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弘毅文化集團

HONY MEDIA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The board of directors (the “**Board**”) of Hony Media Group (the “**Company**”) is pleased to announce the results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	3	570,067	1,018,462
Cost of sales		<u>(407,112)</u>	<u>(659,603)</u>
Gross profit		162,955	358,859
Other income and other gains, net	3	3,865	10,502
Marketing and selling expenses		(156,753)	(352,946)
Research and development expenses		(10,372)	(17,321)
Administrative expenses		(51,539)	(70,371)
Net provision for impairment of financial assets		<u>(2,047)</u>	<u>(5,788)</u>
		(53,891)	(77,065)
Finance income		1,579	–
Finance costs		(20,667)	(17,612)
Finance costs, net	5	(19,088)	(17,612)
Share of results of an associate	14	(3,305)	(6,801)
Provision for impairment of interest in an associate	14	<u>–</u>	<u>(76,106)</u>
Loss before taxation	6	(76,284)	(177,584)
Taxation	7	<u>–</u>	<u>394</u>
Loss for the year		<u><u>(76,284)</u></u>	<u><u>(177,190)</u></u>
Attributable to:			
Equity holders of the Company		(66,717)	(163,489)
Non-controlling interest		<u>(9,567)</u>	<u>(13,701)</u>
		<u><u>(76,284)</u></u>	<u><u>(177,190)</u></u>
Loss per share attributable to the equity holders of the Company for the year		HK Cents	HK Cents (restated)
Basic and diluted loss per share	8	<u><u>(4.86)</u></u>	<u><u>(12.03)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Loss for the year		<u>(76,284)</u>	<u>(177,190)</u>
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss:			
– Currency translation differences		(2,755)	(22,972)
Item that may not be reclassified to profit or loss:			
– Currency translation differences		<u>(1,136)</u>	<u>2,168</u>
Other comprehensive loss for the year, net of tax		<u>(3,891)</u>	<u>(20,804)</u>
Total comprehensive loss for the year		<u><u>(80,175)</u></u>	<u><u>(197,994)</u></u>
Total comprehensive loss attributable to:			
Equity holders of the Company		(69,472)	(186,461)
Non-controlling interest		<u>(10,703)</u>	<u>(11,533)</u>
		<u><u>(80,175)</u></u>	<u><u>(197,994)</u></u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2025

		As at 31 December	
		2025	2024
	Notes	HK\$'000	HK\$'000
Assets			
Non-current assets			
Property, plant and equipment	10	1,563	2,846
Right-of-use assets	11	4,273	7,546
Intangible assets	12	293	1,186
Goodwill	13	27,243	27,198
Interest in an associate	14	100,637	102,951
Investment properties	15	10,418	10,629
Prepayments, deposits and other receivables	18	25,217	56,243
		169,644	208,599
Current assets			
Inventories	19	445	2,321
Trade and bills receivables	17	53,928	38,238
Prepayments, deposits and other receivables	18	86,959	78,486
Financial asset at fair value through profit or loss	16	12,938	12,619
Cash and cash equivalents	20	23,888	34,450
		178,158	166,114
Asset classified as held for sale	21	12,725	12,411
		190,883	178,525
Total assets		360,527	387,124
Equity and liabilities			
Equity			
Equity attributable to the equity holders of the Company			
Share capital	25	296,431	271,707
Deficits	26	(207,215)	(168,396)
		89,216	103,311
Non-controlling interests		(61,323)	(79,620)
Total equity		27,893	23,691

		As at 31 December	
		2025	2024
	Notes	HK\$'000	HK\$'000
Liabilities			
Non-current liabilities			
Lease liabilities	11	1,626	4,292
Long-term financial liabilities	28	56,052	47,887
Other borrowing	22	–	19,654
Convertible bonds	27	–	115,879
		<u>57,678</u>	<u>187,712</u>
Current liabilities			
Trade payables	23	64,120	53,410
Other payables and accrued liabilities	24	64,301	60,312
Contract liabilities	24	122	2,608
Bank and other borrowings	22	83,922	55,397
Convertible bonds	27	59,542	–
Lease liabilities	11	2,949	3,994
		<u>274,956</u>	<u>175,721</u>
Total liabilities		<u>332,634</u>	<u>363,433</u>
Total equity and liabilities		<u>360,527</u>	<u>387,124</u>

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Cash used in operations		(52,620)	(74,236)
Income tax paid		–	(49)
Interest paid		(685)	(239)
Net cash used in operating activities		(53,305)	(74,524)
Cash flows from investing activities			
Interest received		38	332
Purchases of property, plant and equipment		(25)	(195)
Purchases of intangible assets		(223)	–
Proceeds from sales of property, plant and equipment		23	3,539
Capitalised subsequent expenditure incurred for investment properties		–	(98)
Acquisition of a subsidiary, net of cash acquired		–	190
Deposit received for asset held for sale		15,500	–
Net cash generated from investing activities		15,313	3,768
Cash flow from financing activities			
Proceeds from issuance of convertible bonds		–	120,000
Proceeds from issuance of new shares upon share subscription		24,882	–
Repayment of bank and other borrowings		(24,193)	(40,239)
Proceeds from bank and other borrowings		31,427	44,641
Payment of deposits for securing other borrowings		–	(48,650)
Capital contribution from an investor of a subsidiary		2,768	17,465
Principal elements of lease payments		(4,527)	(6,551)
Interest paid		–	(9,888)
Net cash generated from financing activities		30,357	76,778
Net (decrease)/increase in cash and cash equivalents		(7,635)	6,022
Cash and cash equivalents at 1 January		34,450	27,037
Currency translation differences		(2,927)	1,391
Cash and cash equivalents at 31 December	20	23,888	34,450

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity holders of the Company				Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
Balance at 1 January 2024	271,707	2,050,476	(2,031,990)	290,193	(67,400)	222,793
Comprehensive loss:						
– Loss for the year	–	–	(163,489)	(163,489)	(13,701)	(177,190)
Other comprehensive (loss)/income:						
Currency translation differences						
– Group	–	2,256	–	2,256	–	2,256
– Associate (Note 14)	–	(25,228)	–	(25,228)	–	(25,228)
– Non-controlling Interests	–	–	–	–	2,168	2,168
Total comprehensive loss	–	(22,972)	(163,489)	(186,461)	(11,533)	(197,994)
Contribution by and distribution to owners of the Company recognized directly in equity:						
– Share-based compensation	–	(2,625)	–	(2,625)	(687)	(3,312)
– Issuance of convertible bonds	–	2,204	–	2,204	–	2,204
Total contribution by and distribution to owners	–	(421)	–	(421)	(687)	(1,108)
Balance at 31 December 2024	271,707	2,027,083	(2,195,479)	103,311	(79,620)	23,691

	Attributable to equity holders of the Company				Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
Balance at 1 January 2025	271,707	2,027,083	(2,195,479)	103,311	(79,620)	23,691
Comprehensive loss:						
– Loss for the year	–	–	(66,717)	(66,717)	(9,567)	(76,284)
Other comprehensive (loss)/income:						
Currency translation differences						
– Group	–	(3,746)	–	(3,746)	–	(3,746)
– Associate (Note 14)	–	991	–	991	–	991
– Non-controlling Interests	–	–	–	–	(1,136)	(1,136)
Total comprehensive loss	–	(2,755)	(66,717)	(69,472)	(10,703)	(80,175)
Contribution by and distribution to owners of the Company recognized directly in equity:						
– Share-based compensation	–	50	–	50	–	50
– Issuance of new shares upon share subscription	12,760	12,122	–	24,882	–	24,882
– Partial conversion of convertible bonds	11,964	47,481	–	59,445	–	59,445
– Transactions with non-controlling interests	–	(29,000)	–	(29,000)	29,000	–
Total contribution by and distribution to owners	24,724	30,653	–	55,377	29,000	84,377
Balance at 31 December 2025	296,431	2,054,981	(2,262,196)	89,216	(61,323)	27,893

Notes:

1 GENERAL INFORMATION

Hony Media Group (the “Company”) and its subsidiaries (together, the “Group”) is principally engaged in (i) digitized operation services in healthcare industry (“Echartnow”); (ii) smart healthcare services platform (“Meerkat Health”); and (iii) entertainment and media business. As disclosed in Note 30 to the consolidated financial statements, the operation of Meerkat Health is subsequently disposal of in January 2026.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 May 2002 under the Company Law (2002 Revision) (Cap. 22) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousand Hong Kong dollars (HK\$’000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 31 March 2026.

2 BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES

This note provides a basis of preparation and summary of accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Hony Media Group and its subsidiaries.

Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and asset classified as held for sale which are carried at fair values.

For the year ended 31 December 2025, the Group recorded a loss of approximately HK\$76,284,000 (2024: HK\$177,190,000) and net cash used in operating activities of HK\$53,305,000 (2024: HK\$74,524,000). As at 31 December 2025, the Group had net current liabilities of approximately HK\$84,073,000 (2024: net current assets of HK\$2,804,000).

In view of such circumstances, the directors of the Company have given careful consideration of the liquidity requirement for the Group's operations, the performance of the Group and available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The directors of the Company have taken into account the following measures in assessing the sufficiency of working capital requirements in the foreseeable future:

- (i) On 22 January 2026, the Company and United Strength LS Limited (the "CB Holder"), entered into the deed to extend the maturity date of the outstanding convertible bonds in the principal amount of HK\$60 million by 25 months from 21 March 2026 to 21 April 2028 (the "Extended CB Maturity Date"). In addition, the Company and the CB Holder agreed that the repayment date of any accrued interest of the convertible bonds shall also be extended to the Extended CB Maturity Date;
- (ii) In March 2026, a related party of the CB Holder ("the Facility Provider") has agreed to provide financial support to the Group which includes an unsecured and non-interest bearing loan facility of up to HK\$40 million (the "Loan Facility"). The Loan Facility could be drawn down by the Company at any time upon request until 30 June 2027. The Facility Provider has agreed not to demand repayment of the loan balance, if drawn down by the Company, on or before 31 December 2027;
- (iii) Management has obtained written confirmations from certain lenders of the Group's other borrowings that they will not demand repayment of the outstanding loan balances totalling approximately HK\$39 million on or before 31 December 2027; and
- (iv) Management has implemented and will continue to implement operational measures to improve the sales of the Group and to reduce operating costs and expenses while collecting outstanding receivables and realizing certain assets in the coming twelve months.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2025. The directors of the Company are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2025. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(i) *Amended standards adopted by the Group*

The Group has applied the following amended standards for the first time for their annual reporting period commencing 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

These standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

(ii) *New standards, interpretations and amendments not yet adopted by the Group*

A number of new standards, interpretations and amendments to existing standards that have been issued but are not yet effective and have not been early adopted by the Group in preparing these consolidated financial statements.

		Effective for annual periods beginning on
HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments)	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Amendment to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendment to HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Asset between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, management does not anticipate any significant impact on the Group's financial positions and results of operations.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some paragraphs in HKAS 1 have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the related amendments to other standards, will be effective for annual periods beginning on or after 1st January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated income statement and disclosures in the future consolidated financial statements.

3 REVENUE AND OTHER INCOME AND OTHER GAINS, NET

	2025	2024
	HK\$'000	HK\$'000
Revenue		
Provision of digitized operation services	471,968	869,555
Revenue from sales of pharmaceutical and healthcare product	97,869	145,851
Revenue from sales of television programmes, film rights and IP products	230	3,056
	570,067	1,018,462
Other income and other gains, net		
Interest income	38	332
Gain on financial liabilities at fair value through profit or loss (Note 27)	–	4,243
Fair value change on financial assets at fair value through profit or loss, net	319	(2,180)
Fair value change on interest in an associate measured at fair value through profit or loss	–	(4,536)
Fair value change on investment properties (Note 15)	(473)	7,371
Gain on disposal of subsidiaries	998	1,002
(Loss)/gain on disposal of property, plant and equipment	(32)	3,492
Loss on modification of financial assets	–	(2,426)
Government subsidy	208	4,422
Exchange gain/(loss), net	2,286	(1,879)
Others	521	661
	3,865	10,502

4 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the management committee which comprises the chief executive officer and the chief financial officer of the Group. The management committee reviews the Group's internal reporting in order to assess performance and allocate resources. The management committee has determined the operating segments based on these reports.

