	4	75,287	34,637
Distribution costs		(4,496)	(10,295)
Administrative expenses		(17,795)	(33,023)
Research and development expenses		–	(6,611)
Other expenses	5(c)	(10,404)	(138,670)
Reversal of impairment losses/(impairment losses) on trade and other receivables		<u>4,002</u>	<u>(31,211)</u>
Loss from operations		(6,774)	(219,563)
Net finance costs	5(a)	<u>(8,936)</u>	<u>(9,995)</u>
Loss before taxation	5	(15,710)	(229,558)
Income tax	6	<u>–</u>	<u>1,550</u>
Loss and total comprehensive expense for the year		<u>(15,710)</u>	<u>(228,008)</u>
Attributable to:			
Equity shareholders of the Company		(15,645)	(223,794)
Non-controlling interests		<u>(65)</u>	<u>(4,214)</u>
Loss and total comprehensive expense for the year		<u>(15,710)</u>	<u>(228,008)</u>
Loss per share (RMB cents)			
– Basic loss per share	8	(0.73)	(10.40)
– Diluted loss per share	8	<u>(0.73)</u>	<u>(10.40)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		509	250
Intangible assets		11,000	13,000
Financial assets at fair value through profit or loss		1,577	1,870
Investment in associate		20	–
Other receivables		–	32,029
Drama series and films		48,104	92,402
		61,210	139,551
Current assets			
Drama series and films		–	15,448
Trade and other receivables	<i>9</i>	27,195	370,441
Cash and cash equivalents		236,748	10,890
		263,943	396,779
Current liabilities			
Trade and other payables	<i>10</i>	21,067	150,680
Bank loans		–	27,800
Other borrowings		86,632	84,511
Lease liabilities		175	672
Current taxation		13,342	39,487
		121,216	303,150
Net current assets		142,727	93,629
Total assets less current liabilities		203,937	233,180
Non-current liabilities			
Lease liabilities		275	10,939
Deferred tax liabilities		539	3,718
		814	14,657
Net assets		203,123	218,523

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2023*

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Capital and reserves		
Share capital	137,801	137,801
Reserves	65,322	80,967
	<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company	203,123	218,768
Non-controlling interests	–	(245)
	<hr/>	<hr/>
Total equity	203,123	218,523
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards (“**IFRSs**”), which collective term includes all applicable individual IFRS Accounting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The material accounting policy information in respect of the accounting policies adopted by the Group is set out below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of A Metaverse Company (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”). Note 2 provides information on any changes in accounting policies resulting from initial application of these amendments to IFRSs to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the material accounting policy information set out below:

- investments in equity securities
- derivative financial instruments

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed.

The Group incurred a net loss of approximately RMB15,710,000 for the year ended 31 December 2023. As at 31 December 2023, the Group has bonds amounting to approximately RMB44,934,000 which were overdue for repayment since 15 February 2022, and other borrowing amounting to approximately RMB41,698,000 which was overdue for repayment since November 2023. The Group has defaulted in repayment of the bonds issued by the Company and the other borrowing as at 31 December 2023. Up to the date when the consolidated financial statements were authorised for issue, there was no settlement for the bonds and other borrowing.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital and financial requirements. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

- The Group will continue to pay close attention to the film and television media industry and make good use of its resources with an aim to attain positive and sustainable cash flow from operations;
- The Group is putting extra efforts on collecting its trade and other receivables and procuring the distribution of the drama series and films;
- The Group is in discussions with its lenders to timely renew or extend its existing other borrowings; and
- The Group will actively and regularly review its capital structure and source for additional capital by issuing bonds or new shares, where appropriate.

The directors of the Company have reviewed the Group's cash flow projections covering a period of not less than twelve months from the end of the reporting period prepared by management. In the opinion of the directors of the Company, assuming the successful outcome of the above measures, the Group will have sufficient working capital to meet its financial liabilities as and when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements except as described below.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

3. REVENUE AND SEGMENT REPORT

(a) Revenue

Disaggregated revenue information

For the years ended 31 December 2023 and 2022, the principal activities of the Group are production, distribution and licensing of drama series and films. Further details regarding the Group's principal activities are disclosed in note 3(b).

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Licensing of drama series and films	12,327	37,763
– Transfer of license of drama series and films	11,321	–
– Provision of drama series and films production, distribution and related services	100	329
	<u>23,748</u>	<u>38,092</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b)(i).

The following table sets out the revenue expected to be recognised in the future related to performance obligations that were unsatisfied or partially unsatisfied at the end of the reporting period.

	2023 RMB'000	2022 <i>RMB'000</i>
Within one year	<u>–</u>	<u>21,953</u>

The major customers which contributed more than 10% of the total revenue for the corresponding years are listed as below:

	2023 RMB'000	2022 <i>RMB'000</i>
Customer A (<i>Note (a)</i>)	11,321	N/A
Customer B (<i>Note (a)</i>)	8,481	N/A
Customer C (<i>Note (b)</i>)	N/A	24,170
Customer D (<i>Note (b)</i>)	N/A	6,904
Customer E (<i>Note (b)</i>)	<u>N/A</u>	<u>4,042</u>

Note (a): The percentage of contribution is not applicable for Customers A and B in 2022 as they contributed less than 10% in the period.

