



弘毅文化集團
HONY MEDIA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00419)

ANNUAL REPORT 2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Director

Mr. ZHAO John Huan (*Chairman*)

Executive Directors

Mr. CHENG Wu (*Chief Executive Officer*)

Mr. YUEN Hoi Po (*President*)

Independent Non-executive Directors

Mr. YUEN Kin

Mr. CHU Yuguo

Ms. WANG Song Song

Ms. PAN Min

COMPANY SECRETARY & QUALIFIED ACCOUNTANT

Mr. HAU Wai Man, Raymond

INDEPENDENT AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

DBS Bank Ltd., Hong Kong Branch

Hang Seng Bank

The Hongkong and Shanghai Banking Corporation Limited

SOLICITORS

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SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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WEBSITE

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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.

ZHAO John Huan
Chairman of the Board
Hony Media Group

Hong Kong, 31 March 2025

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

premised 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 17); 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 for the year are set out on pages 20 to 28 of this Annual Report, 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 34 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 %
Continuing Operations			
Revenue:			
– 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%
	1,018,462	1,344,031	–24%
Gross profit:			
– 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%
	358,859	413,429	–13%
Segment result:			
– 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
	(123,334)	(71,351)	loss +73%
Loss for the year from continuing operations	(177,190)	(119,567)	loss +48%
Loss for the year from continuing operations attributable to equity owners of the Company	(163,489)	(91,300)	loss +79%
Non-HKFRS Adjustments:			
Adjusted loss for the year from continuing operations	(103,235)	(106,466)	loss –3%
Discontinued Operation			
Loss for the year from discontinued operation	—	(5,787)	loss –100%

MANAGEMENT DISCUSSION AND ANALYSIS

— 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 5 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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):

	2024 HK\$'000	2023 HK\$'000
Loss for the year from continuing operations	(177,190)	(119,567)
Add:		
– (Reversal)/expenses of shared-based compensation	(3,312)	2,845
– Fair value change on financial assets at fair value through profit or loss, net of tax	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	(7,371)	–
– Gain on financial liabilities at fair value through profit or loss	(4,243)	–
– Loss on modification of financial assets	2,426	4,087
– Notional interest on long-term financial liabilities	3,633	1,318
– Provision for impairment of interest in an associate	76,106	–
Adjusted loss for the year from continuing operations	(103,235)	(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%). Long-term financial liabilities, representing capital contributions from a new investor of a subsidiary which may need to be repurchased by that subsidiary under certain circumstances in the future, have not been included in the calculation of the gearing ratio. The Group 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 31 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

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 26 to the consolidated financial statements.

CHARGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, save as those disclosed in Note 26 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 33 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the “Board”) is committed to achieving high standards of corporate governance and adherence to the governance principles and practices. The Board or its delegated Board Committees has regularly reviewed and monitored its implementation and effectiveness. Throughout the year ended 31 December 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.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises seven directors (“Directors”) whose biographical details, as well as the relationship amongst them (if any), are set out on page 29 of this Annual Report.

The Board is responsible for establishing the Group’s corporate policy and strategic direction; setting business objectives and development plans; monitoring financial performance, internal controls and the performance of the senior management; and ensuring that the Company complies with all applicable laws and regulations. The Board delegates day-to-day operations of the Group to the management, which is responsible for implementing these strategies and plans.

Directors play an active role in participating in the Company’s meetings. The composition of the Board as at the date of this report and their attendance at the Company’s meetings during the year 2024 are as follows:

Directors	Director Categories	Meetings		Committee Meetings			
		Board	General	Audit	Remuneration	Corporate Governance	Nomination
Mr. ZHAO John Huan ¹	Chairman and Non-executive Director	4/6 ²	3/3	–	–	–	–
Mr. CHENG Wu	Executive Director and Chief Executive Officer	5/6	3/3	–	–	–	–
Mr. YUEN Hoi Po	Executive Director and President	6/6	3/3	–	member 2/2	chairman 1/1	–
Mr. YUEN Kin	Independent Non-executive Director	6/6	3/3	chairman 2/2	chairman 2/2	member 1/1	–
Mr. CHU Yuguo	Independent Non-executive Director	6/6	3/3	member 2/2	–	member 1/1	chairman 2/2
Ms. WANG Song Song	Independent Non-executive Director	6/6	3/3	–	member 2/2	–	member 2/2
Ms. PAN Min	Independent Non-executive Director	6/6	3/3	member 2/2	–	–	member 2/2
Total number of meetings held		6	3	2	2	1	2

1. Mr. ZHAO’s appointment has fulfilled the requirements of Listing Rule 3.09D by obtaining legal advice from a qualified Hong Kong law firm on 23 April 2024 regarding his duties and responsibilities as a director of a listed company under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Mr. ZHAO confirmed on 24 April 2024, that he understood his obligations as a director of the Company. The biographical details of Mr. ZHAO were disclosed on page 29.
2. Mr. ZHAO was appointed to the Board in April. While six Board meetings were held during the reporting period, Mr. ZHAO attended all meetings held subsequent to his appointment.

To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the Directors.

BOARD COMMITTEES

The Board has established Executive Committee, Corporate Governance Committee, Nomination Committee, Remuneration Committee and Audit Committee. Sufficient resources have been provided for the committees to undertake their duties. Each Board Committee has the authority to seek any complete and reliable information that it requires from the management. Where necessary, these committees should seek independent professional advice, at the Company's expenses, to perform their responsibilities.

Written terms of reference of each of the Executive Committee, Corporate Governance Committee, Nomination Committee, Remuneration Committee and Audit Committee are available on the websites of the Company, and, where applicable, the Stock Exchange.

Executive Committee

The Executive Committee currently comprises two Executive Directors, namely Mr. YUEN Hoi Po (chairman) and Mr. CHENG Wu.

The Executive Committee is mainly responsible for improving the efficiency of the Board's operation and shorten any operations-related decision making processes, as sometimes it may be practically difficult to convene a full board meeting or to arrange all the Directors to sign a written resolution in a timely manner.

No meetings were held throughout the year.

Corporate Governance Committee

The Corporate Governance Committee comprises one Executive Director, namely Mr. YUEN Hoi Po (chairman) and two Independent Non-executive Directors, namely Mr. YUEN Kin and Mr. CHU Yuguo.

The Corporate Governance Committee is mainly responsible for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and senior management; reviewing the Company's Shareholder Communication Policy; administering the Share Schemes, and reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year, one meeting was held by the Corporate Governance Committee to review various aspects, such as training and development for Directors and senior management, the Company's Shareholder Communication Policy, the Code of Conduct for directors and employees, the Directors' commitment of time to Company affairs and the compliance with CG Code and the disclosure of the Corporate Governance Report.

Nomination Committee

The Nomination Committee comprises three Independent Non-executive Directors, namely Mr. CHU Yuguo (chairman), Ms. WANG Song Song and Ms. PAN Min.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board; making recommendations on any proposed changes to the Board; reviewing Board Diversity Policy and Nomination Policy; assessing the independence of Independent

Non-executive Directors, and reviewing the implementation and effectiveness of board independence mechanism.

During the year, two meetings were held by the Nomination Committee to review the Nomination Policy, evaluate the Board structure and its composition, and assess the independence of the INEDs. In line with the Company's ongoing commitment to board diversity, the committee has reiterated its focus on gender diversity and will continue to evaluate the Board's gender balance annually. Moreover, the committee has determined the re-election of Mr. YUEN Kin due to the rotation process. Because Mr. YUEN's tenure exceeding nine years, the committee conducted a thorough review of his independence and concluded that he remains independent and provides invaluable insights to the Company and its shareholders. The committee also reviewed Independence Mechanism to guarantee the presence of independent views. The second meeting concerned key leadership appointments to the Board, which included appointing Mr. ZHAO John Huan as Non-executive Director and Chairman of the Board, appointing Mr. CHENG Wu as Chief Executive Officer, and redesignating Mr. YUEN Hoi Po to President of the Group.

Remuneration Committee

The Remuneration Committee comprises two Independent Non-executive Directors, namely Mr. YUEN Kin (chairman) and Ms. WANG Song Song and one Executive Director, namely Mr. YUEN Hoi Po.

The Remuneration Committee is mainly responsible for making recommendation to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; and making recommendations to the Board on the remuneration of Non-executive Directors. The Remuneration Committee was delegated responsibility to determine the remuneration packages, including benefits in kind, pension rights and compensation payments, of individual Executive Directors and senior management.

During the year, two meetings were held by the Remuneration Committee to assess the remuneration packages and discretionary bonuses for Directors and senior management, taking into account the current economic environment and the financial performance of the Company. The aim was to ensure that remuneration is in line with the Company's financial performance and the interests of its stakeholders. The committee approved Mr. CHENG Wu's remuneration for his service as Senior Advisor (from January to April 2024) and CEO (from May 2024). The decision was based on a review of his positions, responsibilities, qualifications, experience, and market conditions. The committee conducted a review of various matters relating to the share schemes required under Chapter 17, including the effectiveness of the Share Award Scheme's clawback mechanism. This mechanism protects shareholder value by ensuring rewards are tied to ethical behavior and company loyalty. In short, if an eligible participant engages in misconduct, leaves the Group or becomes ineligible before receiving shares, their award automatically forfeits. Misconduct includes fraud, debt default, criminal convictions, regulatory breaches, etc. Since no options or awards were granted to Directors and Senior Management disclosed on pages 29 and 30 of this Annual Report, no further action was required by the Committee under Listing Rule 17.07A. The committee also revised its terms of reference.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. YUEN Kin (chairman), Mr. CHU Yuguo and Ms. PAN Min.

The Audit Committee is mainly responsible for the following:

1. Making recommendation to the Board on the appointment, reappointment, and removal of the external auditor, and to approve the terms of engagement of the external auditor;
2. Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
3. Monitoring the integrity of the Company's financial statements and annual report and accounts, interim report and reviewing significant financial reporting judgments contained in them;
4. Monitoring the Company's financial reporting system, risk management and internal control systems; assisting the Board in reviewing the effectiveness of the Company's risk management and internal control systems;
5. Reviewing and monitoring the continuing connected transactions of the Group;
6. Reviewing the whistleblowing policy and system for Directors, senior management and all employees of the Group and third parties (i.e. those who deal with the Group such as customers, agents, contractors and suppliers) to raise concerns about possible improprieties in financial reporting, internal control or other matters anonymously and to ensure proper arrangements are in place for fair and independent investigation of those matters and for appropriate follow up action; and
7. Reviewing the effectiveness of the policy and system that promote and support anti-corruption laws and regulations.

During the year, two meetings were held by the Audit Committee for the purposes of meeting the above mentioned responsibilities.

BOARD NOMINATION POLICY

The Nomination Policy of the Company sets out the process of nomination as well as the criteria for selection and recommendation of director candidates as adopted by the Nomination Committee. Conditions considered in the nomination criteria include but are not limited to the candidate's qualifications, skills, experience, independence and compliance with the Board Diversity Policy. The Board has the final decision on all matters in respect of recommending candidates to be elected or re-elected at a general meeting.

BOARD DIVERSITY POLICY

The Group adopted a Board Diversity Policy to set out the approach to achieve diversity on the Board. We acknowledge that different perspectives and experiences can make the Board more effective and improve decision-making. The Board Diversity Policy aims to establish a board that represents the diversity of our stakeholders and the communities we engage with, taking into account factors such as gender, age, cultural background, education, and professional expertise.

As at 31 December 2024, the Board, comprised of seven Directors, included two women (28.6%), which is considered an appropriate gender balance. The Company will continue to monitor the Board's composition and consider the evolving needs of the business and the regulatory environment.

The Nomination Committee would assess gender balance of the Board on an annual basis and assist in identification and development of a pipeline of high-caliber candidates with diverse backgrounds and experiences to ensure a continuous flow of potential successors for the Board.

As at 31 December 2024, the senior management consisted of five males and one female, including the CEO and President who are also Directors of the Company. The male-to-female ratio in the workforce (including senior management) was 0.97:1. This ratio demonstrates our commitment to achieving gender diversity in our workforce. Please refer to the ESG Report on page 24 for details on gender diversity across the workforce by employee categories.

BOARD INDEPENDENCE

The Company acknowledges the importance of board independence in maintaining good corporate governance. In order to ensure the inclusion of independent views and contributions, the Board currently comprises a majority of INEDs, thereby constituting a strong independent element within the decision-making process of the Board. Moreover, several key committees of the Board, including the Audit Committee, Nomination Committee, and Remuneration Committee, are chaired by INEDs and have a majority of INED. INEDs are encouraged to express their views during Board and committee meetings.

As at the date of this report, the Board consists of four INEDs. Mr. YUEN Kin and Mr. CHU Yuguo have served as INEDs for over nine years. The Company confirms that it still considers all four INEDs as independent because none of them has informed the Company of any changes in circumstances that could affect their independence. Furthermore, all INEDs have provided the Company annual confirmations that they comply with the independence requirements set out in Listing Rule 3.13. INEDs have also confirmed that they are independent from any members of the Board and senior management of the Company. This indicates that they maintain their independence in character and decision-making.

The Board, through its Nomination Committee, conducts a comprehensive annual review of the effectiveness of the mechanism for independent views and input.

CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors actively engaged in continuous professional development activities throughout the year to enhance and refresh their knowledge and skills. This included training in areas relevant to their roles and responsibilities. Individual training records have been reviewed, confirming participation by all Directors. These activities strengthened Directors' expertise in key areas of governance and leadership.

NON-EXECUTIVE DIRECTORS

All Non-executive Directors (including Independent Non-executive Directors) of the Company are appointed for a specific term, which is subject to the Articles of Association of the Company or any other applicable laws regarding director retirement and re-election. All Non-executive Directors are serving fixed terms of not more than three years.

Throughout the year, the Board had at least three Independent Non-executive Directors, with at least one of whom having appropriate professional qualifications or accounting or related financial management expertise as required under Listing Rule 3.10.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

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

EXTERNAL AUDITOR

The Audit Committee has received a letter from the existing auditor of the Company, PricewaterhouseCoopers, confirming their independence and objectivity. The remuneration paid to PricewaterhouseCoopers and its affiliated firms (if any) for services rendered is listed as follows:

Nature of the services	2024 HK\$'000	2023 HK\$'000
Audit services	1,930	2,100
Non-audit services	535	585
	2,465	2,685

There is no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The following statements, which set out the responsibilities of the Directors in relation to the consolidated financial statements, should be read in conjunction with, but distinguished from, the Independent Auditor's Report on pages 42 to 45 which acknowledges the reporting responsibilities of the external auditor.

Annual Report and Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements which give a true and fair view of the state of the Group.

Accounting Policies

The Directors consider that in preparing the consolidated financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of consolidated financial statements in accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the applicable accounting standards and other financial disclosures required by the Listing Rules.

CORPORATE GOVERNANCE REPORT

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Going Concern

As detailed in Note 2(a) to the consolidated financial statements, the Directors, having made appropriate enquires, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL

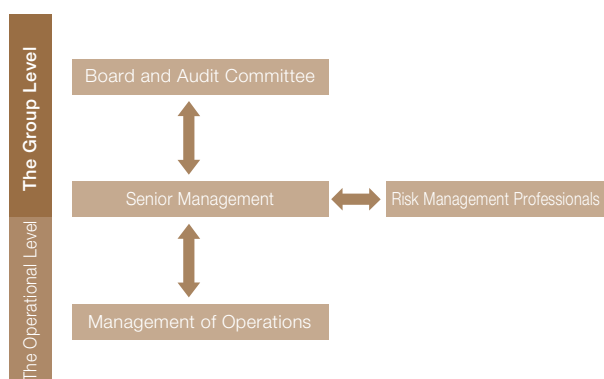
Responsibilities

The Board believes that a comprehensive set of risk management and internal control systems plays an essential role in achieving the Group's strategic goals, and has therefore acknowledged its responsibility to set up and maintain these systems, as well as review their effectiveness, while the management is responsible for designing, implementing and monitoring risk management and internal control systems, and providing a confirmation to the Board of the effectiveness of such systems. However, such internal control system is designed to manage, rather than eliminate, the risk of failing to achieve business objectives, and is only capable of providing reasonable, not absolute assurance.

Risk Management and Internal Control Systems

Established in 2015, the Group's risk management organizational structure is a 3-tier framework, comprising of the Board and its Audit Committee, senior management, as well as management of operations. This structure aims at facilitating the risk management in each aspect of the Group's businesses and constantly improving its internal control system. The detailed structure is presented as follows:

Risk Management Structure



The roles of each level within the risk management structure are set out below:

Board and its Audit Committee

- ✓ Setting strategic goals
- ✓ Overseeing the design, implementation and monitoring of the risk management and internal control systems carried out by the management
- ✓ Evaluating major risks of the Group and judging their nature and degree
- ✓ Providing guidance on the significant areas of risk management, shaping and developing the Group's risk culture and setting the tone at the top level
- ✓ Reviewing the effectiveness of the risk management and internal control systems

Senior Management

- ✓ Performing risk assessment on the Group from an overall perspective and implementing the Board's risk management and internal control policies and procedures
- ✓ Designing, implementing, and monitoring the risk management and internal control systems
- ✓ Providing the Board with confirmation of the effectiveness of the risk management and internal control systems

Risk Management Professionals

- ✓ Coordinating with and assisting senior management in promoting risk management
- ✓ Overseeing business departments' establishment and implementation of risk response plans and measures

Management of Operations

- ✓ Identifying and evaluating operational risks, designing, executing and monitoring the risk management and internal control systems implemented at operations
- ✓ Carrying out risk management processes and internal control measures across business operations and functional areas

The Group has prepared the Risk Management Manual, which defines the Group's risk management structure, respective duties and risk management processes. In each financial year, the Group organizes the management of each business department to implement their respective risk management processes. Through systematic risk management procedures, the Group identifies the nature and degree of the risks it faces, and assesses the major risks the Group is subject to. The Group prioritizes risks based on their probability and the severity of impact on the Group's businesses, and then develops risk management measures to keep the risks at an acceptable level. In anticipation of the changing risk dynamics, the Board has identified and evaluated the ESG risks related to the Group in the same way as other risks and believed that ESG-related risks had no material impact on the financial position and operations of the Group.

The Group's internal control system was constructed based on the internal control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Audit Committee reviews the effectiveness and adequacy of the system on a semi-annual basis. If any deficiency of internal control is identified, the Group will address it by communicating with the management internally and ordering rectification to be made. Any material deficiency identified in the control or procedures will be reported to the Board directly for communication and discussion.

The Group has an independent internal audit function, which reports to the Audit Committee directly and regularly. The internal audit function is responsible for reviewing the Group's risk management and internal control measures, and overseeing the management and controls of each of the Group's businesses and processes independently, through which the internal audit function assists the Board in promoting the continuous improvement of the Group's risk management and internal control systems.

In relation to the management of disclosure of inside information, the Group has put in place the Inside Information and Disclosure Policies, setting out the definition of inside information and specifying the procedures for the handling and dissemination of inside information. The Group discloses information to the public generally and non-exclusively through channels including but not limited to financial reports, announcements or official websites, with a view to achieving fair and timely disclosure of information. The Group strictly prohibits unauthorized use of confidential or inside information.

Review on the Risk Management and Internal Control Systems in 2024

The Board is responsible for reviewing the effectiveness of the risk management and internal control systems for the year. The review covers all material aspects of control, including financial, operational and compliance controls. The Board has finished reviewing the Group's risk management and internal control systems for the year ended 31 December 2024 and is satisfied with the results. The Board and the management have also reviewed the adequacy of resources, staff qualifications and experiences, training programmes for staff and relevant budgets for the Group's accounting, internal audit, financial reporting functions and those relating to the Company's ESG performance and reporting, and is satisfied with the results.

