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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 2024**

The board of directors (the “**Board**”) of Hony Media Group (formerly known as Huayi Tencent Entertainment Company Limited) (the “**Company**”) is pleased to announce the results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Continuing Operations</b>			
Revenue	3	1,018,462	1,344,031
Cost of sales		<u>(659,603)</u>	<u>(930,602)</u>
Gross profit		358,859	413,429
Other income and other gains/(losses), net	3	10,502	(7,439)
Marketing and selling expenses		(352,946)	(419,683)
Research and development expenses		(17,321)	(29,491)
Administrative expenses		(70,371)	(75,860)
Net (provision for)/reversal of impairment of financial assets		<u>(5,788)</u>	<u>4,569</u>
		(77,065)	(114,475)
Finance costs, net	5	(17,612)	(3,605)
Share of results of an associate	14(a)	(6,801)	(1,556)
Provision for impairment of interest in an associate	14(a)	<u>(76,106)</u>	<u>–</u>
Loss before taxation	6	(177,584)	(119,636)
Taxation	7	<u>394</u>	<u>69</u>
Loss for the year from continuing operations		(177,190)	(119,567)
<b>Discontinued Operation</b>			
Loss for the year from discontinued operation	29	<u>–</u>	<u>(5,787)</u>
Loss for the year		<u>(177,190)</u>	<u>(125,354)</u>
Attributable to:			
Equity holders of the Company			
– continuing operations		(163,489)	(91,300)
– discontinued operation		<u>–</u>	<u>(5,787)</u>
		(163,489)	(97,087)
Non-controlling interest			
– continuing operations		<u>(13,701)</u>	<u>(28,267)</u>
		<u>(177,190)</u>	<u>(125,354)</u>
Loss per share attributable to the equity holders of the Company for the year			
		HK Cents	HK Cents
Basic and diluted loss per share	8		
– from continuing operations		(1.20)	(0.67)
– from discontinued operation		<u>–</u>	<u>(0.04)</u>
		<u>(1.20)</u>	<u>(0.71)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Loss for the year		<u>(177,190)</u>	<u>(125,354)</u>
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss:			
– Currency translation differences		(22,972)	(3,171)
Item that may not be reclassified to profit or loss:			
– Currency translation differences		<u>2,168</u>	<u>(1,452)</u>
Other comprehensive loss for the year, net of tax		<u>(20,804)</u>	<u>(4,623)</u>
Total comprehensive loss for the year		<u>(197,994)</u>	<u>(129,977)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		(186,461)	(100,258)
Non-controlling interest		<u>(11,533)</u>	<u>(29,719)</u>
		<u>(197,994)</u>	<u>(129,977)</u>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2024

		As at 31 December	
		2024	2023
	Notes	HK\$'000	HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	2,846	5,453
Right-of-use assets	11	7,546	14,530
Intangible assets	12	1,186	2,274
Goodwill	13	27,198	27,203
Interests in associates	14	102,951	228,033
Investment properties	15	10,629	–
Financial assets at fair value through profit or loss	16	–	9,856
Prepayments, deposits and other receivables	18	56,243	45,798
		<u>208,599</u>	<u>333,147</u>
<b>Current assets</b>			
Inventories	19	2,321	4,332
Trade and bills receivables	17	38,238	96,436
Prepayments, deposits and other receivables	18	78,486	60,291
Financial asset at fair value through profit or loss	16	12,619	5,049
Cash and cash equivalents	20	34,450	27,037
		<u>166,114</u>	<u>193,145</u>
Asset classified as held for sale	21	12,411	–
		<u>178,525</u>	<u>193,145</u>
<b>Total assets</b>		<u><b>387,124</b></u>	<u><b>526,292</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to the equity holders of the Company			
Share capital	25	271,707	271,707
(Deficits)/Reserves	26	(168,396)	18,486
		<u>103,311</u>	<u>290,193</u>
Non-controlling interests		<u>(79,620)</u>	<u>(67,400)</u>
<b>Total equity</b>		<u><b>23,691</b></u>	<u><b>222,793</b></u>

		<b>As at 31 December</b>	
		<b>2024</b>	<b>2023</b>
	Notes	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	11	<b>4,292</b>	8,150
Long-term financial liabilities	28	<b>47,887</b>	27,606
Bank and other borrowing	22	<b>19,654</b>	–
Convertible bonds	27	<b>115,879</b>	–
Deferred income tax liabilities		–	442
		<u><b>187,712</b></u>	<u>36,198</u>
<b>Current liabilities</b>			
Trade payables	23	<b>53,410</b>	108,115
Other payables and accrued liabilities	24	<b>60,312</b>	74,757
Contract liabilities	24	<b>2,608</b>	4,918
Bank and other borrowings	22	<b>55,397</b>	72,231
Lease liabilities	11	<b>3,994</b>	7,280
		<u><b>175,721</b></u>	<u>267,301</u>
<b>Total liabilities</b>		<u><b>363,433</b></u>	<u>303,499</u>
<b>Total equity and liabilities</b>		<u><b>387,124</b></u>	<u>526,292</u>

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from operating activities</b>			
Cash used in operations		(74,236)	(50,297)
Income tax paid		(49)	–
Interest paid		(239)	(1,405)
<b>Net cash used in operating activities</b>		<b>(74,524)</b>	<b>(51,702)</b>
<b>Cash flows from investing activities</b>			
Interest received		332	156
Dividends received		–	633
Purchases of property, plant and equipment		(195)	(21,550)
Purchases of intangible assets		–	(1,274)
Proceeds from sales of property, plant and equipment		3,539	1,328
Capitalised subsequent expenditure incurred for investment properties		(98)	–
Acquisition of a subsidiary, net of cash acquired		190	–
<b>Net cash generated from/(used in) investing activities</b>		<b>3,768</b>	<b>(20,707)</b>
<b>Cash flow from financing activities</b>			
Proceeds from convertible bonds		120,000	–
Repayment of bank and other borrowings		(40,239)	(75,294)
Proceeds from bank and other borrowings		44,641	121,091
Payment of deposits for securing other borrowings		(48,650)	–
Capital contribution from a new investor of a subsidiary		17,465	26,484
Principal elements of lease payments		(6,551)	(11,280)
Interest paid		(9,888)	–
<b>Net cash generated from financing activities</b>		<b>76,778</b>	<b>61,001</b>
Net increase/(decrease) in cash and cash equivalents		6,022	(11,408)
Cash and cash equivalents at 1 January		27,037	38,300
Currency translation differences		1,391	145
Cash and cash equivalents at 31 December	20	<b>34,450</b>	<b>27,037</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	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 2023	271,707	2,051,396	(1,934,903)	388,200	(38,275)	349,925
Comprehensive loss:						
– Loss for the year	–	–	(97,087)	(97,087)	(28,267)	(125,354)
Other comprehensive (loss)/income:						
Currency translation differences						
– Group	–	2,536	–	2,536	–	2,536
– Associate (Note 14)	–	(5,707)	–	(5,707)	–	(5,707)
– Non-controlling Interests	–	–	–	–	(1,452)	(1,452)
Total comprehensive loss	–	(3,171)	(97,087)	(100,258)	(29,719)	(129,977)
Contribution by and distribution to owners of the Company recognized directly in equity:						
– Share-based compensation	–	2,251	–	2,251	594	2,845
Total contribution by and distribution to owners	–	2,251	–	2,251	594	2,845
Balance at 31 December 2023	271,707	2,050,476	(2,031,990)	290,193	(67,400)	222,793

	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

*Notes:*

## **1 GENERAL INFORMATION**

Hony Media Group (formerly known as “Huayi Tencent Entertainment Company Limited”) (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. Following the termination of the Club Lease Agreement as detailed in Note 29, the operation of provision of healthcare and wellness services was discontinued on 5 October 2023.

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 2025.

## **2 BASIS OF PREPARATION**

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.

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) 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 2024, the Group recorded a loss of approximately HK\$177,190,000 (2023: HK\$125,354,000) and net cash used in operating activities of HK\$74,524,000 (2023: HK\$51,702,000). As at 31 December 2024, the Group had net current assets of approximately HK\$2,804,000 (2023: net current liabilities of HK\$74,156,000). Additionally, the Group has convertible bonds maturing on 21 March 2026, which will require repayment upon maturity if not previously converted.



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) Upon request by the Company and subject to compliance with relevant laws, rules and regulations including the Listing Rules, United Strength LS Limited (the "CB Holder"), the holder of the Company's HK\$120 million convertible bonds as detailed in Note 27 to the consolidated financial statements ("CB"), has agreed to further extend the maturity date of the CB to a date no later than 30 April 2027. The CB Holder has also agreed to defer the due date of any currently outstanding and future interests in relation to the CB payable/to be payable by the Company to the maturity date (or the further extended maturity date as appropriate) of the CB; and
- (ii) In March 2025, 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\$100 million (the "Loan Facility"). The Loan Facility could be drawn down by the Company at any time upon request until 30 June 2026. The Facility Provider has agreed not to demand repayment of the loan balance, if drawn down by the Company, on or before 31 December 2026.

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 2024. 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 2024. 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 2024:

Amendments to HKAS 1	Classification of Liabilities as Current and Non-current
Amendments to HKAS 1 HK Int 5 (Revised)	Non-current Liabilities with Covenants Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16 HKAS 7 and Amendments to HKFRS 7	Lease Liability in a Sale and Leaseback Supplier Finance Arrangements

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.

		<b>Effective for annual periods beginning on</b>
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
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
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.

### 3 REVENUE AND OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	2024	2023
	HK\$'000	HK\$'000
<b>Continuing Operations:</b>		
Revenue		
Provision of digitized operation services	869,555	943,936
Revenue from sales of pharmaceutical and healthcare product	145,851	385,486
Provision of healthcare services	–	13,927
Revenue from film exhibition and license fee	–	682
Revenue from sales of television programmes and film rights	3,056	–
	<u>1,018,462</u>	<u>1,344,031</u>
Other income and other gains/(losses), net		
Interest income	332	153
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	(2,180)	(2,205)
Fair value change on interest in an associate measured at fair value through profit or loss	(4,536)	(2,646)
Fair value change on investment properties (Note 15)	7,371	–
Gain on disposal of subsidiaries	1,002	174
Gain/(loss) on disposal of property, plant and equipment	3,492	(846)
Loss on modification of financial assets	(2,426)	(4,087)
Government subsidy	4,422	2,132
Exchange loss, net	(1,879)	(1,508)
Others	661	1,394
	<u>10,502</u>	<u>(7,439)</u>

#### **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 from continuing operations: (i) Digitized operation services in healthcare industry (Echartnow); (ii) Smart healthcare services platform (Meerkat Health); and (iii) Entertainment and media businesses; and one operating segment from discontinued operations – Healthcare and wellness services (for the year ended 31 December 2023 only). 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 2024 (2023: Nil).