Note (b): The percentage of contribution is not applicable for Customers C, D and E in 2023 as they contributed less than 10% in the period.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented one reportable segment as media. No operating segments have been aggregated to form the following reportable segment.

Media: produces, distributes, licenses and/or transfers drama series and films and provides related services. Currently the Group's activities in this segment are carried out in the PRC.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources for the segment, the Group's senior executive management monitors the results, assets and liabilities attributable to the reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include trade creditors, accruals, bills payable and other payables attributable to the segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segment with reference to revenue generated by the segment and the expenses incurred by the segment or which otherwise arise from the depreciation or amortisation of assets attributable to the segment.

The measure used for reporting segment results is “adjusted loss before taxes”. To arrive at adjusted loss before taxes, the Group’s loss is adjusted for items not specifically attributed to the individual segment, such as net finance cost, and impairments resulting from isolated, non-recurring events.

In addition to receiving segment information concerning adjusted loss before taxes, management is provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segment in its operations.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group’s reportable segment as provided to the Group’s most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

	2023 <i>RMB’000</i>	2022 <i>RMB’000</i>
Disaggregated by timing of revenue recognition		
Point in time	23,620	37,966
Over time	128	126
	<hr/>	<hr/>
Revenue from external customers	23,748	38,092
	<hr/> <hr/>	<hr/> <hr/>
Reportable segment result (adjusted loss before taxes)	(87,817)	(211,283)
	<hr/> <hr/>	<hr/> <hr/>
Interest income on bank deposits	400	53
Interest on bank loans and other financial liabilities	1,998	2,588
Depreciation and amortisation for the year	2,645	10,047
Reportable segment assets		
Media	325,153	536,330
Unallocated	–	–
	<hr/>	<hr/>
	325,153	536,330
	<hr/> <hr/>	<hr/> <hr/>
Reportable segment liabilities		
Media	122,030	317,807
Unallocated	–	–
	<hr/>	<hr/>
	122,030	317,807
	<hr/> <hr/>	<hr/> <hr/>

(ii) **Reconciliations of reportable segment revenue, profit or loss, assets and liabilities**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue		
Consolidated revenue (note 3(a))	<u>23,748</u>	<u>38,092</u>
Loss		
Reportable segment loss	(87,817)	(211,283)
Interest on bonds	(3,140)	(2,987)
Interest on other borrowing	(5,519)	(5,202)
Change in fair value of derivatives embedded in other borrowings	–	2,201
Unallocated head office and net corporate income, gains and expenses	<u>80,766</u>	<u>(12,287)</u>
Consolidated loss before taxation	<u>(15,710)</u>	<u>(229,558)</u>

(iii) **Geographical information**

The Group's revenue is substantially in the PRC and the Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

4. **OTHER NET INCOME**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Change in fair value of derivatives embedded in other borrowing	–	2,201
Change in fair value of financial assets at fair value through profit or loss	(293)	–
Net income from investments in drama series and films *	852	3,476
Gain from early termination of lease	11,358	7,220
Gain from disposal of subsidiaries	63,145	612
Net foreign exchange (loss)/gain	(2,068)	10,659
Others	<u>2,293</u>	<u>10,469</u>
	<u>75,287</u>	<u>34,637</u>

* The amount represents net finance income from advances relating to drama series and films invested with fixed-income rate.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Net finance costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bonds	3,140	2,987
Interest on bank loans and other financial liabilities	1,998	2,588
Interest on other borrowing	5,519	5,202
Interest on lease liabilities	29	625
Interest income	(2,386)	(4,879)
Net foreign exchange loss	618	3,467
Other finance charges	18	5
	<u>8,936</u>	<u>9,995</u>

(b) Staff costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries, wages and other benefits	10,967	25,491
Contributions to defined contribution retirement plan	956	2,007
Share-based payment	–	5,751
	<u>11,923</u>	<u>33,249</u>

Pursuant to the relevant labor rules and regulations in the PRC, the Group participates in defined contribution retirement schemes (the “Schemes”) organised by the relevant local authorities whereby the Group is required to make contributions to the Schemes at certain percentages of the eligible employees’ salaries for the years ended 31 December 2023 and 2022. The relevant local government authorities are responsible for the entire pension obligations payable to retired employees. The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the annual contributions described above.

(c) Other expenses

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Amortisation		
– intangible assets	2,000	8,710
Depreciation		
– owned property, plant and equipment	126	293
– right-of-use assets	519	1,044
Other expenses		
– write-downs for drama series and films	9,904	138,670
– impairment loss on intangible assets	500	–
Auditors’ remuneration		
– audit services	1,600	2,000
– non-audit services	400	–
Amortisation of drama series and films recognised as cost of sales in relation to the licensing of drama series and films	22,324	69,652
Cost of drama series and films recognised as cost of sales upon transfer of license of drama series and films	<u>53,234</u>	<u>–</u>

6. INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2023 RMB'000	2022 RMB'000
Current tax		
Provision for the year	–	–
Deferred tax		
Origination and reversal of temporary differences	–	(1,550)
	<u>–</u>	<u>(1,550)</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in those jurisdictions.
- (ii) The Group's Hong Kong subsidiaries, being investment holding companies, do not derive income subject to Hong Kong Profits Tax. For the years ended 31 December 2023 and 2022, Hong Kong Profits Tax rate is 16.5%. The payments of dividends by the subsidiaries incorporated in Hong Kong are not subject to withholding tax.
- (iii) For the year ended 31 December 2023, the Group's PRC subsidiaries are subject to income tax at the rate of 25% (2022: 25%), except for Hainan Yingsheng Media Co., Ltd. which operates in Hainan province and engages in the production and distribution of drama series and films, it is subject to a preferential tax rate of 15% from 2020 to 2024.
- (iv) Dividends receivable by non-PRC resident corporate investors from PRC-residents are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Star Rise Investments Ltd. and Star Will Investments (HK) Ltd., Hong Kong subsidiaries of the Company, would be subject to PRC dividend withholding tax at 10% on dividends receivable from their PRC subsidiaries.
- (v) Pursuant to the PRC Enterprise Income Tax preferential policies in Khorgos of Xinjiang province, Khorgos Starrise Qicheng Media Co., Ltd., Khorgos Starrise Han Media Co., Ltd. and Khorgos Starwise Culture Media Co., Ltd., subsidiaries of the Company located in Khorgos of Xinjiang province and are principally engaged in the production and distribution of drama series and films, are entitled to a tax holiday of 5-year full exemption on Enterprise Income Tax commencing from the first revenue-generating year. The first exemption year for Khorgos Starrise Qicheng Media Co., Ltd., is 2019.

Khorgos Starrise Han Media Co., Ltd. and Khorgos Starwise Culture Media Co., Ltd. were established in October and November 2020 respectively and no revenue was earned in 2023 and 2022.

7. DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 December 2023 (2022: Nil).

8. LOSS PER SHARE

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss		
Loss for the year attributable to ordinary shareholders of the Company	<u>(15,645)</u>	<u>(223,794)</u>
	2023 <i>'000</i>	2022 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the year	<u>2,151,577</u>	<u>2,151,577</u>

The computation of diluted loss per share for the years ended 31 December 2023 and 2022 does not assume the exercise of the Company's share options which were outstanding during the years because the exercise price of those share options was higher than the average market price of the Company's shares.

9. TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade debtors, net of loss allowance (<i>Note 9(a)</i>)	8,441	79,578
Deposits, prepayments and other receivables (<i>Note 9(b)</i>)	<u>18,754</u>	<u>322,892</u>
	27,195	402,470
Other receivables expected to be collected or recognised as expense after more than one year	<u>–</u>	<u>(32,029)</u>
Trade and other receivables expected to be recovered or recognised as expense within one year	<u>27,195</u>	<u>370,441</u>

(a) **Ageing analysis**

As at the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the revenue recognition date and net of loss allowance, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Less than 3 months	8,286	25,201
3 to 6 months	155	11,794
More than one year	–	42,583
	<u>8,441</u>	<u>79,578</u>

As at the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the due date and net of loss allowance, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current	8,441	36,959
6 to 12 months past due	–	20,944
More than one year past due	–	21,675
Amounts past due	–	42,619
	<u>8,441</u>	<u>79,578</u>

Trade receivables are due within 1 to 6 months from the date of billing.

(b) **Deposits, prepayments and other receivables**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Advances relating to drama series and films	9,415	59,994
Amount due from a shareholder	–	42,505
Amounts due from third parties	–	213,636
Deferred expenses	10	550
Others	9,329	6,207
	<u>18,754</u>	<u>322,892</u>

10. TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade creditors and bills payable (<i>Note 10(a)</i>)	2,604	2,690
Receipts in advance	3,000	7,951
Other creditors and accrued charges (<i>Note 10(b)</i>)	15,463	140,039
	<u>21,067</u>	<u>150,680</u>

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(a) Ageing analysis

As of the end of the reporting period, the aging of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	<u>2,604</u>	<u>2,690</u>

(b) Other creditors and accrued charges

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Advances from third parties	1,600	12,796
Payables relating to drama series and films	4,903	85,458
Tax payable other than income tax	2,096	23,747
Amount due to a director	–	3,137
Accrued charges	1	915
Other payables	6,863	13,986
	<u>15,463</u>	<u>140,039</u>

11. DISPOSAL OF SUBSIDIARIES

Disposal of entire equity interest in Beijing Huasheng Taitong Media Investment Co., Ltd., Beijing Starrise Han Cultural Development Co., Ltd., Beijing Yongming Pictures Co., Ltd. and Beijing Starwise (“Disposal Group”)

On 22 December 2023, Beijing Starrise Culture Development Co., Ltd. (the “**Vendor**”) and Dongyang Xingsheng (Beijing) Cultural Development Co., Ltd. (東陽星晟(北京)文化發展有限公司) (the “**Purchaser**”), an independent third party to the Group, entered into a sale and purchase agreement, pursuant to which, the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the 100% interest in Disposal Group at a consideration of RMB3,600,000. The consideration net of the outstanding debt owed by the Vendor to the Disposal Group amounting to RMB455,000 was received during the year ended 31 December 2023. The transfer of control over the Disposal Group has been completed on 25 December 2023.

