Values Cultural Investment Limited
新 石 文 化 投 資 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1740)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2024 decreased by approximately 93.4% to approximately RMB4.1 million from approximately RMB62.9 million for the year ended 31 December 2023.

- Gross loss for the year ended 31 December 2024 decreased by approximately 36.3% to gross loss of approximately RMB38.9 million from approximately RMB61.1 million for the year ended 31 December 2023.

- Net loss for the year ended 31 December 2024 decreased by approximately 1.1% to loss of approximately RMB98.3 million from approximately RMB99.4 million for the year ended 31 December 2023.

- Basic and diluted loss per share for the year ended 31 December 2024 was approximately RMB9.48 cents (2023: RMB9.58 cents).

- The Board does not recommend the payment of final dividends in respect of the year ended 31 December 2024.

The board (the "**Board**") of directors (the "**Directors**") of Values Cultural Investment Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2023. The annual results of the Company for the year ended 31 December 2024 had been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**4,123**	62,914
Cost of sales		**(43,024)**	(124,010)
Gross loss		**(38,901)**	(61,096)
Other income and gains	5	**484**	1,075
Selling and distribution expenses		**(1,239)**	(4,348)
Administrative expenses		**(14,741)**	(14,374)
Impairment losses on financial assets		**(31,019)**	(12,396)
Finance costs	7	**(243)**	(346)
Share of losses of an associate		**(2,308)**	(1,142)
Other expenses		**(10,170)**	(6,535)
LOSS BEFORE TAX	6	**(98,137)**	(99,162)
Income tax expense	8	**(179)**	(282)
LOSS FOR THE YEAR		**(98,316)**	(99,444)
Attributable to:			
Owners of the parent		**(98,316)**	(99,444)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the year	10	**(RMB9.48 cents)**	(RMB9.58 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(98,316)**	(99,444)
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,714)**	(955)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(1,714)**	(955)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	**1,872**	1,250
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**1,872**	1,250
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**158**	295
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(98,158)**	(99,149)
Attributable to:		
Owners of the parent	**(98,158)**	(99,149)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**72**	163
Prepayments, other receivables and other assets		**19**	38
Right-of-use assets		**884**	145
Investments in an associate		**–**	5,858
Total non-current assets		**975**	6,204
CURRENT ASSETS			
Inventories	*11*	**47,470**	72,412
Trade receivables	*12*	**10,108**	52,845
Prepayments, other receivables and other assets		**20,772**	30,466
Cash and cash equivalents		**20,705**	42,673
Total current assets		**99,055**	198,396
CURRENT LIABILITIES			
Trade payables	*13*	**2,829**	8,078
Other payables and accruals		**7,384**	7,580
Interest-bearing borrowings		**–**	2,480
Tax payable		**7,900**	7,838
Financial liabilities at fair value through profit or loss		**–**	290
Lease liabilities		**766**	–
Total current liabilities		**18,879**	26,266
NET CURRENT ASSETS		**80,176**	172,130
TOTAL ASSETS LESS CURRENT LIABILITIES		**81,151**	178,334
NON-CURRENT LIABILITIES			
Other payables and accruals		**2,878**	1,903
Total non-current liabilities		**2,878**	1,903
Net assets		**78,273**	176,431
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**36**	36
Reserves		**78,237**	176,395
Total equity		**78,273**	176,431

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 11 March 2019. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally involved in the production, distribution and licensing of broadcasting rights of television series ("**TV series**").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 January 2020.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
YS Cultural Investment Limited	British Virgin Islands 20 March 2019	US$1	100%	–	Investment holding
Haining Fanning Television Planning Company Limited* ("**WFOE**") (海寧泛寧影視策劃有限公司) *(note (a))*	People's Republic of China ("**PRC**")/Mainland China 27 May 2019	HK$150,000,000	–	100%	Investment holding
Values Culture Media Co., Ltd. *^ ("**Values Culture**") (海寧原石文化傳媒股份有限公司)	PRC/Mainland China 14 November 2013	RMB150,000,000	–	100%	Investments in and production, distribution and licensing of TV series and web series
Beijing Values Culture Media Co., Ltd. *^ ("**Beijing Values**") (北京原石文化傳媒有限公司)	PRC/Mainland China 3 April 2014	RMB3,000,000	–	100%	Investments in and production, distribution and licensing of TV series
Khorgas Values Culture Media Co., Ltd. *^ ("**Khorgas Values**") (霍爾果斯原石文化傳媒有限公司)	PRC/Mainland China 29 December 2016	RMB6,000,000	–	100%	Investments in and production and distribution and licensing of TV series
Khorgas Ming Yao Television Culture Media Co., Ltd. *^ ("**Khorgas Ming Yao**") (霍爾果斯銘耀影視文化傳媒有限公司)	PRC/Mainland China 7 September 2020	RMB5,000,000	–	100%	Investments in and distribution and licensing of TV series