**(a) Business segment**

*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 Continuing operations HK\$'000
Revenue	<u>869,555</u>	<u>145,851</u>	<u>3,056</u>	<u>1,018,462</u>
Share of results of an associate	-	-	(6,801)	(6,801)
Provision for impairment of interest in an associate	-	-	<u>(76,106)</u>	<u>(76,106)</u>
Segment results	<u>(30,785)</u>	<u>(6,851)</u>	<u>(85,698)</u>	<u>(123,334)</u>
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 interest in an associate measured at fair value through profit or loss — unallocated				(4,536)
Net provision for impairment of financial assets — unallocated				(1,451)
Other unallocated expenses, net				<u>(26,592)</u>
Finance costs, net				<u>(159,972)</u>
Loss before taxation				(177,584)
Taxation				<u>394</u>
Loss for the year				(177,190)
Loss for the year attributable to non-controlling interests				<u>13,701</u>
Loss for the year attributable to equity holders of the Company				<u>(163,489)</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
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)	(76,106)

*For the year ended 31 December 2023*

	Digitized operation services in healthcare industry HK\$'000	Smart healthcare services platform HK\$'000	Entertainment and media HK\$'000	Total Continuing operations HK\$'000	Discontinued operation: Healthcare and wellness services HK\$'000	Total HK\$'000
Revenue	943,936	399,413	682	1,344,031	92,271	1,436,302
Share of results of an associate	–	–	(1,556)	(1,556)	–	(1,556)
Segment results	(29,546)	(45,355)	3,550	(71,351)	(5,786)	(77,137)
Exchange losses, net				(1,508)	–	(1,508)
Fair value change on financial assets at fair value through profit or loss — unallocated				(2,205)	–	(2,205)
Fair value change on interest in an associate measured at fair value through profit or loss — unallocated				(2,646)	–	(2,646)
Provision for impairment of financial assets — unallocated				(97)	–	(97)
Other unallocated expenses, net				(38,224)	–	(38,224)
Finance costs, net				(116,031)	(5,786)	(121,817)
Loss before taxation				(3,605)	(1)	(3,606)
Taxation				(119,636)	(5,787)	(125,423)
Loss for the year				69	–	69
Loss for the year attributable to non-controlling interests				(119,567)	(5,787)	(125,354)
Loss for the year attributable to equity holders of the Company				28,267	–	28,267
				(91,300)	(5,787)	(97,087)

*For the year ended 31 December 2023*

	Digitized operation services in healthcare industry HK\$'000	Smart healthcare services platform HK\$'000	Entertainment and media HK\$'000	Total HK\$'000
Segment assets	143,993	49,267	285,524	478,784
Unallocated assets				<u>47,508</u>
Total assets				<u><u>526,292</u></u>
Segment liabilities	148,469	41,901	–	190,370
Unallocated liabilities				<u>113,129</u>
Total liabilities				<u><u>303,499</u></u>
Other information:				
Additions of right-of-use assets	3,607	920	–	4,527
Purchases of property, plant and equipment				
– Allocated	1,631	17,101	–	18,732
– Unallocated				2,818
Purchases of intangible assets	–	1,274	–	1,274
Depreciation of right-of-use assets				
– Allocated	1,567	2,131	–	3,698
– Unallocated				6,805
Depreciation of property, plant and equipment				
– Allocated	1,019	1,959	–	2,978
– Unallocated				35
Amortization of intangible assets	–	1,869	–	1,869
Reversal of impairment of trade receivables	–	(220)	(332)	(552)
Provision for/(Reversal of) impairment of deposits and other receivables				
– Allocated	(1)	(8)	(4,105)	(4,114)
– Unallocated				97



**(b) Geographical information**

The geographical information for the year ended 31 December 2024 and 2023 are as follows:

	Revenue from external		Non-current assets <sup>Note</sup>	
	customers		2024	2023
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The PRC	<b>1,018,462</b>	1,343,349	<b>49,368</b>	47,957
Hong Kong	–	–	<b>37</b>	18,450
South Korea	–	–	<b>102,951</b>	211,086
Other countries	–	682	–	–
	<b>1,018,462</b>	1,344,031	<b>152,356</b>	277,493

*Note:* Non-current assets exclude financial assets at fair value through profit or loss, and 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 2024 are disclosed as follows:

	2024	2023
	HK\$'000	HK\$'000
Customer A	<b>279,410</b>	–

**5 FINANCE COSTS, NET**

	2024	2023
	HK\$'000	HK\$'000
<b>Continuing Operations:</b>		
Interest on bank and other borrowings	<b>1,881</b>	1,407
Interest on lease liabilities (Note 11)	<b>484</b>	880
Interest on long-term financial liabilities	<b>3,633</b>	1,318
Interest on convertible bonds (Note 27)	<b>11,614</b>	–
<b>Finance costs, net</b>	<b>17,612</b>	3,605

## 6 LOSS BEFORE TAXATION

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

	2024	2023
	HK\$'000	HK\$'000
<b>Continuing Operations:</b>		
Depreciation of property, plant and equipment (Note 10)	1,559	3,013
Depreciation of right-of-use assets (Note 11)	5,899	10,503
Auditor's remuneration		
– Audit services	1,930	2,100
– Non-audit services	535	585
Expense relating to short-term leases (Note 11)	3,003	2,968
Net provision for/(reversal of) impairment of financial assets		
– Trade receivables (Note 17)	814	(552)
– Deposits and other receivables (Note 18)	4,974	(4,017)
Write back of long-term prepayments	(3,274)	–
Amortization of intangible assets (Note 12)	1,269	1,869
Provision for impairment of interest in an associate (Note 14)	76,106	–
Costs of digitized operation services in healthcare industry	532,596	559,719
Costs of inventories sold (Note 19)	126,741	361,610
Marketing and promotion expenses	319,857	376,694
Employee benefit expense:		
<i>Directors' fees</i>	960	847
<i>Wages and salaries</i>	59,325	65,762
<i>Contributions to defined contribution pension schemes (Note a)</i>	10,755	13,680
<i>Share-based compensation (reversal)/expenses (Note 25)</i>	(3,312)	2,845
	<b>67,728</b>	<b>83,134</b>

*Note a:* During the year ended 31 December 2024, no forfeited contributions were utilized by the Group to reduce its contributions for the current year (2023: 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 (2023: 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.

	2024	2023
	HK\$'000	HK\$'000
<b>Continuing Operations:</b>		
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporate income tax	(26)	–
Deferred income tax credit	420	69
	<u>394</u>	<u>69</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.

	2024	2023
Weighted average number of ordinary shares in issue (thousands)	<u>13,585,339</u>	<u>13,585,339</u>
Loss from continuing operations attributable to equity holders of the Company (HK\$'000)	(163,489)	(91,300)
Basic loss per share from continuing operations attributable to equity holders of the Company (HK cents per share)	<u>(1.20)</u>	<u>(0.67)</u>
Loss from discontinued operations attributable to equity holders of the Company (HK\$'000)	–	(5,787)
Basic loss per share from discontinued operations attributable to equity holders of the Company (HK cents per share)	<u>–</u>	<u>(0.04)</u>
Loss per share attributable to equity holders of the Company (HK cents per share)	<u>(1.20)</u>	<u>(0.71)</u>

For the year ended 31 December 2024 and 2023, diluted loss per share from continuing operations equals to basic loss per share from continuing operation 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 2024 (2023: 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
<b>Year ended 31 December 2023</b>						
Opening net book amount	–	556	5,962	5,305	2,120	13,943
Additions	–	203	17,252	1,198	2,897	21,550
Written-off	–	(40)	(166)	(1,932)	(20)	(2,158)
Disposal	–	–	(1,313)	–	(861)	(2,174)
Disposal of subsidiaries	–	(617)	(18,063)	(31)	(4,073)	(22,784)
Depreciation	–	(112)	(1,704)	(1,515)	(605)	(3,936)
Exchange differences	–	11	415	(60)	646	1,012
<b>Closing net book amount</b>	<b>–</b>	<b>1</b>	<b>2,383</b>	<b>2,965</b>	<b>104</b>	<b>5,453</b>
<b>At 31 December 2023</b>						
Cost	886	24	4,713	6,339	1,389	13,351
Accumulated depreciation	(886)	(23)	(2,330)	(3,374)	(1,285)	(7,898)
<b>Net book amount</b>	<b>–</b>	<b>1</b>	<b>2,383</b>	<b>2,965</b>	<b>104</b>	<b>5,453</b>
<b>Year ended 31 December 2024</b>						
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)
<b>Closing net book amount</b>	<b>–</b>	<b>1</b>	<b>1,020</b>	<b>1,744</b>	<b>81</b>	<b>2,846</b>
<b>At 31 December 2024</b>						
Cost	886	24	2,926	6,245	1,359	11,440
Accumulated depreciation	(886)	(23)	(1,906)	(4,501)	(1,278)	(8,594)
<b>Net book amount</b>	<b>–</b>	<b>1</b>	<b>1,020</b>	<b>1,744</b>	<b>81</b>	<b>2,846</b>

Excluding those classified in profit or loss from discontinued operation of approximately HK\$923,000 for the year ended 31 December 2023, depreciation expenses of approximately Nil (2023: HK\$439,000), HK\$1,469,000 (2023: HK\$2,330,000), HK\$20,000 (2023: HK\$59,000) and HK\$70,000 (2023: HK\$185,000) have been charged in cost of sales, 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:

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>Right-of-use assets</b>		
Office	<u>7,546</u>	14,530
	<u><b>7,546</b></u>	<u>14,530</u>
<b>Lease liabilities</b>		
Current	<b>3,994</b>	7,280
Non-current	<u><b>4,292</b></u>	<u>8,150</u>
	<u><b>8,286</b></u>	<u>15,430</u>

Additions to the right-of-use assets (including acquisition of subsidiaries) during the year ended 31 December 2024 was HK\$126,000 (2023: HK\$4,527,000).