COMPANY SECRETARY

Mr. HAU Wai Man, Raymond, being an employee of the Company, has served as Company Secretary for over 15 years. He has complied with Listing Rule 3.29 throughout the year. The Company Secretary reports to the chairman of the Board and is mainly responsible for assisting the chairmen of the Board and its committees to prepare agendas for meetings and to prepare and disseminate meeting material to the Directors and committees' members in a timely and comprehensive manner; ensuring every Director complies with the Board's policy and procedures, and all applicable rules and regulations; and ensuring accurate records of Board/committee meeting proceedings, discussions and decisions are recorded. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

INVESTOR RELATIONS

The Company recognises the importance of effective communication with shareholders and stakeholders (including employees, customers, suppliers and investors). In this respect, the Company has established a range of communication channels to provide comprehensive information to its shareholders and stakeholders. The Company maintains regular and effective communication with its shareholders and stakeholders through the shareholders meetings, results press conferences, reception of potential shareholders, email communications as well as through the Company website. The Company website has designated contacts, email addresses and enquiry lines for shareholders and stakeholders to make any query in respect of the Company and it also used for publication of the Company's announcements, notices and other corporate communications to enable shareholders and other stakeholders to keep abreast of the latest development of the Group's business. The Board (through its Corporate Governance Committee) has reviewed the communication activities carried out during the year and was satisfied with the implementation and effectiveness of the Shareholders Communication Policy.

COMMUNICATION WITH SHAREHOLDERS

Shareholders' communication policy was established for ensuring the enhancement of communication between the Company and its shareholders.

Shareholders are encouraged to attend general meetings or to appoint proxies to attend and vote at the meetings on their behalf if they are unable to attend the meetings. Any vote of the shareholders at general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Code provision F.2.2 of the CG Code stipulates that the Chairman should attend the annual general meeting. Mr. ZHAO John Huan, Chairman of the Board, has attended the annual general meeting of the Company in the year 2024 (the "AGM"), together with the chairmen of the audit, remuneration, nomination and any other committees (as appropriate). In case of their absence, he would invite another member of the committee or failing this his duly appointed delegate to attend. These persons are available to answer questions at the AGM.

CORPORATE GOVERNANCE REPORT

The chairman of the independent board committee (if any) would be available to answer questions at any general meeting that approve connected transactions or any other transactions that required independent shareholders' approval.

The external auditor engaged by the Company has attended the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The Share Registrar of the Company would be appointed as the scrutineer at the Company's general meetings to provide the detailed procedures for conducting a poll and to count the votes. The poll results announcement will then be made in accordance with the prescribed methods.

To further increase the efficiency of communication as well as to protect the environment, arrangements have been made to ascertain the shareholders' preference as to the means of receiving the Company's corporate communications. For details of such arrangements, please contact Customer Service Hotline of Tricor Investor Services Limited at (852) 2980 1333.

CONSTITUTIONAL DOCUMENTS

The Company's constitutional documents were updated in 2024 to reflect the change of company name to Hony Media Group in July 2024. No other amendments were made to the Company's constitutional documents during the year. For the most current version, please refer to the constitutional documents available on the Stock Exchange and Company websites.

DIVIDEND POLICY

The Company has developed and adopted its Dividend Policy. The policy specifies that the Board will declare reasonable dividend to shareholders on a semi-annual basis or as of any date in consideration of the Group's financial performance, shareholders' interests, business strategy, reserves of the Company, taxation, compliance and other factors. The payment of dividends is subject to the approval by the Board and/or shareholders, and the amount of dividends to be paid shall not exceed the amount recommended by the Board.

SHAREHOLDERS' RIGHTS

1. Procedures for Shareholders to convene an EGM:

- The Company will hold an annual general meeting (AGM) every year. Any general meeting that is not the AGM will be referred to as an extraordinary general meeting (EGM). Shareholders who hold at least one-tenth of the Company's paid-up capital carrying the voting rights at general meetings can request the Board or the Company Secretary to call an EGM by submitting a written requisition. This requisition, signed by the shareholder, should set out the matters to be discussed at the meeting. The requisition should be deposited at the Company's principal office located at Suite 908, 9/F., Tower Two, Lippo Centre, 89 Queensway, Hong Kong. In case of joint holdings, it is sufficient for only one of the joint holders to sign the requisition.

- The requisition will be verified with the Company's Share Registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionist(s) concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.
- The EGM shall be held within two (2) months after the deposit of such requisition.
- If within twenty-one (21) days of such deposit the Board fails to proceed to convene the EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2. Procedures for Shareholders to make proposals at AGM:

There are no provisions allowing shareholders to make proposals or move resolutions at the AGM under the memorandum and articles of association of the Company or the companies laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may convene an EGM.

3. Procedures for Shareholders to send enquiries to the Board:

Shareholders may send their enquiries to the Board by addressing them to the Company Secretary. The Company Secretary will forward the enquiries to the Board.

The contact details of the Company Secretary are as follows:

Address	:	Suite 908, 9/F Tower Two, Lippo Centre 89 Queensway, Hong Kong
Email	:	info@honymedia.net
Tel	:	3690 2050
Fax	:	3690 2059

By Order of the Board

HAU Wai Man, Raymond
Company Secretary

Hong Kong, 31 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Hony Media Group (the “Company”) and its subsidiaries (together, the “Group”) are pleased to present this Environmental, Social and Governance Report 2024 (the “ESG Report” or the “Report”). The Report aims to disclose, in an objective manner, what the Group accomplished in compliance with, as well as its internal policies, management measures and performance in relation to environmental, social and governance (“ESG”) for the year 2024.

Reporting Scope

The disclosure of the Report covers the period from 1 January to 31 December 2024 (the “Reporting Period”), certain parts of which can be traced back to previous years. The Report covers the Group's ESG-related efforts and performance for its major continuing operations; i.e. the digitized operation services in healthcare industry (“Echartnow”) and the smart healthcare services platform (“Meerkat Health”).

Reporting Basis and Principles

The Report has been prepared in accordance with the ESG Reporting Code (the “Code”) as set out in Appendix C2 to the Main Board Listing Rules of the Stock Exchange and the Materiality, Quantitative, Balance and Consistency principles as set out in the Code to ensure its truthfulness and accuracy, and for the purpose of fully reflecting the current ESG management status and achievements of the Group while providing valuable information.

Source of Information

All sources of data and information in the Report include the Group's internal formal documents, statistical reports and third-party questionnaires. The Report is examined and published by the Board, which is responsible for the authenticity, accuracy and integrity of its contents. The Group undertakes that there is no false representation, misleading statement or material omission in this Report.

THE ESG STRUCTURE

In order to meet its sustainable development needs, the Group has established its ESG structure comprising the Board, the “ESG Working Group” and its business and functional departments, with a view to strengthening its strategic research and strategic planning on sustainable development, and enhancing its capability to confront and manage environmental and social risks.

The Board takes the overall responsibility for the Group's ESG policies, measures and effectiveness. To ensure that the Company's performance and information disclosures are consistent with the expectations and requirements of investors and regulatory authorities, the Board is responsible for setting the Group's direction for sustainable development, formulating its annual ESG approaches, strategies, prioritisation and targets, monitoring the Company's assessment on environmental and social impacts, acknowledging the potential impacts on its business model brought about by such ESG issues and the associated risks thereof, reviewing the materiality assessment and reporting procedures with a view to ensuring the effective and continuous implementation of policies, regularly reviewing the performance of the Group based on relevant ESG targets and approving the information disclosed in the Report.

The Group has established a working group designated to oversee ESG-related matters. This working group is mainly responsible for carrying out the overall coordination in accordance with the sustainable development guidelines and objectives set by the Board, overseeing the formulation and implementation of sustainable development strategies, assisting the Company in creating harmonious relationships and building effective communication with internal and external stakeholders, as well as reviewing the Report and making the disclosure hereof. The “ESG Working Group” is responsible to the Board for providing necessary advice, with a view to ensuring that the Company's ESG management and reporting fulfil the regulatory requirements.

The Group's business and functional departments are responsible for formulating relevant strategies in their respective areas and for the effectiveness of implementation in accordance with the Company's sustainable development strategies and objectives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The Group is well aware of stakeholders' critical influence on the Company's sustainable development. Through diversified communication channels, the Group has duly listened to the demands and expectations of its stakeholders. The Company has sorted out the opinions and suggestions of stakeholders, constantly reviewed its comprehensive development strategies, optimised internal management and externality management of its business, and worked with its stakeholders to achieve sustainable development.

Stakeholders	Communication channels	Concerned issues of stakeholders
Customers	Business cooperation meetings through online/offline/video/phone calls and other means Customer services Routine meetings Customer satisfaction surveys	Product quality and safety Information security and privacy protection Enhancement of service quality
Shareholders and investors	General meetings Company announcements Official website	Regulating corporate governance Complying with the Listing Rules Corporate transparency, as well as establishment and enhancement of the position and reputation of the Company
Employees	Employee training Employee events Performance reviews	Occupational training and promotion Ensuring occupational health Offering competitive remuneration packages
Governments/regulators	Routine reporting and information disclosure Full payment of taxes in a timely manner Supervision and inspection	Timely communication and disclosure Tax compliance Operational compliance
Suppliers and partners	Visits Regular assessment Exploration of cooperation opportunities	Provision of a fair environment for cooperation Enhancement of mutual trust and benefit Delivery of shared development
Community	Community environmental governance Participation in community building	Conservation of ecological systems Promotion of community development

Based on the scope of ESG set out in the Code, and with reference to the characteristics of its businesses and industries, as well as the impact of its business operations on the economy, environment and society, the Group engaged a third-party consultant to conduct management interviews and market researches, which enabled the Company to identify issues that concerned its stakeholders the most, so as to effectively address their expectations and demands. Key disclosures were selected for the Report and the Group was assisted in determining its business development plan and ESG management objectives for the next year.

Materiality assessment for the year mainly comprised the following 4 steps:

Step 1: Identify material issues

According to the Group's business characteristics and the ESG management priorities for the industry, a total of 19 issues, which had significant impact on the Group's operations, were identified.

Step 2: Conduct interviews and market researches

A third-party consultant was engaged to conduct management interviews for relevant business segments and benchmarking with comparable industry peers in respect of ESG performance.

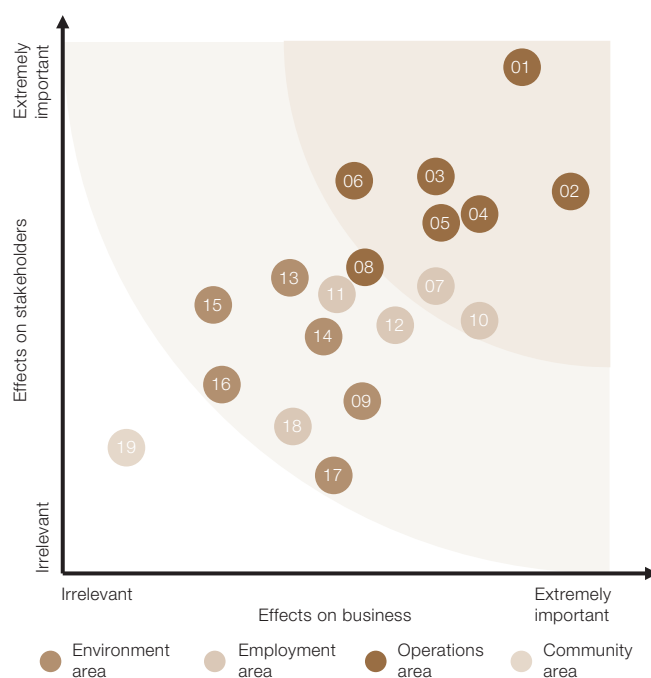
Step 3: Determine the priority of issues

The priority of issues was determined according to the stakeholders' review. Upon submission to the management for review, the priority of issues for the year was confirmed.

Step 4: Respond to the issues

According to prioritisation of the issues, the Group communicated on the most concerned issues with stakeholders through the Report, the official website and other channels, and will pay close attention to these issues in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Environment area

- 9 Climate change
- 14 Energy-use efficiency
- 15 Water-use efficiency
- 16 Exhaust gas emission and sewage discharge
- 17 Waste management

Employment area

- 7 Occupational health and safety
- 10 Employees training and development
- 11 Employment and labour compliance management
- 12 Employees' rights and care
- 13 Packages and benefits for employees
- 18 Diversity and equal opportunity

Operations area

- 1 Product quality and safety
- 2 Information security and privacy protection
- 3 Compliance in operation and anti-money laundering
- 4 Customer service and satisfaction management
- 5 Identification and management on supply chain in respect of environmental and social risks
- 6 Responsible marketing
- 8 Promoting the development of healthcare industry

Community area

- 19 Charity

PRODUCT AND SERVICE RESPONSIBILITIES

The Group is committed to maintaining a fair, honest and upright business environment, carrying out operation management in pursuit of excellence and providing high-quality products and high-standard services. It protects the rights and interests of customers in accordance with the law and keeps improving its anti-corruption mechanism. The Company strictly complies with the *Drug Administration Law of the People's Republic of China*, *Food Safety Law of the People's Republic of China*, *Regulation on the Supervision and Administration of Medical Devices*, *Health Food Registration and Filing Regulation* and other laws and regulations on the quality and safety of medicines, medical devices and health food. Strict supplier access criteria and evaluation standards are put in place to ensure suppliers' capacity and quality. The Company also conducts active training and publicity activities on anti-corruption and anti-money laundering, in order to promote honesty and integrity as part of its corporate culture.

Customers' Health & Safety

The Group requires its staff responsible for quality control to complete the training on quality management of medical devices organised by the Drug Supervision and Administration Department on a timely basis, so as to ensure the effectiveness of the Company's quality management, maintain the order of the operation of the online sales on the medical platforms and protect the safety of customers. "Echartnow" has established a quality management team responsible for overseeing and auditing the product information of medical devices on "Echartnow" and developing standards for research and development, quality and product inspection, to ensure product quality and safety through standardized workflows. Furthermore, it has obtained the *GB/T 19001-2016/ISO 9001: 2015 Quality Management System Certification*. "Meerkat Health" established and implemented a series of quality control systems including the *Quality Control System Documents Management Guideline* and the *Internal Audit Guideline for Quality Control System* to clarify its requirements on quality control. During the reporting period, there were no product recalls for safety and health reasons within the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Customers' Complaints & Responses

Adhering to customer-oriented principles, the Group has been constantly improving its service quality. Subsidiaries of the Group have developed and strictly followed the Emergency Response & Management Guideline and other related guidelines to clarify contingent response processes for emergencies and the complaint management process. Emergencies are categorised into different levels and followed up by professional departments, with a view to addressing customer complaints, public opinion, government regulation and other incidents. During the Reporting Period, the Group did not receive any major complaints in relation to its products and services.

Customers' Information & Privacy Protection

The Group takes concrete measures to protect customers' information and privacy, complies with the *Personal Information Protection Law of the People's Republic of China*, *Data Security Law of the People's Republic of China* and other laws and regulations, and regularly update and review the existing privacy protection mechanism in accordance with the latest laws and regulations. As part of its effort to ensure information safety and reliability on its platform, "Echartnow" has developed and implemented rules such as the *Information Security Management Guideline*, *Measures for Cybersecurity and Data Compliance Administration* as well as *Rules for Data Security Administration*, which clarify its requirements for managing information security, including the definition of information rating, confidentiality requirements, and contingency plans in response to risk events. "Meerkat Health" has formulated the *Computer System Management Guideline* to clarify the requirements on computer system authorization and system data management for all employees, so as to strengthen the information safety net. The Group has signed privacy protection agreements with all employees who may have access to customers' personal information, emphasizing the importance of information security protection to employees, and preventing employees from disclosing, selling, sharing and other improper use of customer information.

Responsible Marketing

The Group abides by the *Advertising Law of the People's Republic of China*, *Provisions on the Administration of Pharmaceutical Directions and Labels* and other relevant laws and regulations. It strictly controls the information used for advertising, publicity, and streaming media, and prohibits the publication of deceptive or misleading contents to the public, so as to take the responsibility of ensuring the legality, authenticity and accuracy of the contents published, and avoid adverse effects on the public. "Echartnow" has established the marketing regulatory processes to ensure that all marketing information is legal and compliant through the regulation of the compliance review process of marketing materials for each business. "Meerkat Health" has specifically developed and improved a management guideline for external publications, which enhances its management procedures for the publication of various information, such as business cooperations, product services and market intelligence, with a view to ensuring the accuracy and compliance of the information disclosed.

Intellectual Property Rights Protection

The Group strictly abides by the *Patent Law of the People's Republic of China* and other laws and regulations. It has formulated and implemented the *Measures for the Administration of Intellectual Property Rights* and *Intellectual Property Rights Management Guideline* to manage and apply intellectual property rights in respect of patents, trademarks, copyrights of works and software, with a view to safeguarding the core competitiveness of the enterprise. We plan to gradually strengthen intellectual property rights training and establish performance incentives for employees' efforts in intellectual property rights protection, thereby raising their awareness of intellectual property rights.

SUPPLY CHAIN MANAGEMENT

The Group strictly abides by the *Law of the People's Republic of China on Bid Invitation and Bidding* and other laws and regulations. It has formulated and implemented the *Supplier Management Guideline* and the *Procurement Management Guideline*, through which it adheres to the principles of openness and transparency in all aspects of development, access and evaluation of suppliers and provides a fair competition platform for them. Meanwhile, we review credentials and evaluate the capability of our suppliers and ensure the quality and reliability of the products they supply through regular quality inspections, environmental assessments and product certifications.

The Group selects suppliers of good reputation that offer high quality, timely services at reasonable prices. Compliance with environmental laws and regulations is also a prerequisite, and suppliers with excellent environmental performance will be preferred. As at 31 December 2024, the Group maintained good cooperative relationships with 87 suppliers with the following geographical distribution:

By region	Number of suppliers	Percentage
Mainland China	45	51.72%
Hong Kong	40	45.98%
Overseas	2	2.30%

OPERATING WITH INTEGRITY

In order to maintain a business environment with impartiality and integrity and ensure the Group's business is conducted properly, the Group strictly adheres to the *Anti-Money Laundering Law of the People's Republic of China*, *Law against Unfair Competition of the People's Republic of China*, the *Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong)* and other laws and regulations, with a view to resolutely cracking down on corruption, bribery, malpractice, extortion, fraud, money laundering and other misconducts. The Group has continued to improve the anticorruption mechanism, formulate and implement various policies and guidelines such as the *Integrity Building Guidelines*, *Management Rules Against Malpractice*, the *Policy on Inside Information and Information Disclosure* and the *Code of Ethics*. It has strictly regulated the professional ethics of all employees from the policy level, strengthened the internal and external risk prevention capabilities, banned corruption and malpractice among employees, so as to do its best to safeguard the legitimate rights of its stakeholders, including shareholders, customers and business partners. During the reporting period, there was no litigation of corruption against the Group or its employees.

The Group requires new staff members to sign a *Compliance Undertaking*. It reminds its employees to pay attention to the code of ethical conduct, properly address conflicts of interest at work, and alert and prevent commercial bribery and other violations through a number of ways, including the Employee Handbook, relevant rules and policies, training sessions. Meanwhile, the Group has set up a dedicated email, telephone, and other channels for receiving reports and complaints on misconduct. If an employee is found to have committed a corrupt act after investigation, the employee will be ordered to accept financial and administrative penalties in accordance with the regulations of the State and the Group; and if such employee is suspected of having violated the law, the employee will be referred to the judicial authorities. In addition, the Group engages a third-party consultant to review the effectiveness of internal control and verify high risk areas annually, so as to identify and improve internal control deficiencies and prevent risks in a timely manner.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To strengthen the awareness of integrity among its employees, the Group has proactively carried out publicity and education on integrity, with a view to upholding a corporate culture that centres on honesty and integrity, thus creating an anti-corruption corporate environment. In 2024, the Company conducted training on anti-corruption for all members of the Board; “Echartnow” organised training for all staff members on the latest Integrity Building Guidelines, with a view to enhancing their awareness of anti-corruption.

TALENT CULTURE

“People-centric” is the core talent management philosophy of the Group. The Group is committed to ensuring the compliance of employment, with a view to providing its employees with a healthy, safe, harmonious and inclusive working atmosphere, together with clear pathways for career development and competitive remuneration and benefits, enhancing the sense of belonging among its employees through caring actions and activities, and thus achieving mutual growth. In compliance with the *Labour Law of the People’s Republic of China*, the *Labour Contract Law of the People’s Republic of China*, the *Employment Ordinance (Cap. 57, Laws of Hong Kong)* and other relevant laws and regulations, the Group has formulated and implemented policies and systems of human resources management, aiming to standardise its management processes and safeguard the legitimate rights of its staff.