The management committee has determined that the Group is organized into three main operating segments: (i) Digitized operation services in healthcare industry (Echartnow); (ii) Smart healthcare services platform (Meerkat Health) (which was disposed of in January 2026 as detailed in Note 30 to the consolidated financial statements); and (iii) Entertainment and media businesses. The management committee measures the performance of the segments based on their respective segment results. The segment results derived from loss before taxation, excluding exchange losses, net, finance costs, net and unallocated expenses, net. Unallocated expenses, net mainly comprise of corporate income net off with corporate expenses including salary, depreciation of right-of-use assets in relation to office and apartment and other administrative expenses which are not attributable to particular reportable segment.

Segment assets exclude cash and cash equivalents and other unallocated head office and corporate assets which are managed on a group basis. Segment liabilities exclude income tax liabilities and other unallocated head office and corporate liabilities which are managed on a group basis.

There were no sales between the operating segments during the year ended 31 December 2025 (2024: Nil).

(a) **Business segment**

For the year ended 31 December 2025

	Digitized operation services in healthcare industry HK\$'000	Smart healthcare services platform HK\$'000	Entertainment and media HK\$'000	Total HK\$'000
Revenue	471,968	97,869	230	570,067
Share of results of an associate	-	-	(3,305)	(3,305)
Segment results	(12,797)	(3,831)	(2,756)	(19,384)
Exchange gain, net				2,286
Fair value change on financial assets at fair value through profit or loss — unallocated				319
Net reversal of impairment of financial assets — unallocated				318
Other unallocated expenses, net				(40,735)
Finance costs, net				(57,196)
				(19,088)
Loss before taxation				(76,284)
Taxation				-
Loss for the year				(76,284)
Loss for the year attributable to non-controlling interests				9,567
Loss for the year attributable to equity holders of the Company				(66,717)

For the year ended 31 December 2025

	Digitized operation services in healthcare industry HK\$'000	Smart healthcare services platform HK\$'000	Entertainment and media HK\$'000	Total HK\$'000
Segment assets	58,311	45,861	145,173	249,345
Unallocated assets				<u>111,182</u>
Total assets				<u><u>360,527</u></u>
Segment liabilities	105,875	52,176	-	158,051
Unallocated liabilities				<u>174,583</u>
Total liabilities				<u><u>332,634</u></u>
Other information:				
Additions of right-of-use assets				
– Allocated	655	-	-	655
– Unallocated				2,394
Purchases of property, plant and equipment				
– Allocated	7	-	-	7
– Unallocated				18
Depreciation of right-of-use assets				
– Allocated	1,117	180	-	1,297
– Unallocated				2,782
Depreciation of property, plant and equipment				
– Allocated	1,135	40	-	1,175
– Unallocated				134
Amortization of intangible assets	956	-	-	956
Write off of intangible assets	-	177	-	177
Purchase of intangible assets	223	-	-	223
Net (reversal of)/provision for impairment of trade receivables				
– Allocated	(109)	(223)	-	(332)
– Unallocated				9
Net provision for/(reversal of) impairment of deposits and other receivables				
– Allocated	143	-	(318)	(175)
– Unallocated				<u>(1,549)</u>

For the year ended 31 December 2024

	Digitized operation services in healthcare industry HK\$'000	Smart healthcare services platform HK\$'000	Entertainment and media HK\$'000	Total HK\$'000
Revenue	869,555	145,851	3,056	1,018,462
Share of results of an associate	–	–	(6,801)	(6,801)
Provision for impairment of interest in an associate	–	–	(76,106)	(76,106)
Segment results	(30,785)	(6,851)	(85,698)	(123,334)
Exchange losses, net				(1,879)
Fair value change on financial assets at fair value through profit or loss — unallocated				(2,180)
Fair value change on asset classified as held for sale — unallocated				(4,536)
Net provision for impairment of financial assets — unallocated				(1,451)
Other unallocated expenses, net				(26,592)
Finance costs, net				(159,972)
Loss before taxation				(177,584)
Taxation				394
Loss for the year				(177,190)
Loss for the year attributable to non-controlling interests				13,701
Loss for the year attributable to equity holders of the Company				(163,489)

For the year ended 31 December 2024

	Digitized operation services in healthcare industry HK\$'000	Smart healthcare services platform HK\$'000	Entertainment and media HK\$'000	Total HK\$'000
Segment assets	89,172	27,540	146,323	263,035
Unallocated assets				<u>124,089</u>
Total assets				<u><u>387,124</u></u>
Segment liabilities	120,423	31,153	–	151,576
Unallocated liabilities				<u>211,857</u>
Total liabilities				<u><u>363,433</u></u>
Other information:				
Additions of right-of-use assets	126	–	–	126
Purchases of property, plant and equipment				
– Allocated	63	–	–	63
– Unallocated				132
Purchases of intangible assets	–	216	–	216
Depreciation of right-of-use assets				
– Allocated	1,597	174	–	1,771
– Unallocated				4,128
Depreciation of property, plant and equipment				
– Allocated	1,438	71	–	1,509
– Unallocated				50
Amortization of intangible assets	–	1,269	–	1,269
Net (reversal of)/provision for impairment of trade receivables				
– Allocated	882	27	–	909
– Unallocated				(95)
Net provision for impairment of deposits and other receivables				
– Allocated	7	–	3,421	3,428
– Unallocated				1,546
Write back of long-term prepayments				(3,274)
Provision for impairment of interest in an associate	–	–	(76,106)	<u>(76,106)</u>

(b) **Geographical information**

The geographical information for the year ended 31 December 2025 and 2024 are as follows:

	Revenue from external customers		Non-current assets ^{Note}	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The PRC	570,067	1,018,462	42,074	49,368
Hong Kong	–	–	1,716	37
South Korea	–	–	100,637	102,951
	570,067	1,018,462	144,427	152,356

Note: Non-current assets exclude non-current portion of deposits and other receivables.

(c) Revenue from major customers who have individually contributed 10% or more of the total revenue of the Group for the year ended 31 December 2025 and 2024 are disclosed as follows:

	2025	2024
	HK\$'000	HK\$'000
Customer A	86,862	279,410

5 FINANCE COSTS, NET

	2025	2024
	HK\$'000	HK\$'000
Finance income		
Unwind interest on a financial asset	1,579	–
Finance costs		
Interest on bank and other borrowings	(1,241)	(1,881)
Interest on lease liabilities (Note 11)	(282)	(484)
Interest on long-term financial liabilities	(4,578)	(3,633)
Interest on convertible bonds (Note 27)	(14,566)	(11,614)
	(20,667)	(17,612)
Finance costs, net	(19,088)	(17,612)

6 LOSS BEFORE TAXATION

Loss before taxation is stated after (crediting)/charging the following:

	2025 HK\$'000	2024 HK\$'000
Depreciation of property, plant and equipment (Note 10)	1,309	1,559
Depreciation of right-of-use assets (Note 11)	4,079	5,899
Auditor's remuneration		
– Audit services	1,850	1,930
– Non-audit services	70	535
Expense relating to short-term leases (Note 11)	1,111	3,003
Net provision for impairment of financial assets		
– Trade receivables (Note 17)	323	814
– Deposits and other receivables (Note 18)	1,724	4,974
Write back of long-term prepayments	–	(3,274)
Amortization of intangible assets (Note 12)	956	1,269
Provision for impairment of interest in an associate (Note 14)	–	76,106
Costs of digitized operation services in healthcare industry	310,105	532,596
Costs of inventories sold (Note 19)	96,810	126,741
Promotion fees paid to content providers	135,129	319,857
Employee benefit expense:		
<i>Directors' fees</i>	920	960
<i>Wages and salaries</i>	42,708	59,325
<i>Contributions to defined contribution pension schemes (Note a)</i>	8,263	10,755
<i>Share-based compensation expenses/(reversal) (Note 25)</i>	50	(3,312)
	51,941	67,728

Note a: During the year ended 31 December 2025, no forfeited contributions were utilized by the Group to reduce its contributions for the current year (2024: Nil).

7 TAXATION

No Hong Kong profits tax has been provided as the Group has no estimated assessable profit in Hong Kong for the year (2024: same). Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the regions/countries in which the Group operates.

	2025	2024
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporate income tax	–	(26)
Deferred income tax credit	–	420
	<u>–</u>	<u>394</u>

8 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

For the purpose of calculation of basic and diluted loss per share for the years ended 31 December 2025 and 2024, the share consolidation being effective on 11 December 2025 (as detailed in note 25) was deemed to be effective throughout the period from 1 January 2024 to 31 December 2025. Accordingly, the weighted average number of ordinary shares of the Company in issue and the basic and diluted loss per share during the year ended 31 December 2024 were restated to reflect the effect of the above share consolidation.

	2025	2024
Weighted average number of ordinary shares in issue (thousands) (2024: restated)	<u>1,371,972</u>	<u>1,358,534</u>
Loss attributable to equity holders of the Company (HK\$'000)	(66,717)	(163,489)
Basic loss per share attributable to equity holders of the Company (HK cents per share) (2024: restated)	<u>(4.86)</u>	<u>(12.03)</u>

For the year ended 31 December 2025 and 2024, diluted loss per share equals to basic loss per share as the potential ordinary shares were not included in the calculation of diluted loss per share because they are anti-dilutive.

9 DIVIDEND

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2025 (2024: Nil).

10 PROPERTY, PLANT AND EQUIPMENT

	Building HK\$'000	Machinery and equipment HK\$'000	Furniture, computer and equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Year ended 31 December 2024						
Opening net book amount	–	1	2,383	2,965	104	5,453
Additions	–	–	195	–	–	195
Written-off	–	–	(1,105)	–	–	(1,105)
Disposal	–	–	(47)	–	–	(47)
Depreciation	–	–	(368)	(1,171)	(20)	(1,559)
Exchange differences	–	–	(38)	(50)	(3)	(91)
Closing net book amount	–	1	1,020	1,744	81	2,846
At 31 December 2024						
Cost	886	24	2,926	6,245	1,359	11,440
Accumulated depreciation	(886)	(23)	(1,906)	(4,501)	(1,278)	(8,594)
Net book amount	–	1	1,020	1,744	81	2,846
Year ended 31 December 2025						
Opening net book amount	–	1	1,020	1,744	81	2,846
Additions	–	–	25	–	–	25
Disposal	–	–	(55)	–	–	(55)
Depreciation	–	–	(316)	(978)	(15)	(1,309)
Exchange differences	–	–	20	32	4	56
Closing net book amount	–	1	694	798	70	1,563
At 31 December 2025						
Cost	886	24	2,963	6,354	1,394	11,621
Accumulated depreciation	(886)	(23)	(2,269)	(5,556)	(1,324)	(10,058)
Net book amount	–	1	694	798	70	1,563

Depreciation expenses of approximately HK\$1,230,000 (2024: HK\$1,469,000), HK\$9,000 (2024: HK\$20,000) and HK\$70,000 (2024: HK\$70,000) have been charged in administrative expenses, marketing and selling expenses and research and development expenses respectively.

11 LEASES

(i) Amounts recognized in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2025 HK\$'000	2024 HK\$'000
Right-of-use assets		
Office	4,273	7,546
	<u>4,273</u>	<u>7,546</u>
Lease liabilities		
Current	2,949	3,994
Non-current	1,626	4,292
	<u>4,575</u>	<u>8,286</u>

Additions to the right-of-use assets (including acquisition of subsidiaries) during the year ended 31 December 2025 was HK\$3,049,000 (2024: HK\$126,000).

(ii) Amounts recognized in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Notes	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets —			
offices	6	4,079	5,899
Interest expense (included in finance costs)	5	282	484
Expense relating to short-term leases (included in administrative expenses)	6	<u>1,111</u>	<u>3,003</u>

(iii) The Group's leasing activities

The Group leased various offices for its operations in Hong Kong and the PRC. Rental contracts are generally made for fixed periods of 6 months to 5 years, but may have extension options as described in Note 11(iv) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

(iv) Extension and termination options

Extension and termination options are included in the lease held by the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

12 INTANGIBLE ASSETS

	Licenses and softwares	
	2025	2024
	HK\$'000	HK\$'000
As at 1 January	1,186	2,274
Additions	223	–
Additions through acquisition of a subsidiary	–	216
Written off	(177)	–
Amortization (Note 6)	(956)	(1,269)
Exchange differences	17	(35)
As at 31 December	<u>293</u>	<u>1,186</u>
As at 31 December		
Cost	5,057	4,930
Accumulated amortization	<u>(4,764)</u>	<u>(3,744)</u>
Net carrying amount	<u>293</u>	<u>1,186</u>

Amortization expenses of approximately HK\$856,000 (2024: HK\$1,169,000) and HK\$100,000 (2024: HK\$100,000) have been charged in administrative expenses and marketing and selling expenses respectively.