**(ii) Amounts recognized in the consolidated income statement**

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

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Continuing Operations:</b>			
<b>Depreciation charge of right-of-use assets</b>			
Office		5,899	8,318
Apartment		–	2,185
	6	<u>5,899</u>	<u>10,503</u>
Interest expense (included in finance costs)	5	484	880
Expense relating to short-term leases (included in administrative expenses)	6	3,003	2,968

**(iii) The Group's leasing activities**

The Group leased various offices and certain operating assets of “Bayhood No. 9 Club” (up and until 5 October 2023). 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	
	2024	2023
	HK\$'000	HK\$'000
As at 1 January	2,274	4,527
Additions	–	1,274
Additions through acquisition of a subsidiary	216	–
Written off	–	(1,578)
Disposal of subsidiaries	–	(14)
Amortization (Note 6)	(1,269)	(1,869)
Exchange differences	(35)	(66)
As at 31 December	<u>1,186</u>	<u>2,274</u>
As at 31 December		
Cost	4,930	4,817
Accumulated amortization	<u>(3,744)</u>	<u>(2,543)</u>
Net carrying amount	<u>1,186</u>	<u>2,274</u>

Amortization expenses of approximately HK\$1,169,000 (2023: HK\$1,746,000) and HK\$100,000 (2023: HK\$123,000) have been charged in administrative expenses and marketing and selling expenses respectively.

## 13 GOODWILL

	2024	2023
	HK\$'000	HK\$'000
Cost and net carrying amount as at 1 January	27,203	27,853
Addition through business combination – smart healthcare services platform	253	–
Exchange differences	<u>(258)</u>	<u>(650)</u>
Cost and net carrying amount as at 31 December	<u>27,198</u>	<u>27,203</u>

## Impairment testing of goodwill

Except for the immaterial goodwill acquired through business combination – smart healthcare services platform – during the year, 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 2024 using discounted cash flow projections based on financial budgets covering a five-year period. The compound annual revenue growth rate is 6.52%. The discount rate applied to the cash flow projections is 19.0%. The growth rate used to extrapolate the cash flows beyond the five-year period is 2%, which approximates the long-term average growth rate of this CGU in the PRC. The recoverable amount of this CGU as at 31 December 2023 has been determined based on the post-investment valuation arising from the YZN Capital Increase in April 2023 (as detailed in note 28) less the discount rate for lack of marketability.

There is no impairment required on goodwill as at 31 December 2024 and 2023. A reasonable change in assumptions would not result in impairment, therefore disclosure of sensitivity analysis is not considered necessary.

## 14 INTERESTS IN ASSOCIATES

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
<b>Interest in an associate accounted for using the equity method</b>		
– Interest in HB Entertainment Co., Ltd. (Note 14(a))	102,951	211,086
<b>Interest in an associate measured at fair value through profit or loss</b>		
– Interest in Deep Sea Health Limited (Note 14(b))	–	16,947
	<b>102,951</b>	<b>228,033</b>

Set out below are the associates of the Group as at 31 December 2024 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 2024 and 2023 are as follows:

Name	Place of establishment and kind of legal entity	% of ownership interest		Principal activities and place of operation
		2024	2023	
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
Deep Sea Health Limited ("DSH")	Hong Kong, limited company	22%*	22%	Investment holding

\* Reclassified to asset classified as held for sale (Note 21)

**(a) HB Entertainment Co., Ltd.**

*Summarized financial information*

Set out below is the summarized financial information of HB Entertainment. The entity is accounted for using the equity method.

*Summarized balance sheet*

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current</b>		
Cash and cash equivalents	<b>35,658</b>	23,131
Other current assets (excluding cash)	<b>79,585</b>	47,727
<b>Total current assets</b>	<b>115,243</b>	70,858
Current financial liabilities (excluding trade payables)	<b>(54,061)</b>	(69,736)
Other current financial liabilities	<b>(53,557)</b>	(35,429)
<b>Total current liabilities</b>	<b>(107,618)</b>	(105,165)
<b>Non-current</b>		
<b>Total non-current assets</b>	<b>112,612</b>	197,782
<b>Total non-current liabilities</b>	<b>(9,685)</b>	(13,180)
<b>Net assets</b>	<b>110,552</b>	150,295
<b>Non-controlling interests</b>	<b>14,968</b>	14,439
<b>Net assets attributable to the equity holders</b>	<b>125,520</b>	164,734

*Summarized statement of comprehensive income*

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>	<b>91,990</b>	245,352
<b>Loss before taxation</b>	<b>(20,030)</b>	(7,440)
Taxation	<b>(4,273)</b>	501
<b>Loss after taxation</b>	<b>(24,303)</b>	(6,939)
Other comprehensive loss	<b>(14,911)</b>	(3,048)
<b>Total comprehensive loss</b>	<b>(39,214)</b>	(9,987)

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:

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>211,086</b>	218,982
Share of results	<b>(6,801)</b>	(1,556)
Provision for impairment	<b>(76,106)</b>	–
Share of dividend distribution	–	(633)
Exchange differences	<b>(25,228)</b>	(5,707)
At 31 December	<b>102,951</b>	211,086

### ***Reconciliation of summarized financial information***

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

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>Summarized financial information</b>		
Opening net assets as at 1 January	<b>164,734</b>	176,778
Profit/(loss) for the year	<b>(24,303)</b>	(6,939)
Dividend distribution	–	(2,057)
Exchange differences	<b>(14,911)</b>	(3,048)
Closing net assets as at 31 December	<b>125,520</b>	164,734
Interest in HB Entertainment	<b>38,614</b>	50,794
Goodwill	<b>64,337</b>	160,292
Carrying value	<b>102,951</b>	211,086

### ***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 2024 and 2023 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:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
<b>Unobservable inputs adopted in fair value less costs of disposal calculation</b>		
Average enterprise value-to-revenue ratio	<b>2.05</b>	3.2
Discounts for lack of marketability	<b>20%</b>	25%
Significant influence premium	<b>15%</b>	15%

No provision for impairment of interest in HB Entertainment has been recognized for the year ended 31 December 2023. 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 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.

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the business was below its carrying amount as at December 31, 2024 by approximately HK\$76,106,000 (2023: exceeded its carrying amount by HK\$4,508,000).

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:

	<b>As at December 31</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Discounts for lack of marketability increased by 5%	<b>(77,393)</b>	915
Significant influence premium decreased by 5%	<b>(76,778)</b>	3,102

**(b) Deep Sea Health Limited**

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 (Note 21) as of 31 December 2024.

The Group has engaged an independent valuer to determined the fair value of the unlisted investment as at 31 December 2023. 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.

Key assumptions adopted in the valuation were as follows:

	As at 31 December 2023
<hr/>	
<b>Unobservable inputs adopted</b>	
Price-to-sales multiples	1.6
Discounts for lack of marketability	20%

***Summarized financial information***

Set out below is the summarized financial information of DSH as of 31 December 2023. The entity is measured at fair value through profit or loss.

*Summarized balance sheet*

	As at 31 December 2023 HK\$'000
<b>Current</b>	
Cash and cash equivalents	<u>1,296</u>
<b>Total current assets</b>	<u>1,296</u>
Current financial liabilities	<u>(371)</u>
<b>Total current liabilities</b>	<u>(371)</u>
<b>Non-current</b>	
<b>Total non-current assets</b>	<u>145,712</u>
<b>Total non-current liabilities</b>	<u>–</u>
<b>Net assets</b>	<u>146,637</u>
<b>Non-controlling interests</b>	<u>(69,763)</u>
<b>Net assets attributable to the equity holders</b>	<u><u>76,874</u></u>

*Summarized statement of comprehensive income*

	2023 HK\$'000
<b>Revenue</b>	<u><u>–</u></u>
<b>Loss before taxation</b>	(13,432)
Taxation	<u>–</u>
<b>Loss after taxation</b>	(13,432)
Other comprehensive loss	<u>–</u>
<b>Total comprehensive loss</b>	<u><u>(13,432)</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.

Movements of interest in DSH are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	16,947	19,593
Fair value change through profit or loss	(4,536)	(2,646)
Reclassified to asset classified as held for sale (Note 21)	(12,411)	–
At 31 December	–	16,947

## 15. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets — at fair value</b>		
Opening balance at 1 January	–	–
Transfer from long-term prepayments	3,274	–
Capitalized subsequent expenditure	98	–
Net gain from fair value adjustment (Note 3)	7,371	–
Exchange differences	(114)	–
Closing balance at 31 December	10,629	–

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

	2024 HK\$'000	2023 HK\$'000
Rental income from operating leases	177	–
Direct operating expenses from property that generated rental income	8	–
Fair value gain recognized in other income and other gains/ (losses), net	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:

	2024	2023
	HK\$'000	HK\$'000
Within 1 year	236	—
Between 1 and 2 years	59	—
	<u>295</u>	<u>—</u>

## 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
<b>Current:</b>		
<b>Put option</b>		
– Deep Sea Health Limited (“DSH”) (Note a)	<u>12,619</u>	<u>5,049</u>
<b>Non-current</b>		
<b>Investment in unlisted equity securities</b>		
– Beijing Yi Yao Liang Xin (“YYLX”) (Note b)	<u>—</u>	<u>9,856</u>

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.

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 the date of grant and each financial reporting period end, using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
<b>Unobservable inputs adopted</b>		
Expected volatility	<b>26.75%</b>	44.61%
Expected dividend	<b>0.00%</b>	0.00%
Exercise probability	<b>100.00%</b>	55.00%
Risk-free interest rate	<b>1.09%</b>	2.04%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

- (b) In December 2022, the Company has completed an acquisition of 10% equity interest in YYLX, which principally engaged in construction and operation of centralised dispensary centres of traditional Chinese medicines. The consideration of this 10% equity interest was settled by setting-off with a receivable balance from YYLX of approximately HK\$14,553,000.

The Group has engaged an independent valuer to determine the fair value of the unlisted investment in YYLX as at 31 December 2024 and 2023. The valuation of YYLX was determined using the market approach that made reference to price-to-sales multiples to the comparable companies in the same industry. Key assumptions adopted were as follows:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
<b>Unobservable inputs adopted</b>		
Price-to-sales multiples	<b>2.84</b>	3.74
Discounts for lack of marketability	<b>40%</b>	38%

## 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	
	2024	2023
	HK\$'000	HK\$'000
0–3 months	36,396	88,001
4–6 months	1,757	6,642
7–9 months	20	341
10–12 months	119	–
Over 1 year	9,586	10,284
	<u>47,878</u>	<u>105,268</u>
Less: Provision for impairment	<u>(9,640)</u>	<u>(8,832)</u>
	<u>38,238</u>	<u>96,436</u>

### 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	
	2024	2023
	HK\$'000	HK\$'000
At 1 January	8,832	9,372
Net reversal of impairment (Note 6)	814	(552)
Exchange differences	<u>(6)</u>	<u>12</u>
At 31 December	<u>9,640</u>	<u>8,832</u>

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	
	2024	2023
	HK\$'000	HK\$'000
Prepayments	11,115	2,207
Deposits and other receivables	138,746	114,066
	149,861	116,273
Less: Provision for impairment of deposits and other receivables	(15,132)	(10,184)
Total net balance of prepayments, deposits and other receivables (Note)	134,729	106,089
Less: Non-current portion	(56,243)	(45,798)
Current portion	78,486	60,291

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

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
At 1 January	10,184	15,668
Net provision for/(reversal of) impairment (Note 6)	4,974	(4,017)
Exchange differences	(26)	(1,467)
At 31 December	15,132	10,184

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

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
HK\$	50,313	1,410
RMB	84,416	104,679
	<u>134,729</u>	<u>106,089</u>

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	
	2024	2023
	HK\$'000	HK\$'000
Unutilized film production investment amount (i)	42,718	56,812
Deposits paid for securing other borrowings (ii)	48,650	–
Other receivable generated from the discontinued operation of “Beijing Bayhood No. 9 Club” (iii)	21,830	23,858
Deposits paid to the suppliers of healthcare consumption business (iv)	8,054	19,139
Rental deposits	2,129	3,515
Others	11,348	2,765
	<u>134,729</u>	<u>106,089</u>

- (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\$42,718,000 (2023: HK\$56,812,000) as at 31 December 2024 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\$13,336,000 (2023: HK\$19,863,000) from an affiliate of the film producer as a pledge against these other receivables.