Human Resources Management

As at 31 December 2024, the Group had a total of 221 full-time staff in Hong Kong and Mainland China. The KPIs for employment are as follows:

Category		Number of Employees	Number of Leavers	Employee turnover rate
By gender	Male	109	50	31.45%
	Female	112	34	23.29%
By age group	35 and below	147	55	27.23%
	36–45	48	20	29.41%
	Over 45	26	9	25.71%
By geographical region of working place	Mainland China	209	81	27.93%
	Hong Kong	12	3	20.00%
Total		221	84	27.54%

Employment & Labour Practices

The Group regards talent as its most valuable asset. During the process of employment, the Group carries out the recruitment work through multi-level and multi-channel approach and in strict compliance with the *Recruitment Management Policy* and other systems. Based on various levels of positions and talent, the Group undertakes the introduction of talent via flexible channels of campus recruitment, external recruitment, internal referral and other channels. The Group strictly monitors all recruitment procedures and introduces objective and impartial standards, so as to guarantee fair recruitment. The Group has also entered into formal labour agreements or labour contracts with all employees, thus ensuring their legitimate rights and interests.

The Group strictly complies with the provisions on prohibiting child labour and forced labour specified in the *Law of the People’s Republic of China on the Protection of Minors*, *Provisions on the Prohibition of Using Child Labour* and other relevant laws and regulations in jurisdictions where it operates. In order to ensure all formal employees meet the statutory minimum age for admission to employment in jurisdictions where it operates, the Group initiates an identity document verification during recruitment process, and conducts relevant background check. In case of any misrepresentation of age or presenting forged documents, the Group will either reject the candidates or terminate such employment immediately. During the Reporting Period, there were neither risks of child labour, forced or compulsory labour nor cases of engaging children or minors in dangerous tasks, forced or compulsory labour in jurisdictions where the Group operated, and all employees were reasonably remunerated with reasonable working hours and statutory holidays.

Diversity & Harmony

The Group is committed to implementing the concepts of diversity and equal opportunities, and eliminating discrimination and bias that might arise from, among others, colour, gender, age, national origin, nationality, language, religious belief and physical condition, thus creating an open and inclusive workplace on an ongoing basis. In addition, the Group has proactively implemented certain caring measures for female employees, which include prohibition on reducing their wages or unilaterally terminating the contracts due to pregnancy, childbirth or breastfeeding, ensuring that no hazardous task is assigned to a female employee during her pregnancy, entitling them to paid leave for pregnancy check-ups, maternity leave and other maternity benefits in accordance with the provisions of the jurisdictions where it operates, so as to safeguard the fair employment practices for female employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Remuneration and benefits

The Group strictly implemented the *Remuneration Management Policy* under the principle of “All Talents and Resources Available shall be Optimally Used” during the Reporting Period. Based on the contribution value of each position to the achievement of the Group’s strategic objectives, the Group links the remuneration and bonus of its employees with their personal ability, individual length of service, academic background and performance evaluation, thus ensuring the balance between the contribution and income of its employees. Taking into account factors including, among others, remuneration levels in the industry and its own operational efficiency, the Group adjusts the remuneration system and package annually when appropriate, so as to continuously optimise its ability to attract and retain talents. On the basis of the statutory rights, “Echartnow” arranges annual physical check-ups, provides workout plans and organises reading and sharing activities for its employees.

Employee Training & Development

The Group provides sufficient training opportunities for its employees and a favourable career development environment to stimulate their thinking and potentials, thus enhancing their work performance, offering them promotion and advancement opportunities, thereby helping the Group and its employees realise mutual sustainable development.

During the Reporting Period, “Echartnow” established the “Stars Programme” (「辰星計劃」) Management Preparation Programme and organised the “Sparkle Training Camp” (「星火訓練營」) training for all new staff members. Meanwhile, it also provided online and offline training and collaborated with certain external professional training platforms, introducing videos of growth programmes for relevant skills and organised employees’ studies. Furthermore, “Echartnow” also engaged lecturers selected from its internal talent pool to develop targeted programmes, aiming to empower employees to pursue personal growth.

As at 31 December 2024, KPIs of the Group’s staff training were as follows:

Category		Average training hours per employee	Percentage of employees trained
By gender	Male	3.79	100%
	Female	6.11	100%
By grade	Senior management	11.43	100%
	Middle management	4.76	100%
	General staff	4.44	100%

Occupational Health and Safety

The Group advocates the concept of “healthy work, healthy life”, attaches great importance to the safety of its employees at work and considers maintaining a healthy and safe working environment to be its key obligation. In strict compliance with the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People’s Republic of China*, the *Occupational Safety and Health Ordinance (Cap. 509, the Laws of Hong Kong)* and other relevant laws and regulations, the Group implemented the *General Requirements for Occupational Safety and Health Management* and other safety management systems, continuously improved the safety management framework, ensured the occupational safety and health of the employees by strictly implementing the safety management work, providing safety protection, cultivating the safety awareness of the employees, organising fire drills and providing regular medical check-ups for our employees. We also regularly review the existing safety management mechanism in accordance with the latest laws and regulations, while revising and updating on the problems and gaps identified. In 2024, the Group conducted 9 hours of health and safety training and seven fire drills. During the Reporting Period and in the past three years, there was no incident of work-related injury or death of employees of the Group.

Caring for Employees

The Group is committed to providing its employees with a convenient, comfortable, engaging and hassle-free workplace, and to creating a stronger sense of belonging. “Echartnow” continues to work on communication and care in the two dimensions of “Information Accessibility” and “Health and Wellbeing”. In 2024, the Group organised team-building activities during holidays to strengthen staff relations. Various staff activities, such as sports day and variety shows, were also organised to promote engagement and communication among employees.

Notes to social KPIs:

- (1) Data of social KPIs covers the Group’s head office in Hong Kong, as well as the business segments of “Echartnow” and “Meerkat Health”.
- (2) Employee turnover rate = number of employees leaving employment under the category/(total number of employees at end of Reporting Period + number of employees leaving employment in the current year) × 100%.
- (3) Percentage of employees trained = number of employee trained/number of employees at year end. Percentage of employees trained by type = number of employees trained by type/number of employees by type at year end.
- (4) Average training hours = total training hours/number of employees at year end.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GREEN OPERATION

The Group fully understands that environmental protection is an important responsibility of a corporate citizen. In strict compliance with the *Environmental Protection Law of the People's Republic of China*, the *Waste Disposal Ordinance* of Hong Kong and other relevant laws and regulations, the Group actively responds to the national call during its operations to achieve the 'carbon peaking and carbon neutrality' goal, as it conscientiously implements various environmental protection measures and strives to realise the green development concept by reducing pollution emissions, enhancing energy utilisation and reasonably disposing of waste. "Echartnow" has formulated and implemented the *Office Environment Management System and Procedures* to regulate employees' use of various office resources and actively explore methods to reduce environmental impact. During the Reporting Period, the Group's operations complied in all material respects with national and local laws and regulations on environmental protection as applicable, and it was not subject to any penalties for any non-compliance with existing environmental laws or regulations.

Emission Management

As more frequent extreme weather phenomena are being brought by climate changes, the Group has recognised such issues and the fact that such phenomena may adversely affect its production and operation. It has therefore been proactively responding to the national call for "energy conservation and emission reduction" by adhering to the philosophy for sustainable and low-carbon development. "Echartnow" applies digital technology to the mitigation of and adaptation to climate change, reducing the impact of climate change by minimising the carbon footprint of its products and services. For instance, it has established a specialised pharmacy system that offers electronic prescriptions and innovative online payment methods. By actively leveraging digital technology and product influence, "Echartnow" supports the low-carbon transition of users, industries and society.

During the Reporting Period, carbon emissions generated by the Group were as follows:

Greenhouse gas emissions (scope 1) (tonne)	23.52
Greenhouse gas emissions (scope 2) (tonne)	55.73
Total greenhouse gas emissions (scope 1, 2) (tonne)	79.25
Greenhouse gas emission intensity (scope 1, 2) (tonne/HK\$ million)	0.0778

Energy Use

All facilities and equipment of the Group must comply with the standards of the jurisdictions where it operates, with priority given to the use of energy-efficient appliances such as lighting devices, air conditioners and refrigerators. For the purpose of reducing unnecessary energy consumption, the Group reasonably sets the office area lighting time and air-conditioning temperature, and requests employees to switch off lights and appliances as they leave the workplace. In addition, to ensure the normal operation and extend the useful life of various electrical appliances, the Group regularly conducts maintenance and repairs, thus avoiding the impact on power efficiency due to ageing.

During the Reporting Period, total direct and indirect energy consumption of the Group was as follows:

Total non-renewable fuel (direct) consumption ('000 kWh)	78.45
Total purchased energy (indirect) consumption ('000 kWh)	97.79
Total energy consumption ('000 kWh)	176.24
Energy consumption intensity ('000 kWh/HK\$ million)	0.1730

Exhaust Emissions

The Group's exhaust emissions are mainly derived from gas fuel use and utilisation of company vehicles. In strict compliance with the latest environmental requirements, all segments under the Group have switched to new equipment to minimise unnecessary fuel consumption, improve combustion efficiency and reduce exhaust emissions.

During the Reporting Period, exhaust emissions generated by the Group were as follows:

Nitrogen oxide emissions (kg)	4.13
Sulphur oxide emissions (kg)	0.13
Particulate matter emissions (kg)	0.30

Waste Disposal

The Group strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Measures for the Prevention and Control of Environmental Pollution by Discarded Dangerous Chemicals* and other laws and regulations, thus conducting strict and compliant management of wastes in preventing environmental pollution. In addition, "Echartnow" has established a digital operation platform to achieve full-process digital management of project documents, effectively reducing paper use and document redundancy, thereby minimising waste generation from the source.

During the Reporting Period, waste generated by the Group was as follows:

Non-hazardous waste produced (tonne)	0.99
Non-hazardous waste intensity (tonne/HK\$ million)	0.0010

Among the non-hazardous waste generated by the Group, scrap metal parts, plastics, office paper and other wastes with recycling value are kept by the persons in charge of the generating departments, and are processed together occasionally through reselling to the recycling stations. In order to reduce the impact of waste on the environment, the Group has also entered into contracts with professional companies for integrated loading, removal and disposal. During the reporting period, no hazardous waste was generated by the Group.

Sewage Discharge

The Group strictly complies with the *Environmental Quality Standards for Surface Water* and other laws and regulations. In accordance with plans of the municipal administration, domestic sewage generated by the Group, which is mainly derived from its office premises, is collected via designated sewage pipes and subsequently discharged to the municipal sewage network, where it will be treated in a centralised manner by relevant sewage treatment plants.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water Consumption

The Group obtains commercial water through government water supply department and strictly complies with the *Water Law of the People's Republic of China* and other laws and regulations, reasonably utilising water resources. For daily office water consumption, the Group actively promotes the concept of water conservation, analyses the causes of abnormal consumption and implements improvement plans in a timely manner, with a view to reducing the wastage of water resources. During the Reporting Period, the Group did not have any problem in sourcing fit-for-purpose water.

During the Reporting Period, total water consumption and density of the Group were as follows:

Municipal-supplied water consumption (cubic metre)	
Total water consumption (cubic metre)	1,758.62
Water consumption intensity (cubic metre/HK\$ million)	1.7267

Notes to environmental KPIs in this Chapter:

- (1) During the Reporting Period, the scope of data collection covered the Group's offices in Hong Kong, office areas of "Echartnow" and "Meerkat Health" in Shaanxi and Anhui, respectively.
- (2) Exhaust gas emissions are derived from the motions of company vehicles, whose emission factors are determined with reference to the *Reporting Guidance on Environmental KPIs* (the "Reporting Guidance") from the Stock Exchange.
- (3) Greenhouse gas emissions (scope 1) mainly come from the fuel consumption of company vehicles, while greenhouse gas emissions (scope 2) are generated from the electricity consumption. The emission factors of greenhouse gases are determined under the *Reporting Guidance* from the Stock Exchange and the *Announcement of the Release of the 2022 CO₂ Emission Factors for Electricity* published by the Ministry of Ecology and Environment of the People's Republic of China.
- (4) Conversion factors for energy heating value are determined under the *General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2020)* issued by the PRC and the *Energy Statistics Manual 2017* issued by the International Energy Agency.

Climate Change

As the impact from climate change becomes increasingly evident across the globe, the Group has assessed and analysed the transition risks, physical risks and potential opportunities associated with climate change with reference to the classification of risks by the *Task Force on Climate-related Financial Disclosures*, and disclosed information on climate-related issues, their implications, and its responding measures.

Governance

The Group pays continuous attention to global climate change as well as relevant laws and regulations. It is systematically identifying and assessing the risks of climate change to its sustainable development, and is developing strategies to address them, with a view to enhancing its ability to cope with climate change, while fully supporting carbon neutrality actions at the strategic, operational and financial levels.

Strategy

Transition risks for the Group result from the global transition to a climate-resilient low-carbon economy, which include policy and legal, technology, market, reputation and other risks. Physical risks result from extreme weather events and the rising global average temperature, which include acute and chronic risks. The Group has initially identified key risks and opportunities of climate change as follows:

In terms of transition risks, there is no significant impact on the Group relating to current climate change policies. Moreover, as its business is currently less exposed to scenarios arising from climate change, the Group is not aware of any potential changes in demand for its products or services as a result of climate change. Besides, the negative impact on the environment arising from the Group's business operations is relatively small. As such, the risk of future transition to a low-carbon and energy-efficient economy is expected to be low.

In terms of physical risks, the Group has formulated related contingency plans across its businesses. Prevention and protection against unexpected events are achieved through arranging for employees to work flexibly in the event of an extreme weather event. In 2024, the Group did not suffer any disruptive effects due to any extreme weather events. In summary, the Group expects its physical risks to be low.

Risk management

The Group comprehensively enhances its system-building efforts and control measures in response to climate-related risks and opportunities, aiming to achieve higher-level contingency management. Contingency drills are also conducted regularly to safeguard employee safety. The Group identifies and evaluates climate risks relevant to it by regularly analysing insights into external trends and conducting regular discussions with the management, with a view to ensuring that climate change exposure, which is constantly changing, is appropriately considered. The Group believes that climate-related risks do not have a significant impact on the Group's financial position and operations.

Indicators and targets

In the face of various development challenges and opportunities that may arise from climate change-related factors in the future, the Group will reduce operating costs by improving resource use efficiency, and save energy costs by switching to low-emission energy sources. It will enhance its competitiveness by creating and developing new products and services of low emissions, as it diversifies its business to embrace the transformation into a low-carbon and socially friendly enterprise.

COMMUNITY INVESTMENT

Fully aware of its corporate social responsibilities, the Group actively participates in social charity and constantly cares for vulnerable groups. In forms such as donations and charity events, the Group fully leverages its strengths in resource reserve to support the development of local communities and give back to the society wherever possible.

In 2024, “Echartnow” launched a digital operation service initiative, accelerating the new drug research and development process for pharmaceutical companies through patient recruitment and case collection services, enabling more patients to access advanced treatment options. At the same time, “Echartnow” has partnered with collaborating enterprises to donate medical consultation cards to the China Charity Federation, promoting the allocation of medical resources to grassroots levels. Through the “Building China’s Medical Village Initiative”, “Echartnow” assists partners in establishing long-term collaborations with pharmaceutical chain enterprises, primary healthcare institutions, and industry experts, sharing resources to enhance the accessibility and equity of medical services. In the future, “Echartnow” will continue to increase investment in the community, drive industry collaborations and social responsibility practices, and contribute to the Healthy China initiative.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Mr. ZHAO John Huan

Director since 2024

Chairman and Non-Executive Director

Mr. ZHAO John Huan, aged 62, a Non-Executive Director and the Chairman of the Company. Mr. ZHAO holds an MBA degree from the Kellogg School of Management at Northwestern University, Master's degrees in Electronic Engineering and Physics from Northern Illinois University, and a Bachelor's degree in Physics from Nanjing University.

Mr. ZHAO currently holds the position of the chairman of Hony Capital. Additionally, he serves as a non-executive director for Legend Holdings Corporation (HKSE: 3396), Lenovo Group Limited (HKSE: 992), China Glass Holdings Limited (HKSE: 3300), as well as the chairman and executive director of Goldstream Investment Limited (HKSE: 1328) and Best Food Holding Company Limited (HKSE: 1488).

Mr. ZHAO is deemed to have an interest in 1,183,431,952 shares of the Company through his interest in United Strength LS Limited. United Strength LS Limited holds convertible bonds issued by the Company, which are convertible into Shares at a conversion price of HK\$0.1014 per Share. United Strength LS Limited is managed by United Strength Youthful Limited (as the general partner). United Strength Youthful Limited is an indirect wholly-owned subsidiary of Hony Capital Group, L.P., which is managed by Hony Group Management Limited (as the general partner). Mr. ZHAO is a director of Hony Group Management Limited, which is 80% owned by Hony Managing Partners Limited where he also serves as a director. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, of which Mr. ZHAO is a director and owns a 49% interest.

In the past three years, Mr. ZHAO served as a non-executive director of the listed companies including Shanghai Jin Jiang International Hotels Development Co., Ltd (SSE: 600754) from September 2015 to May 2022, Eros STX Global Corporation (NYSE: ESGC) from July 2020 to April 2022, ENN Natural Gas Co., Ltd. (SSE: 600803) from December 2017 to July 2022, Sincere Pharmaceutical Group Limited (HKSE: 2096) from August 2006 to August 2022, and Zoomlion Heavy Industry Science and Technology Co., Ltd (HKSE: 1157; SZSE: 000157) from June 2015 to June 2023.

Mr. CHENG Wu

Director since 2018

Executive Director and Chief Executive Officer

Mr. CHENG Wu, aged 50, an Executive Director and CEO of the Company. He is a member of Executive Committee of the Company. Mr. CHENG graduated from Tsinghua University with a Bachelor of Science degree in Physics. He also gained EMBA degrees from the Olin Business School at Washington University and the PBC School of Finance at Tsinghua University.

Mr. CHENG, who served at Tencent Holdings Limited (HKSE: 700) ("Tencent"), a substantial shareholder of the Company, for over 12 years, held various senior positions including corporate vice president, chairman of Tencent Animation & Comic, chairman of

Tencent Literature, and the chief executive officer of Tencent Pictures. Mr. CHENG was responsible for the strategic planning and day-to-day operation of Tencent Animation & Comic, Tencent Literature, Tencent Pictures, and Tencent Esports. In addition, Mr. CHENG was responsible for Tencent Group's marketing and public relations functions, and the marketing and strategy functions of Tencent's Interactive Entertainment Group.

From June 2020 to November 2022, Mr. CHENG served as a non-executive director of Maoyan Entertainment (HKSE: 1896).

From April 2020 to May 2023, Mr. CHENG served as the executive director, chief executive officer, chairman of the strategic and investment committee of the board, and a member of remuneration committee of the board of China Literature Limited (HKSE: 772), a subsidiary of Tencent.

Mr. YUEN Hoi Po

Director since 2010

Executive Director and President

Mr. YUEN Hoi Po, aged 62, currently serves as Executive Director and President of the Company. He is the Chairman of Executive Committee and Corporate Governance Committee as well as a member of Remuneration Committee. Mr. YUEN holds a bachelor degree from the University of Heilongjiang. Mr. YUEN is the sole member and the sole director of Smart Concept Enterprise Limited which is a substantial shareholder of the Company pursuant to Part XV of the Securities and Futures Ordinance and a director of several subsidiaries of the Company. Mr. YUEN has acquired extensive experiences in the commercial sector when he engaged in businesses, including trading, real estates, tourism and services, since 1990.

Mr. YUEN served as an independent non-executive director of Man Sang International Limited (Stock Code: 938), a company listed on The Stock Exchange of Hong Kong Limited, from November 2018 to January 2025.