13 GOODWILL

	2025 HK\$'000	2024 HK\$'000
Cost and net carrying amount as at 1 January	27,198	27,203
Addition through business combination – smart healthcare services platform	–	253
Written off upon liquidation of a subsidiary	(257)	–
Exchange differences	302	(258)
	<hr/>	<hr/>
Cost and net carrying amount as at 31 December	<u>27,243</u>	<u>27,198</u>

Impairment testing of goodwill

Except for the immaterial goodwill acquired through business combination – smart healthcare services platform – during the year ended 31 December 2024, the above goodwill acquired through business combinations is mainly allocated to the following CGU for impairment testing — Digitized operation services in healthcare industry. The Group has engaged an independent valuer to determine the recoverable amount of this CGU as at 31 December 2025 and 2024 using discounted cash flow projections based on financial budgets covering a five-year period. The compound annual revenue growth rate is 10.0% (2024: 6.5%). The discount rate applied to the cash flow projections is 18.0% (2024: 19.0%). The growth rate used to extrapolate the cash flows beyond the five-year period is 2.0% (2024: 2%), which approximates the long-term average growth rate of this CGU in the PRC.

As at 31 December 2025, based on the impairment test performed, the recoverable amounts of the CGU exceeded its carrying amount by approximately HK\$35,737,000 and no impairment of goodwill was recognised (2024: Nil). A reasonable change in assumptions would not result in impairment, therefore disclosure of sensitivity analysis is not considered necessary.

14 INTEREST IN AN ASSOCIATE

As at 31 December
2025 2024
HK\$'000 **HK\$'000**

Interest in an associate accounted for using the equity method

– Interest in HB Entertainment Co., Ltd.	100,637	102,951
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Set out below are the associates of the Group as at 31 December 2025 which, in the opinion of the directors, are material to the Group. These associates are private companies and there is no quoted market price available for their shares. There are no contingent liabilities relating to the Group's interests in associates, and there are no contingent liabilities of the associates themselves.

Details of interests in associates as at 31 December 2025 and 2024 are as follows:

Name	Place of establishment and kind of legal entity	% of ownership interest		Principal activities and place of operation
		2025	2024	
HB Entertainment Co., Ltd. ("HB Entertainment")	South Korea, limited liability company	31%	31%	Production of and investments in movies and TV drama series, provision of entertainer/artist management and agency services in South Korea

Summarized balance sheet

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Current		
Cash and cash equivalents	48,138	35,658
Other current assets (excluding cash)	<u>155,083</u>	<u>79,585</u>
Total current assets	<u>203,221</u>	115,243
Current financial liabilities (excluding trade payables)	(6,936)	(54,061)
Other current financial liabilities	<u>(140,482)</u>	<u>(53,557)</u>
Total current liabilities	<u>(147,418)</u>	(107,618)
Non-current		
Total non-current assets	<u>57,614</u>	112,612
Total non-current liabilities	<u>(7,519)</u>	(9,685)
Net assets	<u>105,898</u>	110,552
Non-controlling interests	<u>18,284</u>	14,968
Net assets attributable to the equity holders	<u><u>124,182</u></u>	<u><u>125,520</u></u>
Summarized statement of comprehensive income		
	2025	2024
	HK\$'000	HK\$'000
Revenue	<u><u>72,240</u></u>	<u><u>91,990</u></u>
Loss before taxation	(9,995)	(20,030)
Taxation	<u>(3,396)</u>	<u>(4,273)</u>
Loss after taxation	(13,391)	(24,303)
Other comprehensive gain/(loss)	<u>212</u>	<u>(14,911)</u>
Total comprehensive loss	<u><u>(13,179)</u></u>	<u><u>(39,214)</u></u>

The information above reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts. They have been amended to reflect adjustments (if any) made by the entity when using the equity method.

Movements of interest in HB Entertainment are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	102,951	211,086
Share of results	(3,305)	(6,801)
Provision for impairment	–	(76,106)
Exchange differences	991	(25,228)
At 31 December	<u>100,637</u>	<u>102,951</u>

Reconciliation of summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of its interest in HB Entertainment

	2025 HK\$'000	2024 HK\$'000
Summarized financial information		
Opening net assets as at 1 January	125,520	164,734
Loss for the year	(13,391)	(24,303)
Exchange differences	12,053	(14,911)
Closing net assets as at 31 December	<u>124,182</u>	<u>125,520</u>
Interest in HB Entertainment	34,975	38,614
Goodwill	65,662	64,337
Carrying value	<u>100,637</u>	<u>102,951</u>

Impairment assessment for the interest in HB Entertainment

Recoverable amount was determined by the higher of the amount determined by value-in-use calculation or by fair value less costs of disposal.

The recoverable amount as at 31 December 2025 and 2024 was determined by fair value less costs of disposal. Management determined that the average enterprise value-to-revenue ratio based on a pool of comparable listed companies within the same industry.

Key assumptions adopted in the calculation of recoverable amount were as follows:

	As at 31 December	
	2025	2024
Unobservable inputs adopted in fair value less costs of disposal calculation		
Average enterprise value-to-revenue ratio	2.94	2.05
Discounts for lack of marketability	20%	20%
Significant influence premium	15%	15%

No provision for impairment of interest in HB Entertainment has been recognized for the year ended 31 December 2025. A reasonable change in assumptions would not result in impairment as a such disclosure of sensitivity analysis is not considered necessary.

Provision for impairment of interest in HB Entertainment of approximately HK\$76,106,000 has been recognized for the year ended 31 December 2024. The incurrence of significant amount of impairment provision for the year is mainly attributed to the following reasons:

- i) There was a general downward trend in the valuation of entertainment-related listed companies in the Korean market during 2024. This is evidenced by the significant drop of average enterprise value-to-revenue ratio based on a pool of comparable listed companies within the same industry of HB Entertainment from 3.20 as at 31 December 2023 to 2.05 as at 31 December 2024; and
- ii) HB Entertainment has produced two TV dramas in 2023, while by end of 2024 there was only one TV drama being completed substantially (which was premiered in January 2025). This led to a significant drop in revenue of HB Entertainment which is one of the key parameters for determination of recoverable amount.

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the business was below its carrying amount as at 31 December 2024 by approximately HK\$76,106,000.

The Group performs the sensitivity analysis based on the assumptions that discount for lack of marketability and significant influence premium have been changed. Had the estimated key assumptions during the forecast period been changed as below, the (shortfall)/headroom would be decreased to as below:

	As at December 31	
	2025	2024
	HK\$'000	HK\$'000
Discounts for lack of marketability increased by 5%	8,942	(77,393)
Significant influence premium decreased by 5%	9,605	(76,778)

15 INVESTMENT PROPERTIES

	2025	2024
	HK\$'000	HK\$'000
Non-current assets – at fair value		
Opening balance at 1 January	10,629	–
Transfer from long-term prepayments	–	3,274
Capitalized subsequent expenditure	–	98
Net (loss)/gain from fair value adjustment (Note 3)	(473)	7,371
Exchange differences	262	(114)
Closing balance at 31 December	<u>10,418</u>	<u>10,629</u>

(i) Amounts recognized in profit or loss for investment properties

	2025	2024
	HK\$'000	HK\$'000
Rental income from operating leases	236	177
Direct operating expenses from property that generated rental income	79	8
Fair value (loss)/gain recognized in other income and other gains, net	(473)	7,371

The investment properties are leased to tenants under operating leases with rentals payable half-yearly. Lease income from operating leases where the group is a lessor is recognized in income on a straight-line basis over the lease term.

Minimum lease payments receivable on leases of investment properties are as follows:

	2025	2024
	HK\$'000	HK\$'000
Within 1 year	59	236
Between 1 and 2 years	–	59
	<u>59</u>	<u>295</u>

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Put option		
– Deep Sea Health Limited (“DSH”) (Note a)	12,938	12,619

Note:

- (a) On 12 August 2021, the Company has completed an acquisition of 21.88% equity interest in DSH, which became an associate of the Group. In connection with the acquisition, the Company has been granted an option to put the whole of acquired 21.88% equity interests in DSH to the founder and largest shareholder of DSH by 30 December 2022 at its original cost of acquisition (“2022 option”). Pursuant to the supplemental agreement entered into on 28 December 2022, the Company has agreed not to exercise the 2022 option, and has been granted another option to put its equity interests in DSH to the founder and the largest shareholder of DSH by 31 December 2024 at its original cost of acquisition plus a premium of 8% per annum. On 30 December 2024, it was agreed that the Group will dispose the investment in DSH at a consideration of RMB23,200,000 to the controlling shareholder of DSH or his designate parties. As of 31 December 2025, RMB14,000,000 of such consideration has been received by the Group.

Upon initial recognition, the put option was classified as a financial asset measured at fair value through profit or loss. The fair value of the put option was estimated as at 31 December 2024 using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The unobservable inputs adopted by the Group include expected volatility of 26.75%, expected dividend yield of 0.00%, exercise probability of 100.00% and risk-free interest rate of 1.09%. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

As the Group has agreed with the controlling shareholder of DSH to dispose of the investment in DSH at a consideration of RMB23,200,000, the Group’s management adopted the approach of estimating the fair value of the put option as at 31 December 2025 by referencing to the agreed transaction consideration.

17 TRADE AND BILLS RECEIVABLES

The aging analysis of the trade and bills receivables based on invoice date is as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
0–3 months	40,084	36,396
4–6 months	9,262	1,757
7–9 months	2,618	20
10–12 months	365	119
Over 1 year	10,676	9,586
	63,005	47,878
Less: Provision for impairment	(9,077)	(9,640)
	53,928	38,238

Classification as trade and bills receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and bills receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Group's credit terms with its customers are up to 90 days.

Movements on the Group's provision for impairment of trade and bills receivables are as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
At 1 January	9,640	8,832
Net reversal of impairment (Note 6)	323	814
Write off of trade receivable	(950)	–
Exchange differences	64	(6)
At 31 December	9,077	9,640

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The carrying amounts of trade and bills receivables approximate their fair values and are denominated in RMB.

The maximum exposure to credit risk at the balance sheet date is the carrying value of trade and bills receivables disclosed above. The Group does not hold any collateral as security.

18 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Prepayments	2,343	11,115
Deposits and other receivables	<u>123,057</u>	<u>138,746</u>
	125,400	149,861
Less: Provision for impairment of deposits and other receivables	<u>(13,224)</u>	<u>(15,132)</u>
Total net balance of prepayments, deposits and other receivables (Note)	112,176	134,729
Less: Non-current portion	<u>(25,217)</u>	<u>(56,243)</u>
Current portion	<u><u>86,959</u></u>	<u><u>78,486</u></u>

Movements on the Group's provision for impairment of deposits and other receivables are as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
At 1 January	15,132	10,184
Net provision for impairment (Note 6)	1,724	4,974
Write off of other receivables	(3,696)	–
Exchange differences	<u>64</u>	<u>(26)</u>
At 31 December	<u><u>13,224</u></u>	<u><u>15,132</u></u>

The carrying amounts of prepayments, deposits and other receivables of the Group are denominated in the following currencies:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
HK\$	32,625	50,313
RMB	79,551	84,416
	112,176	134,729

The carrying amounts of deposits and other receivables approximate their fair values.

The maximum exposure to credit risk at the balance sheet date is the carrying value of deposits and other receivables disclosed above.

Note: The total net balance of prepayments, deposits and other receivables comprised the following significant components:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Unutilized film production investment amount (i)	32,147	42,718
Deposits paid for securing other borrowings (ii)	48,650	48,650
Other receivable generated from the discontinued operation of “Beijing Bayhood No. 9 Club” (iii)	20,484	21,830
Deposits paid to the suppliers of healthcare consumption business (iv)	252	8,054
Rental deposits	866	2,129
Others	9,777	11,348
	112,176	134,729

- (i) As detailed in the Company’s announcement dated 10 December 2015, the Group has invested an aggregate amount equivalent to approximately HK\$369 million (the “Total Investment Amount”) pursuant to a film production investment agreement entered into with an independent film producer in 2015. Over the time a portion of the Total Investment Amount was converted into the Group’s investment in movie projects, while a portion of such amounts were not utilized and were returned back to the Group. The amount of HK\$32,147,000 (2024: HK\$42,718,000) as at 31 December 2025 represented the outstanding balance of the unutilized film investment amounts due from the film producer. On the other hand, the Group has received a security deposit (included in other payables of the Group) of approximately HK\$6,311,000 (2024: HK\$13,336,000) from an affiliate of the film producer as a pledge against these other receivables.