RMB'000

Consideration

Cash 3,600

Non-current assets

Property, plant and equipment 1,756

Drama series and films 1,426

Trade and other receivables 100

Current assets

Trade and other receivables (*Note 1*) 61,224

Cash and cash equivalents 4,874

Drama series and films 2,858

Current liabilities

Bank loan (7,000)

Trade and other payables (*Note 1*) (93,591)

Tax payable (26,145)

Lease liabilities (678)

Non-current liabilities

Lease liabilities (1,003)

Deferred tax liabilities (3,179)

Net liabilities disposed of (59,358)

Non-controlling interest (187)

Gain on disposal (*Note 2*) 63,145

Total consideration 3,600

Net cash outflow arising on disposal

Cash consideration 3,600

Offset outstanding debt (*Note 1*) (3,145)

Cash consideration received 455

Less: cash and cash equivalents disposed of (4,874)

(4,419)

Note 1: These include RMB5,863,000 due from Group entities and RMB2,718,000 due to Group entities. The net amount due from Group entities of RMB3,145,000 was offset against the consideration sum of RMB3,600,000.

Note 2: The gain of disposal is mainly due to the fact that the Disposal Group had net liabilities of carrying amount of RMB59,358,000.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Set out below is a summary of the Company's auditor's independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2023:

Qualified opinion

We have audited the consolidated financial statements of A Metaverse Company (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 2 to 4, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion

Current tax payable and income tax

As disclosed in note 6 to the consolidated financial statements, included in the consolidated statement of financial position at 31 December 2023 and 2022 were current tax payable of RMB13,342,000 and RMB39,487,000 respectively. Included in the consolidated statement of profit or loss were income tax expense of RMBnil for the year ended 31 December 2023 and income tax credit of RMB1,550,000 for the year ended 31 December 2022.

The carrying amounts of the current tax payable of the Group as at 31 December 2023 and 2022 comprised mainly of the current taxation payables in respect of profits of the group entities operating in the People's Republic of China ("**the PRC Entities**") in relation to the years ended 31 December 2015 to 31 December 2019 recognised in the consolidated financial statements of the Group for the respective financial years. Management of the Group explained to us that these balances for current taxation payables had been long outstanding in the consolidated financial statements of the Group because the PRC Entities recognised revenue in their local financial statements on different bases from the Group. However, we were not provided with sufficient appropriate audit evidence to support the appropriateness of recognising revenue, and hence profits, in the local financial statements of the PRC Entities on different bases from the Group. Consequently, we were unable to determine whether any adjustments to the (i) current tax payable balances recognised in the consolidated statement of financial position as at 31 December 2023 and 2022; (ii) income tax expense or credit recognised in the consolidated statement of profit or loss for the years ended 31 December 2023 and 2022; and (iii) provisions for other tax and related expense as at 31 December 2023 and 2022 and for the years ended 31 December 2023 and 2022 were necessary. Any adjustments to these amounts might have consequential effects on the Group's

financial position as at 31 December 2023 and 2022 and its financial performance and cash flows for the years ended 31 December 2023 and 2022, and the related elements and disclosures thereof in these consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to note 1(b) to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB15,710,000 for the year ended 31 December 2023. As at 31 December 2023, the Group has bonds amounting to RMB44,934,000 which were overdue for repayment since February 2022, and other borrowing amounting to RMB41,698,000 which was overdue for repayment since November 2023. As stated in note 1(b), these events or conditions, along with other matters set forth in note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND BUSINESS OVERVIEW

In 2023, economic uncertainties continued to intensify and the recovery of the world economy slowed down. In the past few years, the epidemic has caused long-term impact and unprecedented challenges to the media industry and the global economy. Although the Group has taken proactive measures to cope with the challenges, the Group's business development is still adversely affected by the epidemic and has not yet been able to recover to the pre-epidemic level, and its operation has fallen short of expectations.

During the Period under Review, among the films and TV series invested by Beijing Starrise Pictures Co., Ltd. (北京星宏影視文化有限公司) (“**Starrise Pictures**”), a wholly-owned subsidiary of the Group, the internet movie “Assault” (突擊) was released in January 2023; the youth nostalgic film “Once Upon A Time In The Northeast” (東北往事), the theatrical film “Brave Girls” (哈嘍, 馬大玲) (formerly known as “Twin Blades” (尖鋒姐妹), “Li Xiaolong and Programmer Girl” (曆小龍與程序媛), the online short drama “Night Screaming” (一夜驚笑) (formerly known as “Scream” (驚聲尖叫), “Honor Blockbuster” (恐不大片)), as well as the internet drama “Legend of Taotie” (饕餮記) are being submitted for screening; the theatrical film “Tiger Wolf Road” (虎狼之路) is in post-production and is expected to be released in 2025; the internet movies “Emergency Rescuing” (心跳營救) and “King of the Sniper” (狙擊之王) as well as the theatrical film “Tianta Crisis” (天塔危機) are currently at the stage of preparation for filming; the internet movies “New Tong Pak Foo Dim Chau Heung” (唐伯虎點秋香後傳), “Elderly Hero” (遲暮英雄), “The First Undercover in the Southern Song Dynasty – The Case of Demon Cat” (南宋第一臥底之妖貓案), “Mystery Case in Ying Dynasty” (大應奇案生死簿) and “Amaranthine Epiphyllum” (雙世曇花) have completed the stage of script writing.