Mr. YUEN Kin

Director since 2004

Independent Non-Executive Director

Mr. YUEN Kin, aged 70, currently serves as Independent Non-executive Director of the Company. He is the Chairman of Audit Committee and Remuneration Committee of the Company as well as a member of Corporate Governance Committee. Mr. YUEN holds a Master of Business Administration degree from the University of Toronto, Canada. He is a Chartered Accountant in Canada, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. YUEN is currently an independent non-executive director of Emerson Radio Corporation (NYSEMKT: MSN), a company listed on The New York Stock Exchange. He has been also an executive director of Culturecom Holdings Limited (Stock Code: 343), a company listed on The Stock Exchange of Hong Kong Limited, from 14 September 2017 to 6 May 2024.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. CHU Yuguo

Director since 2012

Independent Non-Executive Director

Mr. CHU Yuguo, aged 59, currently serves as Independent Non-executive Director of the Company. He is the Chairman of Nomination Committee as well as a member of Audit Committee and Corporate Governance Committee. Mr. CHU is a PhD fellowship of Peking University. He was a lecturer of the Department of Computer Science & Technology of Peking University, deputy head and head of office of admission of Peking University Office of Educational Administration, head of asset management office of Peking University, and the chairman and general manager of Peking University Science Park. He is the chairman of Beijing Jade Bird Tongwen Education & Technology Development Co., Ltd.

Ms. WANG Song Song

Director since 2023

Independent Non-Executive Director

Ms. WANG Song Song, age 56, currently serves as Independent Non-executive Director of the Company. She is a member of the Nomination Committee and Remuneration Committee of the Company. Ms. WANG holds a bachelor degree in Clinical Medicine Capital Institute of Medicine from Capital Medical University, and has worked in the pharmaceutical industry over 15 years. Ms. WANG has held various key leadership positions in the pharmaceutical multinational corporations, accumulating extensive experience in the fields of new drug development, regulatory submission, product launch and post-marketing medical support.

Ms. PAN Min

Director since 2023

Independent Non-Executive Director

Ms. PAN Min, aged 54, currently serves as Independent Non-executive Director of the Company. She is a member of Audit Committee and Nomination Committee of the Company. Ms. PAN received a doctorate in Management from Wuhan University in 2015. Ms. PAN is a Certified Practising Accountant in the PRC, and has over 30 years of professional accounting and auditing experience in accounting firms in the PRC, with business involving China, Hong Kong and Europe.

Ms. PAN is currently an independent director of Shanghai Golden Union Commercial Management Co., Ltd. (SSE Stock Code: 603682) and Shanghai Milkground Food Tech Co., Ltd. (SSE Stock Code: 600882), the shares of which are listed on the Shanghai Stock Exchange.

Ms. PAN resigned as an independent director of Shanghai Jiada Onlly Co., Ltd. (SSE Stock Code: 600530) and Shanghai Hugong Electric (Group) Co., Ltd. (SSE Stock Code: 603131), the companies listed on Shanghai Stock Exchange, in June 2022 and on 28 August 2024 respectively, and also resigned as an independent director of Shandong Longji Machinery Co., Ltd. (SZSE Stock Code: 002363) and Harbin Gloria Pharmaceuticals Co., Ltd. (SZSE Stock Code: 002437), the companies listed on Shenzhen Stock Exchange, in August 2023 and on 6 February 2025 respectively.

SENIOR MANAGEMENT

Mr. HAU Wai Man, Raymond

Mr. HAU Wai Man, Raymond, aged 50, is the Chief Financial Officer, Qualified Accountant, Company Secretary and director of several subsidiaries of the Company. He is a fellow member of the Association of Chartered Certified Accountants (ACCA), a member of Hong Kong Institute of Certified Public Accountants (HKICPA) and a Chartered Financial Analyst (CFA) Charterholder. He holds an MBA degree from The Hong Kong University of Science and Technology (HKUST), and has over 10 years of experience in international accounting firms and corporates in Hong Kong and the PRC before joining the Company in 2006.

Mr. HE Wenyi

Mr. HE Wenyi, aged 46, is the Executive President of the Company and vice chairman of Echartnow, a subsidiary of the Company. Mr. HE holds a Master's degree in Business Administration from College of Economics and Management, Shanghai Jiao Tong University. Having previously served as vice chairman of Genegrow Pediatric Clinic Group, managing partner of ANTS Venture Capital and Deputy Director of the State-owned Assets Supervision and Administration Commission of Fengxian District, Shanghai prior to joining the Company in 2023, Mr. HE has extensive experience in corporate management and government affairs.

Mr. HE currently serves as a member of the Political Consultative Conference of Pudong New Area, an expert judge for the Shanghai Entrepreneurship and Innovation Competition and a career mentor at College of Economics and Management, Shanghai Jiao Tong University.

Ms. SHANG Jing

Ms. SHANG Jing, aged 42, is the director, general manager and was one of the founders of Shaanxi Yizhinuo Information Technology Co., Limited, a subsidiary of the Group. She joined the Group as its president, Healthcare Unit (Echartnow) upon the completion of the Company's acquisition of Shaanxi Yizhinuo Information Technology Co., Limited in April 2021. Ms. SHANG has about 10 years' experience in sales and marketing in pharmaceutical multinational corporations, including Pfizer and Novartis. Ms. SHANG also serves as director of several subsidiaries of the Company.

Mr. WANG Jian

Mr. WANG Jian, aged 50, is the director, general manager and was one of the founders of Pingtan Xinban Clinic Company Limited, a subsidiary of the Group. He joined the Group upon the completion of the Company's acquisition of Pingtan Xinban Clinic Company Limited in April 2021. Mr. WANG holds a bachelor degree in clinical medicine, and has over 25 years' experience in professional medical practice, management of medical and health technology enterprises, as well as investments and entrepreneurship in the field of medical and health technology. Mr. WANG also serves as director of several subsidiaries of the Company.

REPORT OF THE DIRECTORS

The board of directors of the Company (the “Board”) is pleased to submit its report together with the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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. Details of the principal activities of the Company’s principal subsidiaries as at 31 December 2024 are set out in Note 38 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group’s business, can be found in the Management Discussion and Analysis set out on pages 3 to 12 of this Annual Report.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on page 46 of this Annual Report.

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 108 of this Annual Report.

DONATIONS

No donation was made by the Group during the year (2023: Nil).

SHARE ISSUED IN THE YEAR

Details of the shares of the Company issued in the year ended 31 December 2024 are set out in Note 29 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Mr. ZHAO John Huan (Chairman)^{2,4}
Mr. CHENG Wu (Chief Executive Officer)¹
Mr. YUEN Hoi Po (President)¹
Mr. YUEN Kin³
Mr. CHU Yuguo³
Ms. WANG Song Song³
Ms. PAN Min³

1. Executive Director
2. Non-executive Director
3. Independent Non-executive Director
4. Appointed on 24 April 2024

The Board appointed Mr. ZHAO John Huan as a Non-executive Director in April 2024. In accordance with Article 86(3) of the Company’s Articles of Association, Mr. ZHAO shall hold office until the forthcoming annual general meeting and, being eligible, offer himself for re-election.

In accordance with Article 87(1) of the Company’s Articles of Association, Ms. WANG Song Song and Ms. PAN Min shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company, as a responsible corporate citizen, is committed to promoting sustainable initiatives and performing its social responsibilities. For further details, please refer to the ESG report as set out on pages 20 to 28 of this Annual Report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and Senior Management as at the date of this report are set out on pages 29 to 30 of this Annual Report.

EMOLUMENTS OF DIRECTORS, SENIOR MANAGEMENT AND THE FIVE HIGHEST-PAID INDIVIDUALS

The Group’s remuneration policy rewards Directors and Senior Management based on industry benchmark metrics, including their individual performance, level of involvement and the overall performance of the Group.

Particulars of the emoluments of the Directors, past Directors (if applicable) and the five highest-paid individuals of the Group during the year are set out in Notes 12 and 37 to the consolidated financial statements.

The remuneration of the Senior Management of the Group for the year falls within the following band:

Remuneration Bands	Number of senior management
HK\$500,001–HK\$1,000,000	1
HK\$1,000,001–HK\$1,500,000	1
HK\$1,500,001–HK\$2,000,000	1
HK\$2,000,001–HK\$2,500,000	1
HK\$4,500,001–HK\$5,000,000	1

The biographical details of all members of Senior Management, including the CEO and President, are set out on pages 29 to 30 of this Annual Report. While the CEO and President also serve as Directors of the Company, their biographical details are included within the Director category. Mr. YUEN Hoi Po, as President, does not receive any salary from the Group in his capacity as either a Director or Senior Management member. The remuneration table above reflects the remuneration of all members of Senior Management, excluding the President.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

(A) SHARE SCHEMES

Summary of Share Schemes

This section summarizes the Company's Share Schemes, including the 2024 Share Option Scheme, adopted on 21 June 2024, and the Amended Share Award Scheme, initially adopted on 20 August 2021, and subsequently amended on 21 June 2024.

(i) The purpose of the schemes	The 2024 Share Option Scheme and the Amended Share Award Scheme have the common goal of attracting, retaining, and motivating eligible participants to contribute to the Group's growth and development. The Share Option Scheme offers a flexible mechanism for incentivizing, rewarding, and compensating eligible participants, while the Amended Share Award Scheme specifically recognizes and rewards contributions through the direct grant of Shares. Both schemes ultimately serve to support the Company's strategic objectives and long-term success.
(ii) The participants of the schemes	Eligible participants of the Share Schemes comprise three main categories. First, Employee Participants include all employees, chief executives, and directors (of all types) of any Group member, as well as individuals receiving share options or awards as employment incentives under the 2024 Share Option Scheme or the Amended Share Award Scheme. Board discretion determines final eligibility. Second, Related Entity Participants consist of directors and employees of the Company's holding companies, fellow subsidiaries, or associated companies, with the Board retaining final eligibility determination. Finally, Service Providers are individuals or entities providing ongoing services crucial to the Group's long-term growth. This includes independent contractors (advisers, consultants, etc.) whose service continuity and frequency approach that of employees. However, this excludes placement agents, financial advisors involved in fundraising, mergers or acquisitions, and professional service providers (auditors, valuers) requiring impartiality and objectivity. Under the Amended Share Award Scheme, awards may also be granted to companies wholly owned by, or trusts established by, any of the above participant categories.
(iii) The total number of shares available for issue under the schemes together with the percentage of the issued shares (excluding treasury shares) that it represents as at the date of the annual report	As at the date of this annual report, the total number of shares available for issue under the Share Schemes, including treasury shares available for transfer, represents 10% of the issued share capital (excluding treasury shares). This 10% limit, as defined in the Scheme Mandate Limit, was determined on the adoption of the 2024 Share Option Scheme and the amendment of the 2021 Share Award Scheme (which was 21 June 2024). No options or awards have been granted since that date, resulting in a total of 1,358,533,861 Shares available for issue.
(iv) The maximum entitlement of each participant under the schemes	Under the Share Schemes, the maximum share allocation for any individual participant within a 12-month period is 1% of the Company's issued share capital (excluding treasury shares). This limit encompasses exercised, outstanding, and cancelled options and awards (excluding lapsed ones) and includes any transferred treasury shares. For directors (excluding independent non-executive directors), chief executive, and their associates, the maximum award allocation (excluding options) is 0.1% of issued share capital (excluding treasury shares) within a 12-month period. Similarly, the maximum allocation of options or awards for independent non-executive directors, substantial shareholders, and their associates is 0.1% of issued share capital (excluding treasury shares) within a 12-month period.
(v) The period within which the option may be exercised by the grantee under the scheme	The period during which an option may be exercised under the 2024 Share Option Scheme is the "Option Period." This period is determined and communicated to the grantee by the Directors. If not otherwise specified, the Option Period extends from the date the Board offered the option to the earlier of: (i) the option's automatic lapse date (as defined in the scheme); and (ii) ten (10) years from the date the Board offered the option.
(vi) The vesting period of options or awards granted under the schemes	The 2024 Share Option Scheme and the Amended Share Award Scheme establish a minimum 12-month vesting period for all options and awards. However, only Employee Participants are eligible for shorter vesting periods under specific circumstances detailed in the scheme documents. These exceptions are designed to enhance employee attraction and retention, facilitate succession planning, and ensure competitiveness within the market. The granting of shorter vesting periods remains at the discretion of the Board or its designated committee.
(vii) The amount, if any, payable on application or acceptance of the option or award and the period within which payments or calls must or may be made or loans for such purposes must be repaid	No payment is required upon application or acceptance of an award. However, acceptance of an option requires a non-refundable payment of HK\$1.00 to the Company, received within the timeframe specified in the offer (not exceeding 21 days from the Offer Date). No financing arrangements, including loans, are available for the acceptance of options under the scheme.
(viii) The basis of determining the exercise price of options granted or the purchase price of shares awarded, if any	The exercise price for options granted under the 2024 Share Option Scheme is determined at the discretion of the Directors, but must be at least the highest of: (a) the closing share price on the Offer Date; (b) the average closing share price over the five preceding business days; and (c) the nominal share value on the Offer Date. For awarded shares under the Amended Share Award Scheme, if purchased off-market, the purchase price will not exceed the lower of the closing market price on the purchase date or the average closing market price over the preceding five trading days.
(ix) The remaining life of the schemes	The 2024 Share Option Scheme and the Amended Share Award Scheme are each designed to operate for a maximum of ten years from their respective adoption dates. After ten years, no further grants will be made, but the schemes will remain active to allow for the exercise of outstanding options and the vesting of outstanding awards and the completion of any related administrative processes.

REPORT OF THE DIRECTORS

Movement of Share Schemes

During the year ended 31 December 2024, the following movements occurred for share awards involving new shares of the Company:

Name or category of participants	Date of grant	Number of Shares					As at 31 December 2024	Vesting period
		As at 1 January 2024	Granted	Vested	Cancelled	Lapsed		
		'000	'000	'000	'000	'000	'000	
Other employee participants								
Share awards	31 March 2023	15,000	–	–	–	15,000	–	Note

Note: Had such share awards not lapsed on 27 March 2024, the initial 50% of the aggregate awards would become vested on the first trading day immediately following 31 March 2024. Subsequently, each 25% of the total awards would vest on the first trading day after 31 March 2025 and 2026, respectively; and the awards could be fulfilled through (i) allotting and issuing shares and/or (ii) utilizing returned shares that can be awarded to the grantee. No performance targets were attached to these share awards.

Other than the details presented in the table above, no share options or awards were granted, exercised, vested, cancelled, or lapsed during the year ended 31 December 2024. There were no outstanding options at the beginning or end of the financial year. Therefore, no information regarding the details of awards and options granted to participants or categories of participants is required.

Availability of Share Schemes

As at 1 January 2024, the 2021 Share Award Scheme had a Scheme Mandate Limit of 1,272,310,657 Shares, all of which were available for grant of options and awards. No Service Provider Sublimit had been established. Following the amendment on 21 June 2024 (and the adoption of the 2024 Share Option Scheme), and based on the number of issued shares (excluding treasury shares) as at that date, the Share Scheme Limit and Service Provider Sublimit for both options and awards were set at 1,358,533,861 Shares (10%) and 135,853,386 Shares (1%), respectively. These limits remained unchanged as at 31 December 2024 because there was no movement of the share options and awards during the year.

Percentage of Share Issuable

No options or awards were granted under any of the Company's share schemes during the year ended 31 December 2024. Consequently, no Shares were issuable in respect of options and awards granted during the year. The resulting calculation, based on the weighted average number of shares in issue (excluding treasury shares), is therefore not applicable.

Save as disclosed above, as at 31 December 2024, there were no options or awards which had already been granted or to be granted under the 2024 Share Schemes to: (i) any of the Company's directors, chief executives, or substantial shareholders, or their respective associates; (ii) any participant with options and awards exceeding the 1% Individual Limit (as defined under Chapter 17 of the Listing Rules); (iii) any related entity participant or service provider with options and awards exceeding 0.1% of the issued shares of the Company in issue (excluding treasury Shares) in any 12-month period; and (iv) any employee participants, related entity participants or service providers.

(B) CONVERTIBLE BONDS

The Company issued 10% convertible bonds due March 2026 with an aggregate principal amount of HK\$120,000,000 in March 2024 (the "Convertible Bonds") to United Strength LS Limited, a company controlled by Mr. ZHAO John Huan, Chairman of the Company, through a chain of companies. The closing price of the Shares on the Stock Exchange on 7 March 2024, the date on which the terms of the Convertible Bond issuance were finalized, was HK\$0.101 per Share. Upon exercise of the conversion rights attached to the Convertible Bonds in full, the Convertible Bonds would be convertible into 1,183,431,952 Shares at a conversion price of HK\$0.1014 per Share (subject to adjustment). Save as disclosed above, there were no other convertible bonds issued by the Company during the year ended 31 December 2024. No conversion and redemption of the Convertible Bond occurred during the year. Details of the Convertible Bonds are set out in Note 31 to the consolidated financial statements.

REPORT OF THE DIRECTORS

Use of Proceeds from Convertible Bonds

The net proceeds from the issue of all the Convertible Bonds, after deduction of related expenses, amounted to approximately HK\$118.1 million. The Board intended to apply the net proceeds in accordance with the proposed applications as set out in the announcement of the Company dated 21 March 2024. The following table provides a detailed breakdown of the actual use of proceeds up to 31 December 2024, including any unused proceeds and their intended application with expected timelines:

Purpose of Proceeds	Amount Allocated HK\$'000	Amount Utilised HK\$'000	Amount Unused HK\$'000	Expected Timeline for utilising the remaining net proceeds
Digitized operation services in healthcare industry	38,000	38,000	–	N/A
Operation of smart healthcare services platform	12,000	12,000	–	N/A
Payment of interests under Convertible Bonds	24,000	9,288	14,712	Expected to be utilised along the interest payment schedule under the Convertible Bonds
General working capital (including settlement of certain other borrowings)	44,100	44,100	–	N/A
Total	118,100	103,388	14,712	

In March 2024, the holder of the Convertible Bonds has agreed to defer the due date of any currently outstanding and future interests in relation to the Convertible Bonds payable/to be payable by the Company to the Maturity Date of the Convertible Bonds. Accordingly, the Company will change the use of the net proceeds from the issue of Convertible Bonds of HK\$14,712,000 from the payment of Convertible Bonds interests to general working capital (including settlement of certain other borrowings). The Company currently expects that the whole of unutilized amount will be fully utilized by 30 June 2025. The Board considers that such change in use of proceeds allows the Company to deploy its financial resources more flexibly and effectively and aligns with the current business needs of the Group. The Board believes that the change in use of proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the interests of the Company and the Shareholders as a whole.

COMPETING BUSINESS

To the best of the Directors' knowledge, during the year, none of the Directors had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DISTRIBUTABLE RESERVES

There was no distributable reserves of the Company as at 31 December 2024, calculated under the Companies Law of the Cayman Islands and the Company's Articles of Association, as the Company's accumulated losses of HK\$1,325,037,000 has exceeded its share premium of HK\$1,228,757,000.

SUBSEQUENT EVENT

There is no significant event affecting the Company that have occurred since the end of the financial year.

MAJOR SUPPLIERS AND MAJOR CUSTOMERS

For the year ended 31 December 2024, the percentage of cost of sales attributable to the Group's major suppliers are as follows:

The percentage attributable to the largest supplier	60%
The percentage attributable to the five largest suppliers combined	80%

For the year ended 31 December 2024, the percentage of revenue from sales of goods or rendering of services attributable to the Group's major customers are as follows:

Percentage attributable to the largest customers	27%
Percentage attributable to the five largest customers combined	48%

None of the Directors, their close associates or any shareholder (who to the knowledge of the Directors own more than 5% of the Company's issued shares (excluding treasury shares)) had an interest in these major suppliers or customers, as appropriate.

REPORT OF THE DIRECTORS

RETIREMENT BENEFIT SCHEME

Details of retirement benefit scheme of the Group are set out in Note 2(c)(xii) to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There were no transactions, arrangements or contracts of significance in relation to the Company's business in which (i) the Company, any of its subsidiaries, or a parent company or any of its subsidiaries were involved, and (ii) a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2024, the interests and short positions of the Directors and Chief Executives in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

Long positions in ordinary shares of the Company:

Name of Directors	Capacity	Number of shares held			% of total issued share capital of the Company (Note 1)
		Personal interest	Corporate interest	Total	
YUEN Hoi Po	Beneficial owner and interest of a controlled corporation	459,310,000	1,938,030,107 (Note 2)	2,397,340,107	17.65
ZHAO John Huan	Interest of a controlled corporation	–	1,183,431,952 (Note 3)	1,183,431,952	8.71
CHU Yuguo	Beneficial owner	2,000,000	–	2,000,000	0.01

Notes:

1. The percentage of shareholding is calculated with reference to the Company's number of shares in issue as at 31 December 2024.
2. Mr. YUEN Hoi Po was deemed to be interested in 1,938,030,107 shares of the Company held by his wholly-owned corporation namely, Smart Concept Enterprise Limited.
3. Mr. ZHAO John Huan was deemed to have an interest in 1,183,431,952 shares of the Company through his interest in United Strength LS Limited. United Strength LS Limited holds convertible bonds issued by the Company, which are convertible into Shares at a conversion price of HK\$0.1014 per Share. United Strength LS Limited is managed by United Strength Youthful Limited (as the general partner). United Strength Youthful Limited is an indirect wholly-owned subsidiary of Hony Capital Group, L.P., which is managed by Hony Group Management Limited (as the general partner). Hony Group Management Limited is 80% owned by Hony Managing Partners Limited. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, of which Mr. ZHAO John Huan owns a 49% interest.