Note:

(a) This entity is registered as a wholly-foreign-owned enterprise under PRC law.

* The English names of these entities registered in the PRC represent the best efforts made by management of the Company to directly translate their Chinese names as they did not register any official English names.

^ Due to regulatory prohibitions on foreign ownership in the production, distribution and licensing of TV series business in the Mainland China, the principal business carried out by Values Culture, Beijing Values, Khorgas Values and Khorgas Ming Yao (the "**Consolidated Affiliated Entities**") was prohibited or restricted from foreign ownership. The wholly-owned subsidiary of the Company, WFOE, has entered into a series of Contractual Arrangements (the "**Contractual Arrangements**") with the Consolidated Affiliated Entities and their respective equity holders (hereafter referred to as the "**Registered Shareholders**"). The Contractual Arrangements enable WFOE to exercise effective control over the Consolidated Affiliated Entities and obtain substantially all economic benefits of the Consolidated Affiliated Entities. Accordingly, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries and consolidated the assets, liabilities and results of operations of Consolidated Affiliated Entities in the financial statements of the Group. The Consolidated Affiliated Entities are owned through Contractual Arrangements.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, except for financial liabilities at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern assumption

During the year ended 31 December 2024, the Group recorded a total loss of RMB98,316,000 and a net cash outflow from operating of RMB18,154,000. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due.

The directors of the Company have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period and a controlling shareholder has confirmed to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations. They are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in statement of profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to statement of profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

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

The nature and the impact of the revised HKFRS Accounting Standards are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

During the year, the Group operated within one geographical segment because all of the Group's revenue was generated from customers located in Mainland China. All of the non-current assets of the Group were located in Mainland China.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2024	2023
	RMB'000	*RMB'000*
Customer 1	**2,399**	14,997
Customer 2	**593**	N/A*
Customer 3	**N/A***	14,119
Customer 4	**N/A***	9,340
Customer 5	**N/A***	7,800

* The revenue of the corresponding customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the reporting periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**3,133**	42,682
Revenue from other sources		
Net licence fee received from investments in TV or web series as non-executive producer	**990**	14,917
Net investment income from investments in web series without share of copyrights	**–**	5,315
Subtotal	**990**	20,232
Total	**4,123**	62,914

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Type of service		
Licensing of broadcasting rights of TV or web series	**3,133**	42,682

Geographical markets

All of the Group's revenue was generated from customers located in Mainland China during the year.

Timing of revenue recognition

All of the Group's revenue was recognised at a point in time during the year.

(b) Performance obligations

Licensing of broadcasting rights of TV or web series

The performance obligation of licensing of broadcasting rights of TV or web series is satisfied upon granting of the broadcasting rights of TV or web series to customers after the approval from the National Radio and Television Administration of the PRC ("**NRTA**") or receipt of the licence for distribution of TV series from provincial counterpart of NRTA.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024	2023
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**309**	395
After one year	**2,878**	2,878
Total	**3,187**	3,273

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to licensing of broadcasting rights, of which the performance obligations are to be satisfied within ten years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income and gains		
Government grants		
– related to income *(note (a))*	**436**	894
Bank interest income	**42**	45
Others	**6**	136
Total other income and gains	**484**	1,075

Note:

(a) The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these government grants.