- (ii) As of 31 December 2025, the Group has paid deposits of approximately HK\$48,650,000 (2024: HK\$48,650,000) for securing certain of its other borrowings equivalent to approximately HK\$48,936,000 (2024: HK\$47,730,000) (Note 22).
- (iii) The amount represented the net receivable amount due from Beijing Bayhood No. 9 Business Hotel Company Limited generated from the Group's discontinued operation in relation to Healthcare and Wellness Services – Beijing Bayhood No. 9 Club.
- (iv) The amount represented deposits paid to the suppliers of pharmaceutical products by a subsidiary of the Group in relation to the healthcare consumption business of “Meerkat Health”, so as to secure the purchases of certain pharmaceutical products, especially for those with high demand but limited supply in the market.

19 INVENTORIES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Finished goods	<u>445</u>	<u>2,321</u>

The cost of inventories sold of approximately HK\$96,810,000 (2024: HK\$126,741,000) was recognized as expense and included in “Cost of sales” in the consolidated income statement for the year ended 31 December 2025.

No provision of impairment of inventories was recognized for the year ended 31 December 2025 (2024: same).

20 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Cash and bank balances	<u>23,888</u>	<u>34,450</u>
Denominated in:		
HK\$	10,416	1,648
RMB	13,471	32,790
US\$	<u>1</u>	<u>12</u>
	<u>23,888</u>	<u>34,450</u>
Maximum exposure to credit risk	<u>23,863</u>	<u>34,425</u>

The Group's cash and bank balances of approximately HK\$13,471,000 (2024: HK\$32,790,000) as at 31 December 2025 were denominated in RMB and held in the PRC. The remittance of these funds out of the PRC is subject to the foreign exchange restrictions imposed by the PRC government.

21 ASSET CLASSIFIED AS HELD FOR SALE

	2025	2024
	HK\$'000	HK\$'000
Interest in an associate — Deep Sea Health Limited	<u>12,725</u>	<u>12,411</u>
	<u><u>12,725</u></u>	<u><u>12,411</u></u>

On 12 August 2021, the Company has completed an acquisition of 21.88% equity interest in Deep Sea Health Limited (“DSH”) at a consideration equivalent to RMB20 million. Through the investment the Company has indirectly obtained a minority stake in a high-end clinic and hospital operation currently based in Shanghai. The Group was able to exercise significant influence over DSH. The Group had elected to measure the investment in DSH at fair value through profit or loss since the Group decides the investment in DSH has the characteristics of a venture capital investment.

On 30 December 2024, it was agreed that the Group will dispose the investment in DSH at a consideration of RMB23,200,000 to the controlling shareholder of DSH or his designated parties. Accordingly the relevant interest in associates was reclassified to asset classified as held for sale as of 31 December 2024. As of 31 December 2025, RMB14,000,000 of such consideration has been received by the Group. No impairment was recognized for the asset classified as held for sale, as the exercise of put option effectively fixed the total consideration at RMB23,200,000. Refer to Note 16 for more details.

The Group has engaged an independent valuer to determined the fair value of the unlisted investment as at 31 December 2024. The valuation of DSH was determined by using the market approach that made reference to price-to-sales multiples of the comparable companies in the same industry.

22 BANK AND OTHER BORROWINGS

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Current:		
Bank borrowing (Note a)	22,143	10,799
Other borrowings (Note b)	61,779	44,598
	83,922	55,397
Non-current:		
Other borrowings (Note b)	–	19,654
	83,922	75,051
Denominated in:		
RMB	83,922	75,051
HK\$	–	–
	83,922	75,051

As at 31 December 2025 and 2024, carrying amounts of bank and other borrowings approximated their fair values.

Note a: As at 31 December 2025, bank borrowing is secured (2024: secured), interest bearing at 3.3% (2024: 3.45%) and repayable within 1 year (2024: 1 year).

Note b: As at 31 December 2025, approximately HK\$48,936,000 (2024: HK\$47,730,000) of the other borrowings are secured by deposits of approximately HK\$48,650,000 (2024: HK\$48,650,000) (Note 18). The remaining other borrowings of approximately HK\$12,843,000 (2024: HK\$16,522,000) are unsecured.

Approximately HK\$61,779,000 (2024: HK\$44,598,000) and Nil (2024: HK\$19,654,000) of the other borrowings are repayable within 1 year and 2 years, respectively.

Approximately HK\$4,429,000 (2024: HK\$16,198,000) of the other borrowings are interest-bearing at a weighted average rate of 6.00% (2024: 6.00%) per annum. The remaining other borrowings of approximately HK\$57,350,000 (2024: HK\$48,054,000) are interest-free.

23 TRADE PAYABLES

The aging analysis of trade payables based on the invoice date were as follows:

	2025 HK\$'000	2024 HK\$'000
0–3 months	22,205	51,940
3–6 months	244	680
Over 6 months	41,671	790
	<u>64,120</u>	<u>53,410</u>

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

The carrying amounts of trade payables of the Group are denominated in RMB.

The carrying amounts of trade payables approximate their fair values.

24 CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUED LIABILITIES

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Current liabilities:		
Other payables and accrued liabilities (Note i)	48,801	60,312
Deposits received for assets held for sale (Note 21)	15,500	–
Contract liabilities (Note ii)	122	2,608
	<u>64,423</u>	<u>62,920</u>

Notes:

- (i) Other payables and accrued liabilities mainly represented accrued operating expenses and PRC other tax payables.
- (ii) Contract liabilities represent advanced payments received from the customers for services that have not been transferred to the customers. The balance was mainly arising from the business in relation to digitized operation services in healthcare industry.

The carrying amounts of other payables and accrued liabilities approximate their fair values.

The carrying amounts of the Group's contract liabilities, other payables and accrued liabilities were denominated in the following currencies:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
HK\$	37,449	4,607
RMB	26,974	58,313
	<u>64,423</u>	<u>62,920</u>

25 SHARE CAPITAL

	Ordinary shares		Preference shares of HK\$0.01 each		Total
	No. of shares		No. of shares		HK\$'000
	'000	HK\$'000	'000	HK\$'000	HK\$'000
Authorized:					
At 1 January 2025 (ordinary shares: HK\$0.02 each)	150,000,000	3,000,000	240,760	2,408	3,002,408
Share consolidation (note c)	(135,000,000)	-	-	-	-
At 31 December 2025 (ordinary shares: HK\$0.20 each)	<u>15,000,000</u>	<u>3,000,000</u>	<u>240,760</u>	<u>2,408</u>	<u>3,002,408</u>
At 1 January 2024 and 31 December 2024 (ordinary shares: HK\$0.02 each)	<u>150,000,000</u>	<u>3,000,000</u>	<u>240,760</u>	<u>2,408</u>	<u>3,002,408</u>
Issued and fully paid:					
At 1 January 2025 (ordinary shares: HK\$0.02 each)	13,585,339	271,707	-	-	271,707
Issuance of shares upon share subscription (ordinary shares: HK\$0.02 each) (note a)	638,000	12,760	-	-	12,760
Issuance of shares upon partial conversion of convertible bonds (ordinary shares: HK\$0.02 each) (note b) (Note 27)	598,205	11,964	-	-	11,964
Share consolidation (note c)	(13,339,390)	-	-	-	-
At 31 December 2025 (ordinary shares: HK\$0.20 each)	<u>1,482,154</u>	<u>296,431</u>	<u>-</u>	<u>-</u>	<u>296,431</u>
At 1 January 2024 and 31 December 2024 (ordinary shares: HK\$0.02 each)	<u>13,585,339</u>	<u>271,707</u>	<u>-</u>	<u>-</u>	<u>271,707</u>

Notes:

(a) Share subscription

The Company issued 638,000,000 new ordinary shares of HK\$0.02 each upon completion of share subscription to an independent investor on 17 November 2025, raising gross proceeds of approximately HK\$24,882,000.

(b) Partial conversion of convertible bonds

On 28 November 2025, the holder of the Company's convertible bonds exercised its right to partially convert the convertible bonds with an aggregate principal amount of HK\$60,000,000 at the adjusted conversion price of HK\$0.1003 per share, resulting in the Company's allotment and issuance of 598,205,383 new ordinary shares of HK\$0.02 each. The remaining outstanding principal amount of convertible bonds following the above conversion is HK\$60,000,000.

(c) Share consolidation

As approved at the extraordinary general meeting of the Company held on 9 December 2025, every ten issued and unissued shares of HK\$0.02 each in the share capital of the Company have been consolidated into one consolidated share of HK\$0.20 each effective from 11 December 2025. For details, please refer to the circular dated 19 November 2025 and the supplemental announcement dated 20 November 2025 issued by the Company.

Share Option

The previous share option scheme adopted by the Company on 21 June 2022 (the "2022 Share Option Scheme") has been terminated on 21 June 2024. No share option has been granted pursuant to the 2022 Share Option Scheme and no further share options could be granted by the Company under such scheme upon its termination. At the same time, the Company adopted a new share option scheme (the "New Share Option Scheme") on 21 June 2024, pursuant to a resolution passed on the extraordinary general meeting of the Company on the same date.

Pursuant to the New Share Option Scheme, the Company can grant options to Eligible Participant(s) (as defined in the New Share Option Scheme) for a consideration of HK\$1.00 for each grant payable by the Eligible Participant(s) to the Company.

Subscription price in relation to each option pursuant to the New Share Option Scheme shall not be less than the higher of (i) the closing price of the shares as stated in Stock Exchange's daily quotation sheets on the date on which the option is offered to a Eligible Participant(s); or (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 trading days immediately preceding the date of offer; or (iii) the nominal value of the shares of the Company. The minimum holding period for the vesting or exercise of the options is 12 months and the options are exercisable within the option period as determined by the Board of Directors of the Company. No share-based compensation expense has been charged to the consolidated income statement accordingly (2024: Nil).

During the year ended 31 December 2025, no share options were granted, exercised, cancelled or lapsed, and there was no outstanding option under the New Share Option Scheme as at 31 December 2025 (2024: Nil).

Share award scheme

On 20 August 2021 (the “Adoption Date”), the Group adopted a share award scheme (“Share Award Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. On 21 June 2024, pursuant to a resolution passed on the extraordinary general meeting of the Company on the same date, the Share Award Scheme was further amended to bring it in line with the latest requirements of the Listing Rules. An award granted under the Share Award Scheme will take the form of a Restricted Share Unit (“RSU”), being a contingent right to receive shares of the Company which are awarded under the Share Award Scheme.

All grants of RSUs to the Company’s directors (including an executive director, a non-executive and an independent non-executive director) must first be approved by all the members of the remuneration committee of the Company, or in the case where the grant is proposed to be made to any member of the remuneration committee, by all of the other members of the remuneration committee. All grants of RSUs to connected persons shall be subject to compliance with the requirements of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders’ approval requirements, unless otherwise exempted under the Listing Rules.

During the year ended 31 December 2025, no share (2024: nil) were granted to selected participants pursuant to the Share Award Scheme. No share (2024: 15,000,000 shares) were forfeited/lapsed during the year ended 31 December 2025 because the vesting conditions had not been fulfilled. No share were vested and issued during the year ended 31 December 2025 (2024: no share).

For the year ended 31 December 2025, share-based compensation expense recognized in the consolidated income statement for share awards was approximately HK\$50,000 (2024: reversal of share-based compensation expense HK\$3,312,000).

The fair value of the awarded shares granted during the year ended 31 December 2023 of HK\$0.140 per share was calculated based on the closing price of the Shares at the date of grant.