Save as disclosed above, as at 31 December 2024, none of the Directors, Chief Executives nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed under the sections headed "Share Schemes" and "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time during the year was the Company or a specified undertaking (within the meaning of the Hong Kong Companies Ordinance) of the Company is a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporation.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, the interests and short positions of the following persons (other than Directors or Chief Executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company:

Name of Shareholders	Capacity	Nature of Interests	Number of shares held	% of total issued share capital of the Company (Note 1)
YUEN Hoi Po	Beneficial owner and interest of a controlled corporation (Note 2)	Beneficial and corporation interest	2,397,340,107	17.65
ZHAO John Huan	Interest of a controlled corporation (Note 3)	Corporation interest	1,183,431,952	8.71
Tencent Holdings Limited	Interest of a controlled corporation (Note 4)	Corporation interest	2,116,251,467	15.58
KO Chun Shun, Johnson	Interest of a controlled corporation (Note 5)	Corporation interest	1,262,000,000	9.29

Notes:

- The percentage of shareholding is calculated with reference to the Company's number of shares in issue as at the 31 December 2024.
- Smart Concept Enterprise Limited is wholly-owned by Mr. YUEN Hoi Po and was beneficially interested in 1,938,030,107 shares which representing approximately 14.27% of the total number of issued shares of the Company. Pursuant to the SFO, Mr. YUEN was deemed to be interested in these Shares.
- Mr. ZHAO John Huan was deemed to have an interest in 1,183,431,952 shares of the Company through his interest in United Strength LS Limited. United Strength LS Limited holds convertible bonds issued by the Company, which are convertible into Shares at a conversion price of HK\$0.1014 per Share. United Strength LS Limited is managed by United Strength Youthful Limited (as the general partner). United Strength Youthful Limited is an indirect wholly-owned subsidiary of Hony Capital Group, L.P., which is managed by Hony Group Management Limited (as the general partner). Hony Group Management Limited is 80% owned by Hony Managing Partners Limited. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, of which Mr. ZHAO John Huan owns a 49% interest. As a result, Mr. ZHAO John Huan, Exponential Fortune Group Limited, Hony Managing Partners Limited, Hony Group Management Limited, Hony Capital Group, L.P., and United Strength Youthful Limited were all deemed to be interested in these Shares.
- Mount Qinling Investment Limited is a wholly-owned subsidiary of Tencent Holdings Limited and is beneficially interested in 2,116,251,467 shares of the Company. Pursuant to the SFO, Tencent Holdings Limited was deemed to be interested in these Shares.
- Greater Harmony Limited is wholly-owned by Mr. KO Chun Shun, Johnson and was beneficially interested in 1,262,000,000 shares of the Company. Pursuant to the SFO, Mr. KO was deemed to be interested in these Shares.

Save as disclosed above, as at 31 December 2024, no other persons (other than Directors or Chief Executives of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

INFORMATION ON THE VIE CONTRACTUAL ARRANGEMENTS

The Group has been operating certain businesses which adopted contract-based arrangements or structures for the purpose of enabling the Group, as a foreign investor, to control and benefit from the PRC operating companies in the foreign restricted businesses in the PRC.

Set out below are the details of the relevant contractual arrangements which are material to the Group and subsisting during or at the end of the year ended 31 December 2024.

1. Contractual Arrangements (“HZ VIE Contractual Arrangements”) in respect of Hangzhou Meerkat Health Technology Co., Ltd. (杭州豪哥健康科技有限公司) (“Hangzhou Meerkat”) and its subsidiaries (together with Hangzhou Meerkat, the “Hangzhou Meerkat Group”)

1.1 Particulars of Hangzhou Meerkat and its registered owners

Hangzhou Meerkat is a company established under the laws of the PRC with limited liability in July 2021. Hangzhou Meerkat is held as to 60% and 40% by Mr. YANG Aiwu and Ms. DONG Yu (the “HZ PRC Equity Owners”) respectively. Pursuant to an investment framework agreement dated 8 October 2021 (the “HZ Investment Framework Agreement”) entered into among the Company, Heartily Health Limited (a wholly-owned subsidiary of the Company), Top Crest Ventures Limited (the “ESOP”), Ever Merit Ventures Limited (the “Individual SPV”) and the HZ PRC Equity Owners as detailed in the announcement of the Company dated 8 October 2021, control documents were entered into on 26 October 2021 between Hangzhou Yuexiang Health Technology Co., Ltd. (杭州悦馨健康科技有限公司) (the “HZ WFOE”) (a company incorporated in the PRC with limited liability which is indirectly owned as to 60%, 20% and 20% by the Company, the ESOP and the Individual SPV respectively) and Hangzhou Meerkat and/or the HZ PRC Equity Owners to allow the HZ WFOE to contractually control 100% equity interests and the management of Hangzhou Meerkat.

Ms. DONG Yu is the director of Hangzhou Meerkat. Mr. YANG Aiwu is an employee of the Group in the PRC since year 2011. Mr. YANG Aiwu is not a director of or involved in the management of Hangzhou Meerkat or the HZ WFOE.

1.2 Description of Hangzhou Meerkat’s principal businesses and their significance to the Group

Hangzhou Meerkat is principally engaged in the business of Smart Healthcare Services Platform (“Hangzhou Meerkat Principal Businesses”). Please refer to the section “Management Discussion and Analysis” for details.

Key financial indicators of Hangzhou Meerkat are set out in paragraph 1.4 below.

1.3 Summary of the major terms of the underlying contracts of the HZ VIE Contractual Arrangements

1.3.1 Exclusive Business Cooperation Agreement

The HZ WFOE and Hangzhou Meerkat entered into the exclusive business cooperation agreement on 26 October 2021, pursuant to which Hangzhou Meerkat agreed to appoint the HZ WFOE as its exclusive service provider to provide Hangzhou Meerkat with comprehensive technical and business support and related consultancy services in relation to Hangzhou Meerkat Principal Businesses, and Hangzhou Meerkat agreed to pay service fees which shall be equal to the annual audited consolidated net profits after taxation of Hangzhou Meerkat to the HZ WFOE.

1.3.2 Exclusive Purchase Right Agreement

The HZ WFOE, the HZ PRC Equity Owners and Hangzhou Meerkat entered into the exclusive purchase right agreement on 26 October 2021, pursuant to which the HZ PRC Equity Owners and Hangzhou Meerkat shall irrevocably grant the HZ WFOE an exclusive right to purchase or nominate any entity(ies) to purchase at any time all or part of their existing and future equity interest in Hangzhou Meerkat and all or part of the existing and future assets of Hangzhou Meerkat respectively at the lowest price permissible under the PRC laws and regulations when permitted by the then applicable PRC laws in its sole discretion when exercising its right. The consideration to be received by the HZ PRC Equity Owners and/or Hangzhou Meerkat thereunder shall be unconditionally gifted to the HZ WFOE or its designated entity to the extent permitted under applicable PRC laws.

1.3.3 Power of Attorney and Undertaking Letters

Each of the HZ PRC Equity Owners and the HZ WFOE entered into the power of attorney and undertaking letter on 26 October 2021, pursuant to which each of the HZ PRC Equity Owners agreed to (i) entrust the HZ WFOE (or its nominees, including the directors of its shareholders and their successors, including a liquidator replacing such directors) as the exclusive agent to exercise all of his/her rights in relation to his/her equity interest in Hangzhou Meerkat on his/her behalf, (ii) undertake, among other things, that he or she will neither, directly or indirectly (either on its own or through any other individual or legal entity), participate or engage in any business which is or may be in competition with the business of Hangzhou Meerkat or its associated company, or acquire or hold any such business, nor carry on any activities which may lead to any material conflict of interest between himself or herself and the HZ WFOE, (iii) undertake that if he/she receives any dividends, interest, any other forms of capital distributions, residual assets upon liquidation, or proceeds or consideration from the transfer of equity interest as a result of, or in connection with, his/her equity interest in Hangzhou Meerkat, he/she shall, to the extent permitted by applicable laws, remit all such monies or assets (after deducting all taxes and expenses required by the law) to the HZ WFOE or the entity designated by the HZ WFOE without any compensation; and (iv) undertake and warrant that the validity of the power of attorney and undertaking letter shall not be affected by the death, bankruptcy or divorce of any of the HZ PRC Equity Owners and shall remain valid against any assignees or successors of him/her; and that the successor, guardian, creditor, or spouse of any of the HZ PRC Equity Owners who may be entitled to his/her interests and rights in

Hangzhou Meerkat in the event of his/her death, incapacity, bankruptcy, divorce or in the event that the exercise of his/her shareholder rights in Hangzhou Meerkat may be affected, will not perform any actions that may affect or hinder the performance of obligations on the part of such HZ PRC Equity Owner under the HZ VIE Contractual Arrangements.

1.3.4 Equity Pledge Agreements

The HZ WFOE, each of the HZ PRC Equity Owners and Hangzhou Meerkat entered into the equity pledge agreement on 26 October 2021, pursuant to which each of the HZ PRC Equity Owners agreed to pledge all of his/her equity interest in Hangzhou Meerkat to the HZ WFOE as security for the performance of the HZ VIE Contractual Arrangements.

1.3.5 Spousal Consent Letters

The spouse of each HZ PRC Equity Owners agreed that all the equity interest held by the relevant HZ PRC Equity Owner in Hangzhou Meerkat and all the benefits generated from these equity interest do not form part of his or her matrimonial property and he/she as the spouse has no rights thereto.

1.4 Revenue and assets subject to the HZ VIE Contractual Arrangements

The consolidated revenue of Hangzhou Meerkat and its subsidiaries subject to the HZ VIE Contractual Arrangements for the year ended 31 December 2024 amounted to HK\$20,000, being 0.00% of the Group's total revenue. The consolidated total assets of Hangzhou Meerkat and its subsidiaries subject to the HZ VIE Contractual Arrangements as at 31 December 2024 amounted to approximately HK\$22,000, being 0.00% of the Group's total assets.

2. Laws and regulations relating to the Hangzhou Meerkat Principal Businesses (the "Principal Business") in the PRC and reasons for adopting the VIE Contractual Arrangements

According to the relevant regulations including the Telecommunication Regulations of the PRC (《中華人民共和國電信條例》), the Classification Catalogue of Telecommunications Services (《電信業務分類目錄》) and the E-commerce Law (《電子商務法》) of the PRC, the business activities of selling goods or providing services to users through the Internet are regarded as e-commerce, the business of using data and transaction processing application platform connecting to the Internet and providing users with online data processing and transaction processing via the Internet constitutes business of "online data processing and transaction processing (operational e-commerce)"; and the charging of fees through the collection, development and processing of information and development of information platform and provision of information via the Internet constitute "Internet information service business operating for profit (other than App store)". Accordingly, the Principal Business involve (1) online data processing and transaction processing (operational e-commerce) business (being the "Principal Business 1") and (2) Internet information service business operating for profit (other than App store) (being the "Principal Business 2"). These businesses are carried out concurrently and are inalienable.

According to the Foreign Investment Law of the PRC (the "Foreign Investment Law"), the State adopts the management systems of pre-establishment national treatment and negative list for foreign investment. Foreign investors shall not invest in any field forbidden by the negative list for access of foreign investment. For any field restricted by the negative list for access of foreign investment, foreign investors shall conform to the investment conditions provided in the negative list.

In respect of the Principal Business 1, according to the relevant law and regulations as stipulated in the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021) (Order No. 47 of the National Development and Reform Commission and the Ministry of Commerce) (《外商投資准入特別管理措施(負面清單)(2021年版)》(國家發展和改革委員會、商務部令 第47號)) (the "Negative List"), Notice of the Ministry of Industry and Information Technology on Removing the Restrictions on Foreign Equity Ratios in Online Data Processing and Transaction Processing (Operating E-commerce) Business (No. 196 [2015] of the Ministry of Industry and Information Technology) (工業和信息化部關於放開在線數據處理與交易處理業務(經營類電子商務)外資股比限制的通告(工信部通信[2015]196號)) and the Notice of the Ministry of Industry and Information Technology on Issues Concerning Hong Kong and Macao Service Providers Carrying out Telecommunications Services in the Mainland" (No. 222[2016] of the Ministry of Industry and Information Technology) (《工業和信息化部關於港澳服務提供者在內地開展電信業務有關問題的通告》(工信部通信[2016]222號)) (collectively the "Notices"), the setting up of joint ventures in the PRC by foreign investors (including Hong Kong and Macau service providers) to provide the business of value-added telecommunications of online data processing and transaction processing businesses (operational e-commerce) is not subject to any shareholding restriction.

In respect of the Principal Business 2, according to the Notices, foreign investors (including Hong Kong and Macau service providers) may set up joint ventures in the PRC to provide Internet information service businesses operating for profit (other than App store) but are restricted to hold no more than 50% equity interest.

In addition, at the time of the entering into of the HZ VIE Contractual Arrangements, according to the Regulations on the Administration of Foreign-invested Telecommunications Enterprises (Revised in 2016) (Order No. 666 of the State Council of the PRC) (《外商投資電信企業管理規定(2016年修訂)》(中華人民共和國國務院令 第666號)), a foreign investor who invests in a value-added telecommunications services company shall have a good track record and operational experience in providing value-added telecommunications business (the "Qualification Requirement") in the PRC. There were no clear rules, measures, procedures, guidance or reference standard issued by PRC regulatory authority on the Qualification Requirement. In practice, the relevant authority would verify whether such foreign investor has previously been engaged in telecommunications business outside the PRC, or whether such foreign investor has previously held any equity interest in the PRC enterprises engaged in the telecommunications business. The Group did not have any actual engagement in telecommunications business outside the PRC, and also had not held any equity interest in the PRC enterprises engaged in the telecommunications business other than Hangzhou Meerkat. Therefore, the Company directly or indirectly holding equity interest in Hangzhou Meerkat would make it very difficult and uncertain for Hangzhou Meerkat to continue to hold or

REPORT OF THE DIRECTORS

renew the relevant licence to carry on the value-added telecommunications business, and the time and the prolonged process of application with unknown results would incur extra costs for the Company.

In view of the above, in the absence of clear guidance to determine whether the Company met the Qualification Requirement and in view of the Group's lack of the relevant qualification, the Company could not directly or indirectly hold any equity interest in Hangzhou Meerkat Group despite its intention to own more than 50% equity interest in such entities.

In order to comply with the relevant PRC laws and regulations while achieving the commercial intention of the parties, the VIE Contractual Arrangements were entered into, through which the HZ WFOE would have effective control over the finance and operations of Hangzhou Meerkat Group and could enjoy the entire economic interests and benefits generated by such entities despite the lack of registered equity ownership.

3. Risks associated with the VIE Contractual Arrangements

The Group is exposed to certain risks under the VIE Contractual Arrangements, which are summarized below.

- (a) There is no assurance that the VIE Contractual Arrangements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the VIE Contractual Arrangements do not comply with applicable regulations.
- (b) The VIE Contractual Arrangements may not be as effective as direct ownership in providing control over Hangzhou Meerkat Group.
- (c) The HZ PRC Equity Owners may potentially have a conflict of interests with the Group.
- (d) The VIE Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed.
- (e) The Group may bear economic risks as the primary beneficiary of the Hangzhou Meerkat Group which may arise from difficulties in its operation.
- (f) There may be limitations in acquiring ownership in the equity interest of Hangzhou Meerkat.
- (g) Certain terms of the VIE Contractual Arrangements may not be enforceable under the PRC laws, such as the dispute resolution mechanism.
- (h) The Company does not have any insurance which covers the risks relating to the VIE Contractual Arrangements and the transactions contemplated thereunder.

4. Internal control measures implemented by the Group to mitigate the risks

The VIE Contractual Arrangements contain certain provisions in order to exercise effective control over and to safeguard the assets of Hangzhou Meerkat. In addition to the internal control measures as provided in the VIE Contractual Arrangements, the Company has implemented, through the HZ WFOE, the following internal control measures against Hangzhou Meerkat as appropriate:

Management controls

- (a) the Group is entitled to appoint the majority of the members of the board of directors (the "Representatives") of Hangzhou Meerkat (the "OPCO"). The Representatives are required to conduct regular reviews on the operations of the OPCO and shall submit the semi-annual reviews to the Board. The Representatives are also required to check the authenticity of the monthly management accounts of the OPCO;
- (b) the Representatives shall be actively involved in various aspects of the daily managerial and operational activities of the OPCO;
- (c) the Representatives shall report any major events of the OPCO to the senior management of the Company, who must in turn report to the Board;
- (d) the senior management of the Company shall conduct regular site visits and personnel interviews regarding the OPCO, and shall report to the Board on a regular basis; and
- (e) all incorporation documents, all other legal documents and all seals and chops of the OPCO shall be delivered to the HZ WFOE upon request.

Financial controls

- (a) the finance department of the Company, led by the Chief Financial Officer (the "CFO"), shall collect monthly management accounts, bank statements and cash balances and major operational data of the OPCO for review. Upon discovery of any suspicious matters, the CFO shall report to the Board;
- (b) if the OPCO has delayed in the payment of the services fees requested by the HZ WFOE, the CFO must meet with the shareholder(s) of the OPCO to investigate, and should report any suspicious matters to the Board. In extreme cases, the registered shareholder(s) of the OPCO will be removed and replaced;
- (c) the OPCO must submit copies of latest bank statements for every bank accounts of the OPCO within 15 days after the end of each month; and
- (d) the OPCO must assist and facilitate the Company to conduct on-site internal audit.

Legal review

- (a) the senior management of the Company shall consult the Company's PRC legal adviser from time to time to check if there are any legal developments in the PRC affecting the arrangement contemplated under the VIE Contractual Arrangements, and determine if any modification or amendment are required to be made;
- (b) as part of the internal control measures, major issues arising from implementation and performance of the VIE Contractual Arrangements shall be reviewed by the Board on a regular basis which will be no less frequent than twice a year. The Board shall determine, as part of its periodic review process, whether legal advisors and/or other professionals would need to be retained to assist the Group to deal with specific issues arising from the VIE Contractual Arrangements;
- (c) matters relating to compliance and regulatory enquiries from governmental authorities, if any, shall be discussed by the Board on a regular basis which shall be no less frequent than twice a year; and
- (d) the relevant business units and operation divisions of the Group shall report regularly, which shall be no less frequent than on a monthly basis, to the senior management of the Company on the compliance and performance conditions under the VIE Contractual Arrangements and other related matters.

5. Material change

There was no material change of the VIE Contractual Arrangements during the year ended 31 December 2024.

6. Unwinding of the VIE Contractual Arrangements

For the year ended 31 December 2024 and as at the date of this Annual Report, there had been no unwinding of the HZ VIE Contractual Arrangements or failure to unwind when the restrictions that led to the adoption of the HZ VIE Contractual Arrangements are removed, as the relevant restrictions on ownership by foreign investors that led to the adoption of the HZ VIE Contractual Arrangements had not been removed.

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, details of the Company's continuing connected transaction during the year are as follows:

HZ VIE Contractual Arrangements

On 26 October 2021, a set of control documents were entered into between the HZ WFOE and Hangzhou Meerkat and/or the HZ PRC Equity Owners to allow the HZ WFOE to contractually control 100% equity interests and the management of Hangzhou Meerkat.