- (ii) As of 31 December 2024, the Group has paid deposits of approximately HK\$48,650,000 (2023: Nil) for securing certain of its other borrowings equivalent to approximately HK\$47,730,000 (2023: Nil) (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 (Note 29).
- (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

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Finished goods	<u><b>2,321</b></u>	<u>4,332</u>

The cost of inventories sold of approximately HK\$126,741,000 (2023: HK\$361,610,000) was recognized as expense and included in “Cost of sales” in the consolidated income statement for the year ended 31 December 2024.

No provision of impairment of inventories was recognized for the year ended 31 December 2024 (2023: same).

## 20 CASH AND CASH EQUIVALENTS

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Cash and bank balances	<u><b>34,450</b></u>	<u>27,037</u>
Denominated in:		
HK\$	<b>1,648</b>	1,325
RMB	<b>32,790</b>	23,490
US\$	<u><b>12</b></u>	<u>2,222</u>
	<u><b>34,450</b></u>	<u>27,037</u>
Maximum exposure to credit risk	<u><b>34,425</b></u>	<u>27,005</u>

The Group’s cash and bank balances of approximately HK\$32,790,000 (2023: HK\$23,490,000) as at 31 December 2024 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

	<b>2024</b>	2023
	<b>HK\$’000</b>	HK\$’000
Interest in an associate — Deep Sea Health Limited	<u>12,411</u>	—
	<u><b>12,411</b></u>	<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.

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.

Key assumptions adopted in the valuation were as follows:

	<b>As at</b>
	<b>31 December</b>
	<b>2024</b>
<b>Unobservable inputs adopted</b>	
Price-to-sales multiples	<b>0.91</b>
Discounts for lack of marketability	<b>20%</b>

## Summarized financial information

Set out below is the summarized financial information of DSH as of 31 December 2024. The entity is measured at fair value through profit or loss.

### *Summarized balance sheet*

	As at 31 December 2024 HK\$'000
<b>Current</b>	
Cash and cash equivalents	<u>1,251</u>
<b>Total current assets</b>	<u>1,251</u>
Current financial liabilities	<u>(321)</u>
<b>Total current liabilities</b>	<u>(321)</u>
<b>Non-current</b>	
<b>Total non-current assets</b>	<u>130,602</u>
<b>Total non-current liabilities</b>	<u>–</u>
<b>Net assets</b>	<u>131,532</u>
<b>Non-controlling interests</b>	<u>(64,025)</u>
<b>Net assets attributable to the equity holders</b>	<u><u>67,507</u></u>



*Summarized statement of comprehensive income*

	<b>2024</b>
	<b>HK\$'000</b>
<b>Revenue</b>	<u><u>–</u></u>
<b>Loss before taxation</b>	<b>(12,208)</b>
Taxation	<u>–</u>
<b>Loss after taxation</b>	<b>(12,208)</b>
Other comprehensive loss	<u>–</u>
<b>Total comprehensive loss</b>	<u><u><b>(12,208)</b></u></u>

**22 BANK AND OTHER BORROWINGS**

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current:		
Bank borrowing (Note a)	<b>10,799</b>	3,367
Other borrowings (Note b)	<b>44,598</b>	68,864
	<u><b>55,397</b></u>	<u>72,231</u>
Non-current:		
Other borrowings (Note b)	<b>19,654</b>	–
	<u><b>75,051</b></u>	<u>72,231</u>
Denominated in:		
RMB	<b>75,051</b>	71,231
HK\$	<u>–</u>	<u>1,000</u>
	<u><b>75,051</b></u>	<u>72,231</u>

As at 31 December 2024 and 2023, carrying amounts of bank and other borrowings approximated their fair values.

Note a: As at 31 December 2024, bank borrowing is secured (2023: secured), interest bearing at 3.45% (2023: 3.45%) and repayable within 1 year (2023: 1 year).

Note b: As at 31 December 2024, approximately HK\$47,730,000 (2023: Nil) of the other borrowings are secured by deposits of approximately HK\$48,650,000 (2023: Nil) (Note 18). The remaining other borrowings of approximately HK\$16,522,000 (2023: HK\$68,864,000) are unsecured.

Approximately HK\$44,598,000 (2023: HK\$68,864,000) and HK\$19,654,000 (2023: Nil) of the other borrowings are repayable within 1 year and 2 years, respectively. The Group has unconditional rights to extend the maturity date of certain other borrowings amounting to approximately HK\$20,841,000 (2023: HK\$43,092,000) for one more year.

Approximately HK\$16,198,000 (2023: HK\$18,759,000) of the other borrowings are interest-bearing at a weighted average rate of 6.00% (2023: 6.00%) per annum. The remaining other borrowings of approximately HK\$48,054,000 (2023: HK\$50,105,000) are interest-free.

## 23 TRADE PAYABLES

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

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
0–3 months	<b>51,940</b>	101,068
3–6 months	<b>680</b>	5,423
Over 6 months	<b>790</b>	1,624
	<b>53,410</b>	108,115

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

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Current liabilities:		
Other payables and accrued liabilities (Note i)	<b>60,312</b>	74,757
Contract liabilities (Note ii)	<b>2,608</b>	4,918
	<b>62,920</b>	79,675

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:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
HK\$	<b>4,607</b>	6,883
RMB	<b>58,313</b>	72,792
	<b>62,920</b>	79,675

## 25 SHARE CAPITAL

	<b>Ordinary shares of HK\$0.02 each</b>		<b>Preference shares of HK\$0.01 each</b>		
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000	HK\$'000
<b>Authorized:</b>					
At 31 December 2024 and 2023 (Note a)	<b>150,000,000</b>	<b>3,000,000</b>	<b>240,760</b>	<b>2,408</b>	<b>3,002,408</b>
<b>Issued and fully paid:</b>					
At 1 January 2024 and 31 December 2024	<b>13,585,339</b>	<b>271,707</b>	-	-	<b>271,707</b>
At 1 January 2023 and 31 December 2023	13,585,339	271,707	-	-	271,707

Note:

(a) Authorized share capital

The total number of authorized shares includes ordinary shares and preference shares. 150,000,000,000 (2023: 150,000,000,000) shares are ordinary shares with par value of HK\$0.02 (2023: HK\$0.02) per share. 240,760,000 (2023: 240,760,000) shares are preference shares with par value of HK\$0.01 per share (2023: HK\$0.01). All issued shares are fully paid.

### **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 (2023: Nil).

During the year ended 31 December 2024, 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 2024 (2023: 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 2024, no share (2023: 15,000,000 shares) were granted to selected participants pursuant to the Share Award Scheme. 15,000,000 shares (2023: no share) were forfeited/lapsed during the year ended 31 December 2024 because the vesting conditions had not been fulfilled. No share were vested and issued during the year ended 31 December 2024 (2023: no share).

For the year ended 31 December 2024, reversal of share-based compensation expense recognized in the consolidated income statement for share awards was approximately HK\$3,312,000 (2023: share-based compensation expense HK\$2,845,000) because the vesting conditions had not been fulfilled.

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)/RESERVES

	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 2023	1,226,728	860,640	1,206	(48,063)	(1,250)	-	12,135	(1,934,903)	116,493
Loss for the year	-	-	-	-	-	-	-	(97,087)	(97,087)
Share-based compensation	-	-	-	-	-	-	2,251	-	2,251
Issuance/Unlocking of shares for vested share awards	1,907	-	-	-	312	-	(2,219)	-	-
Currency translation differences									
- Group	-	-	-	2,536	-	-	-	-	2,536
- Associate	-	-	-	(5,707)	-	-	-	-	(5,707)
Balance at 31 December 2023	<u>1,228,635</u>	<u>860,640</u>	<u>1,206</u>	<u>(51,234)</u>	<u>(938)</u>	<u>-</u>	<u>12,167</u>	<u>(2,031,990)</u>	<u>18,486</u>

	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>

*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 and 26 March 2024 (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 “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: HK\$0.1014 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 initial Conversion Price of HK\$0.1014 per Share, the Convertible Bonds will be convertible into a total of 1,183,431,952 new shares of the Company.

Redemption at option of the Company: The Company shall have the right, by giving not less than 30 days’ prior written notice to the 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 Holder on the Maturity Date by paying the Holder the Redemption Amount.



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

	<b>Liability component HK\$'000</b>	<b>Equity component HK\$'000</b>	<b>Total fair value HK\$'000</b>
As at 1 January 2024	–	–	–
Issuance of convertible bonds	<b>113,553</b>	<b>2,204</b>	<b>115,757</b>
Effective interest charged (13.76% per annum) (Note 5)	<b>11,614</b>	–	<b>11,614</b>
Interest paid	<b>(9,288)</b>	–	<b>(9,288)</b>
As at 31 December 2024	<b>115,879</b>	<b>2,204</b>	<b>118,083</b>

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).

No conversion or redemption of the Convertible Bond has occurred up to 31 December 2024.

