A8 New Media Group Limited

A8新媒體集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 800)

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

FINANCIAL HIGHLIGHTS

- Profit for 2023 of the Group amounted to approximately RMB24.4 million, while it was approximately RMB14.0 million for 2022. Profit attributable to the continuing operations of the Group for 2023 was approximately RMB21.8 million.

- Revenue from continuing operations of the Group for 2023 amounted to approximately RMB68.6 million, representing a decrease of approximately 13.4% as compared with 2022 (2022: approximately RMB79.2 million).

- The gross profit margin ratio from continuing operations of the Group was approximately 74.3% for 2023, which decreased 2.6 percentage point as compared to that of 2022, while it was approximately 76.9% for 2022.

- Strong balance sheet with cash and cash equivalents and highly liquid short-term assets of approximately RMB697.7 million as at 31 December 2023.

The board of directors (the "**Board**") of A8 New Media Group Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. The results have been reviewed by the Audit Committee of the Company, comprising all the independent non-executive Directors.

BUSINESS REVIEW AND OUTLOOK

Business Review of 2023

During the reporting period, the global macroeconomic situation was fast changing. In the face of the development and changes in the market environment, the Group took active measures to address the changes by adjusting the operation strategies of each business segment, continuing to develop the online literature business; strengthening cost and expense control and taking various measures to enhance the quality of services for the industrial park business. Meanwhile, the Group strengthened its investigation and research on companies, products and markets in the fields of science and technology, internet and new energy, etc., and strengthened the control of project approval and project risk control for performing the relevant investment and business at the appropriate timing.

Industrial Park Business

The Group's revenue mainly comes from the rental income and property management service income of the national music industry base — A8 Music Building. Located in the core area of the Greater Bay Area of Shenzhen, A8 Music Building enjoys a superior geographical location with a total floor area of 52,500 square meters, integrating office and commercial service functions.

During the reporting period, faced with the impact of the external economic environment, the leasing industry as a whole was severely impacted. Most companies remained relatively cautious about leasing costs and tightened their corporate leasing budgets during the year, and the increase in the supply of commercial offices in the market further pushed up the vacancy rate. The Group took a series of measures to attract and retain tenants, such as offering rent payment by installments, adjusting investment promotion measures, and promoting fully furnished units, etc., which effectively reduces the impact of the external environment. The occupancy rate continued to decline steadily during the reporting period. The revenue from rental and property management service in 2023 amounted to approximately RMB68.2 million, representing a decrease of 12% compared with last year.

During the reporting period, A8 Music Building was awarded the titles of "Water-saving Unit" and "Shenzhen Green Building Innovation Award" along with corresponding cash rewards. These achievements demonstrate the Group's commitment to environmental protection and social responsibility, and contribute to the achievement of the carbon neutrality goal.

Online Literatures

北京掌文信息技術有限公司 (Beijing Zhangwen Information Technology Co., Ltd) ("**Beijing Zhangwen**") focuses on the incubation, production and global distribution of high-quality cultural recreation content IP. Beijing Zhangwen currently mainly operates four business segments: online literature content research and development, audiobook and audio content research and development, animation content research and development and video content research and development.

For online literature business, Beijing Zhangwen continues to develop high-quality content and derivative products. In addition to providing users with high quality reading services on its own platform, Beijing Zhangwen also has authorized cooperation with influential third-party platforms in the industry, such as Ali Literature ("阿里文學"), Palm Reader Literature ("掌閱文學"), Himalaya ("喜馬拉雅"), Tomato Novels ("番茄小說"), etc. In 2023, Beijing Zhangwen was listed as an enterprise in Beijing's "Fengming Plan" ("鳳鳴計劃"). "Fengming Plan" is a significant service plan launched by Chaoyang District Government of Beijing for high-grade, precision and advanced, high-growth technology enterprises in the district, it also obtained recognition as the new special expertise enterprise in Beijing, which will support the development of Beijing Zhangwen.

For audiobook and audio content business, the network anchor matrix created by Beijing Zhangwen has built up a head of steam, focusing on recording short and high-quality audiobooks. In addition to the self-recorded and out-recorded works on-line on mainstream audiobook platforms such as Himalaya ("喜馬拉雅"), we have also simultaneously licensed the mini program in Douyin ("抖音") for text operation. This operation method of linking the text market from audiobooks as an entry point has been gradually enhanced. Many audiobooks entered the Top 10 Bestseller List of Himalaya FM, Tomato Listening ("番茄暢聽"), Irts.me Listening ("懶人暢聽") and Dragonfly FM ("蜻蜓FM"), etc.

For animation business, Beijing Zhangwen introduced AI-assisted animation production into its workflow. In 2023, they launched the first virtual character animation short film and two micro animations, all of which were selected for Douyin's potential creative support program.

The original worldview mini-series produced by Beijing Zhangwen entered the TOP100 of Douyin's subscriber list, achieving an excellent sixth place among content producers. In the TOP30 mini-series user subscription list, three mini-series of Zhangwen were ranked among them.