As a result of the HZ Investment Framework Agreement and the HZ VIE Contractual Arrangements, Ms. DONG Yu has become a substantial shareholder and a director of two subsidiaries of the Company, and Mr. YANG Aiwu has become a substantial shareholder of a subsidiary of the Company. Therefore, each of Ms. DONG Yu and Mr. YANG Aiwu is a connected person of the Company at subsidiary level, and the transactions contemplated

under the HZ VIE Contractual Arrangements constitute continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the circular, independent financial adviser and shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

Please refer to details set out in the sub-section above titled "Contractual Arrangements in respect of Hangzhou Meerkat Health Technology Co., Ltd. (杭州獯哥健康科技有限公司)" under the section above titled "INFORMATION ON THE VIE CONTRACTUAL ARRANGEMENTS" and the announcement of the Company dated 8 October 2021.

During the year ended 31 December 2024, no service fee has been paid by Hangzhou Meerkat to the HZ WFOE under the exclusive business cooperation agreement entered into between Hangzhou Meerkat and the HZ WFOE.

Grant of waiver

The Company has applied for, and the Stock Exchange has granted a waiver pursuant to Rule 14A.102 of the Listing Rules from strict compliance with the requirement of (i) fixing the term of the HZ VIE Contractual Arrangements for a period of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules, and (ii) setting a maximum aggregate annual cap for the fees payable to the WFOE under the HZ VIE Contractual Arrangements pursuant to Rule 14A.53 of the Listing Rules, subject to the conditions as set out more particularly in the announcement of the Company dated 8 October 2021.

Annual review

Pursuant to Rule 14A.55 of the Listing Rules, all Independent Non-executive Directors have reviewed the continuing connected transaction under the HZ VIE Contractual Arrangements carried out during the year ended 31 December 2024 and confirmed that such continuing connected transaction has been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant control documents governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

PwC, the auditor of the Company, has provided a letter to the Board under Rule 14A.56 of the Listing Rules, confirming that nothing has come to their attention that causes them to believe that the continuing connected transaction under the HZ VIE Contractual Arrangements: (i) has not been approved by the Board; (ii) was not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; and (iii) was not entered into, in all material respects, in accordance with the HZ VIE Contractual Arrangements, and the relevant control documents governing the transaction.

RELATED PARTY TRANSACTIONS

Details of the transactions carried out with related parties are set out in Note 35 to the consolidated financial statements.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holdings in the shares of the Company.

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).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

INDEMNITY OF DIRECTORS

Permitted indemnity provisions (as defined in Section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company or its associated companies are currently in force. These provisions, provided by the Company, were in force during the year and remain in effect at the date of this Annual Report.

The Company has maintained directors and officers liability insurance throughout the year, which provides certain indemnities against liability incurred by directors and officers of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the required public float under the Listing Rules.

CORPORATE GOVERNANCE

A separate corporate governance report prepared by the Board on its corporate governance practices is set out on pages 13 to 19 of this Annual Report.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

OTHER CHANGES IN DIRECTORS' INFORMATION

Except the following, no other changes in Directors' information are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of 2024 Interim Report up to the date of this report.

1. Mr. CHENG Wu was appointed as CEO of the Company on 24 April 2024. His annual salary of HK\$4,200,000, as detailed in his service contract, became effective from 1 May 2024. Prior to his appointment as CEO, from January to April 2024, Mr. CHENG served as a Senior Advisor for the media and entertainment business of the Group, receiving a salary of HK\$1,800,000 for this period. This Senior Advisor arrangement was immediately terminated upon his appointment as CEO.
2. Mr. YUEN Hoi Po has resigned as an independent non-executive director of Man Sang International Limited (Stock Code: 938) on 10 January 2025.
3. Ms. PAN Min has been appointed as an independent director of Shanghai Milkground Food Tech Co., Ltd. (SSE Stock Code: 600882) on 19 November 2024. Ms. PAN has resigned as independent directors of Shanghai Hugong Electric (Group) Co., Ltd. (SSE Stock Code: 603131) and Harbin Gloria Pharmaceuticals Co., Ltd. (SZSE Stock Code: 002437) on 28 August 2024 and 6 February 2025 respectively.

On behalf of the Board

HAU Wai Man, Raymond

Company Secretary

Hong Kong, 31 March 2025



羅兵咸永道

To the Shareholders of Hony Media Group

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Hony Media Group (the "Company") and its subsidiaries (the "Group"), which are set out on pages 46 to 107, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of the interest in an associate — HB Entertainment Co., Ltd. ("HB Entertainment")
- Going concern assessment

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment assessment of the interest in an associate — HB Entertainment Co., Ltd. ("HB Entertainment")

Refer to 2(b)(i), 2(b)(iii), 4 and 17(a) to the consolidated financial statements.

As at 31 December 2024, the net carrying amount of the interest in an associate — HB Entertainment was HK\$102,951,000 (2023: HK\$211,086,000).

Management performed assessment at the end of each reporting period to consider whether there was any indication that the interest in an associate may be impaired. Management determined its recoverable amount, which was measured at the higher of fair value less costs of disposal ("FVLCO") and value in use ("VIU").

The recoverable amount was assessed by FVLCO based on market approach, a valuation technique that uses relevant information generated by market transactions involving comparable companies.

Based on the results of the impairment assessment, an impairment loss of HK\$76,106,000 in respect of the interest in an associate was recognised for the year ended 31 December 2024 based on the recoverable amount of HK\$102,951,000, which was determined by its FVLCO.

We focused on auditing the impairment assessment of the interest in an associate because the estimation of the recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of the interest in an associate is considered significant due to the complexity of the model and subjectivity of significant assumptions used.

Going concern assessment

Refer to Note 2(a) to the consolidated financial statements.

For the year ended 31 December 2024, the Group incurred a loss of HK\$177,190,000 and net cash used in operating activities of HK\$74,524,000.

Given the above conditions, to support the preparation of the Group's consolidated financial statements on a going concern basis, management prepared a cash flow forecast for a period of not less than twelve months from 31 December 2024, taking into account certain measures as set out in Note 2(a) of the consolidated financial statements. Based on the assessment results, management concluded that the Group will have adequate resources to continue its operations and to meet its financial obligations as and when they fall due in the next twelve months from the year end date and therefore the use of the going concern basis in preparing the consolidated financial statements is appropriate.

As management's assessment of the going concern basis used in the preparation of consolidated financial statements involves significant management's judgements and assumptions, this matter is considered as a key audit matter.

The procedures performed in relation to the impairment assessment of the interest in an associate — HB Entertainment included:

- We discussed with management of the Group and obtained an understanding of management's assessment process of the impairment assessment performed by management on the interest in an associate;
- We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity;
- We evaluated the appropriateness of the FVLCO calculations methodology adopted by the Group's management with the involvement of our internal valuation expert, and tested the mathematical accuracy of the underlying calculations; and
- We assessed the reasonableness of key assumptions used in valuation such as average enterprise value-to-revenue ratio of comparable companies, discounts for lack of marketability and significant influence premium of the associate based on our knowledge of the business and industry and market research.

Based on the results of the procedures performed, we found that the key judgement and assumptions applied by management in relation to the impairment assessment of the interest in an associate — HB Entertainment were supportable by the evidence obtained.

Our audit procedures to assess this key audit matter included the following:

- We obtained understanding management's processes in relation to the preparation of cash flow forecast and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in preparing the cash flow forecast for the purpose of going concern assessment;
- We obtained management's cash flow forecast and discussed with management to understand their future operation plans in the forecast period;
- We evaluated the appropriateness of the Group's forecasted revenue growth rates, estimated operating expenses by considering the historical trend and current business plans;
- We evaluated management's sensitivity analyses around the key assumptions in the cash flow forecast to consider the downside effect of such changes;
- We enquired management of the availability of financing facilities with relevant supporting information, including agreements and financial support; and
- We evaluated the financial capability of the provider of loan facility to the Group based on relevant supporting evidence.

Based on our work, we found that the key management's judgement and assumptions used in management's going concern assessment were supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Ng Hiu Tung.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 31 March 2025

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Continuing Operations			
Revenue	5	1,018,462	1,344,031
Cost of sales		(659,603)	(930,602)
Gross profit		358,859	413,429
Other income and other gains/(losses), net	5	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		(5,788)	4,569
Finance costs, net	7	(77,065)	(114,475)
Share of results of an associate	17(a)	(17,612)	(3,605)
Provision for impairment of interest in an associate	17(a)	(6,801)	(1,556)
Loss before taxation	8	(177,584)	(119,636)
Taxation	9	394	69
Loss for the year from continuing operations		(177,190)	(119,567)
Discontinued Operation			
Loss for the year from discontinued operation	34	–	(5,787)
Loss for the year		(177,190)	(125,354)
Attributable to:			
Equity holders of the Company			
– continuing operations		(163,489)	(91,300)
– discontinued operation		–	(5,787)
Non-controlling interest		(163,489)	(97,087)
– continuing operations		(13,701)	(28,267)
		(177,190)	(125,354)
Loss per share attributable to the equity holders of the Company for the year		HK Cents	HK Cents
Basic and diluted loss per share	10		
– from continuing operations		(1.20)	(0.67)
– from discontinued operation		–	(0.04)
		(1.20)	(0.71)

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Loss for the year		(177,190)	(125,354)
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		2,168	(1,452)
Other comprehensive loss for the year, net of tax		(20,804)	(4,623)
Total comprehensive loss for the year		(197,994)	(129,977)
Total comprehensive loss attributable to:			
Equity holders of the Company		(186,461)	(100,258)
Non-controlling interest		(11,533)	(29,719)
		(197,994)	(129,977)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 December 2024

		As at 31 December	
	Notes	2024 HK\$'000	2023 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment	13	2,846	5,453
Right-of-use assets	14	7,546	14,530
Intangible assets	15	1,186	2,274
Goodwill	16	27,198	27,203
Interests in associates	17	102,951	228,033
Investment properties	18	10,629	–
Financial assets at fair value through profit or loss	20	–	9,856
Prepayments, deposits and other receivables	22	56,243	45,798
		208,599	333,147
Current assets			
Inventories	23	2,321	4,332
Trade and bills receivables	21	38,238	96,436
Prepayments, deposits and other receivables	22	78,486	60,291
Financial asset at fair value through profit or loss	20	12,619	5,049
Cash and cash equivalents	24	34,450	27,037
		166,114	193,145
Asset classified as held for sale	25	12,411	–
		178,525	193,145
Total assets		387,124	526,292
Equity and liabilities			
Equity			
Equity attributable to the equity holders of the Company			
Share capital	29	271,707	271,707
(Deficits)/Reserves	30	(168,396)	18,486
		103,311	290,193
Non-controlling interests		(79,620)	(67,400)
Total equity		23,691	222,793
Liabilities			
Non-current liabilities			
Lease liabilities	14	4,292	8,150
Long-term financial liabilities	33	47,887	27,606
Bank and other borrowing	26	19,654	–
Convertible bonds	31	115,879	–
Deferred income tax liabilities	9	–	442
		187,712	36,198
Current liabilities			
Trade payables	27	53,410	108,115
Other payables and accrued liabilities	28	60,312	74,757
Contract liabilities	28	2,608	4,918
Bank and other borrowings	26	55,397	72,231
Lease liabilities	14	3,994	7,280
		175,721	267,301
Total liabilities		363,433	303,499
Total equity and liabilities		387,124	526,292

The financial statements on pages 46 to 107 were approved by the Board of Directors on 31 March 2025 and were signed on its behalf.

YUEN Hoi Po
Director

CHENG Wu
Director

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Cash used in operations	32(a)	(74,236)	(50,297)
Income tax paid		(49)	–
Interest paid	32(b)	(239)	(1,405)
Net cash used in operating activities		(74,524)	(51,702)
Cash flows from investing activities			
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	–
Net cash generated from/(used in) investing activities		3,768	(20,707)
Cash flow from financing activities			
Proceeds from convertible bonds	32(b)	120,000	–
Repayment of bank and other borrowings	32(b)	(40,239)	(75,294)
Proceeds from bank and other borrowings	32(b)	44,641	121,091
Payment of deposits for securing other borrowings		(48,650)	–
Capital contribution from a new investor of a subsidiary	32(b)	17,465	26,484
Principal elements of lease payments	32(b)	(6,551)	(11,280)
Interest paid		(9,888)	–
Net cash generated from financing activities		76,778	61,001
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	24	34,450	27,037

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company				Non-	Total
	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	controlling interests 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 17)	–	(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-	Total
	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	controlling interests 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 17)	–	(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

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 34, 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 AND SUMMARY OF ACCOUNTING POLICIES

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

(a) Basis of preparation

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 31 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.

The preparation of these consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statement are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		Effective for annual periods beginning on
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	
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.

(b) Material accounting policies

(i) Group accounting

(1) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(2) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(3) Business combinations and goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

(4) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(5) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interests in associates are recognized in the consolidated income statement.

The Group has applied the measurement exemption within HKAS 28 "Investments in Associates and Joint Ventures", when an investment in an associate is held by, or is held indirectly through, a venture capital organization, or a mutual fund, unit trust and similar entities, the Group elects to measure investment in the associate at fair value through profit or loss since the Group decides such investment has the characteristics of a venture capital investment.

(6) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint operations.

Joint operations arise where the investors have joint control and their direct rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets and liabilities. Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

(7) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management committee, which comprises the chief executive officer and the chief financial officer of the Group, that makes strategic decisions.

(8) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(9) *Discontinued operation*

A discontinued operation is a component of the entity that has been disposed of, closed, abandoned, terminated or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

(ii) **Foreign currency translation**

(1) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). As the Company is listed on the Main Board of the Stock Exchanges of Hong Kong Limited, the directors consider that it will be more appropriate to adopt Hong Kong dollar ("HK\$") as the Group's and the Company's presentation currency. Accordingly, the consolidated financial statements are presented in HK\$.

(2) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "finance costs, net". All other foreign exchange gains and losses are presented in the consolidated income statement within "other income and other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(3) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

(4) *Disposal of foreign operation and partial disposal*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interests in associates or joint ventures that result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(iii) **Impairment of non-financial assets**

Non-financial assets that have an indefinite useful life or non-financial assets not ready to use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

(iv) **Financial assets**

(1) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(2) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(3) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into following category:

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in interest revenue, other income and finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated income statement.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement. Dividends from such investments continue to be recognized in the consolidated income statement as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in "other income and other gains/(losses), net" in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

(4) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Impairment on other financial assets at amortized cost is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

(v) **Financial liabilities**

(1) *Initial recognition and measurement*

Financial liabilities of the Group are classified, at initial recognition, at amortized cost, net of directly attributable transaction costs.

(2) *Subsequent measurement*

After initial recognition, financial liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the effective interest rate amortisation process.

(3) *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

(vi) **Revenue recognition:**

Revenue is measured at the fair value of consideration received or receivable for the sale of goods or services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the control of goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time and when specific criteria have been met for each of the Group's activities as described below.

The Group reports revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in a transaction. The Group is a principal if it controls the specified product or service before that product or service is transferred to a customer or it has a right to direct others to provide the product or service to the customer on the Group's behalf. Indicators that the Group is a principal include, but are not limited to, whether the Group (i) is primarily responsible for fulfilling the promise to provide the specified good or service; (ii) has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; (iii) has discretion in establishing the price for the specified good or service, etc.

Digitized operation services in healthcare industry

(1) *Provision of Digitized operation services*

The Group agrees the sales price for each service with the customers upfront and bills to the customers based on the actual service rendered and completed. Revenue is generally recognized at a point in time when the services are rendered and accepted by the customers.

Smart healthcare services platform

(1) *Revenue from sales of pharmaceutical and healthcare products*

The Group is engaged in the sale of pharmaceutical and healthcare products to individual customers and to merchant customers. Revenue from the sale of pharmaceutical and healthcare products is recorded net of discounts and recognized when the goods are delivered to customers by third party couriers.

Entertainment and media

(1) *Revenue from film exhibition*

Revenue from film exhibition is recognized when the film is shown and the right to receive payment is established.

(2) *Revenue from license fee and sub-licensing of film and TV programmes rights*

Revenue from license fee and sub-licensing of film and TV programmes rights is recognized at a point in time when the control of film and TV programme rights is licensed to the customers so that the customers can direct the use and obtain associated benefit.

(3) *Revenue from sales of television programmes and film rights*

Revenue from the sale of television programmes and film rights is recognised at a point in time when the control of assets is transferred to customers, obligations in the agreement has been fulfilled and the right to receive payment is established. This revenue from the sale of television programmes and film rights is reported under Media segment.

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(c) Other accounting policies

(i) Property, plant and equipment

Property, plant and equipment, comprising plant, equipment and other assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are expensed in the consolidated income statement during the reporting period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	shorter of 5 years or lease term
Furniture, computer and equipment	3–5 years
Machinery and equipment	3–10 years
Motor vehicles	4–5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(b)(iii)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in the consolidated income statement.

(ii) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of group entities or counterparty.

(iv) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(v) Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash on hand and deposits held at call with banks.

(vi) Share capital

Ordinary shares and preference shares are classified as equity.

Preference shares are classified as equity as there is no contractual right to convert the preference shares to any outflow of liability on the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(vii) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

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Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(viii) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to item recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(1) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(2) Deferred income tax

Inside basis difference

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(3) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(ix) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

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For the year ended 31 December 2024

(x) **Interest income and interest revenue**

Interest income is recognized on a time proportion basis using the effective interest method.

Interest revenue from programmes and films production in progress is recognized on a time proportion basis using the effective interest method and reported under “Entertainment and Media” segment.

(xi) **Share-based payments**

The Company operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(xii) **Employee benefits**

(1) *Retirement benefit costs*

The Group operates a defined contribution retirement benefits scheme (the “Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for all those employees who are eligible to participate in the Scheme. The Scheme became effective on 1 December 2000. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated income statement as they became payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independent administered fund. The Group’s employer contributions vest fully with the employees when contributed into the Scheme except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Scheme.

The Company’s subsidiaries in the People’s Republic of China (the “PRC”) are members of the state-managed retirement benefits scheme operated by the government of the PRC. The retirement benefits scheme contributions, which are based on a certain percentage of the salaries of the subsidiaries’ employees, are charged to the consolidated income statement in the period to which they relate and represent the amount of contributions payable by these subsidiaries to the scheme.

For both retirement benefits schemes, the Group has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(2) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to terminate the employment of current employees without possibility of withdrawal. In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(3) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(4) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave, maternity and other non-accumulating compensated absences are not recognized until the time of leave.

(xiii) Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, such as term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

Payments associated with short-term leases are recognized on a straight-line basis as an expense in consolidated income statement. Short term leases are leases with a lease term of 12 months or less.

(xiv) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(xv) Convertible bonds

The component parts of the Convertible Bonds are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue of the Convertible Bonds, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the Convertible Bonds as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

(xvi) Investment properties

Investment properties, principally residential properties in Beijing, the PRC, are held for long-term rental yields and are not occupied by the Group. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income and other gains/(losses), net.

The group classifies cash outflows to acquire or construct investment property as investing and rental inflows as operating cash flows.

3 FINANCIAL RISK MANAGEMENT

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks: cash flow and fair value interest rate risk, credit risk, foreign exchange risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Cash flow and fair value interest rate risk

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group analyzes its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used. The scenarios are run only for financial assets and liabilities that represent the major floating interest-bearing positions.

Based on the simulations performed on cash balances placed with banks and bank and other borrowings carried at floating interest rate, if the interest rate increased/decreased by 60 basis-point with all other variables held constant, loss attributable to the equity holders of the Company for the year ended 31 December 2024 would increase/decrease by HK\$244,000 (2023: HK\$271,000).

(b) Credit risk

(i) Risk Management

Credit risk is managed on a group basis. The carrying amounts of bank balances, trade receivables, deposits and other receivables, programmes and films production in progress and financial asset at fair value through profit or loss represent the Group's maximum exposure to credit risk in relation to financial assets. The Group has policies that limit the amount of credit exposure to any financial institutions. The Group has also policies in place to ensure that the sales are made to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers.

In addition, the Group reviews regularly the recoverable amount of deposits and other receivable, programme and films production in progress and financial asset at fair value through profit or loss to ensure that adequate impairment losses are made for irrecoverable amounts.

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For the year ended 31 December 2024

For banks and financial institutions, only rated parties with a minimum rating of 'A' are accepted.