26 DEFICITS

	Share premium HK\$'000 (Note ii)	Merger reserve HK\$'000 (Note i)	Capital redemption reserve HK\$'000 (Note iii)	Currency translation reserve HK\$'000 (Note iv)	Shares held for share award scheme HK\$'000	Equity component of convertible bonds HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2024	1,228,635	860,640	1,206	(51,234)	(938)	–	12,167	(2,031,990)	18,486
Loss for the year	–	–	–	–	–	–	–	(163,489)	(163,489)
Share-based compensation	–	–	–	–	–	–	(2,625)	–	(2,625)
Issuance/Unlocking of shares for vested share awards	122	–	–	–	20	–	(142)	–	–
Issuance of convertible bonds	–	–	–	–	–	2,204	–	–	2,204
Currency translation differences									
– Group	–	–	–	2,256	–	–	–	–	2,256
– Associate	–	–	–	(25,228)	–	–	–	–	(25,228)

Balance at 31 December 2024	<u>1,228,757</u>	<u>860,640</u>	<u>1,206</u>	<u>(74,206)</u>	<u>(918)</u>	<u>2,204</u>	<u>9,400</u>	<u>(2,195,479)</u>	<u>(168,396)</u>
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	Share premium HK\$'000 (Note ii)	Merger reserve HK\$'000 (Note i)	Capital redemption reserve HK\$'000 (Note iii)	Currency translation reserve HK\$'000 (Note iv)	Shares held for share award scheme HK\$'000	Equity component of convertible bonds HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2025	1,228,757	860,640	1,206	(74,206)	(918)	2,204	9,400	(2,195,479)	(168,396)
Loss for the year	–	–	–	–	–	–	–	(66,717)	(66,717)
Share-based compensation	–	–	–	–	–	–	50	–	50
Issuance/Unlocking of shares for vested share awards	122	–	–	–	20	–	(142)	–	–
Issuance of shares upon share subscription	12,122	–	–	–	–	–	–	–	12,122
Partial conversion of convertible bonds	48,583	–	–	–	–	(1,102)	–	–	47,481
Currency translation differences									
– Group	–	–	–	(3,746)	–	–	–	–	(3,746)
– Associate	–	–	–	991	–	–	–	–	991
– Transactions with non- controlling interests	–	–	–	328	–	–	(29,328)	–	(29,000)

Balance at 31 December 2025	<u>1,289,584</u>	<u>860,640</u>	<u>1,206</u>	<u>(76,633)</u>	<u>(898)</u>	<u>1,102</u>	<u>(20,020)</u>	<u>(2,262,196)</u>	<u>(207,215)</u>
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Notes:

- (i) The merger reserve of the Group derives from the difference between the nominal value of the Company's shares issued to acquire the issued share capital of a group company pursuant to the Group reorganization in 2002, and the consolidated net asset value of the group company so acquired. Under the Companies Law (2003 Revision) (Cap. 22) of the Cayman Islands, the merger reserve is distributable to shareholders under certain prescribed circumstances.
- (ii) The share premium of the Company represents the excess of the fair value of the issued shares over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Law (2003 Revision) (Cap. 22) of the Cayman Islands, a company may make distributions to its members out of the share premium in certain circumstances.
- (iii) During the year ended 31 December 2008, the Company repurchased 120,600,000 issued ordinary shares on the Stock Exchange. These repurchased shares were cancelled immediately upon repurchase. The total amount paid to acquire these issued ordinary shares of HK\$4,609,000 were deducted from shareholders' equity. A sum equivalent to the nominal value of the repurchased shares amounting to HK\$1,206,000 has been transferred from accumulated losses to capital redemption reserve.
- (iv) The Group has certain investments in subsidiaries and associate with RMB/KRW as their functional currency, which is subjected to foreign currency translation risk. Fluctuation in such currencies would be reflected in the movement of the translation reserve. Fluctuation of currency translation differences in other comprehensive income in current year was resulted from revaluation of RMB/KRW against HK\$ and reclassification to profit or loss upon deregistration of a subsidiary of the Group.

27 CONVERTIBLE BONDS

References are made to the Company's announcements dated 7 March 2024, 21 March 2024, 26 March 2024, 17 November 2025, 28 November 2025, 9 December 2025 and 22 January 2026 (the "Announcements"). The Company has issued 10% convertible bonds due March 2026 with an aggregate principal amount of HK\$120,000,000 in March 2024. The principal terms of the Convertible Bonds are set out below:

Principal amount: HK\$120,000,000 in two tranches (namely Tranche A Bonds of an aggregate principal amount of HK\$60,000,000, and Tranche B Bonds of an aggregate principal amount of HK\$60,000,000).

Interest: 10% per annum (payable in advance on the date of issue of the Convertible Bonds ("Issue Date"), and on a half-yearly basis on 30 June and 31 December in each year falling after the Issue Date (each an "Interest Payment Date")).

Maturity Date: For both Tranche A Bonds and Tranche B Bonds, same maturing date at the second anniversary of the Issue Date of the Tranche A Bonds.

Conversion rights: At any time after the Issue Date and up to and inclusive of the Maturity Date, the holder of the Convertible Bonds (the “CB Holder”) shall have the right, but not the obligation to convert, in whole or in part, the outstanding principal amount of the Convertible Bonds into such number of Conversion Shares (as defined thereafter) as determined by dividing the outstanding principal amount of the Convertible Bonds to be converted by the Conversion Price (as defined thereafter) in effect on the relevant conversion date.

Conversion Price (adjusted): HK\$1.003 per Share, subject to adjustment for, among other things, capitalisation issue, sub-division, consolidation and reclassification of shares, issue of shares in lieu of the whole or any part of a specifically declared cash dividend, capital distributions, cash dividend, offers to shareholders, issue of new shares for convertible or exchangeable securities at discount, issue of new shares at discount, consideration issues and other dilutive events.

The Conversion Price may not be reduced so that, on conversion of the Convertible Bonds, Shares would fall to be issued below their nominal amount.

Conversion Shares: Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the adjusted Conversion Price of HK\$1.003 per Share, the Convertible Bonds will be convertible into a total of 119,641,076 new shares of the Company.

Security: The Company and some of its subsidiaries provided certain pledges in favour of the Subscriber as security for the due performance by the Company of all its obligations under the Convertible Bonds. The said pledges comprise: (i) a share charge as to 100% equity interest in Maximum Gains and as to 100% equity interest in Robust Ocean entered into between the Company, Maximum Gains and the Subscriber, (ii) a share pledge as to 100% equity interest in Tenghai Boye entered into between the Subscriber, Robust Ocean and Tenghai Boye, (iii) a share pledge as to 46.1807% equity interest in Suzhou Yizhinuo entered into between the Subscriber, Tenghai Boye and Suzhou Yizhinuo, (iv) a share pledge as to 30.77% equity interest in HB Entertainment Co., Ltd. (an associated company of the Company) entered into between the Subscriber and the Company, (v) a charge over the bank account of Robust Ocean entered into between the Subscriber and Robust Ocean, and (vi) a charge over the bank account of Tenghai Boye entered into between the Subscriber and Tenghai Boye.

Redemption at option of the Company:	The Company shall have the right, by giving not less than 30 days' prior written notice to the CB Holder, to redeem in whole or in part the Convertible Bonds (which shall be in integral multiples of HK\$1,000,000) for the time being outstanding (the "Issuer Redemption Bonds") at 100% of the principal amount and any accrued but unpaid interest (after deducting any interest prepaid but unaccrued) (the "Redemption Amount") for such Issuer Redemption Bonds (each an "Issuer Redemption"). There shall be no more than three (3) Issuer Redemptions in total.
Redemption at maturity:	Unless previously redeemed or converted in full, the Company shall redeem all the Convertible Bonds held by a CB Holder on the Maturity Date by paying the CB Holder the Redemption Amount.

The movement of the Convertible Bonds as of 31 December 2025 and 2024 is set out as below:

	Liability component	Equity component	Total fair value
	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2025	115,879	2,204	118,083
Partial conversion of convertible bonds	(59,445)	(1,102)	(60,547)
Effective interest charged (Note 5)	14,566	–	14,566
Interest paid/payable	(11,458)	–	(11,458)
As at 31 December 2025	59,542	1,102	60,644
As at 1 January 2024	–	–	–
Issuance of convertible bonds	113,553	2,204	115,757
Effective interest charged (Note 5)	11,614	–	11,614
Interest paid/payable	(9,288)	–	(9,288)
As at 31 December 2024	115,879	2,204	118,083

The difference of HK\$4,243,000 between the fair value and nominal value (i.e. the aggregate principal amount of HK\$120,000,000 of the Convertible Bonds upon issuance) was recognized as an one-off gain through profit or loss (Note 3).

On 28 November 2025, the CB Holder exercised its right to partially convert the Convertible Bonds with an aggregate principal amount of HK\$60,000,000 at the adjusted Conversion Price of HK\$1.003 per share, resulting in the Company's allotment and issuance of 59,820,538 new ordinary shares. The remaining outstanding principal amount of Convertible Bonds following the above conversion is HK\$60,000,000.

No redemption of the Convertible Bond has occurred up to 31 December 2025 (2024: nil).

On 22 January 2026, the Company and the CB Holder entered into an extension deed (“Extension Deed”) to extend the maturity date of the outstanding Convertible Bonds in the principal amount of HK\$60,000,000 by 25 months from 21 March 2026 to 21 April 2028. In addition, the Company and the CB Holder agreed that the repayment date of any accrued interest of the Convertible Bonds shall also be extended to 21 April 2028. The Extension Deed has been effective since 19 March 2026.

28. LONG-TERM FINANCIAL LIABILITIES

In 2023, several subsidiaries of the Group have entered into a series of agreements (the “YZN Capital Increase and Reorganization Agreements”) with 張家港翼唐股權投資合夥企業(有限合夥) (Zhangjiagang Yitang Equity Investment Partnership (Limited Partnership)) (“Yitang”) and other relevant parties. Pursuant to the YZN Capital Increase and Reorganization Agreements, Yitang agreed to make capital contributions of RMB40,000,000 to Yizhinuo Technology (Suzhou) Co., Ltd. (“Suzhou YZN”), the holding company of the Echartnow operations after completion of the YZN Capital Increase and Reorganization Agreements, and would be interested in approximately 6.25% of the enlarged equity interest in Suzhou YZN.

In addition, pursuant to the YZN Capital Increase and Reorganization Agreements, Suzhou YZN shall use all endeavours to achieve the initial public offering on a reputable securities exchange within 5 years (“Qualified IPO”). If Suzhou YZN fails to complete a Qualified IPO or fails to be entirely acquired within the said period, Yitang may require Suzhou YZN to repurchase all or part of its equity interest held in Suzhou YZN in cash at cost of Yitang plus interest at 10% per annum (the “Repurchase Clause”). Accordingly, the capital contribution received by Suzhou YZN is accounted for as the Group’s long-term financial liabilities.

In May 2025, Yitang has made another capital contribution of RMB2,500,000 to Suzhou YZN with similar Repayment Clause as described above. Such additional capital contribution is also accounted for as the Group’s long-term financial liabilities.

29 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, during the year the Group had the following transactions with related parties.

(a) Related party balances

	As at 31 December	
	2025	2024
	HK\$’000	HK\$’000
Other borrowings (unsecured and non-interest bearing)		
– Mr. YUEN Hoi Po, an executive director of the Company	<u>1,439</u>	<u>1,404</u>

(b) Related party transactions

Reference is made to the Company's announcement dated 9 March 2026. The Company has been informed by a connected person of the Company at subsidiary level (who is a non-controlling shareholder of a subsidiary of the Group) on 27 February 2026 that an associate of that connected person has completed the subscription for new shares in one of the Group's service providers ("Related Party Service Provider") and is interested in 51% equity interest in that Related Party Service Provider. As such, that Related Party Service Provider has become a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules.

Cost of services and promotion fee paid to the Related Party Service Provider for the year ended 31 December 2025 amounted to approximately HK\$15,327,000 (2024: nil).

(c) Key management compensation

Remuneration for key management personnel, including amounts paid to the Company's directors.

30 SUBSEQUENT EVENTS

(a) Amendments to certain terms of the Convertible Bonds

Reference is made to the Company's announcement dated 22 January 2026. On 22 January 2026, in accordance with the terms and conditions of the Convertible Bonds, the Company and the CB Holder entered into an Extension Deed to extend the maturity date of the outstanding Convertible Bonds in the principal amount of HK\$60,000,000 by 25 months from 21 March 2026 to 21 April 2028. In addition, the Company and the CB Holder agreed that the repayment date of any accrued interest of the Convertible Bonds shall also be extended to 21 April 2028. The Extension Deed has been effective since 19 March 2026.

(b) Disposal of the operation of Meerkat Health

Reference is made to the Company's announcement dated 30 January 2026. On 30 January 2026, the Group entered into a sale and purchase agreement with an independent third party (the "Purchaser"), pursuant to which the Group has agreed to (i) dispose of the entire issued share capital of Heartily Health Limited (being the Hong Kong-incorporated holding company of the operations of Meerkat Health) to the Purchaser; and (ii) assign the shareholder's loan due and owing by Heartily Health Limited to the Purchaser ("Assignment"), at an aggregate consideration of HK\$1. The said transaction was completed on 30 January 2026. Upon completion, the financial results, assets and liabilities of the operations of Meerkat Health will no longer be consolidated into the consolidated financial statements of the Group. The Group is expected to record a gain on disposal of approximately HK\$6 million upon completion, which is estimated with reference to (i) the consideration of HK\$1 together with the Assignment; and (ii) the "Smart healthcare services platform" segment net liabilities of approximately HK\$6,315,000 as at 31 December 2025.