6. LOSS BEFORE TAX

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

	Notes	**2024** **RMB'000**	2023 *RMB'000*
Cost of inventories sold*		**5,899**	106,345
Depreciation of property, plant and equipment		**91**	97
Depreciation of right-of-use assets		**776**	872
Auditor's remuneration		**1,343**	1,313
Lease payments not included in the measurement of lease liabilities		**256**	276
Government grants	*5*	**(436)**	(894)
Bank interest income	*5*	**(42)**	(45)
Share of losses of an associate		**2,308**	1,142
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**3,747**	3,670
Pension scheme contributions **		**381**	650
Staff welfare expenses		**545**	308
Total		**4,673**	4,628
Write-down of inventories to net realisable value*		**37,125**	17,665
Impairment of trade receivables	*12*	**31,019**	12,396
Impairment of prepayments under the co-investment arrangement with copyrights		**6,608**	6,490
Impairment of an investment in an associate***		**3,550**	–

* Write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** The impairment of an investment in an associate is included in "Other expenses" in the consolidated statement of profit or loss.

7. FINANCE COSTS

	2024 **RMB'000**	2023 *RMB'000*
Interest on other borrowings	**212**	329
Interest on lease liabilities	**31**	17
Total	**243**	346

8. INCOME TAX

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

The major components of the income tax expense of the Group during the year are analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**179**	206
Overprovision in prior years	**–**	76
Total tax charge for the year	**179**	282

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The statutory tax rate for the subsidiary in Hong Kong is 16.5% (2023: 16.5%). No Hong Kong profits tax on this subsidiary has been provided as there was no assessable profit arising in Hong Kong during the year.

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

As stipulated in Cai Shui [2011] No.112, enterprises newly established in Xin Jiang Kashgar/Khorgas special economic areas during the period from 2010 to 2020 could enjoy Enterprise Income Tax ("**EIT**") exemption for five years starting from the year under which the first revenue was generated. As stipulated in Cai Shui [2021] No. 27, The aforementioned policy had be extended by 2030. Khorgas Ming Yao enjoyed the benefit under the Notice of the Ministry of Finance and the State Administration of Taxation on Income Tax Incentives for Newly-established Enterprises in Poverty Areas of Xinjiang (《新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄》). According to Preferential Filing Record of EIT (《企業所得稅優惠事項備案表》), Khorgas Ming Yao registered with the PRC tax bureau for the entitlement of EIT exemption from 1 October 2020 to 31 December 2024.

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rate in Mainland China to the tax expense at the effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(98,137)**	(99,162)
Tax at the statutory tax rate of 25% in Mainland China	**(24,534)**	(24,791)
Effect of tax rate differences in other jurisdictions	**410**	397
Adjustment in respect of current tax of previous periods	**–**	76
Expenses not deductible for tax	**1,648**	717
Losses attributable to an associate	**577**	286
Deductible temporary difference and tax losses not recognised	**22,078**	23,597
Tax charge at the Group's effective tax rate	**179**	282

9. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2023: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of RMB98,316,000 (2023: RMB99,444,000), and the weighted average number of ordinary shares of 1,037,500,000 (2023: 1,037,500,000) outstanding during the year.

The calculation of basic loss per share is based on:

	2024	2023
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(98,316)**	(99,444)

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	**1,037,500,000**	1,037,500,000

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

11. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**12,945**	9,030
Finished goods	**34,525**	63,382
Total	**47,470**	72,412

12. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**167,687**	179,505
Impairment	**(157,579)**	(126,660)
Net carrying amount	**10,108**	52,845

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 365 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**142**	30,328
3 to 6 months	**–**	768
6 to 12 months	**–**	–
1 to 2 years	**7,603**	4,989
2 to 3 years	**2,363**	16,760
Total	**10,108**	52,845

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**126,660**	115,769
Impairment losses, net *(note 6)*	**31,019**	12,396
Amount written off as uncollectible	**(100)**	(1,505)
At end of year	**157,579**	126,660

The increase in the loss allowance of RMB30,919,000 (2023: RMB10,891,000) was due to an increase of trade receivables which were aged over 3 years and past due.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing period and days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**51.86%**	**71.03%**	**62.57%**	**100.00%**	**93.97%**
Gross carrying amount *(RMB'000)*	**295**	**26,240**	**6,313**	**134,839**	**167,687**
Expected credit losses *(RMB'000)*	**153**	**18,637**	**3,950**	**134,839**	**157,579**

As at 31 December 2023

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	10.23%	25.12%	43.21%	100.00%	70.56%
Gross carrying amount *(RMB'000)*	34,640	6,663	29,513	108,689	179,505
Expected credit losses *(RMB'000)*	3,544	1,674	12,753	108,689	126,660

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the transaction date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**75**	5,452
3 to 6 months	**–**	–
6 to 12 months	**–**	–
1 to 2 years	**128**	2,626
2 to 3 years	**2,626**	–
Total	**2,829**	8,078

The trade payables are non-interest-bearing and are normally settled on terms of 90 to 180 days.