Since December 2023, Beijing Young Scene Culture Media Co., Ltd. (北京影心文化傳媒有限公司), a wholly-owned subsidiary of the Group, has taken over the operation of the film and TV series projects previously operated by Beijing Starwise Culture Media Co., Ltd. (北京睿博星辰文化傳媒有限公司) (“**Beijing Starwise**”, a former wholly-owned subsidiary of the Group, which was sold to a third-party investor in December 2023). No drama was released by Beijing Starwise in 2023. The animated film “GO! REX” (你好, 霸王龍) is currently at the stage of preparation for release; the internet movie “The Iron Bone and Steel Fist” (鐵骨鋼拳) was selected into the Youth Innovation Programme (青創計劃) of iQIYI and is under preparation; the internet dramas “Bulletproof Teacher” (穿越火線: 防彈教師), “Limited Romance” (限定浪漫) “Through the Storm” (玉骨瓷心) (formerly known as “Shiny Days” (雨過天晴雲開處)), and “The Iron Trophy” (鐵甲雄風), all of which are valuable intellectual property (“**IP**”) projects have completed the stage of script writing and are at the stage of early investment and development.

For the film education segment, Starrise Pictures continued to develop cooperative colleges and universities to cultivate vocational talents for the film and television industry by leveraging on the resources and brand influence of the Group and all cooperative colleges and universities since Starrise Pictures entered into a cooperation agreement with Chongqing Normal University in 2019. By December 2023, the number of students in the Film and Television Media School jointly established with Chongqing Normal University reached 2,995 and the tuition fee received by the Group was approximately RMB10.85 million in 2023. The Group believes that the Film and Television Media School will provide stable income to the Group with a source of professional talents from various disciplines, further enhancing the competitiveness of the Company.

During the Period under Review, the Group's revenue was approximately RMB23.7 million, representing a decrease of approximately RMB14.4 million as compared to that of the previous year. The Group's gross loss for the Year was approximately RMB53.4 million, representing an increase in gross loss of approximately RMB19.0 million as compared to that of the previous year of approximately RMB34.4 million. The loss attributable to equity shareholders of the Company was approximately RMB15.6 million for the Year, which represented a decrease in loss of approximately RMB208.2 million as compared to previous year's loss attributable to equity shareholders of the Company of approximately RMB223.8 million.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

The table below is an analysis of the Group's revenue, gross profit and gross profit margin for the years ended 31 December 2023 and 2022, respectively:

	For the year ended 31 December					
	2023			2022		
	Revenue <i>RMB'000</i>	Gross profit <i>RMB'000</i>	Gross profit margin <i>RMB'000</i>	Revenue <i>RMB'000</i>	Gross profit <i>RMB'000</i>	Gross profit margin <i>RMB'000</i>
Film and television business	<u>23,748</u>	<u>(53,368)</u>	<u>(224.7%)</u>	<u>38,092</u>	<u>(34,390)</u>	<u>(90.3%)</u>

As of 31 December 2023, the Group's revenue from film and television business experienced a decrease of approximately 37.8%. Although the Group reinforced its efforts to promote the distribution of films and television dramas in 2023, the distribution prices of television dramas on CCTV and other platforms kept dropping sharply. Therefore, compared with the sharp decline in revenue last year, gross profit for the Year also fell significantly. The Group's gross profit margin experienced a significant decline of roughly 134.4%, plummeting from approximately (90.3)% in the previous year to (224.7)% this year. This substantial decrease can be primarily attributed to the increased popularity of short videos, which, in conjunction with the ongoing influence of the epidemic, has led to a considerable reduction in the prices that TV stations are willing to pay for television dramas. Consequently, the Group's revenue from television drama sales and theatrical film box office has fallen sharply.

Other net income

Components of other net income of the Group are mainly comprised of gain from the disposal of subsidiaries, gain from early termination of leases and net income from investments in drama series and films. For the Year, (i) gain from disposal of subsidiaries amounted to approximately RMB63.1 million, representing an increase of RMB62.5 million as compared to approximately RMB0.6 million in the corresponding period of previous year, (ii) gain from early termination of leases amounted to approximately RMB11.4 million, representing an increase of approximately RMB4.2 million as compared to that of approximately RMB7.2 million in the corresponding period of previous year, and (iii) net income from investments in drama series and films amounted to approximately RMB0.9 million, representing a decrease of approximately RMB2.6 million as compared to that in the corresponding period of previous year of approximately RMB3.5 million.

Distribution costs

For the Year, distribution costs of the Group were approximately RMB4.5 million, representing a decrease of approximately 56.3% as compared to approximately RMB10.3 million for the corresponding period of previous year, which was mainly due to the distribution and sales of the Group's films and TV projects.

Administrative expenses

For the Year, administrative expenses of the Group were approximately RMB17.8 million, representing a decrease of approximately 46.1% as compared to that of approximately RMB33.0 million in the corresponding period of previous year, which was mainly due to the inclusion of metaverse business for the corresponding period of last year.

Research and development expenses

For the Year, the research and development expenses of the Group decreased to RMBnil, mainly because the Group did not have any research and development expenses during the Period under Review. Approximately RMB6.6 million of the expense in 2022 was mainly incurred from the metaverse business by Digital Light Year Technology Co., Limited (“**Digital Light Year**”).

Other operating expenses

For the Year, other operating expenses of the Group were approximately RMB10.4 million, representing a decrease of approximately RMB128.3 million as compared to the corresponding period of previous year, due to the decrease in impairment of films and television dramas.