CHAIRMAN’S STATEMENT

I am pleased to present the annual results of Hony Media Group (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 31 December 2025.

In 2025, with the rapid advancement of artificial intelligence technology around the globe, the deep integration of AI into the content industry is transforming various content formats, including film, television, animation, and short videos. This integration is emerging as a new driving force for the growth of the culture and content industry both in China and internationally.

The field of global AI video generation and editing tools has witnessed a significant leap in functionality this year, with numerous mainstream international tools showing marked improvements in character consistency, physical detail rendering, camera movement fluidity and audio-visual synchronization. Some high-quality generated content has become nearly indistinguishable from real-life footage to the average viewer. In China, self-developed large models and video generation engines are rapidly maturing, demonstrating advantages in Chinese semantic comprehension, localized content creation, regulatory compliance and computational cost control. Several enterprises have expanded their global presence by raising capital through Hong Kong’s financial markets. Additionally, Chinese AI-generated micro dramas and AI-powered comic adaptations are experiencing explosive growth in overseas markets. Data indicated that global in-app purchase revenue for micro drama applications reached nearly US\$2.8 billion in 2025, a substantial portion of which originated from products operated or produced by Chinese companies. These products leverage AI-driven high productivity and multilingual localization capabilities as their core competitive advantages.

In the face of rapid shifts in technological paradigms and profound adjustments in the competitive landscape, the Group remained closely attuned to the pulse of industry development and actively embraced the structural opportunities presented by “AI + content”. We conducted proactive yet prudent research across strategic planning, technological investment, business models and capital market operations, all aimed at implementing the specific development directions of the Group’s international culture, media and entertainment businesses. Through these efforts, we strove to build a global platform for creating and producing high-quality content, gradually realizing the Group’s vision.

Meanwhile, “Echartnow”, the Group’s digitized operation business in the healthcare industry continued to develop soundly. Echartnow is also actively integrating AI technology to enhance its competitiveness. With the deepening of comprehensive compliance and digital transformation trends in the pharmaceutical industry, the Group will continue to work with Echartnow to enhance its core competitiveness, striving to achieve sustainable growth amidst industry cyclical fluctuations.

Finally, on behalf of the Board, I would like to extend our sincere gratitude to the shareholders, partners and all employees who have long supported the Group’s development. Looking ahead to 2026, we will continue to uphold our core values of innovation, professionalism and sustainable growth. We will seize the opportunities presented by the new era of “AI + Content” and join hands with all stakeholders to create a more imaginative future together.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 2025 (the “Year”), the Group’s revenue was HK\$570,067,000, representing a decrease of 44% compared with last year. “Echartnow”, the digitized operation service in the healthcare industry, was the main source of revenue for the Group, recording revenue of HK\$471,968,000 during the Year, representing a decrease of 46% compared with last year, mainly due to the fact that over 60% of leading pharmaceutical companies suspended or reduced budgets for non-core, non-urgent digital marketing projects in the first half of 2025, which directly resulted in a significant year-on-year reduction in the order volume and project scale for Echartnow from several major clients. In view of changes in the market environment, Echartnow carried out the Group’s organizational restructuring and talent optimization in the first half of the year, further reducing long-term core fixed expenses without affecting sustainable innovation capabilities, sustainable development and corporate core competitiveness. This measure yielded immediate results. During the Year, the segment loss of Echartnow continued to narrow down by 58% to HK\$12,797,000 (2024: HK\$30,785,000). Revenue from “Meerkat Health”, another business of the Group and a smart health service platform, was HK\$97,869,000, representing a decrease of 33% as compared with last year. As the “Meerkat Health” business has incurred continuous losses for consecutive years, the Group disposed of the relevant business in January 2026 in order to concentrate its resources on the development of other businesses with greater potential.

As no further impairment provision was required for the interest in HB Entertainment during the Year (2024: impairment provision of HK\$76,106,000), coupled with the further narrowing of the segment loss of Echartnow and the Group’s continuous cost and expense control, the loss for the Year substantially narrowed down by 57% from approximately HK\$177,190,000 for last year to approximately HK\$76,284,000.

In 2024, the Group completed the issuance of HK\$120 million convertible bonds to a company under Hony Capital (“Hony Capital”), and appointed Mr. Zhao John Huan, Chairman of Hony Capital as the Chairman of the Board of Directors of the Company, focusing on the strategic development of international culture, media and entertainment businesses, striving to realize the vision of building a world-leading global content creation platform under the banner of AI+culture content. Hony Capital is a prominent investment management group in the PRC. With assets under management exceeding RMB120 billion, Hony Capital covers various sectors including entertainment and culture, digital technology and consumer services. During the Year, Hony Capital converted part of the convertible bonds it held and formally became one of the strategic shareholders of the Company.

BUSINESS REVIEW AND PROSPECT

(1) “Echartnow”, provision of digitized operation service in the healthcare industry

In 2025, amid the normalization of compliance requirement in the pharmaceutical industry, the demand for efficient, measurable, and traceable digital operational capabilities was becoming increasingly urgent. Echartnow firmly anchored itself to its core positioning as “China’s leading digital operations service provider for the pharmaceutical industry,” continuously deepening its digital service system that spans the entire chain of pharmaceutical marketing, medical affairs and market operations. Building on this foundation, Echartnow further transformed its accumulated operational data into reusable assets, and empowered by artificial intelligence technology, achieved a leap from “process execution” to “intelligent decision-making”.

Echartnow provides pharmaceutical companies with full-life cycle solutions, covering research & development, production and marketing, and relies on AI large model capabilities to achieve full-link compliance control and data integration. At the same time, Echartnow cooperated with the government and industry partners to promote standardization construction, led the formulation of the “Compliance Development Guidelines for Biopharmaceutical Digitized Operations”, filled the gaps in the industry, and built an open ecosystem through the “Shanghai Biomedical Digitized Operation Standard Innovation Consortium” to lower the threshold for transformation. Driven by the two-wheel drive of policy and market, Echartnow takes technological innovation and ecological synergy as the core to help the pharmaceutical industry achieve high-end and intelligent development, and provides a digital engine for the implementation of the “Healthy China” strategy.

Business Review

During the Year, Echartnow achieved breakthrough progress in platform capability enhancement, data asset accumulation and AI scenario implementation:

- **National and Regional Platform Recognition:** Echartnow was officially awarded the title of “Comprehensive Medical Digital Empowerment Platform” by the Shaanxi Provincial Data and Government Services Bureau. This signifies the government’s high recognition of the Company’s capabilities in cross-regional and multi-dimensional integration of medical resources and data services.
- **AI Application Scenarios Selected by Authorities:** Two innovative applications developed by Echartnow — “Intelligent Screening Empowerment for Patient Recruitment: AI Intelligent Screening Platform Development” and “Pharmaceutical Marketing Compliance and Precision Empowerment Platform Construction” — were successfully included in the “Suzhou Artificial Intelligence Application Scenario Open List” released at the 2025 Jiangsu Artificial Intelligence Innovation Development Conference and the First Artificial Intelligence OPC

Conference. This not only affirms Echartnow's technological strength, but also opens up policy pathways for future large-scale replication and commercial implementation in the Yangtze River Delta region.

- Deepening Expansion of Customer Partnerships: The number of cooperative pharmaceutical companies increased to 415, a 26.5% growth compared to the end of 2024. Coverage of top-tier clients, including Yiling Pharmaceutical, Qilu Pharmaceutical, CSPC Pharmaceutical Group and Jemincare, has steadily improved. Service offerings have expanded from traditional digital marketing to high-value areas such as medical research support, real-world study (RWS) design, and doctor IP incubation, simultaneously enhancing customer loyalty and per-client value.
- The number of registered doctors on the platform increased by 48.9% from the end of 2024 to about 90,000. All doctors registered with their real names, uploaded qualification materials and passed the review, covering key departments such as pediatrics, oncology, and cardiovascular, providing accurate digitized marketing and academic promotion support for pharmaceutical companies.

By providing pharmaceutical companies with digitized services for pharmaceutical products (including digitized marketing services and medical research services) and digitized services for the medical ecosystem (including digitized value medical services and digitized innovation scenario services), Echartnow generates information technology service fees, consulting service fees and promotion service fees; among them, digitized marketing services are the basis and main source of revenue. Digitized marketing services are the provision of marketing, medical conferences, medical science popularization and digitized promotion services to customers in the pharmaceutical industry based on online ecological platform, including:

- Supporting customer marketing decisions through market research and site visits;
- Provision of academic conference execution, on-site service, live streaming, video editing, etc. through conference systems, covering various forms such as academic conferences, MDT conferences, expert lectures and other forms;
- Production and promotion of medical science popularization content, including informational advertorials, short videos and live broadcasts, etc., to help medical staff disseminate health knowledge;
- Utilization of private and public domain platforms to optimize marketing activities and achieve precise promotion of information, audio, video, pictures, etc.;
- Building IP brand for doctors, production and publication of professional articles and videos, thus enhancing the influence of doctors.

Through the above services, Echartnow helps pharmaceutical companies to enhance their brand influence, optimize marketing activities, and achieve accurate communication.

For the year ended 31 December 2025, the revenue of Echartnow was HK\$471,968,000 (2024: HK\$869,555,000), representing a decrease of 46% compared with last year; the gross profit margin was 34.3% (2024: 38.7%), representing a decrease of 4.4% compared with last year. In 2025, pharmaceutical companies are generally in a critical period of internal marketing model restructuring and compliance system establishment, with over 60% of leading pharmaceutical companies having suspended or reduced budgets for non-core and non-urgent digital marketing projects in the first half of 2025. This directly resulted in a significant year-on-year reduction in order volume and project scale from several of Echartnow's major customers.

Although Echartnow's revenue decreased during the year due to the short-term factors mentioned above, its segment loss continued to narrow significantly by 58% to HK\$ 12,797,000 (2024: HK\$30,785,000). Continuing its 2024 strategy, Echartnow in 2025 further optimized its customer structure while enhancing the differentiated competitiveness of its products and services. It provided high-value services to top-tier and innovative pharmaceutical companies, coupled with decisive organizational restructuring and talent optimization. Therefore, while Echartnow's revenue decreased, its losses also narrowed across the board, as specifically reflected in the following aspects:

- Deepening adjustment of customer structure: In the past two years, pharmaceutical companies have generally been in a critical period of reforming their internal marketing models and building their marketing compliance organizational systems. In 2025, based on market and regulatory trends, Echartnow enhanced its service value, promoted the effectiveness of precision marketing, and built intelligent, end-to-end compliance monitoring throughout its entire business process to systematically optimize its customer structure. In 2025, Echartnow increased the revenue contribution from its cooperation with the top 100 pharmaceutical companies in China from 59% to 61%. The value proposition of our services has been fully demonstrated, winning deep trust and strategic cooperation from top-tier and leading innovative pharmaceutical companies.
- Strategic adjustment of product value structure: In response to policy guidance and to position for long-term profitability, the Company has focused its resource allocation on high-value customized marketing solutions. This strategic adjustment expanded customer coverage for high-quality projects and increased strategic cooperation with leading innovative drug customers such as Innovent Biologics. A structural analysis shows that full-year revenue from high-value projects increased by 200% year-on-year, with its proportion of total revenue rising to 36%; in the fourth quarter alone, the proportion exceeded 50%.
- In view of changes in the market environment, Echartnow carried out the Group's organizational restructuring and talent optimization in the first half of the year, further reducing long-term core fixed expenses without affecting sustainable innovation capabilities, sustainable development and corporate core competitiveness.

Prospect

In the first half of 2025, the pharmaceutical industry witnessed frequent policy updates, including the “Compliance Guidelines for Pharmaceutical Companies to Prevent Commercial Bribery Risks”, which reinforced corporate compliance requirements. Pharmaceutical companies accelerated the transformation of their marketing models, necessitating internal marketing restructuring and the establishment of compliance systems. As a result, some digital marketing projects were temporarily delayed or postponed. However, in the long term, policies explicitly require companies to establish standardized and traceable digital operation systems, which will provide sustained growth momentum for Echartnow’s business. As the pharmaceutical industry deepens its commitment to comprehensive compliance and digital transformation, Echartnow expects that its business will gradually recover and resume growth in 2026.