## **28 DEEMED DISPOSAL OF PARTIAL INTERESTS IN SHAANXI YIZHINUO INFORMATION TECHNOLOGY COMPANY LIMITED (“YZN”) AND REORGANIZATION OF YZN GROUP**

In April 2023, the Company entered into the capital increase agreement and a shareholders’ agreement (the “YZN Capital Increase 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)) (the “New Investor”) and other relevant parties. Pursuant to the YZN Capital Increase Agreements, the New Investor conditionally agreed to make a capital contribution in total of RMB40,000,000 in cash to YZN in two instalments (the “YZN Capital Increase”). The New Investor would be interested in approximately 6.25% of the enlarged equity interest in YZN and the Group’s interest in YZN would be diluted from 51% to approximately 47.81%. In addition, as part of an incentive measure to the employees of the YZN Group provided for under the YZN Capital Increase Agreements, the Group, Mr. WANG Jian and Ms. SHANG Jing had undertaken to respectively transfer approximately 1.63%, 0.60% and 0.58% of the total equity interest in YZN (as enlarged by the YZN Capital Increase) to the specific entity solely for the purpose of managing YZN’s employee stock ownership plan by no later than 31 December 2024, following which the Group’s interest in YZN would be further reduced to approximately 46.18%.

Pursuant to the relevant provisions in the YZN Capital Increase Agreements, the Group controls the appointment of more than half of the total number of directors to the board of YZN. Accordingly, the Group has the right to direct the relevant activities, including but not limited to budgeting, pricing and strategies planning, of the YZN Group (as defined below). As a result,

YZN would continue to be an indirect non-wholly owned subsidiary of the Company and the financial results of YZN Group (as defined below) would continue to be consolidated into the consolidated financial statements of the Group.

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

In conjunction with the YZN Capital Increase, a reorganization (the “Reorganization”) would be carried out, by which YZN would become the holding company of PTXB and in turn PTXB would become 100% owned by YZN, in order that the New Investor would be acquiring equity interest in YZN (the principal revenue generating entity) as the holding company of the YZN and its subsidiaries including PTXB (the “YZN Group”). After the registration of the New Investor as a 6.25% shareholder of YZN, the Group’s percentage interest in YZN had been diluted to below 50% for which the Group was permitted under applicable PRC laws and regulations to directly hold equity interest in YZN, and therefore the VIE structure in respect of the YZN Group would no longer necessary and all relevant VIE contractual arrangements would be terminated (the “VIE Termination”).

In connection with the YZN Capital Increase Agreements, the Company also entered into the fourth supplemental agreement (the “Fourth Supplemental Agreement”) with the relevant parties in May 2023. Pursuant to the Fourth Supplemental Agreement, upon completion of the Reorganization and VIE Termination, the terms under the Capital Increase and Acquisition Agreement (as amended by the Third Supplemental Agreement) in relation to the Further Acquisition, the First Performance Target and the Second Performance Target had been abolished.

In November 2023, the relevant parties entered into the YZN Capital Increase Supplemental Agreement, pursuant to which a further group reorganization would be carried such that Yizhinuo Technology (Suzhou) Co., Ltd. (“Suzhou YZN”) would become the holding company of YZN, the OPCO and other subsidiaries within the YZN Group (“Suzhou YZN Reorganization”).

As of 31 December 2023, the YZN Group had already received the first instalment of YZN Capital Increase amounting to RMB24 million (equivalent to approximately HK\$26,031,000) which is recorded as the Group’s long-term financial liabilities. All of the above-mentioned steps had been completed as at 31 December 2023 except for the completion of Suzhou YZN Reorganization and the receipt of the second instalment of YZN Capital Increase amounting to RMB16 million, both of which were subsequently completed in January 2024.

## 29 DISCONTINUED OPERATION

As detailed in the Company's announcements dated 15 May 2015 and 28 December 2020, Haikou Jiuhaio Hotel Management Company Limited Beijing Branch ("Haikou Beijing Branch"), an indirect wholly-owned subsidiary of the Company, has entered into a set of club lease agreements (the "Club Lease Agreement") with Beijing Bayhood No. 9 Business Hotel Company Limited (the "Lessor") pursuant to which the assets relevant to the operations of "Beijing Bayhood No. 9 Club" were leased to Haikou Beijing Branch for a term of twenty years starting from 6 October 2015. The total lease term of twenty years was divided into six rental periods. The first rental period of five years has ended on 5 October 2020. The remaining lease term of fifteen years starting from 6 October 2020 were to be divided into five rental periods of three years each. Haikou Beijing Branch has an option to early terminate the Club Lease Agreement by giving advance notice to the Lessor prior to the expiry of each rental period.

On 3 April 2023, Haikou Beijing Branch has delivered an advance notice to the Lessor to early terminate the Club Lease Agreement after the expiry of the second rental period by 5 October 2023. Since the early termination of the Club Lease Agreement by 5 October 2023, the Group has no longer engaged in the operation of "Bayhood No. 9 Club".

As the operation of "Healthcare and Wellness Services – Beijing Bayhood No. 9 Club" is considered as a separate major line of business, they are accounted for as discontinued operations.

Analysis of the result of discontinued operations in relation to Healthcare and Wellness Services – Beijing Bayhood No. 9 Club is as follows:

	During the period from 1 January 2023 to 5 October 2023 HK\$'000
Revenue	92,271
Cost of sale	<u>(49,243)</u>
Gross profit	43,028
Other income and other (losses)/gains, net	(6,068)
Administrative expenses	<u>(42,746)</u>
	(5,786)
Finance costs, net	<u>(1)</u>
Loss before tax from discontinued operations	(5,787)
Tax	<u>–</u>
Loss for the year from discontinued operations	<u><u>(5,787)</u></u>

## 30 RELATED PARTY TRANSACTIONS

### (a) Related party transactions

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions:

Name of party	Nature of transaction	31 December	31 December
		2024	2023
		HK\$'000	HK\$'000
Tencent Cloud Computing (Beijing) Company Limited (Note a)	Service fees	-	978
		-	978

Note a: Tencent Cloud Computing (Beijing) Company Limited is a wholly-owned subsidiary of Tencent Holdings Limited which is a substantial shareholder of the Company.

### (b) Related party balances

	31 December	31 December	
	2024	2023	
		HK\$'000	HK\$'000
Other borrowings (unsecured and non-interest bearing)			
- Mr. YUEN Hoi Po, an executive director of the Company	1,404	19,207	
- Ms. Dong Yu, a director of a subsidiary of the Company	2,160	2,207	
	3,564	21,414	

## 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 2024.

I am very honored to be appointed as a Non-executive Director and the Chairman of the Board of the Company in April 2024. Hony Media Group has achieved several important milestones in 2024, including the completion of the issuance of HK\$120 million convertible bonds to an entity under Hony Capital ("Hony Capital"), the appointment of Mr. CHENG Wu as the Chief Executive Officer of the Company, and the change of the Company's name. While further optimizing the Group's digitized operation service in the healthcare industry and smart healthcare services platform businesses, the Group focuses on the exploration and development of international culture, media and entertainment businesses, integrates resources from Hony Capital and multi-party cooperation to explore and develop new increments in the global culture, media and entertainment market, and strives to build a global

platform for the creation of high-quality content, and these will serve as the core development and strategic growth engine of the Group. As the strategic collaboration platform for Hony Capital in the cultural industry, the Group will receive continual support and anticipates to lay out and cultivate its new strategic focus continuously, and achieve long-term development.

While the global culture, entertainment, and media market is rapidly evolving, it also presents numerous opportunities and challenges driven by technological advancements, shifting consumer habits, and globalization. With the gradual yet widespread adoption of Virtual Reality (VR), Augmented Reality (AR), Mixed Reality (MR) and Extended Reality (XR) technologies, cultural entertainment experiences will become more immersive and interactive. These technologies will not only transform gaming and films but also have a profound impact on exhibitions, concerts and live performances. Through big data, artificial intelligence (AI) analysis and AI-generated contents (AIGC) technologies, industry participants will be able to better understand and predict user preferences, thus delivering highly personalized content. Beyond recommendation algorithms, these technologies will also shape advertising, content creation, and marketing strategies. Additionally, while globalization facilitates worldwide content distribution, localization remains a crucial strategy for engaging local audiences. We will need to strike the right balance between globalization and localization, with a view to creating contents that resonate internationally while meeting local cultural needs.

Looking back on 2024, following the change in the Board of Directors and the appointment of the new Chief Executive Officer in the first half of the year, we conducted research on the Group's development positioning in the global culture, entertainment and media markets. This included in-depth market research and visits to key culture, entertainment and media markets globally, such as China, the United States, South Korea, and Japan. At the same time, "Echartnow", the Group's digitized operation business in the healthcare industry, continued to report robust growth. Echartnow is strategically positioned as a leader in digitized operations in the healthcare industry, providing pharmaceutical enterprises with full development cycle digitized operation solutions through online and offline integration. During the year, driven by the continuous healthcare reform policies in China, the pharmaceutical industry faced organizational challenges under compliance upgrades and more severe business environment challenges. However, Echartnow continued to adhere to the core objective of high-quality development and concentrated its resources on exploring and developing high-quality customers, promoting the open platform, and fostering standardized and innovative development of the pharmaceutical industry. The Group will collaborate with Echartnow to enhance its core competitiveness, with the aim of gradually achieving positive operating cash flow.

Looking ahead, the Board of Directors will work with the management to implement the specific direction of the global culture, media and entertainment businesses in order to gradually realize the Group's vision. The future of the global culture, entertainment, and media market holds endless possibilities and challenges. Through technological innovation, personalized services, and a right balance between globalization and localization, the industry is poised to reach new heights. To thrive in this ever-changing environment, we must maintain sharp market insights and remain flexible in our responses to the market. Lastly, may I also take this opportunity to, on behalf of the Board, express our

gratitude to the shareholders, investors and business partners for their trust and support all along, and to all employees for their dedication and efforts to overcome challenges, delivering long-term returns to the shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 2024 (the “**Year**”), the Group’s revenue from continuing operations was HK\$1,018 million, representing a decrease of 24% compared to the prior year. Among which, “Echartnow”, the digitized operation service in the healthcare industry, was the main source of revenue for the Group, recording revenue of HK\$869 million during the Year, representing a decrease of 8% compared to the prior year, mainly due to changes in business structure and customer structure under the healthcare reform policy and Echartnow’s concentration of resources on the development of high-quality customers, resulting in short-term revenue fluctuations. The revenue of “Meerkat Health”, a smart healthcare services platform, was HK\$146 million, representing a decrease of 63% compared to the prior year, mainly due to the business restructuring of Meerkat Health in early 2024, which led to the divestment of loss-making vaccine and health examination businesses, a reduction in the proportion of low-margin businesses in its healthcare consumption segment, while focusing resources on developing high-margin products.

During the Year, other than continuing to optimize its existing businesses of Echartnow and Meerkat Health, the Group was also actively diversifying its financing channels, and had completed the issuance of HK\$120 million convertible bonds to an entity under Hony Capital (“**Hony Capital**”) in March 2024. In April 2024, Mr. Zhao John Huan, Chairman of Hony Capital, was appointed as the Chairman of the Board of Directors of the Company, and Mr. Cheng Wu was appointed as the Chief Executive Officer, 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. 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. To further reflect the latest strategic and business development direction, the Group has changed its name from “Huayi Tencent Entertainment Company Limited” to “Hony Media Group” during the Year.