Since the outbreak of COVID-19, the policies of the National Radio and Television Administration and other relevant government agencies continued to pose major challenges to the Group, and had an impact on the media business in 2023. As of 31 December 2023, the Group's films and television dramas had been delayed in distribution, resulting in further aging of the Group's films and television dramas being further extended. The management believed that more stringent supervision and regulation of the media industry in the PRC would continue to have a significant impact on the media business, and there is significant uncertainty in the sales of television dramas and films. The Company evaluated the recoverable amount of television dramas and films and made a provision of approximately RMB9.9 million to reduce the carrying amount of these assets to their recoverable amount.

Impairment losses on trade and other receivables

During the Year, reversal for impairment losses on trade and other receivables of the Group were approximately RMB4.0 million, representing a decrease of approximately RMB35.2 million compared with the impairment losses for the same period of the previous year.

The COVID-19 Pandemic and the policies of the National Radio and Television Administration and other relevant government agencies continued to pose major challenges to the Group, and had an impact on the media business in 2023. In 2023, the management believed that more stringent supervision and regulation of the media industry in the PRC would continue to have a significant impact on the media business, and these conditions result in significant uncertainty in the media business, leading to rapid deterioration of debtors' credit losses. The management conducted an expected credit loss (“**ECL**”) evaluation taking into account the aging of balances of accounts

receivable, the historical repayment status and specific risk characteristics of debtors, current market conditions, and the Group's view of future economic conditions over the expected lives of the receivables.

Net finance costs

During the Year, net finance costs of the Group were approximately RMB8.9 million, representing a decrease of approximately 11.0% as compared to that of approximately RMB10.0 million of the previous year, which were mainly due to a decrease in interest expenses on bank loans and other financial liabilities and interest expenses on lease liabilities during the Period under Review.

During the Year, the Group's interest payments on bank loans and other financial liabilities decreased by approximately RMB0.6 million from approximately RMB2.6 million in 2022 to approximately RMB2.0 million during the Period under Review. As a result of the early termination of the lease, the Group's interest expenses on lease liabilities was approximately RMB30,000, representing a decrease of approximately RMB0.6 million as compared to the interest expenses on lease liabilities of approximately RMB0.6 million for the same period last year.

Income tax

Income tax of the Group was nil for the Year and it was mainly due to the loss incurred during the year and no recognition of deferred tax assets of such tax loss.

Loss and total comprehensive expense attributable to the equity shareholders of the Company

For the Year, the loss attributable to the equity shareholders of the Company was approximately RMB15.6 million, representing a decrease in loss of approximately RMB208.2 million as compared to the loss attributable to the equity shareholders of approximately RMB223.8 million in 2022. It was mainly due to the recognition of an impairment of trade and other receivables by the Group, as well as the substantial decrease in amounts of impairment of drama series and films.

Liquidity and financial resources

As at 31 December 2023, cash and cash equivalents of the Group were approximately RMB236.7 million, representing an increase of approximately 2,071.6% from approximately RMB10.9 million as at 31 December 2022. This was mainly due to the collection of a substantial portion of the Group's trade and other receivables for previous years during the Year.

For the Year, the Group's net cash generated from operating activities was approximately RMB49.3 million, net cash generated from investing activities was approximately RMB212.7 million and net cash used in financing activities was approximately RMB40.0 million. The Board believes that the Group will be able to maintain a sound and stable financial position and maintain sufficient liquidity and financial resources for its business need, with the Group's effective cost control measures.

For the Year, the average trade receivables turnover days for films and television dramas of the Group decreased to 1,310 days from 1,394 days, being average trade receivables turnover period for drama series and films for the same period previous year. This is due to the rapid collection of trade receivables in the films and television dramas business during the Year, resulting in a decrease in the turnover days of trade receivables

For the Year, drama series and films turnover period of the Group decreased to 1,246 days from 1,997 days in the previous year. This was mainly due to the decrease in the amount of drama series and films as a result of the spin-off of certain companies as compared to the same period of the previous year.

As at 31 December 2023, the Group's bank loans and lease liabilities were approximately RMB0.5 million (2022: approximately RMB39.4 million) and bore fixed interest rate at 4.75% (2022: fixed interest rate at 3.85%-5.60%) per annum. As at 31 December 2023, the Group had bonds payable of approximately of RMB44.9 million, with annual effective interest rate of 8.0% (2022: approximately RMB41.2 million, with annual effective interest rate of 8.0%). As at 31 December 2023, the Group's other borrowing was approximately RMB41.7 million (2022: RMB43.3 million) and bore fixed interest rate at 12.3% (2022: 12.3%) per annum and overdue interest at 0.05% per day (2022: Nil).

Trade and bill receivables

Trade receivables were approximately RMB8.4 million as at 31 December 2023 (2022: approximately RMB79.6 million).

Loss per share

Calculating based on the weighted average number of 2,151,577,000 shares in issue, basic loss per share of the Company was approximately RMB0.0073 for the Year (2022: basic loss per share was approximately RMB0.1040). Calculating based on the weighted average number of 2,151,577,000 ordinary shares (diluted), diluted loss per share of the Company was approximately RMB0.0073 for the Year (2022: diluted loss per share was approximately RMB0.1040).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period under Review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Capital structure

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher returns of the shareholders of the Company (the “Shareholders”) that might be possible with higher levels of borrowings and the benefits and security afforded by a sound capital position, and shall from time to time make adjustments to the Group’s capital structure in light of changes in economic conditions.