Other than concentration of credit risk on bank balances, which are deposited with several banks with good credit ratings, the Group has concentration of credit risk as the Group's largest trade debtor accounted for 16% (2023: 46%) of the total trade receivables, and top three trade debtors constituted 34% (2023: 68%) of the total trade receivables as at 31 December 2024.

(ii) Impairment of financial assets

Trade receivables for sales of goods of the Group and from the provision of services are subject to the expected credit loss model. While cash and cash equivalents and pledged bank deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

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 Group measures the expected credit losses on a combination of both individual and collective basis. Trade receivables have been grouped based on shared credit risk characteristics. Management also considers the default rates and loss given default from external rating agency report and forward-looking information that may impact the customer's ability to repay the outstanding balances.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at 31 December 2024, the balance of loss allowance in respect of these individually assessed receivables was approximately HK\$8,596,000 (2023: HK\$8,596,000).

The following table presents the balances of gross carrying amounts and the loss allowance in respect of trade receivables assessed on collective basis:

Internal credit rating	Average loss rate %	Gross carrying amount HK\$'000	Impairment loss allowance HK\$'000
As at 31 December 2023			
A3 to Aaa	0.00	6,152	–
B3 to Baa1	0.15	89,968	(139)
Caa3 to Ca	17.57	552	(97)
		96,672	(236)
As at 31 December 2024			
A3 to Aaa	0.00	8,194	–
B3 to Baa1	0.39	28,982	(114)
Caa3 to Ca	0.53	1,182	(6)
		38,358	(120)

Other financial assets at amortised cost

Expected credit losses are measured as an allowance equal to 12 months expected credit losses for stage 1 assets, or lifetime expected losses assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information including changes in the payment status and operating results of the debtors and macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group measures the expected credit losses on a combination of both individual and collective basis.

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For the year ended 31 December 2024

For the year ended 31 December 2024 and 2023, the expected credit losses of these individually assessed and collectively assessed receivables were as follows:

	2024 HK\$'000	2023 HK\$'000
Trade receivables — collective basis	814	(552)
Deposits and other receivables — collective basis	4,974	(4,017)
	5,788	(4,569)

(c) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and net monetary assets and liabilities are denominated in Renminbi ("RMB"), South Korean Won ("KRW") and United States Dollars ("US\$") that is not the functional currency of the relevant group entity.

The Group has not used any forward contracts, currency borrowings and other means to hedge its foreign currency exposure but manages through constant monitoring to limit as much as possible its net exposure.

As at 31 December 2024, if RMB had strengthened/weakened by 5% against HK\$ with all other variables held constant, the loss for the year would decrease/increase by HK\$426,000 (2023: HK\$338,000), mainly as a result of foreign exchange gains/losses on translation of cash and cash equivalent and other receivables denominated in RMB and recorded in group entities with functional currency in HK\$.

As at 31 December 2024, if KRW had strengthened/weakened by 5% against HK\$ with all other variables held constant, the loss for the year would increase/decrease by HK\$340,000 (2023: HK\$78,000), mainly as a result of foreign exchange gains/losses on translation of share of results of an associate denominated in KRW and recorded in group entities with functional currency in HK\$.

In respect of US\$, the Group considers that minimal risk arises as the rate of exchange between HK\$ and US\$ is controlled within a tight range under the Hong Kong's Linked Exchange Rate System.

(d) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and bank balances.

Due to the dynamic nature of the Group's underlying businesses, the Group monitors the current and expected liquidity requirements and maintains flexibility in funding by maintaining sufficient cash and cash equivalent to meet operational needs and possible investment opportunities.

The table below analyzed the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows. Balances due within twelve months equaled their carrying balances, as the impact of discounting was not significant.

	On demand HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2023						
Trade payables	-	108,115	-	-	-	108,115
Other payables and accrued liabilities	-	59,428	-	-	-	59,428
Bank and other borrowings	-	72,231	-	-	-	72,231
Lease liabilities	-	7,797	4,067	4,493	-	16,357
Total	-	247,571	4,067	4,493	-	256,131
At 31 December 2024						
Trade payables	-	53,410	-	-	-	53,410
Other payables and accrued liabilities	-	59,448	-	-	-	59,448
Convertible bond	-	-	120,000	-	-	120,000
Bank and other borrowings	-	55,397	19,654	-	-	75,051
Lease liabilities	-	4,091	3,125	1,304	-	8,520
Total	-	172,346	142,779	1,304	-	316,429

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For the year ended 31 December 2024

(ii) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings, convertible bonds and lease liabilities less cash and cash equivalents and deposits paid for securing other borrowings. Long-term financial liabilities, representing capital contributions from a new investor of a subsidiary which may need to be repurchased by that subsidiary under certain circumstances in the future, have not been included in the calculation of the gearing ratio. The gearing ratio was as follows:

	2024 HK\$'000	2023 HK\$'000
Total lease liabilities (Note 14)	8,286	15,430
Bank and other borrowings (Note 26)	75,051	72,231
Convertible bonds (Note 31)	115,879	–
Less: Cash and cash equivalents (Note 24)	(34,450)	(27,037)
Less: Deposits paid for securing other borrowings (Note 22)	(48,650)	–
Net debt	116,116	60,624
Total equity	23,691	222,793
Gearing ratio	4.9 times	27.21%

(iii) Fair value estimation

The table below analyzes financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets that are measured at fair value:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
At 31 December 2023				
Interest in an associate (Note 17(b))				
– Deep Sea Health Limited	–	–	16,947	16,947
Financial asset at fair value through profit or loss (Note 20)				
– Deep Sea Health Limited	–	–	5,049	5,049
– Beijing Yi Yao Liang Xin	–	–	9,856	9,856
	–	–	31,852	31,852
At 31 December 2024				
Asset classified as held for sale (Note 25)				
– Deep Sea Health Limited	–	–	12,411	12,411
Financial asset at fair value through profit or loss (Note 20)				
– Deep Sea Health Limited	–	–	12,619	12,619
– Beijing Yi Yao Liang Xin	–	–	–	–
	–	–	25,030	25,030

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For the year ended 31 December 2024

The Group's finance department includes a team that performs the valuations of assets required for financial reporting purposes, including level 3 fair values. As part of the valuation process, this team reports directly to the chief financial officer.

Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value level 3 financial instrument include techniques such as discounted cash flow analysis.

There were no transfers between levels 1, 2 and 3, and no change in valuation techniques during the year (2023: same).

The following table presents the movements of the Group's assets that are in level 3 for the years ended 31 December 2023 and 2024:

	Financial asset at fair value through profit or loss – Deep Sea Health Limited (Note (ii)) HK\$'000	Financial asset at fair value through profit or loss – Beijing Yi Yao Liang Xin (Note (iii)) HK\$'000	Total HK\$'000
As at 1 January 2023	2,557	14,553	17,110
Fair value loss through profit or loss	2,547	(4,521)	(1,974)
Exchange realignment	(55)	(176)	(231)
As at 31 December 2023	5,049	9,856	14,905
As at 1 January 2024	5,049	9,856	14,905
Fair value loss through profit or loss	7,570	(9,750)	(2,180)
Exchange realignment	–	(106)	(106)
As at 31 December 2024	12,619	–	12,619
	Interest in an associate – Deep Sea Health Limited (Note (i)) HK\$'000	Asset classified as held for sale – Deep Sea Health Limited (Note (i)) HK\$'000	Total HK\$'000
As at 1 January 2023	19,593	–	19,593
Fair value loss through profit or loss	(2,646)	–	(2,646)
As at 31 December 2023	16,947	–	16,947
As at 1 January 2024	16,947	–	16,947
Fair value loss through profit or loss	(4,536)	–	(4,536)
Reclassification to asset classified as held for sale (Note 25)	(12,411)	12,411	–
As at 31 December 2024	–	12,411	12,411

Quantitative information about fair value measurements using significant unobservable inputs (Level 3):

i. Interest in an associate/asset classified as held for sale – Deep Sea Health Limited

The Group has engaged an independent valuer to determine the fair value of the unlisted investment. The fair value as at 31 December 2024 and 2023 was estimated by using the market approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

ii. Financial asset at fair value through profit or loss – Deep Sea Health Limited, put option

The Group has engaged an independent valuer to determine the fair value of the put option. The fair value as at 31 December 2024 and 2023 was determined by Binomial Option Pricing Model with a combination of observable and unobservable inputs.

iii. Financial asset at fair value through profit or loss – Beijing Yi Yao Liang Xin

The Group has engaged an independent valuer to determine the fair value of the unlisted investment as at 31 December 2024 and 2023 by using the market approach.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3(i)(b).

(ii) Impairment assessment of the interest in an associate – HB Entertainment Co., Ltd. ("HB Entertainment")

The Group assesses at the end of each reporting period to consider whether there is any indication for impairment on the interest in an associate – HB Entertainment and further assesses if they have suffered any impairment, in accordance with the accounting policy stated in Note 2(b)(i)(5) and 2(b)(iii). The recoverable amount has been determined by fair value less costs of disposal of the average enterprise value-to-revenue ratio based on a pool of comparable listed companies within the same industry. The calculation requires the use of estimates.

For the year ended 31 December 2024, provision for impairment of interest in an associate – HB Entertainment of HK\$76,106,000 (2023: Nil) (Note 17) has been recognized.

5 REVENUE AND OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	2024 HK\$'000	2023 HK\$'000
Continuing Operations:		
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	–
	1,018,462	1,344,031
Other income and other gains/(losses), net		
Interest income	332	153
Gain on financial liabilities at fair value through profit or loss (Note 31)	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 18)	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
	10,502	(7,439)

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For the year ended 31 December 2024

6 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	869,555	145,851	3,056	1,018,462
Share of results of an associate	-	-	(6,801)	(6,801)
Provision for impairment of interest in an associate	-	-	(76,106)	(76,106)
Segment results	(30,785)	(6,851)	(85,698)	(123,334)
Exchange losses, net				(1,879)
Fair value change on financial assets at fair value through profit or loss — unallocated				(2,180)
Fair value change on 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				(26,592)
Finance costs, net				(159,972)
				(17,612)
Loss before taxation				(177,584)
Taxation				394
Loss for the year				(177,190)
Loss for the year attributable to non-controlling interests				13,701
Loss for the year attributable to equity holders of the Company				(163,489)

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For the year ended 31 December 2024

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				124,089
Total assets				387,124
Segment liabilities	120,423	31,153	–	151,576
Unallocated liabilities				211,857
Total liabilities				363,433
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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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) (3,605)	(5,786) (1)	(121,817) (3,606)
Loss before taxation				(119,636)	(5,787)	(125,423)
Taxation				69	-	69
Loss for the year				(119,567)	(5,787)	(125,354)
Loss for the year attributable to non-controlling interests				28,267	-	28,267
Loss for the year attributable to equity holders of the Company				(91,300)	(5,787)	(97,087)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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				47,508
Total assets				526,292
Segment liabilities	148,469	41,901	–	190,370
Unallocated liabilities				113,129
Total liabilities				303,499
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(b) Geographical information

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

	Revenue from external customers		Non-current assets ^{Note}	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
The PRC	1,018,462	1,343,349	49,368	47,957
Hong Kong	–	–	37	18,450
South Korea	–	–	102,951	211,086
Other countries	–	682	–	–
	1,018,462	1,344,031	152,356	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 HK\$'000	2023 HK\$'000
Customer A	279,410	–

7 FINANCE COSTS, NET

	2024 HK\$'000	2023 HK\$'000
Continuing Operations:		
Interest on bank and other borrowings	1,881	1,407
Interest on lease liabilities (Note 14)	484	880
Interest on long-term financial liabilities	3,633	1,318
Interest on convertible bonds (Note 31)	11,614	–
Finance costs, net	17,612	3,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

8 LOSS BEFORE TAXATION

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

	2024 HK\$'000	2023 HK\$'000
Continuing Operations:		
Depreciation of property, plant and equipment (Note 13)	1,559	3,013
Depreciation of right-of-use assets (Note 14)	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 14)	3,003	2,968
Net provision for/(reversal of) impairment of financial assets		
– Trade receivables (Note 21)	814	(552)
– Deposits and other receivables (Note 22)	4,974	(4,017)
Write back of long-term prepayments	(3,274)	–
Amortization of intangible assets (Note 15)	1,269	1,869
Provision for impairment of interest in an associate (Note 17)	76,106	–
Costs of digitized operation services in healthcare industry	532,596	559,719
Costs of inventories sold (Note 23)	126,741	361,610
Marketing and promotion expenses	319,857	376,694
Employee benefit expense:		
Directors' fees (Note 37)	960	847
Wages and salaries	59,325	65,762
Contributions to defined contribution pension schemes (Note a)	10,755	13,680
Share-based compensation (reversal)/expenses (Note 29)	(3,312)	2,845
	67,728	83,134

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).

9 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 HK\$'000	2023 HK\$'000
Continuing Operations:		
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporate income tax	(26)	–
Deferred income tax credit	420	69
	394	69

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

The tax on the Group's loss before taxation differs from the theoretical amount that would arise using the domestic tax rates applicable to the profit or loss before taxation of the consolidated entities in the respective countries as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before taxation	(177,584)	(119,636)
Tax calculated at domestic tax rates applicable to the profit or loss in respective countries	(33,101)	(27,761)
Tax effects of an associate, results reported net of tax	1,123	258
Income not subject to tax	(3,109)	(116)
Expenses not deductible for tax purposes	26,654	14,416
Tax losses not recognized	8,039	13,134
Taxation	(394)	(69)

The weighted average applicable tax rate was 18.6% (2023: 23.2%). The change in weighted average applicable tax rate was mainly caused by a change in mix of profits earned/losses incurred.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The analysis of deferred tax assets and liabilities is as follows:

	2024 HK\$'000	2023 HK\$'000
Non-current		
Deferred income tax liabilities to be recovered after more than 12 months	–	(442)

The movement on the deferred income tax account is as follows:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	(442)	(525)
Credit to the consolidated income statement	420	69
Exchange differences	22	14
At the end of the year	–	(442)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

The movement in gross deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Unremitted earning HK\$'000
1 January 2023	(525)
Credit to the consolidated income statement	69
Exchange differences	14
At 31 December 2023 and 1 January 2024	(442)
Credit to the consolidated income statement	420
Exchange differences	22
At 31 December 2024	—

Deferred tax assets are recognized for tax losses carry-forward to the extent that the realization of the related tax benefit through the future taxable profits is probable. As at 31 December 2024, the Group had unrecognized tax losses of approximately HK\$557,884,000 (2023: approximately HK\$557,844,000) to carry forward against future taxable income, subject to agreement by the Inland Revenue Department of Hong Kong and local tax bureau of the PRC. The increase of unrecognized tax losses was mainly attributable to addition of unrecognized tax loss of the PRC subsidiaries during the year ended 31 December 2024. No deferred taxation has been recognized in respect of the tax losses due to unpredictability of future profit streams. The tax losses of the PRC subsidiaries have an expiry period of five years, while the tax losses of Hong Kong subsidiaries have no expiry date.

The Group did not recognize deferred income tax assets in respect of tax losses of approximately HK\$251,276,000 (2023: approximately HK\$223,273,000) which can be carried forward for 5 years and will expire in the following years:

	2024 HK\$'000	2023 HK\$'000
2024	—	1,038
2025	—	—
2026	12,098	12,098
2027	29,548	29,548
2028	13,134	13,134
2029	8,039	—
At the end of the year	62,819	55,818

The remaining tax losses of approximately HK\$334,571,000 (2023: approximately HK\$334,571,000) can be carried forward indefinitely to offset against future taxable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10 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)	13,585,339	13,585,339
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)	(1.20)	(0.67)
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)	–	(0.04)
Loss per share attributable to equity holders of the Company (HK cents per share)	(1.20)	(0.71)

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.

11 DIVIDEND

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2024 (2023: Nil).

12 EMPLOYEE BENEFIT EXPENSE

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2023: Nil) director whose emoluments are reflected in the analysis shown in Note 37(a). The emoluments payable to the four (2023: five) individuals during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Continuing Operations:		
Basic salaries, housing allowance, share options, other allowances and benefits in kind	7,544	10,186
Contributions to pension schemes	299	437
	7,843	10,623

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
HK\$1,500,001 – HK\$2,000,000	3	1
HK\$2,000,001 – HK\$2,500,000	1	4
	4	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13 PROPERTY, PLANT AND EQUIPMENT

	Building HK\$'000	Machinery and equipment HK\$'000	Furniture, computer and equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Year ended 31 December 2023						
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
Closing net book amount	–	1	2,383	2,965	104	5,453
At 31 December 2023						
Cost	886	24	4,713	6,339	1,389	13,351
Accumulated depreciation	(886)	(23)	(2,330)	(3,374)	(1,285)	(7,898)
Net book amount	–	1	2,383	2,965	104	5,453
Year ended 31 December 2024						
Opening net book amount	–	1	2,383	2,965	104	5,453
Additions	–	–	195	–	–	195
Written-off	–	–	(1,105)	–	–	(1,105)
Disposal	–	–	(47)	–	–	(47)
Depreciation	–	–	(368)	(1,171)	(20)	(1,559)
Exchange differences	–	–	(38)	(50)	(3)	(91)
Closing net book amount	–	1	1,020	1,744	81	2,846
At 31 December 2024						
Cost	886	24	2,926	6,245	1,359	11,440
Accumulated depreciation	(886)	(23)	(1,906)	(4,501)	(1,278)	(8,594)
Net book amount	–	1	1,020	1,744	81	2,846

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14 LEASES

(i) Amounts recognized in the consolidated balance sheet

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

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

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
Continuing Operations:			
Depreciation charge of right-of-use assets			
Office		5,899	8,318
Apartment		–	2,185
	8	5,899	10,503
Interest expense (included in finance costs)	7	484	880
Expense relating to short-term leases (included in administrative expenses)	8	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 14(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15 INTANGIBLE ASSETS

	Licenses and softwares	
	2024 HK\$'000	2023 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 8)	(1,269)	(1,869)
Exchange differences	(35)	(66)
As at 31 December	1,186	2,274
As at 31 December		
Cost	4,930	4,817
Accumulated amortization	(3,744)	(2,543)
Net carrying amount	1,186	2,274

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.

See note 2(c)(ii) for the other accounting policies relevant to intangible assets, and note 2(b)(iii) for the Group's policy regarding impairments.

16 GOODWILL

	2024 HK\$'000	2023 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	(258)	(650)
Cost and net carrying amount as at 31 December	27,198	27,203

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 33) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17 INTERESTS IN ASSOCIATES

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000
Interest in an associate accounted for using the equity method		
– Interest in HB Entertainment Co., Ltd. (Note 17(a))	102,951	211,086
Interest in an associate measured at fair value through profit or loss		
– Interest in Deep Sea Health Limited (Note 17(b))	–	16,947
	102,951	228,033

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 25)

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(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

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

Summarized statement of comprehensive income

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000
Revenue	91,990	245,352
Loss before taxation	(20,030)	(7,440)
Taxation	(4,273)	501
Loss after taxation	(24,303)	(6,939)
Other comprehensive loss	(14,911)	(3,048)
Total comprehensive loss	(39,214)	(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.

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For the year ended 31 December 2024

Movements of interest in HB Entertainment are as follows:

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

Reconciliation of summarized financial information

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

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

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

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For the year ended 31 December 2024

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:

As at December 31		
	2024 HK\$'000	2023 HK\$'000
Discounts for lack of marketability increased by 5%	(77,393)	915
Significant influence premium decreased by 5%	(76,778)	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 25) 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
Unobservable inputs adopted	
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.