14. SHARE CAPITAL

	2024	2023
Authorised:		
10,000,000,000 ordinary shares of US$0.000005 each		
US$'000	**50**	50
RMB'000	**336**	336
Issued and fully paid:		
1,037,500,000 ordinary shares of US$0.000005 each (2023: US$0.000005)		
US$'000	**5**	5
RMB'000	**36**	36

15. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2024 (31 December 2023: Nil).

16. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Investment under co-financing arrangements	**–**	73,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the business of (i) licensing of broadcasting rights of TV or web series; (ii) investing in TV series and web series as non-executive producer; and (iii) acting as distribution agent of TV series. The Group is also expanding its business in production of web series in view of their growing popularity.

During the Reporting Period, the Group recorded a total revenue of approximately RMB4.1 million, which deceased by approximately 93.4% as compared with approximately RMB62.9 million for the corresponding period last year, among which, revenue from licensing of broadcasting rights of TV or web series was approximately RMB3.1 million, which decreased by approximately 92.7% when compared with approximately RMB42.7 million for the corresponding period last year; revenue from net licence fee received from investments in TV or web series as non-executive producer was approximately RMB1.0 million, a decrease of approximately 93.4% compared to approximately RMB14.9 million for the corresponding period last year; revenue from net investment income received from investments in web series without share of copyrights was nil, compared to approximately RMB5.3 million for the corresponding period last year.

The decrease in revenue was mainly brought by the tightened procurement budgets of TV stations and online video platforms and the delay of broadcasting schedule during the Reporting Period. The Group has recorded net loss during the Reporting Period mainly attributable to (i) the decrease in revenue due to the tightened procurement budgets of TV stations and online video platforms and the delay of broadcasting schedule during the Reporting Period; (ii) the increase in the provisions for impairment of relevant assets after taking into account of a number of factors such as the development of the industry, age of inventory and intended sales during the Reporting Period; and (iii) the increase in the impairment of trade receivables due to the increase in the long-aged trade receivables, as a result of slower collection of trade receivables during the Reporting Period.

During the Reporting Period, the Group has been continuing to negotiate with TV stations in relation to the broadcasting schedule of a self-produced TV series. Regarding a TV series that the Group has decided to invest as a non-executive producer, the shooting of this TV series has completed in April 2024 and the Group has obtained government approval for this TV series as at the date of this announcement.

During the Reporting Period, a number of web series that the Group either acted as an executive producer or non-executive producer have generated revenue for the Group. A total of six web series were broadcast in April 2024, January 2025, February 2025 and March 2025. Regarding another web series that the Group has invested in as non-executive producer, the Group has been obtaining government approval for it and has been continuing to negotiate with the online video platform for the broadcasting schedule. As at the date of this announcement, the Group has also invested in two other new web series as executive producer.

Regarding the film trilogy that the Group acts as executive producer, the Group has been continuing to negotiate with the movie channel of CCTV with respect to the terms of licensing.

Looking forward, we expect that the market situation will remain difficult due to the volatile market and economy. The Group will remain vigilant towards the business of production of and investment in TV series and web series. The Group will closely monitor the market conditions, especially the opportunities of conducting business with first-tier TV stations and major online video platforms, as well as second-tier and third-tier TV stations. The Group will also adhere to prudent financial management in project selection and cost control, resume more active business operation and explore opportunities mainly in the business of web series and TV series.

FINANCIAL REVIEW

Revenue

For the years ended 31 December 2023 and 2024, all of our revenue was generated from customers located in the PRC. The following table sets forth a breakdown of our revenue by business segments for the years ended 31 December 2023 and 2024:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Licensing of broadcasting rights of TV or web series	**3,133**	42,682
Revenue from other sources		
Net licence fee received from investments in TV or web series as non-executive producer	**990**	14,917
Net investment income received from investments in web series without share of copyrights	**–**	5,315
	4,123	62,914

Our total revenue decreased by approximately 93.4% from approximately RMB62.9 million for the year ended 31 December 2023 to approximately RMB4.1 million for the year ended 31 December 2024, brought by the tightened procurement budgets of TV stations and online video platforms and the delay of broadcasting schedule during the Reporting Period.