2024 Business Outlook

In 2024, the Group will continue to develop its industrial park business, as well as its cultural industry business, and will promote the development of the Company by taking the following initiatives:

i. Positively face the impact of the external economic environment on the industrial park business and take various measures to improve the quality of the buildings and the quality of services so as to eliminate or minimize the impact of the external environment;

ii. Continue to develop the online literature business in a healthy and stable manner, seek innovations and breakthroughs on the basis of enhancing the original business segments, and increase the investment and attempts in mini-series;

iii. Strengthen the assistance and management of the Group's invested companies and help them to achieve greater development, so as to enable the Group to obtain a better return on its investment;

iv. Continue to optimize processes, control costs to save the Group's expenses;

v. Explore the use of AI to enhance management effectiveness, strengthen informatization and intelligent management, enable the work more efficient and intelligent, improve work efficiency and reduce management costs;

vi. Continue to strengthen research and analysis of industry conditions, companies, products, technologies and markets in the fields of science and technology, internet and new energy, etc., treat new investment projects and business expansion with caution, raise requirements and standards, and keep exploring and trying in order to find new breakthroughs and directions for the development of the Group;

The Group will continues to adhere to steady development strategy and adjust and move forward in the changing economic environment.

MANAGEMENT DISCUSSION AND ANALYSIS

1 FINANCIAL REVIEW

Operating Business

Revenue

For the year ended 31 December 2023, the revenue from continuing operations of the Group amounted to approximately RMB68.6 million, representing a decrease of approximately 13.4% as compared with 2022 (2022: approximately RMB79.2 million).

Property investment business

For the year ended 31 December 2023, the revenue of property investment business derived from the rentals and management fee amounted to approximately RMB68.2 million, representing a decrease of approximately 12.0% as compared with 2022 (2022: approximately RMB77.5 million).

Cultural Business

For the year ended 31 December 2023, the revenue from continuing operations of cultural business amounted to approximately RMB0.4 million, representing a significant decrease of approximately 76.0% as compared with 2022 (2022: approximately RMB1.7 million). The decrease was mainly due to the decrease of revenue generated from Music-based entertainment.

Cost of services provided

For the year ended 31 December 2023, cost of services provided from continuing operations by the Group amounted to approximately RMB17.6 million, representing a decrease of approximately 3.5% as compared with 2022 (2022: approximately RMB18.3 million). The decrease was mainly due to the decrease in the cost of the cultural business, as detailed below.

Property investment business

For the year ended 31 December 2023, the cost of services provided of property investment business amounted to approximately RMB16.4 million, representing a slight decrease of approximately 0.8% as compared with 2022 (2022: approximately RMB16.5 million).

Cultural business

For the year ended 31 December 2023, the cost of services provided of Cultural business amounted to approximately RMB1.2 million, representing a decrease of approximately 28.7% as compared with 2022 (2022: approximately RMB1.7 million). The decrease was mainly caused by the reduction in expenditure due to the needs of the Group's business stage and development strategy.

Gross profit

For the year ended 31 December 2023, the gross profit from continuing operations of the Group amounted to approximately RMB51.0 million, representing a decrease of approximately 16.3% as compared with 2022 (2022: approximately RMB60.9 million). The overall gross margin from continuing operations of the Group (which is calculated based on gross profit divided by revenue) was 74.3% for 2023, as compared with 76.9% for 2022. The decrease was mainly due to the fact that the decreasing rate of revenue was higher than the decreasing rate of cost.

Other income and gains, net

For the year ended 31 December 2023, the other income and gains, net from continuing operations of the Group were approximately RMB39.8 million, representing a significant increase of approximately 135.4% as compared with 2022 (2022: approximately RMB16.9 million). The increase was mainly due to the increase of bank interest income and dividend and distribution income from financial assets at fair value.

Selling and marketing expenses

For the year ended 31 December 2023, the selling and marketing expenses from continuing operations of the Group amounted to approximately RMB9.0 thousand, representing a significant decrease of approximately 99.5% as compared with 2022 (2022: approximately RMB1.9 million). The decrease was mainly caused by the reduction in expenditure due to the needs of the Group's business stage and development strategy.

Administrative expenses

For the year ended 31 December 2023, the administrative expenses from continuing operations of the Group amounted to approximately RMB22.7 million, representing a decrease of approximately 3.9% as compared with 2022 (2022: approximately RMB23.6 million).

Other expenses, net

For the year ended 31 December 2023, the other expenses, net from continuing operations of the Group amounted to approximately RMB61.5 million, representing an increase of approximately 28.1% as compared with 2022 (2022: approximately RMB48.0 million).

For the year ended 31 December 2023, the other expenses, net from continuing operations mainly consisted of (i) the fair value loss on investment properties amounted to approximately RMB36.0 million; (ii) the fair value loss on financial assets at fair value through profit or loss amounted to approximately RMB19.3 million (2022: approximately RMB32.0 million); and (iii) impairment loss on investments in an associate amounted to approximately RMB4.5 million (2022: approximately RMB16.0 million).