Echartnow will continue to adhere to the dual drivers of “deep optimization of business structure” and “comprehensive enhancement of service value”, proactively leading the new trend of high-quality development in the industry. Following a development path of being “rooted in digital operations and winged by AI application scenarios”, we will focus on advancing the following strategies:

- Consolidating the foundational framework of digital operations — Strengthening the “full product line service access” mechanism for the Top 20 strategic clients, and providing integrated solutions spanning from marketing execution to medical strategy.
- Promoting large-scale replication of AI scenarios — Using Suzhou’s selected scenarios as a model, rolling out solutions such as “AI + chronic disease management” and “AI + tumor follow-up” among key customers nationwide.
- Exploring collaborations with medical insurance and commercial insurance — Developing efficacy evaluation and health management services based on real-world data, and enhancing the empowerment capabilities of regional platforms.
- Leveraging Shaanxi’s “Comprehensive Medical Digital Empowerment Platform” qualification to export replicable digital operation project models, supporting local governments in building regional pharmaceutical and health digital ecosystems.

(2) “Meerkat Health”, a smart healthcare services platform

In 2024, Meerkat Health divested high-cost and uncertain business segments such as vaccines and health check-ups, terminated its private domain e-commerce operations, and fully downsized the associated workforce, thereby streamlining its organizational structure. Based on the optimization of its business and organizational framework, Meerkat Health now focuses entirely on the pharmaceutical wholesale segment. By building a deeply collaborative ecosystem with core suppliers, it empowers partners to overcome offline growth bottlenecks, actively enhances product quality, reduces operational costs, and aims to continuously improve its business standards and market competitiveness.

For the year ended 31 December 2025, the revenue of Meerkat Health was HK\$97,869,000 (2024: HK\$145,851,000), representing a decrease of 33% compared with last year. The segment loss for 2025 narrowed by 44% from HK\$6,851,000 for last year to HK\$3,831,000.

In January 2026, the Group completed the sale of the Meerkat Health operations. Despite Meerkat Health's continuous efforts to improve its operations, the Meerkat Health operations has consistently recorded net losses over the past several financial years. Additionally, as of the end of 2025, Meerkat Health operations reported net segment liabilities of approximately HK\$6,315,000, which impacted the Group's overall financial position. This sale enables the Group to optimize its asset allocation and focus on areas and businesses with stronger growth potential. The move also allows the Group to redeploy internal resources to support the development of its existing core businesses by eliminating loss-making and net liability operations, thereby enhancing the Group's overall financial flexibility.

(3) Entertainment and Media

HB Entertainment is an associate in which the Group holds a 30.77% equity interest. It is principally engaged in the production of and investment in films and television dramas, as well as the provision of artist management and agency services in Korea.

HB Entertainment has produced a number of well-received and well-rated TV dramas, including "Sky Castle", "Partners for Justice" series, "My Love from the Star". Recent productions include:

- "Motel California", a TV drama produced by HB Entertainment, was premiered in January 2025 on Korean MBC TV channel. It was written by Lee Seo-yun, renowned for "365: One Year Against Destiny". The drama starred renowned actress Lee Se-young from "The Red Sleeve". According to Nielsen data, the nationwide average viewership rating was 4.3%, and the highest nationwide viewership rating was 6.0%.
- "Recipe for Love" — A weekend television drama aired on KBS 2TV in January 2026, directed by Han Jun-seo and written by Park Ji-sook, starring Jin Se-yeon and Park Ki-woong. According to Nielsen data, the premiere episode of "Receipt for Love " achieved a national viewership rating of 14.3%, while the tenth episode set a personal record with a national rating of 17.4%, ranking first among all dramas broadcast during the same time slot.

In respect of artist management and agency business, HB Entertainment has successfully signed renowned South Korean veteran actors Lee Sung-min and Kim Yun-seok, as well as Japanese actor Machida Keita. Among them, Lee Sung-min is celebrated for his delicate and exceptional acting skills and is known as a "trustworthy actor." His representative works include "Misaeng: Incomplete Life", "Reborn Rich", "The Spy Gone North" and "The Man Standing Next." He has received the Best Actor awards at both the Baeksang Arts Awards and the Buil Film Awards.

During the Year, the “Entertainment and Media” business recorded revenue of approximately HK\$230,000 (2024: HK\$3,056,000), and recorded a segment loss of HK\$2,756,000 (2024: segment loss of HK\$85,698,000, of which approximately HK\$76,106,000 was provision for impairment of interest in HB Entertainment). This was mainly attributable to the share of loss of an associate, HB Entertainment during the Year.

Prospect

Looking ahead, taking into account various factors including the Group’s financial position and financing potential, future trends, market risks and returns, project investment, etc., the management is now prudently selecting suitable tracks, including but not limited to elements such as AI, new media, Web 3.0, especially business models based on AI + cultural content (including but not limited to AI + micro dramas, AI + comic-dramas, AI + movies, AI + content globalization, etc.) so as to implement the Group’s specific development direction for its international culture, media and entertainment business and strive to build a global platform for high-quality content creation, thereby gradually bringing the Group’s vision to fruition.

ENVIRONMENTAL & SOCIAL RESPONSIBILITIES

(a) Environmental responsibilities

Committed to building an “eco-friendly” enterprise, the Group has implemented various environmental management actions, so as to ensure that exhaust gas, sewage and office waste are properly recycled and processed, with a view to minimising the environmental impact of our business operations. The Group embeds the concept of green environmental protection into its activities, actively promotes environmental awareness, advocates the conservation and recycling of energy and other resources, to improve the efficiency of the resource utilization, with the aim of minimising the natural resources wasted while reducing operating costs. We strictly abide by relevant laws and regulations on environmental protection where we do business and have formulated corresponding environmental management systems, actively deliver environmental protection messages, enhance environmental awareness among employees, customers as well as other stakeholders, thus fulfilling our shared commitment to protecting the natural environment.

(b) Social responsibilities

The Group adheres to a “people-centric” talent strategy, attaches importance to the recruitment and cultivation of talents, and is committed to building core competitiveness with excellent staff teams. The Group complied with the laws and regulations relating to human resources management where its operations are located, and have established human resources management systems. Safety drills are conducted on a regular basis to enhance safety awareness among employees and their ability to cope with dangers; regular trainings are provided to employees and clear promotion channels are put in place to help them realise individual potential and achieve long-term career development; various employee activities are organised to enhance their physical and mental health. We also create a safe and comfortable office environment, attach importance to employees’

occupational health and safety, offer generous salary and holiday benefits, as well as safeguard the legitimate rights and interests of our employees, thus achieving growth along with employee development.

Striving to ensure product and service quality from the source, the Group has put in place strict standards for supplier selection to ensure that the business qualifications, management capabilities, service and product quality, as well as quotations of suppliers are in line with its requirements on products and services. Through on-site investigation, the Group conducts a comprehensive assessment to ensure the stability in its supplier performance, which covers aspects like production and supply capabilities, as well as credentials, etc. To ensure a sustainable supply chain, the Group also regularly evaluates the compliance of suppliers, as well as the fulfilment of their environmental and social responsibilities, and timely terminates cooperation with suppliers that underperform in service standards and secures additional suppliers of excellent performance.

The Group safeguards the legitimate rights and interests of the shareholders, customers as well as other stakeholders. In addition to strictly complying with laws and regulations against corruption, bribery, fraud and money laundering in jurisdictions where its operations are located, the Group also strengthens management on corporate internal control to prevent corruptions.

Having acknowledged its corporate social responsibilities, the Group continues to care for vulnerable groups. In forms such as provision of employment opportunities, the Group fully leverages on its strengths in resource reserve to support the development of local communities and give back to the society.

As a responsible corporate citizen, the Group keeps close communication with all of its stakeholders, so as to maintain collaborative relations based on mutual benefit and trust, to stay updated on demands and expectations of relevant stakeholders, and to keep improving its mechanism for stakeholder engagement, aiming to deliver synergistic growths in social and economic benefits. As a company listed on the Stock Exchange, the Group strictly complies with the disclosure requirements of the Stock Exchange. As one of the platforms that we use to communicate with the stakeholders, the ESG report attached to the 2025 Annual Report of the Company will deliver a comprehensive view on what the Group has accomplished in the establishment of ESG systems, as well as its performance during 2025.

FINANCIAL REVIEW

The Group is organized into the following main operating segments:

1. Digitized operation services in healthcare industry (“Echartnow”)
2. Smart healthcare services platform (“Meerkat Health”)
3. Entertainment and Media

As disclosed in Note 30 to the consolidated financial statements of the Group, the operation of “Meerkat Health” was disposed of in January 2026.

The key financial figures of the Group for the year ended 31 December 2025 are summarized as follows:

	2025 HK\$'000	2024 HK\$'000	Change %
Revenue:			
– Digitized operation services in healthcare industry	471,968	869,555	–46%
– Smart healthcare services platform	97,869	145,851	–33%
– Entertainment and media	230	3,056	–92%
	<u>570,067</u>	<u>1,018,462</u>	–44%
Gross profit:			
– Digitized operation services in healthcare industry	161,863	336,692	–52%
– Smart healthcare services platform	1,059	19,111	–94%
– Entertainment and media	33	3,056	–99%
	<u>162,955</u>	<u>358,859</u>	–55%
Segment result:			
– Digitized operation services in healthcare industry	(12,797)	(30,785)	loss –58%
– Smart healthcare services platform	(3,831)	(6,851)	loss –44%
– Entertainment and media	(2,756)	(85,698)	loss –97%
	<u>(19,384)</u>	<u>(123,334)</u>	loss –84%
Loss for the year	<u>(76,284)</u>	<u>(177,190)</u>	loss –57%
Loss for the year attributable to equity owners of the Company	<u>(66,717)</u>	<u>(163,489)</u>	loss –59%
Non-HKFRS Adjustments:			
Adjusted loss for the year	<u>(73,081)</u>	<u>(103,235)</u>	loss –29%

— Revenue

Revenue for the year ended 31 December 2025 amounted to approximately HK\$570,067,000 (2024: HK\$1,018,462,000), being a 44% decrease comparing to the prior year. The decrease in revenue during the year was mainly due to the following factors:

- (1) During the year, revenue from “Digitized operation services in healthcare industry” segment (i.e., Echartnow) decreased by 46% to approximately HK\$471,968,000 (2024: HK\$869,555,000), which accounted for approximately 83% (2024: 85%) of the Group’s revenue. Echartnow, in 2025, pharmaceutical companies are generally in a critical period of internal marketing model restructuring and compliance system establishment, with over 60% of leading pharmaceutical companies having suspended or reduced budgets for non-core and non-urgent digital marketing projects in the first half of 2025. This directly led to a significant year-on-year reduction in the order volume and project scale from several major customers of Echartnow, which was the primary reason for the decline in revenue. In addition, in response to policy guidance and to optimize long-term profitability, Echartnow took the initiative to reduce certain low value-added, highly standardized basic promotion services, and instead tilted resources towards high-value customized compliance solutions. This strategic adjustment has affected the scale of revenue in the short term, but has laid the foundation for the improvement of profit margins in the future.
- (2) During the year, revenue from the “Smart Healthcare Services Platform” segment (i.e., Meerkat Health) decreased by 33% to approximately HK\$97,869,000 (2024: HK\$145,851,000), which accounted for approximately 17% (2024: 14%) of the Group’s revenue. Despite Meerkat Health’s continuous efforts to improve its operations, the Meerkat Health operations has consistently recorded net losses and decline in revenue over the past several financial years. The Group has decided to dispose of the Meerkat Health operations and the disposal was completed in January 2026.

— Cost of Sales and Gross Profit

Cost of sales for the year ended 31 December 2025 amounted to approximately HK\$407,112,000 (2024: HK\$659,603,000), being a 38% decrease comparing to the prior year. Gross profit for the year ended 31 December 2025 amounted to approximately HK\$162,955,000 (2024: HK\$358,859,000), being a 55% decrease comparing to the prior year, while gross profit margin decreased to 29% (2024: 35%). The year-to-year decrease of cost of sales and gross profit is mainly driven by the decline in revenue as explained above.