Revenue by business segments

(i) Licensing of broadcasting rights of TV or web series

Revenue generated from licensing of broadcasting rights of TV or web series decreased by approximately 92.7% from approximately RMB42.7 million for the year ended 31 December 2023 to approximately RMB3.1 million for the year ended 31 December 2024, primarily due to the tightened procurement budgets of TV stations and online video platforms and the delay of broadcasting schedule during the Reporting Period.

The following table sets forth a breakdown of our revenue from licensing of the broadcasting rights of TV or web series in which the Group acted as executive producer or purchased copyrights (or broadcasting rights) in absolute amounts and as percentages for the years ended 31 December 2023 and 2024:

	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Acted as executive producer	**3,133**	**100.0**	42,682	100.0
Licensed purchased copyrights (or broadcasting rights)	**–**	**–**	–	–
	3,133	**100.0**	42,682	100.0

(ii) Net licence fee received from investments in TV or web series as non-executive producer

During the year ended 31 December 2024, we mainly generated net licence fee received from investments in TV or web series as non-executive producer from the web series Anti-Fraud Police*（反騙警察） and The Pearl River Family*（珠江人家）.

(iii) Net investment income received from investments in web series without share of copyrights

During the year ended 31 December 2024, revenue from net investment income received from investments in web series without share of copyrights was nil, compared to approximately RMB5.3 million for the corresponding period last year.

Cost of Sales

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

	2024	2023
	RMB'000	*RMB'000*
Licensing of broadcasting rights of TV or web series	**34,540**	86,820
Investments in TV or web series as non-executive producer	**8,484**	37,190
	43,024	124,010

Our cost of sales decreased by approximately 65.3% from approximately RMB124.0 million for the year ended 31 December 2023 to approximately RMB43.0 million for the year ended 31 December 2024, primarily due to decrease in cost of licensing of broadcasting rights of TV series and increase in the write-down of inventories after taking into account of a number of factors such as the development of the industry, age of inventory and intended sales.

For the business segment of licensing of broadcasting rights of TV or web series, the cost of sales decreased by approximately 60.2% from approximately RMB86.8 million for the year ended 31 December 2023 to approximately RMB34.5 million for the year ended 31 December 2024, primarily due to decrease in cost of licensing of broadcasting rights of TV series and increase in the write-down of inventories.

For the business segment of investments in TV or web series as non-executive producer, the cost of sales decreased by approximately 77.2% from approximately RMB37.2 million for the year ended 31 December 2023 to approximately RMB8.5 million for the year ended 31 December 2024, primarily due to decrease in revenue from investments in TV series, web series and films as non-executive producer.

Gross profit and gross profit margin

Our gross loss decreased by approximately 36.3% from gross loss of approximately RMB61.1 million for the year ended 31 December 2023 to gross loss of approximately RMB38.9 million for the year ended 31 December 2024, primarily due to the decrease in revenue due to the tightened procurement budgets of TV stations and online video platforms and the delay of broadcasting schedule and the increase in the provisions for impairment of relevant assets after taking into account of a number of factors such as the development of the industry, age of inventory and intended sales during the Reporting Period.

Our gross loss margin increased from approximately (97.1%) for the year ended 31 December 2023 to approximately (943.5%) for the year ended 31 December 2024.

The following table sets forth a breakdown of our gross loss and gross loss margin by business segments for the years ended 31 December 2023 and 2024:

	2024		2023	
	RMB'000	***Margin %***	*RMB'000*	*Margin %*
Licensing of broadcasting rights of TV or web series	**(31,407)**	**(1,002.5)**	(44,138)	(103.4)
Net licence fee received from investments in TV or web series as non-executive producer	**(7,494)**	**(757.0)**	(22,273)	(149.3)
Net investment income received from investments in web series without share of copyrights	**–**	**–**	5,315	100.0
	(38,901)	**(943.5)**	(61,096)	(97.1)

(i) Licensing of broadcasting rights of TV or web series

The gross loss margin for the licensing of broadcasting rights of TV or web series segment increased from approximately (103.4%) for the year ended 31 December 2023 to approximately (1,002.5%) for the year ended 31 December 2024, primarily due to decrease in revenue generated from broadcasting rights of TV series.