As at 31 December 2023, the debts of the Group were mainly bank borrowings, other borrowing, bonds and lease liabilities with a total amount of approximately RMB87.1 million (2022: approximately RMB123.9 million). As at 31 December 2023, cash and cash equivalents was approximately RMB236.7 million (2022: approximately RMB10.9 million). As at 31 December 2023, the gearing ratio was approximately (73.7%) (2022: approximately 51.7%), which was calculated by dividing total debt (i.e. interest-bearing bank loans, other borrowing, lease liabilities and bonds, after deducting cash and cash equivalents) by total equity.

As at 31 December 2023, the debts of the Group that would become due within a year were approximately RMB86.8 million (2022: approximately RMB113.0 million).

As at 31 December 2023, the Group’s cash and cash equivalents was mainly held in Renminbi, US dollars and HK dollars, of which, approximately RMB236.5 million (2022: approximately RMB10.7 million) or 99.9% (2022: 98.2%) of the cash and cash equivalents was held in Renminbi.

The carrying amounts of bank loans were denominated in RMB. For the year ended 31 December 2023, no financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Capital commitments

The Group did not have any other significant capital commitments as at 31 December 2023 (2022: Nil).

Employee and remuneration policy

As at 31 December 2023, the Group had a total of 48 employees (2022: 64).

For the Year, staff costs of the Group (including Directors’ remuneration in the form of salaries and other allowances) were approximately RMB11.9 million (2022: approximately RMB33.2 million). The decrease in staff costs was mainly due to the reduction in the number of employees in the metaverse business.

The Group remains committed to staff development by offering ongoing training to enhance their operational competencies. Meanwhile, the Group enhanced the work efficiency and the average income of the staff through strategic measures such as position consolidation, process reorganization and improvement of working and living environment of the staff. The remuneration of the employees of the Group was determined with reference to their working performance, experience and the industry practices. Additionally, the Group’s management will conduct regular assessments of the compensation policy to ensure its effectiveness and alignment with industry practices.

Retirement schemes

Pursuant to the relevant labor rules and regulations in the PRC, the Group participates in defined contribution retirement schemes (the “**Schemes**”) organised by the relevant local authorities whereby the Group is required to make contributions to the Schemes at certain percentages of the eligible employees’ salaries for the years ended 31 December 2023 and 2022.

The Company calculates the benefits payable based on an agreed percentage of the annuity plan based on the employee’s length of service at the time of retirement.

The relevant local government authorities are responsible for the entire pension obligations payable to retired employees. The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the annual contributions described above. Therefore, (i) there were no forfeitures of contributions under these pension plans for each of the two years ended 31 December 2023 and 2022; and (ii) as of 31 December 2023, there were no forfeited contributions that could have been used by the Company to reduce its current level of contributions to these pension plans.

Exposure to foreign exchange risk

The Group adopted a prudent policy in managing its exchange rate risks. The imports and exports of the Group were settled in US dollars. The Group did not experience any significant difficulties in its operations or liquidity as a result of fluctuations in the currency exchange rates during the Period under Review. The Board believes that the Group will have sufficient foreign currency reserves to meet its requirements.

The Group did not use any foreign currency derivatives to hedge against the exposure in foreign exchange during the Year.

Contingent liabilities

The Group did not have any contingent liability as at 31 December 2023 (2022: Nil).

Charges on assets

The Group did not have machinery and equipment pledged to banks as securities for the bank loans as at 31 December 2023 (2022: Nil).

Significant investments held

The Group did not hold any significant investment in equity interest in any company for the year ended 31 December 2023.

Future plans for material investments and investments in capital assets

As at 31 December 2023, the Group did not have any plans for material investments or investments in capital assets.

Acquisitions and disposals of subsidiaries and affiliated companies

On 22 December 2023, Beijing Starrise Culture Development Co., Ltd. (the “**Vendor**”) and Dongyang Xingsheng (Beijing) Cultural Development Co., Ltd. (the “**Purchaser**”), an independent third party to the Group, entered into a sale and purchase agreement, pursuant to which, Vendor has agreed to sell, and Purchaser has agreed to acquire, the 100% interest in Beijing Huasheng Taitong Media Investment Co., Ltd.* (北京華晟泰通傳媒投資有限公司), Beijing Starrise Han Cultural Development Co., Ltd. (北京漢星瑾宏文化發展有限公司), Beijing Yongming Pictures Co., Ltd.* (北京勇明影視文化有限公司) and Beijing Starwise (collectively, the “**Disposal Group**”) at a consideration of RMB3,600,000. The consideration of RMB455,000 for the net outstanding debts owed by Vendor to the Disposal Group was received during the year ended 31 December 2023. On 25 December 2023, the transfer of control over the Disposal Group has been completed.

Save as disclosed, during the year ended 31 December 2023, the Group did not have any material acquisitions or disposals of subsidiaries, joint ventures and associated companies.

Events after the Reporting Period

There were no important events affecting the Group that have occurred since 31 December 2023.

OUTLOOK

Although the Epidemic has had a significant impact on the film and television industry in the PRC, according to information released by the National Bureau of Statistics, final consumption expenditure contributed 82.5% to the economic development of the PRC in 2023, and the Group believes that the increase in domestic demand will propel the media industry as a whole to regain its momentum of development.