The loss for the year increased by 41% to approximately HK\$177,190,000 (2023: HK\$125,354,000) during the year. The increase in loss for the year was mainly attributable to:

- 1) Provision for impairment of interest in HB Entertainment of approximately HK\$76,106,000 (2023: Nil) 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:
  - 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

- 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 drop in revenue of HB Entertainment which is one of the key parameters for determination of recoverable amount.
- 2) Finance cost for the year increased to approximately HK\$17,612,000 (2023: HK\$3,605,000), mainly attributable to the incurrence of interest expense on convertible bonds issued in March 2024.

The above factors accounted for an increase in loss for the year by approximately HK\$90,113,000. Should such factors be excluded, there would be a decrease in loss for the year of approximately HK\$38,277,000 which was mainly attributed to the significant reduction of segment loss of Meerkat Health operation to approximately HK\$6,851,000 (2023: HK\$45,355,000) resulting from the continuous cost control and completion of its organizational restructuring in early 2024 as mentioned above.

## **BUSINESS REVIEW AND PROSPECTS**

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

Under the policy guidance of the “Healthy China 2030 Blueprint” and the “Overall Layout Plan for the Construction of Digital China”, the healthcare industry is undergoing acceleration of digital transformation. Driven by the medical anti-corruption policy, the industry is developing towards a high-compliance, academic value-driven model. Digitalization has not only become a key trend in industry transformation, but also an inevitable choice to respond to policy guidance and industrial development needs.

As a leader in the digitized operation of the healthcare industry, Echartnow has always been committed to providing innovative digital transformation services for the industry. Through the integrated online and offline operation, Echartnow provides enterprises with digital solutions covering the entire business life cycle, helping enterprises to establish competitive barriers and reshape the industrial ecosystem. At the same time, Echartnow actively promotes the construction of an open digital healthcare ecosystem, lowers the threshold for industrial transformation, implements the concept of inclusive digital transformation, and helps more enterprises and institutions share the fruits of transformation. Echartnow always focuses on the well-being of doctors and patients, and is committed to returning to the essence of healthcare and promoting the sustainable development of the industry.

In the wave of digital economy, Echartnow works closely with a wide range of industrial partners, relying on the guidance of the government and professional institutions, deepens resource sharing and collaborative innovation, promotes the establishment and improvement of industrial standards, and accelerates technology exploration and application. With scientific and technological innovation as the engine and standard innovation as the guide, we will inject continuous impetus into the industry.

## ***Business Review***

During the year, Echartnow unswervingly promoted the digital transformation of the healthcare industry. We work with industry partners to continuously improve and build data scenarios to better empower all players in the healthcare ecosystem. Under the framework of the national digitalization strategy, we will continue to promote the digital and intelligent development of the healthcare industry in the PRC.

### *1. Focus on the digital transformation of the industry*

With a deep focus on top and innovative enterprise customers, Echartnow tailors marketing scenarios and comprehensive solutions in key disciplines for them through accurate analysis of customer competitive advantages. By combining the strategic needs of customers with their own technological edges, Echartnow provides customers with all-round support to help them make breakthroughs in brand building, market positioning and digital operation optimization.

Through strategic alliances and deep integration, Echartnow forms long-term partnerships with customers to drive innovation and development, and helps customers optimize internal processes and improve operational efficiency. Echartnow's technological innovation and digital transformation solutions promote customers to achieve comprehensive improvement in strategic development, market expansion and core competitiveness, and ultimately achieve common growth and value leap with customers.

In 2024, Echartnow successfully entered the second phase of its business model, providing comprehensive digital transformation services for pharmaceutical enterprises by opening up the Cistanche Digitized Operation and Management Platform (“**Cistanche Platform**”), promoting high-value business transformation and building a solid market barrier. At present with its standardized product matrix and complete built-in operation system, the Cistanche Platform makes full use of AIGC technology to build a small model of healthcare industry applications, and focuses on supporting the digital marketing strategy of pharmaceutical enterprises after compliance upgrades.

At the same time, Echartnow continues to promote technological innovation and further expand innovative application scenarios. In 2024, Echartnow launched the AI smart department innovation project, combining core technologies such as SaaS and AI intelligence to create an interactive and personalized department formation plan. The project not only responds to the needs of the digital reform of the national healthcare system, improves the efficiency and quality of healthcare services, but also provides patients with a more convenient and efficient diagnosis and treatment experience, and promotes the digital transformation and intelligent development of the healthcare industry.



In addition, Echartnow has also launched a series of innovative solutions, including Tencent E-Drug and Patient Duration of Therapy (DOT) Management System, which further enrich the digital product matrix, meet the needs of different healthcare scenarios, bring a more intelligent and efficient service model to the industry, and help the healthcare industry to achieve leapfrog development in the digital wave.

## 2. *Promote standardized and innovative development of the pharmaceutical industry*

On 14 October 2023, the “Several Provisions of Shanghai Pudong New Area on Promoting Standardized and Innovative Development”, the first regulation in the country to specifically promote the development of standardization and innovation, was officially implemented. The regulation clearly states that relevant entities in Pudong New Area can join forces with domestic and foreign enterprises or organizations to form a standard innovation consortium. On 25 January 2024, under the guidance of the Shanghai Municipal Administration for Market Regulation and the Pudong New Area Administration for Market Regulation, the “Shanghai Biopharmaceutical Digital Operation Standard Innovation Consortium” (the “**Consortium**”) was officially established, becoming the first standard innovation consortium in the pharmaceutical industry, providing strong support for the standardized development of the industry.

On 12 September 2024, the Consortium released the first “Compliance Development Guidelines for Biopharmaceutical Digital Operation” (the “**Guidelines**”) in the PRC, which is an important measure to fill the standard gap in the pharmaceutical industry in the field of digital operation, becomes a milestone in the innovation and development of industrial standardization, and is included as one of the ten key achievements in the national high-standard system construction. The release of the Guidelines provides a comprehensive digital operation standard system for the pharmaceutical industry, helping industry participants to better innovate and develop in the process of digital transformation, establishing industry-level data standards for the first time, and further improving the compliance and data governance level of the industry. This marks an important step forward in the industry’s environmental, social and corporate governance, and has made a positive contribution to promoting the sustainable development of the industry.

On 24 December 2024, Echartnow successfully held the Yangtze River Delta Promotion Conference of the Guidelines in Suzhou, marking the implementation of the Guidelines in Suzhou and further promoting the standardization and collaborative innovation and commercialization of the biopharmaceutical industry in the Yangtze River Delta. By accurately grasping the policy guidance, Echartnow continuously stimulates the vitality of regional innovation, accelerates the transformation and application of technological achievements, and optimizes the service experience.

### 3. *Promote the development of data assets and applications*

The “Guiding Opinions on Strengthening the Management of Data Assets” issued in January 2024 and the “Keynotes for the 2024 Digital Economy” issued in April 2024 clearly put forward the need to fully release the value of data assets, promote the compliant and efficient circulation and use of data assets, promote the orderly transformation of data assets, and better leverage the value of data assets. It fully reflects the great importance that the country attaches to the precipitation and application of data assets.

Giving full play to the practical experience of data asset accumulation in the vertical field of industry, Echartnow actively explores the value of compliance and openness of public data with relevant government departments, and combines the first-mover advantages of various public data and biopharmaceutical industries in Pudong New Area for better industry integration. At the same time, the above will promote the development of the digital economy, realize the circulation and transaction of data elements, and boost the development of industrial new quality productive forces.

### 4. *Revenue Sources and Key Performance Indexes of Echartnow*

During the year, the main sources of revenue of Echartnow were the provision of digitized services for pharmaceutical products (including digitized marketing services, medical research services, and Cistanche Digitized Operation and Management Platform services) and digitized services for the medical ecosystem (including digitized value medical services and digitized innovative scenario services), thereby generating revenues from information technology service fees, consulting service fees and promotion service fees:

#### **(i) *Digitized marketing services***

Digitized marketing services are the provision of marketing, medical conferences, medical science popularization, and digitized promotion services based on online ecological platforms for pharmaceutical customers, such as:

- 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 system, covering academic conferences, MDT conferences, expert lectures and other forms;
- Production and promotion of medical science popularization content, including information 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 accurate promotion of information, audio and video, pictures, etc.;

- Building IP brand for doctors, and 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.

**(ii) *Medical research services***

Medical research services provide pharmaceutical companies with research support for the clinical effects of drugs, fill the gaps in the research information relating to new functions of the drugs, and assist doctors in making strides in scientific knowledge. Echartnow also provides full life-cycle support for new products after launch, including real-world studies (RWS), drug clinical trial patient recruitment, pharmacoeconomic evaluation, etc., collects medical evidence and provides research reports, supports drug efficacy and safety evaluation, label revision, indication expansion and new drug registration. At the same time, the latest drug information and clinical data are delivered to doctors by Echartnow through a variety of digitized channels so as to enhance the clinical transformation and application value of research results.

**(iii) *Open Cistanche Platform services***

The “Cistanche Digitized Operation and Management Platform” creates a standardized and systematic digitized marketing strategy for pharmaceutical companies and their agents/service providers through a standardized operation system, AIGC capabilities and industrial application models, charging service fees based on platform turnover/GMV.

**(iv) *Digitized value medical services***

The service includes Internet diagnosis and prescription circulation services, optimizing the online medical service process and improving the efficiency of diagnosis and treatment. At the same time, it provides consulting services such as brand building, marketing and compliance consulting, and digital transformation so as to help enterprises improve brand value and business compliance in the digital era.

**(v) *Digitized innovative scenario services***

Echartnow provides comprehensive services around patient management, in-hospital and out-of-hospital medical operations for pharmaceutical companies, including E-drug, smart departments, digital human, patient DOT systems, etc. This provides a full range of operational and technical solutions, supports innovative applications in multiple scenarios, and improves the interactive experience and operational efficiency of patients and medical service providers.

As of 31 December 2024, Echartnow has signed cooperation agreements with a number of large domestic pharmaceutical companies, including Jilin Changlong, Qilu Pharmaceutical and CSPC Pharmaceutical Group. The number of contracted pharmaceutical companies continued to increase, with an increase of 33.9% to 328 compared to the end of 2023. The medical specialties of registered doctors on the Echartnow platform cover key departments such as pediatrics, oncology, and cardiovascular, and the number of registered doctors increased by 50.4% to 60,248 compared to the end of 2023. All doctors have completed real-name registration, uploading of qualification materials and passing of authentications.