The following table sets forth a breakdown of our gross loss and gross loss margin of TV or web series in which we acted as executive producer, or purchased copyrights (or broadcasting rights) in the business segment of licensing of broadcasting rights of TV or web series for the years ended 31 December 2023 and 2024:

	2024		2023	
	RMB'000	***Margin %***	*RMB'000*	*Margin %*
Acted as executive producer	**(31,407)**	**(1,002.5)**	(44,138)	(103.4)
Licensed purchased copyrights (or broadcasting rights)	**–**	**–**	–	–
	(31,407)	**(1,002.5)**	(44,138)	(103.4)

(ii) Net licence fee received from investments in TV or web series as non-executive producer

The gross loss margin for the net licence fee received from investments in TV or web series as non-executive producer for the year ended 31 December 2024 is approximately (757.0%), which increased from approximately (149.3%) for the year ended 31 December 2023, the increase was mainly resulted from the decrease in revenue from investments in TV or web series as non-executive producer.

(iii) Net investment income received from investments in web series without share of copyrights

The gross profit margin for the net investment income received from investments in web series without share of copyrights for the year ended 31 December 2023 is 100%, which was mainly resulted from net investment income of You From the Future*（來自未來的你）.

Other income and gains

The following table sets forth a breakdown of our other income and gain for the years ended 31 December 2023 and 2024:

	2024	2023
	RMB'000	*RMB'000*
Government grants – related to income	**436**	894
Bank interest income	**42**	45
Others	**6**	136
	484	1,075

Our other income and gains decreased by approximately 55.0% from approximately RMB1.1 million for the year ended 31 December 2023 to approximately RMB0.5 million for the year ended 31 December 2024, mainly because of decrease in government grants.

Selling and distribution expenses

The following table sets forth a breakdown of our selling and distribution expenses for the years ended 31 December 2023 and 2024:

	2024	2023
	RMB'000	*RMB'000*
Advertising and marketing expenses	**50**	3,070
Staff costs	**1,072**	1,087
Entertainment and travelling expenses	**117**	191
	1,239	4,348

Our selling and distribution expenses decreased by approximately 71.5% from approximately RMB4.3 million for the year ended 31 December 2023 to approximately RMB1.2 million for the year ended 31 December 2024, mainly because of decrease in advertising and marketing expenses.

Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the years ended 31 December 2023 and 2024:

	2024	2023
	RMB'000	*RMB'000*
Staff costs	**5,431**	5,374
Entertainment and travelling expenses	**3,223**	2,523
Auditor's remuneration	**1,343**	1,313
Professional service fees	**3,095**	3,424
Office related expenses	**1,582**	1,533
Others	**67**	207
	14,741	14,374

Our administrative expenses increased by approximately 2.6% from approximately RMB14.4 million for the year ended 31 December 2023 to approximately RMB14.7 million for the year ended 31 December 2024, primarily due to increase in the entertainment and travelling expenses.

Impairment losses on financial assets

We recorded impairment loss on financial assets amounting to approximately RMB31.0 million. The recognition of impairment provision was primarily due to the increase in long outstanding trade receivables by our certain customers as at 31 December 2024.

Finance costs

The following table sets forth a breakdown of our finance costs for the years ended 31 December 2023 and 2024:

	2024	2023
	RMB'000	*RMB'000*
Interest on borrowings	**212**	329
Interest on lease liabilities	**31**	17
	243	346

Income tax expense

The following table sets forth the major components of our income tax expense for the years ended 31 December 2023 and 2024:

	2024	2023
	RMB'000	*RMB'000*
Current – Mainland China Charge for the year	**179**	206
Current – Overprovision in prior years	**–**	76
Total tax charge for the year	**179**	282

	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(98,137)**	(99,162)
Tax at the statutory tax rate of 25% in Mainland China	**(24,534)**	(24,791)
Adjustment in respect of current tax of previous periods	**–**	76
Effect of tax rate differences in other jurisdiction	**410**	397
Expenses not deductible for tax	**1,648**	717
Losses attributable to an associate	**577**	286
Deductible temporary difference and tax losses not recognised	**22,078**	23,597
Tax charge at the Group's effective tax rate	**179**	282

Loss for the year and net loss margin

As a result of the foregoing, our net loss decreased by approximately 1.1% from loss of approximately RMB99.4 million for the year ended 31 December 2023 to loss of approximately RMB98.3 million for the year ended 31 December 2024. Our net loss margin increased from approximately negative 158.1% for the year ended 31 December 2023 to approximately negative 2,384.6% for the year ended 31 December 2024.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividends by the Company for the year ended 31 December 2024 (2023: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As at 31 December 2024, the number of issued shares of the Company was 1,037,500,000 (31 December 2023: 1,037,500,000).