Share of profits and losses of associates, net

For the year ended 31 December 2023, the Group's share of profits of associates amounted to approximately RMB9.9 million (2022: approximately RMB5.8 million). The increase was mainly due to the increase of share of profit of Beijing Zhangwen.

Income tax credit

For the year ended 31 December 2023, income tax credit from continuing operations of the Group amounted to approximately RMB5.4 million, while the income tax credit for 2022 was approximately RMB11.9 million.

Profit/(loss) for the year from a discontinued operation

On 23 December 2022, the Group entered into an equity transfer agreement with the other shareholders of Blueowlgames Limited ("**Blueowlgames**") and Shanghai Mu77 Network Technology Co., Ltd. ("**Shanghai Mu77**"), pursuant to which the Group agreed to sell its 51% equity interests in Blueowlgames and Shanghai Mu77 to the other shareholders. The transaction was completed in 2023 and the Group obtained a profit of approximately RMB2.5 million from the transaction. For the year ended 31 December 2022, the Group obtained a loss of approximately RMB8.1 million from the discounted operation.

Profit attributable to equity holders of the Company

As a result of above-mentioned, for the year ended 31 December 2023, profit attributable to equity holders of the Company amounted to approximately RMB24.4 million, compared to a profit of approximately RMB13.2 million for the year ended 31 December 2022.

Liquidity and Financial Resources

As at 31 December 2023, cash and cash equivalents and highly liquid short-term assets of the Group including, restricted cash and financial assets at fair value through profit or loss amounted to approximately RMB697.7 million (2022: approximately RMB628.8 million). Among which, approximately RMB189.5 million, or approximately 27.2% was denominated in RMB.

As at 31 December 2023, the Group has no interest-bearing bank borrowings.

As at 31 December 2023, the Group did not have any derivatives for hedging against both the interest and exchange rate risks.

Financial assets at fair value through profit or loss ("FVPL")

As at 31 December 2023, the Group's financial assets at fair value through profit or loss amounted to approximately RMB251.9 million (2023: approximately RMB92.9 million), which was comprised of investments in funds included in non-current assets, treasury bond ETF, and wealth management products included in current assets. During the year, the Group received dividends and distribution income of approximately RMB9.7 million from FVPL.

Set out below are details of financial assets at fair value through profit or loss as at 31 December 2023:

Investment category	**Fair value as at 31 December 2023** *(RMB'000)*	**Fair value as at 31 December 2022** *(RMB'000)*	**Percentage increase/ (decrease)** %
Fund investments[1]	**55,908**	72,878	(23.3)
Treasury Bond ETF[2]	**123,960**	–	>100%
Wealth management products	**72,000**	20,000	>100%
Total	**251,868**	92,878	>100%

Notes:

(1) Including investments in Shenzhen Qianhai Qingsong Venture Investment Fund Management Enterprise (Limited Partnership) ("**Qingsong Fund II**"), Shenzhen Qingsong Phase III Equity Investment Fund Partnership Enterprise (Limited Partnership) ("**Qingsong Fund III**"), Shenzhen Qianhai tianhe Cultural Industry Investment Center (Limited Partnership) (深圳前海天和文化產業投資中心(有限合夥)), and Shenzhen Qingsong Small and Medium Enterprises Development Investment Partnership Enterprise (Limited Partnership) ("**Qingsong Fund IV**"). For the investments in Qingsong Fund II, Qingsong Fund III and Qingsong IV, please refer to the announcements of the Group dated 24 January 2014, 15 May 2017 and 21 January 2020, respectively.

(2) As at 31 December 2023, the total amount of Treasury Bond ETF purchased by the Group from the open market with its temporarily idle self-owned funds was approximately USD17.8 million. The details of the Treasury Bond ETF can be referred to the announcements of date 19 May 2023, 21 May 2023, 25 May 2023, 14 June 2023, and 10 July 2023.

Except for Treasury Bond ETF, none of other single investment above-mentioned has a carrying amount that accounts for more than 5% of the Group's total assets as at 31 December 2023. Details of Treasury Bond ETF was set out in the "MATERIAL INVESTMENTS".

Financial assets at fair value through other comprehensive income ("FVOCI")

As at 31 December 2023, the Group's financial assets at fair value through other comprehensive income amounted to approximately RMB117.4 million (2022: approximately RMB103.6 million). These financial assets at fair value through other comprehensive income was comprised of listed and unlisted equity investments, the fair values of which were determined by an independent professional valuer engaged by the Group using market approach and asset-based approach. During the year, the Group received dividends of approximately RMB3.0 million from Xiamen Mengjia.