Looking forward, although the current financial performance of the Group’s media business has been adversely affected by the COVID-19 Pandemic and did not meet expectations as planned, the Group believes that the film and television media industry in China will gradually improve as China’s economy recovers. The Group will pay close attention to the government policies related to the film and television media industry and make full use of its existing resources to diversify its media business and strive for more diversified business opportunities, so as to generate better rewards for the Shareholders and to facilitate the Group’s better development.

Currently, the Group's preparatory plans and filming works are proceeding orderly, and the broadcasted dramas in 2023 and the production schedule of its films and television series in the future are as follows:

No.	Name	Genre	(Planned) Shooting commencement date	Status
1	Assault (突擊)	Internet movie	In February 2021	Broadcasted in January 2023
2	Once Upon A Time In The Northeast (東北往事)	Youth nostalgic film	In March 2017	Submitted for screening
3	Brave Girls (哈嘍·馬大玲) (formerly known as Twin Blades (尖鋒姐妹) and Li Xiaolong and Programmer Girl (曆小龍與程序媛))	theatrical film	In May 2019	Submitted for screening
4	Night Screaming (一夜驚笑) (formerly known as "Scream" (驚聲尖笑), "Horror Blockbuster" (恐不大片))	Internet mini-drama	In November 2017	Waiting for premiering
5	Legend of Taotie (饕餮記)	Internet dramas	In October 2018	Waiting for premiering
6	GO! REX (你好·霸王龍)	Animated film	In May 2017	Preparing for release
7	Tiger Wolf Road (虎狼之路)	Theatrical film	-	In the post-production
8	The Iron Bone and Steel Fist (鐵骨鋼拳)	Internet movie	To be determined	Preparing for filming
9	Emergency Rescuing (心跳營救)	Internet movie	To be determined	Preparing for filming
10	King of the Sniper (狙擊之王)	Internet movie	To be determined	Preparing for filming
11	Tianta Crisis (天塔危機)	Theatrical film	To be determined	Preparing for filming
12	New Tong Pak Foo Dim Chau Heung (唐伯虎點秋香後傳)	Internet movie	To be determined	Script completed
13	Elderly Hero (遲暮英雄)	Internet movie	To be determined	Script completed
14	The First Undercover in the Southern Song Dynasty – The Case of Demon Cat (南宋第一臥底之妖貓案)	Internet movie	To be determined	Script completed
15	Mystery Case in Ying Dynasty (大應奇案生死簿)	Internet movie	To be determined	Script completed
16	Amaranthine Epiphyllum (雙世曇花)	Internet movie	To be determined	Script completed
17	The Iron Trophy (鐵甲雄風)	Internet movie	To be determined	Script completed
18	Bulletproof Teacher (穿越火線：防彈教師)	Internet dramas	To be determined	Script completed
19	Limited Romance (限定浪漫)	Internet dramas	To be determined	Script completed
20	Through the Storm (玉骨瓷心) (formerly known as "Shiny Day" (雨過天晴雲開處))	Internet dramas	To be determined	Script completed

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

For the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

Adapting and adhering to the recognized standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of Shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Save as disclosed below, the Company had complied with the CG Code throughout the Period under Review.

Code provision D.1.3 of the CG Code stipulates that, unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis. The Group incurred a net loss of approximately RMB15,710,000 for the year ended 31 December 2023. As at 31 December 2023, the Group has bonds amounting to RMB44,934,000 which were overdue for repayment since February 2022, and other borrowing amounting to RMB41,698,000 which was overdue for repayment since November 2023. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

MODEL CODE FOR SECURITIES TRANSACTION BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. The Company confirms that, having made specific enquiry of all Directors, all the Directors have complied with the required standards of dealing as set out in the Model Code during the Year.

AUDIT COMMITTEE

The Audit Committee established by the Board has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financing reporting matters with the senior management. The Audit Committee was satisfied that the consolidated financial statements of the Group for the Year were prepared in accordance with applicable accounting standards and presented fairly the financial position and results of the Group for the Year.

FINAL DIVIDEND

The Board did not recommend the payment of any dividend in respect of the year ended 31 December 2023 (2022: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) will be held on Tuesday, 28 May 2024. Shareholders should refer to the details regarding the AGM in the circular of the Company to be dispatched in April 2024 and the notice of the AGM and form of proxy accompanying thereto.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 23 May 2024 to Tuesday, 28 May 2024, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the AGM, all transfer instruments accompanied by the relevant share certificates must be lodged with the 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 no later than 4:30 p.m. on Wednesday, 22 May 2024.

SCOPE OF WORK OF THE AUDITORS

The financial figures in respect of Group’s consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been compared by the Group’s auditor Moore CPA Limited, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2023 and the amounts were found to be in agreement. The work performed by Moore CPA Limited in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF THIS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.starrise.cn>) and the annual report of the Company for the Year will be dispatched to the Shareholders within the time specified under the Listing Rules.

By order of the Board
A Metaverse Company
Liu Dong
Chairman

Beijing, the PRC, 28 March 2024

As at the date of this announcement, the Board comprises seven Directors, namely Mr. LIU Dong, Mr. LIU Zongjun, Ms. YANG Qinyan, and Mr. HE Han as executive Directors; and Mr. LAM Kai Yeung, Ms. LIU Chen Hong and Mr. KWOK Pak Shing as independent non-executive Directors.

This announcement is prepared in both Chinese and English. In the event of inconsistency, the English text of this announcement shall prevail over the Chinese.