Net Current Assets

As at 31 December 2024, the Group reported net current assets of approximately RMB80.2 million (2023: RMB172.1 million). As at 31 December 2024, the Group's cash and bank balances was approximately RMB20.7 million, representing a decrease of approximately RMB22.0 million as compared to approximately RMB42.7 million as at 31 December 2023.

Key Financial Ratios

Return on Equity

The return on equity decreased from approximately (44.0%) for the year ended 31 December 2023 to approximately (77.2%) for the year ended 31 December 2024.

Return on Total Assets

The return on total assets decreased from approximately (39.3%) for the year ended 31 December 2023 to approximately (64.5%) for the year ended 31 December 2024.

Current Ratio

The Group's current ratio decreased from approximately 7.6 times as at 31 December 2023 to approximately 5.2 times as at 31 December 2024.

Gearing Ratio

The Group's gearing ratio is 0.98% as at 31 December 2024 (2023: 1.41%).

Capital Expenditure

Our capital expenditures primarily consist of expenditures for purchases of electronic equipment, office equipment and leasehold improvements.

The Group did not have significant capital expenditure during the years ended 31 December 2023 and 2024.

OTHER COMMITMENTS

The Group did not have significant commitments at the end of the Reporting Period (31 December 2023: 73.0 million).

MAJOR ACQUISITIONS AND DISPOSALS

The Group did not have any major acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2024.

CONTINGENT LIABILITY

As at 31 December 2024, the Group did not have any material contingent liabilities.

SIGNIFICANT LITIGATION

As at the date of this announcement, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any immediate plans for material investment and capital assets as at the date of this announcement.

PLEDGE OF ASSETS

As at 31 December 2024, the Group had no pledge of assets (2023: nil).

FOREIGN CURRENCY RISK

In the year ended 31 December 2024, all of our revenue were generated from customers located in the PRC, and were denominated in RMB. Therefore, the Group considers the risk exposure to foreign currency fluctuation would be essentially in line with the performance of the exchange rate of RMB. In the year ended 31 December 2024, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 22 (2023: 22) full-time employees, excluding the Directors, who are all located in the PRC.

The Group offers employees competitive salaries, discretionary bonus and other incentives. Our recruitment policy is based on a number of factors including the level of knowledge and experience we require of our staff. The Group provides introductory training at the time when members of our staff first join us and thereafter regular on-the-job training, depending on his or her role. In addition, it is our policy to provide training to our staff on a needed basis to enhance their technical and industry knowledge. The Group believes such initiatives have contributed to the increased employee productivity. As required by the PRC regulations, we participate in various employee benefit plans that are organised by local governments, including housing, pension and social insurance. The Group is required under PRC laws to make contributions to the employee benefit plans (the "**Retirement Benefit Scheme**") at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local governments from time to time. Contributions to the Retirement Benefit Scheme vest immediately. The Group enters into a standard employment contract with all our employees which set out terms such as remuneration and confidentiality requirements. The Group believes that it maintain a positive working relationship with its employees.

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employee(s) employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

There was no forfeited contribution under the MPF Scheme and Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years. There was no outstanding contribution to the MPF Scheme and Retirement Benefit Scheme at 31 December 2024 and 2023.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above and in the section headed "Management Discussion and Analysis" of this announcement, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Shares have been listed on the Stock Exchange since the Listing Date. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company (the "**Shareholders**") and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices enabling its shareholders to evaluate, and the CG Code has been applicable to the Company with effect from the Listing Date. Save as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code during the year ended 31 December 2024 and up to the date of this announcement.

Code Provision C.1.6 of the CG Code

Pursuant to C.1.6 of the CG Code, independent non-executive Directors and non-executive Directors should attend the annual general meeting of the Company to gain and develop a balanced understanding of the views of the shareholders. The non-executive Director, Mr. Shao Hui, the independent non-executive Director, Mr. Xu Zongzheng and Ms. Liu Jingping and the executive Directors, Ms. Liu Peiyao and Mr. Qu Guohui, did not attend the annual general meeting of the Company held on 30 May 2024 due to other business engagements.