Set out below are details of financial assets at fair value through other comprehensive income as at 31 December 2023:

Investment category	**Fair value as at 31 December 2023** *(RMB'000)*	**Fair value as at 31 December 2022** *(RMB'000)*	**Percentage increase/ (decrease)** %
Game development companies[1]	**104,692**	90,096	16.2
Information technology services company[2]	**12,751**	13,493	(5.5)
Total	**117,443**	103,589	13.4

Notes:

(1) Game development companies include 2 companies, namely Xiamen Mengjia Network technology Co., Ltd. ("**Xiamen Mengjia**") and Shanghai Hanqu Network technology Co., Ltd. (上海瀚趣網絡科技有限公司). Among them, Xiamen Mengjia was listed on the National Equities Exchange and Quotations (the "**NEEQ**") (stock code: 839039), and delisted from NEEQ on 2 January 2019. The Group engages an independent professional valuer to determine its fair value using market comparable approach. Due to the poor management of Shanghai Hanqu Network technology Co., Ltd., the Group engages an independent professional valuer to determine its fair value using asset-based approach.

(2) Information technology services company refers to Shenzhen Lemon Network Technology Co., Ltd ("**Lemon Network**"), a company listed on NEEQ (stock code: 835924). Given that the shares of Lemon Network are transferred by agreement, the trading of the shares is not active and the trading volume of the shares is thin, the Group engages an independent professional valuer to determine its fair value using market approach.

Except for Xiamen Mengjia, none of other investee companies above-mentioned has a carrying amount that accounts for more than 5% of the Group's total assets as at 31 December 2023. Details of Xiamen Mengjia was set out in the "MATERIAL INVESTMENTS".

Contingent Liabilities

As at 31 December 2023, the Group did not have any material contingent liabilities.

2 USE OF PROCEEDS

On 19 December 2016, the Company entered into a subscription agreement with Ever Novel Holdings Limited ("**Subscriber**") pursuant to which the Subscriber agreed to subscribe for in cash, and the Company agreed to allot and issue 931,800,000 new shares of the Company at a subscription price of HK$0.41 per Share ("**Subscription**"). Completion of the Subscription took place on 20 February 2017. The gross proceeds and net proceeds from the Subscription were approximately HK$382.0 million and HK$380.5 million respectively.

As of the date of this announcement, the accumulated amount of RMB101.3 million of the proceeds from the Subscriptions have been used the use of the proceeds of the Subscription is the same as that of the subscription agreement entered by the Group, the remaining amount of the proceeds from the Subscription was RMB235.9 million.

On 23 August 2022, the Board has resolved to change the use of the proceeds, and reallocated the balance of funds raised from the subscription for investment in the technology, internet and big consumption sectors to keep consistence with the direction of national policies, which will be beneficial to the Group to seize investment opportunities in the market. It is also conducive to expand the Group's investment base and sources of profit. The reallocation of the net proceeds is in line with the business strategy of the Group and is more favorable to the Group's long term business development, which is in the best interest of the Company and the Shareholders as a whole. Please refer to the announcement published on 23 August 2022 of the Group.

Details of the original allocation of the net proceeds, revised allocation of net proceeds, utilized and unutilized net proceeds as at the date of this announcement are set out as below:

Proposed Usage	**Original allocation of the Proceeds** *(RMB million)*	**Utilised Net Proceeds as at the date of this announcement** *(RMB million)*	**Reallocation of the Unutilised Net Proceeds** *(RMB million)*	**Unutilised Net Proceeds as at the date of this announcement** *(RMB million)*
Acquisition of upstream and downstream mobile online game	337.2	101.3	–	–
Investment in technology, internet and big consumption industry, etc.	–	–	200.5	200.5
General Working capital	–	–	35.4	35.4
Total	337.2	101.3	235.9	235.9

The Directors of the Company will continuously review the plan of the use of the unutilised net proceeds and may amend such plan where necessary so as to cope with the changing market conditions and strive for better business performance of the Group.

3 MATERIAL INVESTMENTS

As at 31 December 2023, the details of significant investments of the Group were set out as follows:

Investment category	Name of the investment	Investment cost	Percentage investment of held as at 31 December 2023	Fair value/ Carrying amount as at 31 December 2022	Change in fair value/ share of profit for the year ended 31 December 2023	Fair value/ Carrying amount as at 31 December 2023	Size as compared to the Group's total assets as at 31 December 2023	Total amount of dividends/ distributions income received for the year ended 31 December 2023	Principal activities
		RMB'000	*(%)*	*RMB'000*	*RMB'000*	*RMB'000*	*(%)*	*RMB'000*	
FVOCI	Xiamen Mengjia	20,024	10	89,826	14,173	103,999	6.1	3,003	Games development
Investment in associate	Beijing Zhangwen	195,098	35	278,515	11,302	289,817	17.1	–	Incubation and operations of IP and provision of online book reading
FVPL	Treasury Bond ETF	126,310	N/A	–	(2,350)	123,960	7.3	2,590	

Save as disclosed above, for the year ended 31 December 2023, the Company did not have any material investments. However, the Group will continue to consolidate the current businesses, while seeking new opportunities to complement and strengthen our existing business operations.

4 HUMAN RESOURCES

As at 31 December 2023, the Group had 16 employees (2022: 18). The average headcounts of 2023 was 17 while it was 37 in 2022. The Group determines the remuneration of its employees based on various factors such as responsibilities, qualifications and years of experience. Total employee costs for the year ended 31 December 2023, including directors' emoluments, amounted to approximately RMB9.6 million, representing a decrease of approximately 25.1% as compared with 2022 (2022: approximately RMB12.8 million).

Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system which is reviewed regularly. A share option scheme have also been put in place for the Company to encourage employees to work towards enhancing the value of the Company and promote the long- term growth of the Company. Furthermore, the Group offers training programs for employees to upgrade their skills and knowledge on a regular basis.

5 MAJOR RISKS AND UNCERTAINTIES

The Group's operating performance, financial position and development prospects may be affected by risks and uncertainties directly or indirectly related to the Group's business. The risk factors listed below may lead to significant differences in the Group's operating performance, financial position and development prospects from expected or past performance. These factors are not comprehensive. In addition to the following, there may be other risks and uncertainties that are not known by the Group or may not be significant at present, but may become significant in the future.

Business Risk

The business of the Group's property investment segment is mainly leasing and property management, which may be affected by fluctuations in market prices of rent and property management fees, intensified competition and uncertainty of tenant mobility.

The regulatory policies of the cultural business are constantly being adjusted and improved, the industry faces fierce competition and changeable tastes of audiences. If the Group fails to adapt and respond successfully, it may adversely affect the business performance and development prospects.

The Group's investment performance in projects is mainly determined by the operation of these invested companies. If the invested companies fail to achieve the expected performance target, it might adversely affect the Group's business.

Policy Risk

In order to carry out kinds of business, the Group must abide by various policies and regulations. Changes in policies and regulations will affect the development of the Group's business, such as the related authorities adjustments to online literatures industry, which may lead to significant changes in operating and investing positions of the Group's business.

Economic and Political Environment

Adverse macroeconomic changes and geopolitical risks may affect the business environment and hence the operating results. The Group will maintain a prudent attitude in tracking macroeconomic changes and political environment and adjust its operating strategies and business plans promptly in response to different market conditions.

Banking Risk

In March 2023, the liquidity and solvency issues of Silicon Valley Bank and other banks attracted widespread attention. So far, the situation is still in the process of rapid change. This may bring risks to the safety of the group's funds. The management will check the Group's major banks from time to time to assess liquidity risks.

Foreign Exchange Risk

On 31 December 2023, HK Dollars and US Dollars denominated cash and cash equivalents held by the Group were approximately HKD1.9 million and USD54 million. The Group may be exposed to foreign exchange risk. However, The Group's main business is located in Chinese Mainland, and most of its revenues and expenditures are settled in RMB. The Board does not anticipate that future currency fluctuations will have a significant impact on the Group's business operations. The Group will continue to monitor the foreign exchange risk from time to time in accordance with the business development needs so as to endeavor to maintain the cash value of the Group.

6 UPDATE ON THE FULFILLMENT OF PERFORMANCE OF LANLANLANLAN FILM & TELEVISION

As at the date of this announcement, the Group held an aggregate of 29.52% share in Lanlanlanlan Film & Television, which was acquired through capital increase, share acquisition and equity compensation in 2016. As Lanlanlanlan Film & Television and its subsidiaries did not meet the respective target profit for 2017, 2018 and 2019, pursuant to the relevant transaction documents, the Group shall be compensated by the founders of Lanlanlanlan Film & Television by cash or equity. As at the date of this announcement, the disposal of an aggregate of 23.56% equity interests in Lanlanlanlan Film & Television to the founder of the Lanlanlanlan Film & Television, has yet to be completed. RMB5 million has been paid by the founders to the Group for such disposal.

The founders of Lanlanlanlan Film & Television had undertaken to the Group to perform its obligations in relation to the compensation and the purchase of equity interest by 24 March 2022, but failed to fulfill such undertaking on time and the Group has filed an arbitration application with the Shenzhen Court of International Arbitration ("**the SCIA**") on 15 March 2022, requesting for the payment of the equity repurchase amount of RMB141,380,434.37 and penalty interest of RMB59,043,116 by the founders of Lanlanlanlan Film & Television to the Group, totalling RMB200,423,550.37. The case was closed through mediation by the SCIA. According to the arbitration mediation statement, the founders of Lanlanlanlan Film & Television shall pay the Group a share repurchases fee and interest penalty totaling RMB200,423,550.37 before 20 November 2022. Since the founders of Lanlanlanlan Film & Television failed to fulfill the arbitration mediation agreement on time, the Group has applied to the People's Court for enforcement and is currently in the enforcement procedure.