As at 31 December 2024, Echartnow's revenue was HK\$869,555,000 (2023: HK\$943,936,000), representing a decrease of 8% from the prior year; gross profit margin was 38.7% (2023: 40.7%), being a slight decrease of 2.0% from the prior year. In 2024, Echartnow clearly defined high-quality development as its core objective, and was committed to the innovation and upgrading of its marketing model and the in-depth optimization of its customer structure. In particular, Echartnow has achieved a major transformation in the Cistanche Platform business, adjusting from the traditional SaaS system sales model to the form of charging service fees according to the platform GMV, and achieving faster access to customers by lowering the threshold for enterprise digital transformation. At the same time, high-quality development has also brought about changes in business structure and customer structure, as well as multiple factors such as medical reform policies, which have caused short-term revenue and gross profit margin to fluctuate. However, the improvement of operating data of large customers reflects the good expectation of continuous business growth. We firmly believe that this strategic adjustment will bring broader development space and sustainable competitiveness for Echartnow.

### ***Prospects***

In 2025, Echartnow will continue to take the strategic positioning of “a leader in digitized operation in the healthcare industry”, comprehensively promote the implementation of the strategy, and strive to enhance its core competitiveness. In particular, with the geographical advantages of the Yangtze River Delta, Echartnow will build a closer partnership, deeply explore the value of important customers, promote industrial innovation and academic cooperation, steadily achieve leapfrog development, and create a strong momentum for sustainable growth.

#### ***1. Policy-driven to promote the high-quality development of the industry***

Echartnow will closely follow the guidance of national policies and deepen the digitized transformation of the healthcare industry under the macro background of high-quality development of the industry. By strengthening open cooperation and resource sharing, Echartnow will promote the wide application of digitized transformation achievements in the industry and promote the continuous deepening of the industry's digitalization process. At the same time, by fully grasping the policy support for innovation, Echartnow will accelerate the

breakthroughs of biopharmaceutical enterprises in the R&D and product launch stage and promote the rapid implementation of technological innovation achievements. Echartnow will optimize the value realization of doctors and patients through digitized means and promote the deep integration of the healthcare industry in academic development and clinical application, so as to accelerate the intelligent and precise transformation of the healthcare industry and help the industry achieve high-quality development.

2. *Standards-led to accelerate the digitized transformation of the industry*

In October 2024, after the review and recommendation of the Pudong New Area Administration for Market Regulation, the Shanghai Municipal Administration for Market Regulation recognized and awarded Echartnow as the “Shanghai Standardization Innovation Center (Biopharmaceutical Digitized Operation)”, fully affirming the outstanding achievements of Echartnow in promoting the digitized transformation and standardization of the biopharmaceutical industry. Relying on the Shanghai Standardization Innovation Center (Biopharmaceutical Digitized Operation) and based on an innovation-driven development model, Echartnow will actively promote the digitized transformation of the healthcare industry and lead the development of the industry through organizational innovation, talent innovation, product innovation, technological innovation and standard innovation.

3. *Business intelligence data empowerment drives industrial upgrading*

Focusing on the commercial application scenarios of the biopharmaceutical industry throughout the life cycle, Echartnow is committed to opening up the “last mile” of data assets, promoting the development of the digitized economy, and promoting the application, circulation and transaction of data elements. Echartnow will cooperate with the government and professional institutions to explore the fields of public data authorization, assetization, circulation and trading, and help the digitized transformation of the industry.

In the future, under the guidance of the high-quality development strategy, Echartnow will closely follow the national policy, promote the open platform, promote the inclusiveness of digitized transformation, improve operational efficiency, build a collaborative innovation ecosystem, and promote industrial symbiosis, co-creation and win-win results.

**(2) “Meerkat Health”, a Smart Healthcare Services Platform**

Facing new economic development and future market trend of the PRC, Meerkat Health decisively divested its high-cost and uncertain business segments including vaccines and health examinations in early 2024, terminated its private domain e-commerce business and laid off all relevant personnel, realizing a much lighter organizational structure.

On the basis of optimizing the business and organizational structure, Meerkat Health now fully focuses on the healthcare consumption business, in particular the pharmaceutical wholesale and healthcare retail business segments. In terms of pharmaceutical wholesale, Meerkat Health actively improves its product quality and reduces operating costs, aiming at continuously improving its

business standards and market competitiveness. In terms of healthcare retail, Meerkat Health has reached a strategic partnership with Sinopharm Group and PICC Group in the second half of 2024, jointly laying out the online mall targeting commercial insurance C-end, opening a new operation model for healthcare retail for high-net-worth individuals. In 2024, the overall adjustment and business layout of Meerkat Health laid a solid foundation for the subsequent improvement of the overall operation quality and profitability, opening a new chapter of development.

### ***Business review***

Meerkat Health regards pharmaceutical wholesale and healthcare retail businesses as its core development strategy, continues to strengthen its operation and service capabilities in the field of pharmaceuticals and healthcare, actively empowers various pharmaceutical and healthcare brands, and successfully attracts more brand supply chain cooperation opportunities with its excellent capabilities and reputation. At the same time, we are committed to creating an efficient, safe and convenient supply chain service system for downstream distribution agency channel providers and high-net-worth commercial insurance C-end users, so as to meet the all-rounded needs of different customer groups. In 2024, Meerkat Health established in-depth cooperative relations with industry giants such as Ali Health and JD Health. Relying on the superior resources and professional capabilities of both parties and through the innovative supply chain service model, we have successfully opened up new channels for pharmaceuticals and healthcare products, which not only expanded the business territory, but also laid a solid foundation for the company's subsequent sustainable and stable development. In the second half of 2024, Meerkat Health provided commercial insurance drug purchase and health management services for the insured employees of a number of large enterprises (such as Bank of Communications) through its online mall, and successfully won unanimous praise from partners and policyholders with its cost-effective supply chain and high-quality health management services, building a new C-end position of Meerkat Health in the field of healthcare consumption.

As of 31 December 2024, Meerkat Health's revenue was HK\$145,851,000 (2023: HK\$399,413,000), being a decrease of 63% from the prior year, mainly due to the fact that the revenue of the prior year included approximately HK\$13,927,000 from the divested businesses such as vaccines and health examinations, as well as the reduction of the proportion of lower-margin business and the concentration of resources on expanding high-margin and high-potential customers in the healthcare consumption business during the year. As a result, the gross profit margin in 2024 increased to 13.1% from 7.1% of the prior year. The segment loss in 2024 shrank significantly by 85% to HK\$6,851,000 from HK\$45,355,000 of the prior year, reflecting the effectiveness of business restructuring and organizational reorganization.

### ***Prospect***

With the completion of business restructuring and organizational reorganization, Meerkat Health has entered a new stage of development. Looking forward, Meerkat Health will continue to optimize the cost structure, improve operational efficiency in an all-round way, and go all out to leverage higher value output at a lower cost. In addition, based on the concept of steady

development, Meerkat Health will actively explore new business models and keenly capture new market opportunities, while continuing to focus on the field of healthcare consumption and uncover potential new value, so as to inject a steady stream of power into the company's long-term development.

### **(3) Entertainment and Media**

HB Entertainment, in which the Group holds a 30.77% equity stake, primarily involved in production and investment in film and television drama projects and provision of artist management and agency services in South 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:

- “Battle for Happiness” — premiered in May 2023 on Korean ENA TV channel. It was directed by Kim Yoon-cheol, renowned for “My Lovely Sam Soon”, and written by the novelist Joo Young-ha. The cast included well-known actors such as Lee El from “My Liberation Notes”, Jin Seo-yeon from “One the Woman,” Cha Ye-ryun from “Gold Mask”, Park Hyo-joo from “The Good Detective 2,” and Woo Jung-won from “Under the Queen’s Umbrella”. According to Nielsen data, the nationwide average viewership rating was 1.77%, with the highest nationwide viewership reaching 2.77%.
- “My Man Is Cupid” — exclusively broadcast on Amazon Prime Video since December 2023. It was directed by Nam Tae-jin, known for “Switch”, and written by Heo Seong-hee, known for “One More Happy Ending”. The drama starred Jang Dong-yoon from “Daily Dose of Sunshine” and Nana from “Mask Girl”.
- “Motel California” — 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%, with the highest nationwide viewership reaching 6.0%.

During the Year, the “Entertainment and Media” business recorded revenue of HK\$3,056,000 (2023: HK\$682,000) resulting from sale of a set of film library items. There was a segment loss of HK\$85,698,000 (2023: segment profit of HK\$3,550,000), mainly due to (i) provision for impairment of interest in HB Entertainment of approximately HK\$76,106,000 for the Year (2023: Nil) (Note 14); and (ii) the increase in the sharing of losses of HB Entertainment to HK\$6,801,000 (2023: HK\$1,556,000) during the Year.

Looking ahead, the management will implement the Group's specific development direction for its international culture, media and entertainment business; integrate resources from Hony Capital and multi-party cooperation to explore and develop new increments in the global culture, media and entertainment market; 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 of Hong Kong Limited (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 2024 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 2024.

## **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

Following the termination of the Club Lease Agreement as detailed in Note 29 to the consolidated financial statements of the Group, the operation of “Healthcare and wellness services” is discontinued on 5 October 2023, and was accounted for as discontinued operations.