CONSTITUTIONAL DOCUMENTS

The second amended and restated articles of association of the Company was amended by way of a special resolution passed by the shareholders of the Company at the annual general meeting held on 30 May 2024. The latest second amended and restated articles of association of the Company is available on the website of the Stock Exchange and the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the year ended 31 December 2024 and up to the date of this announcement.

The Company has also established written guidelines regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The annual results of the Company for the year ended 31 December 2024 had been reviewed by the Audit Committee, which consists of three independent non-executive Directors of the Company, namely Mr. Zhong Mingshan, Mr. Xian Guoming and Mr. Xu Zongzheng, with Mr. Zhong Mingshan as the chairman of the Audit Committee.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 30 May 2025, the notice of which will be published and despatched to the Shareholders as soon as practicable in accordance with the Company's Articles of Association and the Listing Rules.

PUBLICATION OF THE 2024 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.yuanshimedia.com). The Company's annual report for the year ended 31 December 2024 will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company. Should the Shareholders have any difficulties in accessing the corporate communications electronically, please request the printed report, free of charge, at any time by writing to the Company or Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Branch Share Registrar.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming annual general meeting to be held on 30 May 2025, the register of members of the Company will be closed from 27 May 2025 to 30 May 2025 (both days inclusive), during which no transfer of Shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates are lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 26 May 2025.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal controls to safeguard our business and asset at all times.

The Group has established risk management procedures to address and handle the all significant risks associated with the business of the Group. The Board would perform annual review on any significant change of the business environment and establish procedures to response the risks result from significant change of business environment. The risk management and internal control systems are designed to mitigate the potential losses of the business.

The management would identify the risks associated with the business of the Group by considering both internal and external factors and events which include politics, economy, technology, environmental, social and staff. Each of risks has been assessed and prioritised based on their relevant impact and occurrence opportunity. The relevant risk management strategy would be applied to each type of risks according to the assessment results, type of risk management strategy has been listed as follow:

– Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risks;

– Risk avoidance: change business process or objective so as to avoid the risk;

– Risk sharing and diversification: diversify the effect of the risk or allocate to different location or product or market;

– Risk transfer: transfer ownership and liability to a third party.

The Company has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the financial, operational and compliance controls, and the risk management and internal control systems and reports the review results to the Board on an annual basis. Such procedures are designed to manage rather than to eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review report showed that the Group maintained an effective internal control system and no major control deficiency had been identified during the year ended 31 December 2024. The scope and findings of the review had been reported to and reviewed by the Audit Committee. The Board also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function, and their training programmes and budget.

The Board has received a confirmation from management on the effectiveness of the risk management and internal control systems.

The Board is not aware of any significant internal control and risk management weaknesses nor significant breach of limits or risk management policies, and considers that the current internal control systems of the Company are effective and adequate and that the qualifications and experience of the staff, performing accounting and financial reporting functions and the training programmes of the Company as well as the experiences and resources for setting the budget of the Company are adequate. The Company has complied with the requirements under D.2.1 to D.2.7 and D.3.3 of the CG Code relating to risk management and internal control.

To facilitate the management and standardization of internal operation, the Company has regulations in place that specify the responsibilities and scopes of anti-corruption works. Anti-corruption policy has been adopted and all employees of the Group have been required to strictly abide them. To encourage employees to report the improprieties they found or suspected, the Company has established appropriate whistleblowing procedures pursuant to its whistleblowing policy so as to provide a secure and fully confidential environment for employees to report the improprieties that they genuinely concerned.

SCOPE OF WORK OF THE AUDITORS

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

By Order of the Board
Values Cultural Investment Limited
Liu Naiyue
Chairman and executive Director

Hong Kong, 28 March 2025

As at the date of this announcement, the board comprises Mr. Liu Naiyue, Ms. Cai Xiaoxin, Ms. Li Fang, Mr. Qu Guohui, Mr. Liu Tieqiang and Ms. Liu Peiyao as executive Directors; Mr. Shao Hui as non-executive Director; and Mr. Xian Guoming, Mr. Xu Zongzheng, Mr. Zhong Mingshan and Ms. Liu Jingping as independent non-executive Directors.

* *The English translations of terms or names in Chinese which are marked with "*" are for identification purpose only.*