— Other Income and Other Gains, net

Other income and other losses, net, for the year ended 31 December 2025 amounting to a net income of approximately HK\$3,865,000 (2024: net income of HK\$10,502,000) mainly comprised of (i) exchange gain of HK\$2,286,000 (2024: exchange loss of HK\$1,879,000); and (ii) gain on disposal of subsidiaries of HK\$998,000 (2024: HK\$1,002,000). Detailed breakdown of other income and other gains, net is set out in Note 3 to the consolidated financial statements.

— Marketing and Selling Expenses

Marketing and selling expenses for the year ended 31 December 2025 amounted to approximately HK\$156,753,000 (2024: HK\$352,946,000), being a 56% decrease comparing to the prior year. The decrease in marketing and selling expenses during the year was mainly attributed to the following:

- (i) Staff costs and marketing expenses were incurred for the promotion of the Echartnow platform and other relevant expenses were also incurred for enhancing the registration of doctors and pharmacies on the Echartnow platform. Affected by the decline in the revenue and gross profit as previously mentioned, Echartnow has slowed down the investment in such marketing and selling expenses during the year; and
- (ii) The warehouse and logistic expense incurred for the Meerkat Health business also reduced in line with the decline in the relevant revenue.

— Research and Development Expenses

Research and development expenses for the year ended 31 December 2025 amounted to approximately HK\$10,372,000 (2024: HK\$17,321,000), being a 40% decrease comparing to the prior year. The amount mainly comprised staff costs and employee benefit expenses in relation to research and development function. The significant decrease in the research and development expenses during the year was in line with the organizational restructuring and talent optimization of Echartnow operation in the first half of 2025, leading to redundancy of the certain research and development staff force.

— Administrative Expenses

Administrative expenses for the year ended 31 December 2025 amounted to approximately HK\$51,539,000 (2024: HK\$70,371,000), being a 27% decrease comparing to the prior year. The decrease in administrative expenses during the year was mainly attributed to the net effect of the following:

- (1) The administrative expenses of Echartnow operation decreased during the year which was in line with the completion of its organizational restructuring and talent optimization in the first half of 2025; and
- (2) Continues effort of cost and expense control in the Group with the keen adoption of various AI tools.

— Finance Costs, net

Finance costs, net for the year ended 31 December 2025 amounted to approximately HK\$19,088,000 (2024: HK\$17,612,000), being a 8% increase comparing to the prior year. The increase in net finance costs during the year was mainly attributed to i) interest expense on the convertible bonds issued in March 2024 amounting to approximately HK\$14,566,000 (2024: HK\$11,614,000) as full-year impact was included in 2025; and ii) the increase in interest expense on long-term financial liabilities during the year to approximately HK\$4,578,000 (2024: HK\$3,633,000).

— **Share of Results of an Associate**

Share of results of an associate, representing the share of results of HB Entertainment (the Group’s 31%-owned associated company which is principally engaged in production of and investment in movies and TV drama series, provision of artist management and agency services in South Korea), amounted to a loss of approximately HK\$3,305,000 (2024: a loss of approximately HK\$6,801,000). The decrease in loss of HB Entertainment during the year was mainly attributed to the broadcast of a new drama “Motel California” in the first half of 2025.

— **Provision for Impairment of Interest in an Associate**

There was no provision for impairment in 2025, while provision for impairment of interest in HB Entertainment of approximately HK\$76,106,000 has been recognized for the year ended 31 December 2024. The incurrence of significant amount of impairment provision for year 2024 was mainly attributed to the following reasons:

- i) There was a general downward trend in the valuation of entertainment-related listed companies in the Korean market during the year. This is evidenced by the significant drop of average enterprise value-to-revenue ratio based on a pool of comparable listed companies within the same industry of HB Entertainment from 3.2 as at 31 December 2023 to 2.05 as at 31 December 2024; and
- ii) HB Entertainment has produced two TV dramas in 2023, while by end of 2024 there was only one TV drama being completed substantially (which was premiered in January 2025). This led to a significant drop in revenue of HB Entertainment which is one of the key parameters for determination of recoverable amount.

— **Non-Hong Kong Financial Reporting Standard indicator in relation to loss for the year**

The Group's loss for the year ended 31 December 2025 amounted to HK\$76,284,000 compared that of HK\$177,190,000 for the preceding financial year. The Group's adjusted loss for the year ended 31 December 2025 amounted to HK\$73,081,000, representing an decrease of HK\$30,154,000 or 29%, compared to the adjusted loss of HK\$103,235,000 for the preceding financial year. Adjusted loss is based on the loss for the corresponding year after excluding non-operating profit or loss items such as share-based compensation expenses, change in fair value of financial assets/interest in an associate at fair value through profit or loss, loss on modification of financial assets, notional interest on long-term financial liabilities, fair value change on investment properties, fair value change on financial liabilities at fair value through profit or loss and provision for impairment of interest in an associate. The decrease in adjusted loss was mainly attributable to reduction of segment losses of Echartnow operation resulting from the completion of its organizational restructuring and talent optimization in the first half of 2025, coupled with the Group's continuous effort of cost and expense control.

To supplement the Group's consolidated financial statements presented in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), the Group has also reported its adjusted net loss attributable to equity holders of the Company, which is not required under, or presented in accordance with, HKFRSs, as an additional financial indicator. We are of the view that presenting the non-HKFRS indicator together with the relevant HKFRS indicator will help investors to better compare our operational performance across various periods, without the potential impact of projects which our management considers as not indicative to our operational performance. We believe that the non-HKFRS indicator provides investors and other individuals with helpful information to understand and assess our consolidated operational results in the same way that our management does. However, the adjusted net loss attributable to equity holders of the Company we presented may not be comparable with similar indicators presented by other companies. Such non-HKFRS indicator has its limitations as an analytical tool, and it should not be regarded as being independent from the operational results or financial position presented according to HKFRSs, or as an alternative to analyze the relevant operational results or financial position. In addition, the definition of such non-HKFRS indicator may vary from those applied in other companies.

The adjusted loss for the years ended 31 December 2025 and 2024 set out in the table below represents adjustments to the most direct and comparable financial indicator calculated and presented in accordance with HKFRSs (i.e. loss for the year):

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(76,284)	(177,190)
Add:		
– Expenses/(reversal) of shared-based compensation	50	(3,312)
– Fair value change on financial assets at fair value through profit or loss, net of tax	(319)	2,180
– Fair value change on interest in an associate measured at fair value through profit or loss	–	4,536
– Fair value change on investment properties	473	(7,371)
– Gain on financial liabilities at fair value through profit or loss	–	(4,243)
– Loss on modification of financial assets	–	2,426
– Unwind interest on a financial asset	(1,579)	–
– Notional interest on long-term financial liabilities	4,578	3,633
– Provision for impairment of interest in an associate	–	76,106
Adjusted loss for the year	<u>(73,081)</u>	<u>(103,235)</u>

Liquidity and Treasury Management

As at 31 December 2025, the Group held cash and cash equivalents of approximately HK\$23,888,000 (2024: HK\$34,450,000), being a 31% decrease. comparing to the balance as at 31 December 2024.

The Group is at net current liability position of HK\$84,073,000 as at 31 December 2025 (2024: net current asset position of HK\$2,804,000). The current ratio, representing the total current assets to the total current liabilities, decreased from 1.02 as at 31 December 2024 to 0.69 as at 31 December 2025. Included in current liabilities as at 31 December 2025 were convertible bonds and the related interest payable of HK\$59,542,000 and HK\$11,458,000, the due date of which have been deferred to 21 April 2028 following the effectiveness of the Extension Deed in March 2026 as detailed in note 30 to the consolidated financial statements. Should the Extension Deed be effective as of 31 December 2025, the pro forma net current liability and the current ratio as at 31 December 2025 would be HK\$13,073,000 and 0.94 respectively.

The gearing ratio, representing the net debt (total borrowings, convertible bonds and lease liabilities less cash and cash equivalents and deposits paid for securing other borrowings) to total equity, is 2.8 times as at 31 December 2025 (2024: 4.9 times). Long-term financial liabilities, representing capital contributions from a new investor of a subsidiary which may need to be repurchased by that subsidiary under certain circumstances in the future, have not been included in the calculation of the gearing ratio. The Group's convertible bonds with principal amounts of HK\$60,000,000 have been converted during the year, leading to the decrease in the gearing ratio. The Group's total bank and other borrowings as at 31 December 2025 amounted to approximately HK\$83,922,000 (2024: HK\$75,051,000), and was denominated in Chinese Renminbi.

Should the convertible bonds be fully converted as of 31 December 2025, the pro forma net debt, total equity and gearing ratio as at 31 December 2025 would be HK\$15,959,000, HK\$86,720,000 and 18.4% respectively.

Foreign Currency Exchange Exposure

The Group has operations and investments in the PRC, Korea and Hong Kong, and is mainly exposed to foreign exchange risk arising from Chinese Renminbi and Korean Won currency exposures, primarily with respect to the Hong Kong dollars. During the year, fluctuation in Chinese Renminbi and Korean Won against Hong Kong dollars resulted in the net exchange gain of approximately HK\$2,286,000 (2024: exchange loss of HK\$1,879,000). The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure from Chinese Renminbi and Korean Won but manages through constant monitoring to limit as much as possible its net exposures.

Capital Structure

The Group has mainly relied on its equity, convertible bonds, bank and other borrowings and internally generated cash flow to finance its operations.

During the year ended 31 December 2025, the Company has issued (i) 63,800,000 shares upon share subscription (2024: nil); and (ii) 59,820,000 shares upon partial conversion of convertible bonds (2024: nil). Further details of new shares issued during the year are set out in Note 25 to the consolidated financial statements.

Convertible bonds as at 31 December 2025 amounted to approximately HK\$59,542,000 (2024: HK\$115,879,000). Further details of the convertible bonds issued during the year are set out in Note 27 to the consolidated financial statements.

Total bank and other borrowings as at 31 December 2025 amounted to approximately HK\$83,922,000 (2024: HK\$75,051,000). Further details of the bank and other borrowings are set out in Note 22 to the consolidated financial statements.

CHARGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2025 and 2024, save as those disclosed in Note 22 and Note 27 to the consolidated financial statements, none of the Group's assets was charged and the Group did not have any material contingent liabilities or guarantees.

HUMAN RESOURCES

As at 31 December 2025 the Group employed a total of 127 (2024: 221) full-time employees in Hong Kong and the PRC.

The Group operates different remuneration schemes for sales and non-sales employees. Sales personnel are remunerated on the basis of on-target-earning packages comprising salary and sales commission. Non-sales personnel are remunerated by monthly salary which is reviewed by the Group from time to time and adjusted based on performance. In addition to salaries, the Group provides staff benefits including medical insurance, contribution to staff provident fund and discretionary training subsidies. Share awards, share options and bonuses are also available at the discretion of the Group depending on the performance of the Group.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2025 and 2024.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Board") is committed to achieving high standards of corporate governance and adherence to the governance principles and practices. The Board or its delegated Board Committees has regularly reviewed and monitored its implementation and effectiveness. Throughout the year ended 31 December 2025, the Company has applied the principles and complied with the code provisions in Part 2 of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules on the Stock Exchange.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three Independent Non-executive Directors who possess the appropriate business and financial experience and skills to understand financial statements. Mr. YUEN Kin is the chairman of Audit Committee and the other two members of the committee are Ms. PAN Min and Ms. WANG Song Song. The Audit Committee of the Company has adopted terms of references which are in line with the CG Code.

The Audit Committee of the Company has reviewed the Group's annual results for the year ended 31 December 2025 and provided advice and comments thereon before presenting it to the Board for approval. The figures in respect of this results announcement of the Group's results for the year ended 31 December 2025 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements of the year. The work performed by PricewaterhouseCoopers in this results announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted a code of conduct regarding securities transactions by Directors (the “Code of Conduct”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code throughout the year 2025.

The Code of Conduct applies to all the relevant employees as defined in the CG Code, including any employee of the Company, or director or employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.honymedia.net) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report of the Company for 2025 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites in due course.

APPRECIATION

The Board would like to take this opportunity to express gratitude to our employees for their diligence and dedication to the Group. We also thank our shareholders, customers, banks and business partners for their continuous support.

By Order of the Board
Hony Media Group
HAU Wai Man, Raymond
Company Secretary

Hong Kong, 31 March 2026

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

Mr. ZHAO John Huan² (Chairman), Mr. CHENG Wu¹ (CEO), Mr. YUEN Hoi Po¹ (President), Mr. YUEN Kin³, Ms. WANG Song Song³ and Ms. PAN Min³

¹ *Executive director*

² *Non-executive director*

³ *Independent non-executive director*