For further details of the capital increase, acquisition, disposal and compensation, please refer to the announcements of the Company dated 18 December 2017, 13 March 2018, 3 September 2018, 25 March 2019 and 25 March 2020 and the circular of the Company dated 5 June 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CONTINUING OPERATIONS			
REVENUE	5	**68,578**	79,151
Cost of services provided		**(17,623)**	(18,255)
Gross profit		**50,955**	60,896
Other income and gains, net	5	**39,786**	16,901
Selling and marketing expenses		**(9)**	(1,870)
Administrative expenses		**(22,692)**	(23,622)
Other expenses, net		**(61,516)**	(48,017)
Share of profits and losses of associates, net		**9,937**	5,797
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	**16,461**	10,085
Income tax credit	7	**5,383**	11,922
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**21,844**	22,007
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation	8	**2,546**	(8,050)
PROFIT FOR THE YEAR		**24,390**	13,957
Attributable to:			
Owners of the Company		**24,448**	13,219
Non-controlling interests		**(58)**	738
		24,390	13,957

	Notes	**2023**	2022
		RMB'000	*RMB'000*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic (RMB per share)			
— For profit for the year		**0.88 cents**	0.49 cents
— For profit from continuing operations		**0.79 cents**	0.80 cents
Diluted (RMB per share)			
— For profit for the year		**0.88 cents**	0.48 cents
— For profit from continuing operations		**0.79 cents**	0.79 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**24,390**	13,957
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**7,168**	40,707
Reclassification adjustments of exchange differences for foreign operations disposed of during the year	**174**	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**7,342**	40,707
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Financial assets at fair value through other comprehensive income:		
Changes in fair value	**13,854**	(46,982)
Income tax effect	**(3,463)**	11,745
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**10,391**	(35,237)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**17,733**	5,470
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**42,123**	19,427
Attributable to:		
Owners of the Company	**42,181**	18,689
Non-controlling interests	**(58)**	738
	42,123	19,427

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**108,111**	114,301
Investment properties	11	**378,000**	414,000
Right-of-use assets		**11,253**	11,576
Intangible assets		**774**	796
Investment in associates		**294,890**	289,487
Financial assets at fair value through profit or loss		**55,908**	72,878
Financial assets at fair value through other comprehensive income		**117,443**	103,589
Deferred tax assets		**13,389**	16,316
Total non-current assets		**979,768**	1,022,943
CURRENT ASSETS			
Inventories		**500**	503
Trade receivables	12	**6,125**	7,410
Prepayments and other receivables		**9,499**	3,887
Financial assets at fair value through profit or loss		**195,960**	20,000
Restricted bank balances		**65**	65
Cash and cash equivalents		**501,695**	608,766
		713,844	640,631
Assets of a disposal group classified as held for sale	8	**–**	552
Total current assets		**713,844**	641,183
CURRENT LIABILITIES			
Trade payables	13	**7,022**	7,082
Other payables and accruals		**32,622**	36,383
Tax payable		**10,164**	15,963
		49,808	59,428
Liabilities directly associated with the assets classified as held for sale	8	**–**	4,670
Total current liabilities		**49,808**	64,098
NET CURRENT ASSETS		**664,036**	577,085
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,643,804**	1,600,028

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**82,545**	88,082
Total non-current liabilities		**82,545**	88,082
Net assets		**1,561,259**	1,511,946
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*14*	**23,450**	23,162
Reserves		**1,537,809**	1,490,432
		1,561,259	1,513,594
Non-controlling interests		**–**	(1,648)
Total equity		**1,561,259**	1,511,946

NOTES

1. CORPORATE INFORMATION

A8 New Media Group Limited (the "**Company**" or "**A8 New Media**") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

In the opinion of directors, Mr. Liu Xiaosong is the ultimate controlling shareholder of the Company.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities in the People's Republic of China (the "**PRC**" or "**Chinese Mainland**"):

- cultural business
- property investment

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**ISA**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less cost to sell. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
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*

The nature and the impact of the new and revised IFRSs are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

    Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. The amendments did not have any impact on the financial position and performance of the Group.

(d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

(a) the cultural business segment engages in the provision of (1) music-based entertainment; and (2) film and television production in the PRC; and

(b) the property investment segment invests in properties for rental and management fee income in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax from continuing operations. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax from continuing operations except that bank interest income and corporate and other unallocated income and expenses are excluded from such measurement.

For the year ended 31 December

	Cultural Business		**Property investment**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue	**402**	1,676	**68,176**	77,475	**68,578**	79,151
Cost of services provided	**(1,237)**	(1,736)	**(16,386)**	(16,519)	**(17,623)**	(18,255)
Gross profit/(loss)	**(835)**	(60)	**51,790**	60,956	**50,955**	60,896
Segment results	**3,029**	(14,293)	**12,662**	57,962	**15,691**	43,669
Reconciliation:						
Bank interest income					**23,835**	8,534
Corporate and other unallocated income and expenses, net					**(23,065)**	(42,118)
Profit before tax from continuing operations					**16,461**	10,085

5. REVENUE, OTHER INCOME AND GAINS, NET

As analysis of revenue, other income and gains, net from continuing operations are as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Music-based entertainment	**372**	1,635
Film and television production	**30**	41
Management services	**15,691**	16,791
	16,093	18,467
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	**1,339**	1,394
Other lease payments, including fixed payments	**51,146**	59,290
	52,485	60,684
	68,578	79,151
Other income and gains, net		
Bank interest income	**23,835**	8,534
Other interest income	**9**	–
Dividend and distribution income from financial assets at fair value through profit or loss	**9,664**	1,261
Dividend income from a financial asset at fair value through other comprehensive income	**3,003**	2,002
Fair value gains on investment properties	**–**	2,000
Government grant*	**1,235**	1,737
Foreign exchange differences, net	**1,112**	1,367
Others	**928**	–
	39,786	16,901