The key financial figures of the Group for the year ended 31 December 2024 are summarized as follows:

	2024 HK\$'000	2023 HK\$'000	Change %
<b>Continuing Operations</b>			
<b>Revenue:</b>			
– Digitized operation services in healthcare industry	869,555	943,936	–8%
– Smart healthcare services platform	145,851	399,413	–63%
– Entertainment and media	3,056	682	+348%
	<u>1,018,462</u>	<u>1,344,031</u>	–24%
<b>Gross profit:</b>			
– Digitized operation services in healthcare industry	336,692	384,218	–12%
– Smart healthcare services platform	19,111	28,529	–33%
– Entertainment and media	3,056	682	+348%
	<u>358,859</u>	<u>413,429</u>	–13%
<b>Segment result:</b>			
– Digitized operation services in healthcare industry	(30,785)	(29,546)	loss +4%
– Smart healthcare services platform	(6,851)	(45,355)	loss –85%
– Entertainment and media	(85,698)	3,550	N/A
	<u>(123,334)</u>	<u>(71,351)</u>	loss +73%
<b>Loss for the year from continuing operations</b>	<u>(177,190)</u>	<u>(119,567)</u>	loss +48%
<b>Loss for the year from continuing operations attributable to equity owners of the Company</b>	<u>(163,489)</u>	<u>(91,300)</u>	loss +79%
<b>Non-HKFRS Adjustments:</b>			
Adjusted loss for the year from continuing operations	<u>(103,235)</u>	<u>(106,466)</u>	loss –3%
<b>Discontinued Operation</b>			
<b>Loss for the year from discontinued operation</b>	<u>—</u>	<u>(5,787)</u>	loss –100%

## — Revenue

Revenue for the year ended 31 December 2024 amounted to approximately HK\$1,018,462,000 (2023: HK\$1,344,031,000), being a 24% 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 8% to approximately HK\$869,555,000 (2023: HK\$943,936,000), which accounted for approximately 85% (2023: 70%) of the Group’s revenue from continuing operations. Echartnow, taking high-quality development as its core goal, has taken the initiative to give up some customers that are not in line with the company’s long-term development so as to concentrate resources to develop new high-quality customers. In addition, driven by the medical reform policy in 2024, the pharmaceutical industry is facing organizational and operational challenges under the ever-rising compliance standard. There was certain wait-and-see sentiment up to Q3 2024 which leads to the short-term fluctuation in Echartnow’s revenue, however, a catch up in revenue was observed in Q4 2024. In the long run, high-quality development and medical reform policies will bring Echartnow a broader development space and sustainable competitiveness.
- (2) During the year, revenue from the “Smart Healthcare Services Platform” segment (i.e., Meerkat Health) decreased by 63% to approximately HK\$145,851,000 (2023: HK\$399,413,000), which accounted for approximately 14% (2023: 30%) of the Group’s revenue from continuing operations. This was mainly due to the fact that the revenue in the prior year included approximately HK\$13,927,000 from vaccines and medical examinations which have already been divested. In addition, Meerkat Health has continued to reduce the proportion of healthcare consumption business with lower gross profit, leading to further drop in revenue yet an increase in gross profit margin from 7.1% to 13.1% during the year.

## — Cost of Sales and Gross Profit

Cost of sales for the year ended 31 December 2024 amounted to approximately HK\$659,603,000 (2023: HK\$930,602,000), being a 29% decrease comparing to the prior year. Gross profit for the year ended 31 December 2024 amounted to approximately HK\$358,859,000 (2023: HK\$413,429,000), being a 13% decrease comparing to the prior year, while gross profit margin increased to 35% (2023: 31%). The year-to-year change of gross profit and gross profit margin is due to the following:

- (1) As explained above, the change of customer composition and the customers’ wait-and-see sentiment due to the medical reform policy implementation leads to pressures against Echartnow’s revenue and gross profit performance in the short-run, leading to a 12% drop in gross profit and a slight decrease of gross profit margin from 40.7% to 38.7%. However, in the long-run, medical reform with ever rising standard for compliance shall open a broader space and demands from the pharmaceutical industry for the digitized operation services provided by Echartnow.

- (2) As mentioned above, revenue from the Meerkat Health operation decreased significantly by 63% during the year resulting from the business restructuring and reduction of the proportion of low gross profit businesses. Although gross profit from the Meerkat Health operation has also dropped by 33% accordingly, the business restructuring has led to a much-improved gross profit margin of 13.1% (2023: 7.1%), which laid a solid foundation for its sustainable and stable development in the future.

#### — Other Income and Other Gains/(Losses), net

Other income and other losses, net, for the year ended 31 December 2024 amounting to a net income of approximately HK\$10,502,000 (2023: net loss of HK\$7,439,000) mainly comprised of i) gain on financial liabilities at fair value through profit or loss of approximately HK\$4,243,000 (2023: nil) generated from the issuance of convertible bonds during the year; and ii) gain on disposal of property, plant and equipment of approximately HK\$3,492,000 (2023: loss on disposal of HK\$846,000) mainly generated from an one-off disposal of a small commercial premise in Beijing during the year. Detailed breakdown of other income and other gains/(losses) 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 2024 amounted to approximately HK\$352,946,000 (2023: HK\$419,683,000), being a 16% 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 short-term fluctuation in the revenue and gross profit as previously mentioned, Echartnow has temporarily slowed down the investment in such marketing and selling expenses during the year; and
- (ii) As mentioned above, there was a business restructuring in Meerkat Health operation so as to raise gross profit margin and reduce operating losses. Accordingly, the market promotion expense for the vaccine and health check businesses, which was divested in early 2024, has been significantly reduced. In addition, the warehouse and logistic expense incurred for the health consumption business also reduced in line with the drop in the relevant revenue.

#### — Research and Development Expenses

Research and development expenses for the year ended 31 December 2024 amounted to approximately HK\$17,321,000 (2023: HK\$29,491,000), being a 41% 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 of Meerkat Health operation completed in early 2024, leading to redundancy of the relevant research and development staff in relation to the divested medical services businesses.

## — Administrative Expenses

Administrative expenses for the year ended 31 December 2024 amounted to approximately HK\$70,371,000 (2023: HK\$75,860,000), being a 7% 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 Meerkat Health operation decreased during the year which was in line with the completion of its organizational restructuring in early 2024 with divesting of the vaccines, medical examination and private e-commerce businesses; and
- (2) Additional legal and professional fees were incurred for the issuance of convertible bonds during the year. In addition, with the exploration and development of international culture, media and entertainment businesses and recruitment of new chief executive officer, additional staff costs and related administrative expenses were incurred.

## — Finance Costs, net

Finance costs, net for the year ended 31 December 2024 amounted to approximately HK\$17,612,000 (2023: HK\$3,605,000), being a 3.9-time increase comparing to the prior year. The significant increase in net finance costs during the year was mainly attributed to i) interest expense on the convertible bonds newly issued in March 2024 amounting to approximately HK\$11,614,000 (2023: nil); and ii) the increase in interest expense on long-term financial liabilities during the year to approximately HK\$3,633,000 (2023: HK\$1,318,000).

## — 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\$6,801,000 (2023: a loss of approximately HK\$1,556,000). The increase in loss of HB Entertainment during the year was mainly attributed to the additional provision for impairment against certain writers' advance payment and TV drama rights. HB Entertainment would be profitable during the year excluding these impairment provisions.

## — Provision for Impairment of Interest in an Associate

Provision for impairment of interest in HB Entertainment of approximately HK\$76,106,000 (2023: Nil) 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 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 from continuing operations**

The Group's loss from continuing operations for the year ended 31 December 2024 amounted to HK\$177,190,000 compared that of HK\$119,567,000 for the preceding financial year. The Group's adjusted loss from continuing operations for the year ended 31 December 2024 amounted to HK\$103,235,000, representing an decrease of HK\$3,231,000 or 3%, compared to the adjusted loss of HK\$106,466,000 for the preceding financial year. Adjusted loss from continuing operations is based on the loss from continuing operations 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 Meerkat Health operation resulting from the completion of its organizational restructuring in early 2024 with divesting of the vaccines, medical examination and private e-commerce businesses, offset against the effect of increase in finance costs attributed to interest expense on convertible bonds and long-term financial liabilities.

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 from continuing operations 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 from continuing operations for the years ended 31 December 2024 and 2023 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 from continuing operations):

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Loss for the year from continuing operations	<b>(177,190)</b>	(119,567)
Add:		
– (Reversal)/expenses of shared-based compensation	<b>(3,312)</b>	2,845
– Fair value change on financial assets at fair value through profit or loss, net of tax	<b>2,180</b>	2,205
– Fair value change on interest in an associate measured at fair value through profit or loss	<b>4,536</b>	2,646
– Fair value change on investment properties	<b>(7,371)</b>	–
– Gain on financial liabilities at fair value through profit or loss	<b>(4,243)</b>	–
– Loss on modification of financial assets	<b>2,426</b>	4,087
– Notional interest on long-term financial liabilities	<b>3,633</b>	1,318
– Provision for impairment of interest in an associate	<b>76,106</b>	–
	<b>(103,235)</b>	(106,466)
Adjusted loss for the year from continuing operations	<b>(103,235)</b>	(106,466)

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity and Treasury Management

As at 31 December 2024, the Group held cash and cash equivalents of approximately HK\$34,450,000 (2023: HK\$27,037,000), being a 27% increase comparing to the balance as at 31 December 2023.

The Group is at net current asset position of HK\$2,804,000 as at 31 December 2024 (2023: net current liability position of HK\$74,156,000). The current ratio, representing the total current assets to the total current liabilities, increased from 0.72 as at 31 December 2023 to 1.02 as at 31 December 2024.

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 4.9 times as at 31 December 2024 (2023: 27.21%). The Group has issued convertible bonds with principal amounts of HK\$120,000,000 during the year, leading to the increase in the gearing ratio. The Group's total bank and other borrowings as at 31 December 2024 amounted to approximately HK\$75,051,000 (2023: HK\$72,231,000), and was denominated in Chinese Renminbi.

Should the convertible bonds be fully converted as of 31 December 2024, the pro forma net debt, total equity and gearing ratio as at 31 December 2024 would be HK\$237,000, HK\$139,570,000 and 0.17% 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 loss of approximately HK\$1,879,000 (2023: HK\$1,508,000). 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 2024 and 2023, the Company has not issued any new ordinary shares.

Convertible bonds as at 31 December 2024 amounted to approximately HK\$115,879,000 (2023: nil). 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 2024 amounted to approximately HK\$75,051,000 (2023: HK\$72,231,000). 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 2024 and 2023, save as those disclosed in Note 22 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 2024 the Group employed a total of 221 (2023: 233) 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 2024. For details of the YZN Capital Increase Agreement and the further supplemental agreements to the Capital Increase and Acquisition Agreement regarding the YZN Group entered into during the year ended 31 December 2023, please refer to note 28 to the consolidated financial statements.

## **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).

## **COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES**

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 2024, 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 with the exception of a short period of non-compliance with code provision C.2.1 regarding the separation of the roles of Chairman and Chief Executive Officer. However, following the appointments of Mr. ZHAO John Huan as Non-executive Director and Chairman of the Board, and Mr. CHENG Wu as Chief Executive Officer, both effective from 24 April 2024, the Company achieved full compliance with this provision.

## **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 Mr. CHU Yuguo and Ms. PAN Min. 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 2024 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 2024 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 year 2024.

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](http://www.honymedia.net)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for 2024 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 2025

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

*Mr. ZHAO John Huan<sup>2</sup> (Chairman), Mr. CHENG Wu<sup>1</sup> (CEO), Mr. YUEN Hoi Po<sup>1</sup> (President), Mr. YUEN Kin<sup>3</sup>, Mr. CHU Yuguo<sup>3</sup>, Ms. WANG Song Song<sup>3</sup> and Ms. PAN Min<sup>3</sup>*

- 1 Executive director
- 2 Non-executive director
- 3 Independent non-executive director