* There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	2023	2022
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**4,678**	5,251
Depreciation of right-of-use assets	**323**	323
Amortisation of intangible assets	**22**	376
Employee benefit expense (including directors' remuneration):		
Wages, salaries and bonuses	**8,069**	10,833
Staff education fee	**–**	28
Welfare, medical and other expenses	**579**	620
Contributions to social security plans (defined contribution scheme)*	**932**	1,311
	9,580	12,792
Impairment of trade receivables	**73**	1,806
Impairment of an investment in an associate	**4,534**	16,000
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**16,386**	16,519
Loss/(gain) on disposal of items of property, plant and equipment	**1,492**	(9)
Fair value losses/(gains) on investment properties	**36,000**	(2,000)
Fair value losses on financial assets at fair value through profit or loss	**19,320**	31,980

* There are no forfeited contributions that may be used by the Group as the employer to reduce its contributions in future years (2022: Nil). At 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2022: Nil).

7. INCOME TAX

The PRC enterprise income tax has been provided at the statutory tax rate of 25% (2022: 25%).

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

	2023	2022
	RMB'000	*RMB'000*
Current — PRC		
Charge for the year	**690**	10,227
Deferred	**(6,073)**	(22,149)
Total tax credit for the year from continuing operations and total tax credit for the year	**(5,383)**	(11,922)

8. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

On 23 December 2022, the Group entered into an equity transfer agreement with the other shareholders of Blueowlgames Limited ("**Blueowlgames**") and Shanghai Mu77 Network Technology Co., Ltd. ("**Shanghai Mu77**"), pursuant to which the Group agreed to sell its 51% equity interests in Blueowlgames and Shanghai Mu77 at considerations of RMB286,000 and RMB346,000, respectively, to the other shareholders. Blueowlgames and Shanghai Mu77 are principally engaged in game development and game publishing services (collectively referred to as "Disposed Game Development and Publishing Services") and represented a major line of the Group's business in the cultural business segment for operating segment information and the Disposed Game Development and Publishing Services was regarded as a discontinued operation. The disposal is part of the Group's strategic plan to reallocate its resources to fit its business plan. The disposal of Blueowlgames and Shanghai Mu77 were completed during the year ended 31 December 2023.

The results of the Disposed Game Development and Publishing Services for the years ended 31 December 2023 and 2022 are presented below:

	2023	2022
	RMB'000	*RMB'000*
Revenue	**–**	9,250
Cost of services provided	**–**	(1,943)
Gross profit	**–**	7,307
Other income and gains	**–**	337
Impairment of goodwill	**–**	(9,278)
Administrative expenses	**(25)**	(6,403)
Finance costs	**–**	(13)
	(25)	(8,050)
Gain on disposal of subsidiaries	**2,571**	–
Profit/(loss) before tax from a discontinued operation	**2,546**	(8,050)
Income tax expense	**–**	–
Profit/(loss) for the year from a discontinued operation	**2,546**	(8,050)

The major classes of assets and liabilities of the Disposed Game Development and Publishing Services classified as held for sale as at 31 December 2022 are as follows:

	RMB'000
Assets	
Trade receivables	6
Prepayments, other receivables and other assets	66
Cash and cash equivalents	480
Assets classified as held for sale	552
Liabilities	
Other payables and accruals	4,670
Liabilities directly associated with the assets classified as held for sale	4,670
Net liabilities directly associated with the disposed group	(4,118)

9. DIVIDENDS

No dividends have been paid or declared by the Company for the year ended 31 December 2023 (2022: Nil).

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

Basic earnings per share are calculated by dividing the profit attributable to the ordinary equity holders of the Company by the weighted average number of shares in issue during the years ended 31 December 2023 and 2022.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to the ordinary equity holders of the Company and the total of (i) the weighted average number of ordinary shares as used in the basic earnings per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit/(loss) for the year attributable to ordinary equity holders of the Company for the purpose of basic and diluted earnings per share calculation		
From continuing operations	**21,890**	21,871
From a discontinued operation	**2,558**	(8,652)
	24,448	13,219

	Number of shares	
	2023	2022
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,764,452**	2,719,733
Effect of dilution — weighted average number of ordinary shares:		
Share options	**7,957**	34,007
	2,772,409	2,753,740

11. INVESTMENT PROPERTIES

	2023	2022
	RMB'000	*RMB'000*
Carrying amount at 1 January	**414,000**	412,000
Fair value gains/(losses) on investment properties	**(36,000)**	2,000
Carrying amount at 31 December	**378,000**	414,000

12. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**8,004**	9,216
Impairment	**(1,879)**	(1,806)
	6,125	7,410

The Group has no formal credit period communicated to its customers but the customers usually settle the amounts due to it within a period of 30 to 120 days. 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. Trade receivables are non-interest-bearing.

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

	2023	2022
	RMB'000	*RMB'000*
Billed		
Within 1 month	**1,486**	1,954
1 to 2 months	**1,313**	1,739
2 to 3 months	**1,002**	1,484
Over 3 months	**2,324**	2,233
	6,125	7,410

13. TRADE PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**369**	–
1 to 3 months	**–**	–
4 to 6 months	**–**	–
Over 6 months	**6,653**	7,082
	7,022	7,082

The trade payables are non-interest-bearing and are normally settled on 30-day to 180-day terms.

14. ISSUED CAPITAL

Shares

	2023	2022
	RMB'000	*RMB'000*
Authorised:		
3,000,000,000 (2022: 3,000,000,000) ordinary shares of HK$0.01 each	**26,513**	26,513
Issued and fully paid:		
2,772,834,628 (2022: 2,740,388,628) ordinary shares of HK$0.01 each	**23,450**	23,162

A summary of movements in the Company's issued share capital is as follows:

	Notes	Number of issued and fully paid ordinary shares	Nominal value of ordinary shares *HK$'000*	Share premium *HK$'000*	Equivalent nominal value of ordinary shares *RMB'000*	Equivalent share premium *RMB$'000*
At 1 January 2022		2,707,190,628	27,072	1,150,481	22,870	968,683
Issue of new shares	*(a)*	33,198,000	332	11,076	292	9,667
At 31 December 2022 and 1 January 2023		2,740,388,628	27,404	1,161,557	23,162	978,350
Issue of new shares	*(b)*	32,446,000	324	6,626	288	5,903
As at 31 December 2023		2,772,834,628	27,728	1,168,183	23,450	984,253

Notes:

(a) The subscription rights attaching to 21,138,000 and 12,060,000 share options were exercised at the subscription price of HK$0.219 and HK$0.255 per share, respectively, resulting in the issue of 33,198,000 shares for a total cash consideration, before expenses, of approximately HK$7,705,000, equivalent to approximately RMB6,777,000. An amount of approximately RMB3,182,000 was transferred from the employee share-based compensation reserve to share premium upon the exercise of the share options.

(b) The subscription rights attaching to 2,734,000, 9,730,000 and 19,982,000 share options were exercised at the subscription price of HK$0.255, HK$0.221 and HK$0.167 per share, respectively, resulting in the issue of 32,446,000 shares for a total cash consideration, before expenses, of approximately HK$6,184,000 (equivalent to approximately RMB5,484,000). An amount of approximately RMB707,000 was transferred from the employee share-based compensation reserve to share premium upon the exercise of the share options.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2023, neither the Company nor its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 December 2023.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, and successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. 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**").

Code provision C.2.1 in the CG Code as set out in Appendix C1 to Listing Rules stipulates that the roles of Chairman and CEO should be separate and should not be performed by the same individual.

In the year ended 31 December 2023, the chairman and chief executive officer of the Company are both held by Mr. Liu Xiaosong, which did not comply with the corporate governance requirements as set out in code provision C.2.1. Considering Mr. Liu Xiaosong has diversified experience in the technology, internet and investment areas, and been being responsible for overall management and strategic planning of the Group, the Board considered that Mr. Liu is able to lead the Board in making business decision for the Group. Therefore, Mr. Liu has had the dual roles of the Chairman and CEO of the Company despite deviation from code provision C.2.1 during the year ended 31 December 2023.

Throughout the year ended 31 December 2023, the Company has applied the principles and complied with all code provisions, and where applicable, the recommended best practices as set out in the CG Code, except for the deviation from code provision C.2.1 as explained above. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure that they comply with the statutory and professional standards and align with the latest developments.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code for securities transactions by Directors on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix C3 to the Listing Rules. Upon specific enquiries of all Directors, each of them confirmed that they have complied with complied with the own code and the model code throughout the year ended 31 December 2023.

AUDIT COMMITTEE

The Audit Committee consists of three members and all members are independent non-executive directors, the Chairman Mr. Chan Yiu Kwong has appropriate professional qualifications and experience in financial matters. The main responsibilities of the Audit Committee are for reviewing and supervising the financial reporting process and internal control system of the Group.

The Audit Committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December, 2023, and discussed with the auditors and management the accounting policies and internal controls adopted by the Group. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

SCOPE OF WORK OF THE COMPANY'S AUDITORS IN RESPECT OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance conclusion has been expressed by Ernst & Young on this announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement of the Group will publish on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Group (http://www.a8nmg.com), and the Annual Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Group and published on the above websites in due course.

By order of the Board
A8 New Media Group Limited
Liu Xiaosong
Chairman

Hong Kong, 22 March 2024

As at the date of this announcement, the Board comprises of:

(1) Executive Directors namely Mr. Liu Xiaosong and Mr. Ji Bo; and

(2) Independent Non-Executive Directors namely Mr. Chan Yiu Kwong, Ms. Wu Shihong and Mr. Gao Shenglin.