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Summarized balance sheet

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

Summarized statement of comprehensive income

	2023 HK\$'000
Revenue	–
Loss before taxation	(13,432)
Taxation	–
Loss after taxation	(13,432)
Other comprehensive loss	–
Total comprehensive loss	(13,432)

The information above reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 25)	(12,411)	–
At 31 December	–	16,947

18 INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
Non-current assets – at fair value		
Opening balance at 1 January	–	–
Transfer from long-term prepayments	3,274	–
Capitalized subsequent expenditure	98	–
Net gain from fair value adjustment (Note 5)	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 HK\$'000	2023 HK\$'000
Within 1 year	236	–
Between 1 and 2 years	59	–
	295	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per consolidated balance sheet

	At amortized cost HK\$'000	At fair value through profit or loss HK\$'000	Total HK\$'000
As at 31 December 2023			
Trade and bills receivables (Note 21)	96,436	–	96,436
Deposits and other receivables (excluding non-financial assets) (Note 22)	103,882	–	103,882
Cash and cash equivalents (Note 24)	27,037	–	27,037
Financial asset at fair value through profit or loss (Note 20)	–	14,905	14,905
Total	227,355	14,905	242,260
As at 31 December 2024			
Trade and bills receivables (Note 21)	38,238	–	38,238
Deposits and other receivables (excluding non-financial assets) (Note 22)	123,614	–	123,614
Cash and cash equivalents (Note 24)	34,450	–	34,450
Financial asset at fair value through profit or loss (Note 20)	–	12,619	12,619
Total	196,302	12,619	208,921

Financial liabilities as per consolidated balance sheet

	At amortized cost HK\$'000
As at 31 December 2023	
Trade payables (Note 27)	108,115
Other payables and accrued liabilities (excluding non-financial liabilities)	59,428
Bank and other borrowings (Note 26)	72,231
Lease liabilities (Note 14)	15,430
Long-term financial liabilities	27,606
Total	282,810
As at 31 December 2024	
Trade payables (Note 27)	53,410
Other payables and accrued liabilities (excluding non-financial liabilities)	59,448
Bank and other borrowings (Note 26)	75,051
Lease liabilities (Note 14)	8,286
Long-term financial liabilities	47,887
Convertible bonds (Note 31)	115,879
Total	359,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21 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 HK\$'000	2023 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
	47,878	105,268
Less: Provision for impairment	(9,640)	(8,832)
	38,238	96,436

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.

Information about the impairment of trade and bills receivables can be found in Note 3(i)(b).

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

22 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2024 HK\$'000	2023 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 HK\$'000	2023 HK\$'000
At 1 January	10,184	15,668
Net provision for/(reversal of) impairment (Note 8)	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 HK\$'000	2023 HK\$'000
HK\$	50,313	1,410
RMB	84,416	104,679
	134,729	106,089

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

Information about the impairment of deposits and other receivables can be found in Note 3(i)(b).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

	As at 31 December	
	2024 HK\$'000	2023 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
	134,729	106,089

- (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 26).
- (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 34).
- (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.

23 INVENTORIES

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000
Finished goods	2,321	4,332

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).

24 CASH AND CASH EQUIVALENTS

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25 ASSET CLASSIFIED AS HELD FOR SALE

	2024 HK\$'000	2023 HK\$'000
Interest in an associate — Deep Sea Health Limited	12,411	—
	12,411	—

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:

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

Summarized balance sheet

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

Summarized statement of comprehensive income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26 BANK AND OTHER BORROWINGS

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

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 22). 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.

27 TRADE PAYABLES

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

		2024 HK\$'000	2023 HK\$'000
0–3 months		51,940	101,068
3–6 months		680	5,423
Over 6 months		790	1,624
		53,410	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

28 CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUED LIABILITIES

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

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

29 SHARE CAPITAL

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

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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30 (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	1,228,635	860,640	1,206	(51,234)	(938)	–	12,167	(2,031,990)	18,486

	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	1,228,757	860,640	1,206	(74,206)	(918)	2,204	9,400	(2,195,479)	(168,396)

Notes:

- 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.
- 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.
- 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.
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31 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:

	Liability component HK\$'000	Equity component HK\$'000	Total fair value HK\$'000
As at 1 January 2024	–	–	–
Issuance of convertible bonds	113,553	2,204	115,757
Effective interest charged (13.76% per annum) (Note 7)	11,614	–	11,614
Interest paid	(9,288)	–	(9,288)
As at 31 December 2024	115,879	2,204	118,083

The difference of HK\$4,243,000 between the fair value and nominal value (i.e. the aggregate principal amount of HK\$120,000,000 of the Convertible Bonds upon issuance) was recognized as an one-off gain through profit or loss (Note 5).

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

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32 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before taxation to cash used in operations

	2024 HK\$'000	2023 HK\$'000
Loss before taxation from continuing operations	(177,584)	(119,636)
Loss before taxation from discontinued operation	–	(5,787)
Loss before taxation including discontinued operation	(177,584)	(125,423)
Adjustments for:		
– Share of results of an associate	6,801	1,556
– Interest income	(332)	(156)
– Depreciation of property, plant and equipment	1,559	3,936
– Depreciation of right-of-use assets	5,899	26,478
– Loss/(gain) on disposal of property, plant and equipment	(3,492)	846
– Write off of property, plant and equipment	1,105	2,158
– Write off of intangible assets	–	1,578
– Amortization of intangible assets	1,269	1,869
– (Reversal of)/provision for impairment of trade receivables	814	(552)
– (Reversal of)/provision for impairment of deposits and other receivables	4,974	(4,017)
– Gain on early termination of lease	26	1,730
– Fair value change on interest in an associate measured at fair value through profit or loss	4,536	2,646
– Fair value loss/(gain) on financial assets at fair value through profit or loss, net	2,180	2,205
– Finance costs, net	17,612	3,606
– Share-based compensation expenses	(3,312)	2,845
– Gain on disposal of subsidiaries	(878)	(174)
– Loss on modification of financial assets	2,426	4,087
– Fair value change on investment properties	(7,371)	–
– Provision for impairment of interest in an associate	76,106	–
– Gain on financial liabilities at fair value through profit or loss	(4,243)	–
	(71,905)	(74,782)
Changes in working capital:		
– Decrease in inventories	1,942	262
– Decrease/(increase) in trade receivables	55,956	(2,183)
– Decrease in prepayments, deposits and other receivables	9,032	14,309
– Decrease in other payables and accrued liabilities	(11,647)	(4,931)
– (Decrease)/increase in trade payables	(52,960)	15,982
– Decrease in contract liabilities	(4,235)	(2,050)
– Decrease in receipt in advance	(419)	–
– Decrease in restricted cash	–	3,096
Cash used in operations	(74,236)	(50,297)

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(b) Reconciliation of liabilities arising from financing activities

	Convertible bonds – liability component HK\$'000	Convertible bonds – equity component HK\$'000	Capital contribution HK\$'000	Borrowings HK\$'000	Leases HK\$'000	Total HK\$'000
At 1 January 2023	–	–	–	32,740	24,627	57,367
Cash flows – principal elements of borrowings/leases, net	–	–	–	45,797	(11,280)	34,517
Cash flows – payment of borrowing interests	–	–	–	(1,405)	–	(1,405)
Cash flows – capital contribution from investor of a subsidiary	–	–	26,484	–	–	26,484
Acquisition – lease	–	–	–	–	5,775	5,775
Early termination of lease	–	–	–	–	(4,340)	(4,340)
Disposal of subsidiaries	–	–	–	(5,558)	–	(5,558)
Foreign exchange adjustments	–	–	(196)	(750)	(232)	(1,178)
Finance costs, net (Note 7)	–	–	1,318	1,407	880	3,605
At 31 December 2023	–	–	27,606	72,231	15,430	115,267
At 1 January 2024	–	–	27,606	72,231	15,430	115,267
Cash flows – principal elements of borrowings/leases, net	–	–	–	4,402	(6,551)	(2,149)
Cash flows – payment of borrowing interests	–	–	–	(839)	–	(839)
Cash flows – payment of convertible bonds interest	(9,288)	–	–	–	–	(9,288)
Cash flows – capital contribution from investor of a subsidiary	–	–	17,465	–	–	17,465
Cash flows – proceeds from issuance of convertible bonds	117,796	2,204	–	–	–	120,000
Acquisition – lease	–	–	–	–	127	127
Early termination of lease	–	–	–	–	(639)	(639)
Foreign exchange adjustments	–	–	(817)	(2,624)	(565)	(4,006)
Gain on financial liabilities at fair value through profit or loss (Note 5)	(4,243)	–	–	–	–	(4,243)
Finance costs, net (Note 7)	11,614	–	3,633	1,881	484	17,612
At 31 December 2024	115,879	2,204	47,887	75,051	8,286	249,307

33 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.

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For the year ended 31 December 2024

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.

34 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.

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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	(49,243)
Gross profit	43,028
Other income and other (losses)/gains, net	(6,068)
Administrative expenses	(42,746)
	(5,786)
Finance costs, net	(1)
Loss before tax from discontinued operations	(5,787)
Tax	–
Loss for the year from discontinued operations	(5,787)

35 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 2024 HK\$'000	31 December 2023 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 2024 HK\$'000	31 December 2023 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

(c) Key management compensation

Remuneration for key management personnel, including amounts paid to the Company's directors, is disclosed in Note 37 and certain of the highest paid employees is disclosed in Note 12.

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36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000
Assets		
Non-current assets		
Investment in subsidiaries	42,161	42,161
Investment in associates	144,509	272,232
	186,670	314,393
Current assets		
Loans advanced to subsidiaries	112,121	100,951
Prepayments, deposits and other receivables	993	6
Financial asset at fair value through profit or loss	12,619	5,049
Cash and cash equivalents	686	734
	126,419	106,740
Asset classified as held for sale	12,411	–
	138,830	106,740
Total assets	325,500	421,133
Equity and liabilities		
Equity		
Share capital	271,707	271,707
(Deficits)/reserves (Note (a))	(65,140)	142,331
Total equity	206,567	414,038
Liabilities		
Non-current liabilities		
Convertible bonds	115,879	–
	115,879	–
Current liabilities		
Other payables and accrued liabilities	3,054	6,095
Other borrowings	–	1,000
	3,054	7,095
Total liabilities	118,933	7,095
Total equity and liabilities	325,500	421,133

The balance sheet of the Company was approved by the Board of Directors on 31 March 2025 and were signed on its behalf.

YUEN Hoi Po
Director

CHENG Wu
Director

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NOTE (a) RESERVE MOVEMENT OF THE COMPANY

	Share premium HK\$'000	Capital redemption reserve HK\$'000	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
At 1 January 2023	1,226,728	1,206	(1,250)	–	31,476	(1,028,707)	229,453
Loss for the year	–	–	–	–	–	(90,091)	(90,091)
Contribution by and distribution to owners of the Company recognised directly in equity:							
– Share awards	1,907	–	312	–	(2,219)	–	–
– Share-based compensation	–	–	–	–	2,969	–	2,969
At 31 December 2023	1,228,635	1,206	(938)	–	32,226	(1,118,798)	142,331
At 1 January 2024	1,228,635	1,206	(938)	–	32,226	(1,118,798)	142,331
Loss for the year	–	–	–	–	–	(206,239)	(206,239)
Contribution by and distribution to owners of the Company recognised directly in equity:							
– Share awards	122	–	20	–	(142)	–	–
– Share-based compensation	–	–	–	–	(3,436)	–	(3,436)
– Issuance of convertible bonds	–	–	–	2,204	–	–	2,204
At 31 December 2024	1,228,757	1,206	(918)	2,204	28,648	(1,325,037)	(65,140)

37 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each of the Directors and chief executive of the Company for the year ended 31 December 2024 is set out as follows:

Name	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Housing allowance HK\$'000	Estimated money value of other benefits HK\$'000	Retirement benefit contributions HK\$'000	Total HK\$'000
Director and chief executive							
Mr. CHENG Wu (Note ii)	–	4,600	–	–	–	14	4,614
Directors							
Mr. ZHAO John Huan (Note i)	–	–	–	–	–	–	–
Mr. YUEN Hoi Po	–	–	–	–	–	–	–
Mr. YUEN Kin	240	–	–	–	–	–	240
Mr. CHU Yuguo	240	–	–	–	–	–	240
Ms. WANG Song Song	240	–	–	–	–	–	240
Ms. PAN Min	240	–	–	–	–	–	240
	960	4,600	–	–	–	14	5,574

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The remuneration of each of the Directors and chief executive of the Company for the year ended 31 December 2023 is set out as follows:

Name	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Housing allowance HK\$'000	Estimated money value of other benefits HK\$'000	Retirement benefit contributions HK\$'000	Total HK\$'000
Director and chief executive							
Mr. YUEN Hoi Po	-	-	-	-	-	-	-
Directors							
Mr. CHENG Wu	-	-	-	-	-	-	-
Dr. WONG Yau Kar David (Note iv)	113	-	-	-	-	-	113
Mr. YUEN Kin	240	-	-	-	-	-	240
Mr. CHU Yuguo	240	-	-	-	-	-	240
Ms. WANG Song Song (Note iii)	127	-	-	-	-	-	127
Ms. PAN Min (Note iii)	127	-	-	-	-	-	127
	847	-	-	-	-	-	847

Note:

- (i) Appointed on 24 April 2024
- (ii) Mr. CHENG Wu was appointed as the chief executive of the Group on 24 April 2024
- (iii) Appointed on 20 June 2023
- (iv) Resigned on 20 June 2023

(b) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2024 (2023: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, the Company does not pay consideration to any third parties for making available directors' services (2023: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2024, there are no loans, quasi-loans and other dealing arrangements entered into by the Company or subsidiary undertaking of the Company in favour of directors, controlled bodies corporate by and connected entities with such directors (2023: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

There are no significant transactions, arrangements and contracts to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2024 or at any time during the year then ended (2023: Nil).

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38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The table below lists out the subsidiaries of the Company as at 31 December 2024 and 2023 which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name	Place of incorporation/ establishment and kind of legal entity	Particulars issued share capital/ registered capital	Interest held		Principal activities and place of operation
			2024	2023	
Anglo Alliance Co., Ltd (1)	British Virgin Islands, limited company	US\$2 ordinary	100%	100%	Investment holding
北京華億浩歌傳媒文化有限公司 Beijing Hua Yi Hao Ge Media Culture Co., Ltd. (7)	PRC, limited liability company	RMB231,601,483	100%	100%	Investment holding and licensing of films and TV drama in the PRC
北京華億千思廣告有限公司 Beijing Hua Yi Qian Si Advertising Company Limited (7)	PRC, limited liability company	RMB5,000,000	100%	100%	Advertising agency in the PRC
Horizon Partner Holdings Limited (1)	British Virgin Islands, limited company	US\$1 ordinary	100%	100%	Investment holding
睿智康有限公司 Giant Health Company Limited (1)(5)	Hong Kong, limited company	HK\$1 ordinary	100%	100%	Investment holding
弘毅文化集團(香港)有限公司 Hony Media Group (HK) Limited (formerly known as 華誼騰訊娛樂國際有限公司 Huayi Tencent Entertainment International Limited) (1)(5)	Hong Kong, limited company	HK\$40,000,000 ordinary	100%	100%	Investment holding and licensing of films in Hong Kong
China Jiu hao (Haikou) Investment Company Limited (1)	British Virgin Islands, limited company	US\$1 ordinary	100%	100%	Investment holding
中國9號健康產業（海口）有限公司 China Jiu hao Health Industry Corporation (Haikou) Limited (5)(7)	Hong Kong, limited company	HK\$1 ordinary	100%	100%	Investment holding
海口九號酒店管理有限公司 Haikou Jiu hao Hotel Management Company Limited (7)	PRC, limited liability company	HK\$150,000	100%	100%	Hotel management and provision of healthcare and wellness services in the PRC
Maximum Gains Ventures Limited (1)	Cayman Islands, limited company	HK\$10	100%	100%	Investment Holding
騰海健康有限公司 Robust Ocean Limited (5)	Hong Kong, limited company	HK\$1 ordinary	100%	100%	Investment holding
張家港騰海博業健康科技有限公司 Zhangjiagang Tenghai Boye Health Technology Co., Ltd. (7)	PRC, limited liability company	RMB200,000,000	100%	100%	Investment Holding
柏海投資有限公司 Prowess Investment Limited (1)(5)	Hong Kong, limited company	HK\$1 ordinary	100%	100%	Investment Holding
平潭心伴門診部有限公司 Pingtan Xinban Clinic Company Limited (7)	PRC, limited liability company	RMB73,490,196	46%	46%	Provision of medical services in the PRC

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Name	Place of incorporation/ establishment and kind of legal entity	Particulars issued share capital/ registered capital	Interest held		Principal activities and place of operation
			2024	2023	
陝西醫智諾信息科技有限公司 Shaanxi Yizhinuo Information Technology Co., Ltd (7)	PRC, limited liability company	RMB32,762,347	46%	46%	Provision of digitised operation services in healthcare industry in the PRC
醫智諾科技(蘇州)有限公司 Yizhinuo Technology (Suzhou) Co., Ltd	PRC, limited liability company	RMB2,133,333	46%	46%	Provision of digitised operation services in healthcare industry in the PRC
醫智諾(上海)科技有限公司 Yizhinuo (Shanghai) Technology Company Limited (7)	PRC, limited liability company	RMB10,000,000	46%	46%	Provision of digitised operation services in healthcare industry in the PRC
西安醫智諾信息科技有限公司 Xian Yizhinuo Information Technology Co., Ltd. (2)(7)	PRC, limited liability company	RMB50,000,000	–	100%	Inactive
Meerkat Health Holdings Limited (1)	Cayman Islands, limited company	HK\$200	60%	60%	Investment Holding
柏悅健康有限公司 Heartily Health Limited (5)	Hong Kong, limited company	HK\$1 ordinary	60%	60%	Investment Holding
杭州悅響健康科技有限公司 Hangzhou Yuexiang Health Technology Co., Ltd (7)	PRC, limited liability company	RMB150,000,000	60%	60%	Investment holding and provision of management services for group companies in the PRC
杭州火烈鳥醫藥有限公司 Hangzhou Flamingo Pharmaceutical Co., Ltd (7)	PRC, limited liability company	RMB20,000,000	18%	18%	Trading and supply chain management of pharmaceutical products in the PRC
杭州猛獁象健康管理有限公司 Hangzhou Mammoth Health Management Co., Ltd (7)	PRC, limited liability company	RMB10,000,000	60%	60%	Operation of platform for medical and healthcare services in the PRC
安徽豫哥醫藥有限公司 Hangzhou Meerkat Pharmaceutical Co., Ltd (formerly known as 安徽火烈鳥醫藥有限公司 Anhui Flamingo Pharmaceutical Co., Ltd) (7)	PRC, limited liability company	RMB50,000,000	60%	60%	Trading and supply chain management of pharmaceutical products in the PRC
樂為爾大藥房(安徽)有限公司 Leweier Pharmacy (Anhui) Co., Ltd. (4)(7)	PRC, limited liability company	RMB5,000,000	31%	–	Sales of pharmaceutical products
杭州豫哥健康科技有限公司 Hangzhou Meerkat Health Technology Co., Ltd (6)(7)	PRC, limited liability company	RMB7,500,000	60%	60%	Investment holding and provision of management services for group companies in the PRC
杭州白鱈豚信息科技有限公司 Hangzhou Baiji Dolphin Information Technology Co., Ltd (2)(6)(7)	PRC, limited liability company	RMB1,000,000	–	60%	Information technology and system development in the PRC

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Name	Place of incorporation/ establishment and kind of legal entity	Particulars issued share capital/ registered capital	Interest held		Principal activities and place of operation
			2024	2023	
杭州五吉熊信息技術服務有限公司 Hangzhou Wujixiong Information Technology Service Co., Ltd (3)(6)(7)	PRC, limited liability company	RMB10,000,000	—	60%	Information technology and system development in the PRC
杭州覓清照健康管理有限公司 Hangzhou Miqingzhao Health Management Co., Ltd (2)(6)(7)	PRC, limited liability company	RMB2,000,000	—	60%	Provision of healthcare management and consultancy services in the PRC
紅珊瑚綜合門診部(天津)有限公司 Red Coral Comprehensive Outpatient Department (Tianjin) Co., Ltd (2)(6)(7)	PRC, limited liability company	RMB5,000,000	—	60%	Provision of medical services in the PRC
杭州華之騰嚴選管理諮詢有限公司 Hangzhou Huaziteng Yansuan Management Consulting Co., Ltd. (2)(6)(7)	PRC, limited liability company	RMB1,000,000	—	60%	Provision of management consultancy services in the PRC

(1) Shares held directly by the Company.

(2) Dissolved during the year.

(3) Disposed of the whole of the Group's interests during the year.

(4) Newly incorporated during the year.

(5) The statutory financial statements of these companies for the year ended 31 December 2024 are audited by PricewaterhouseCoopers.

(6) The Company does not have direct or indirect legal ownership in the equity of these entities. However, under certain contractual agreements (including a power of attorney agreement, loan agreement, equity option agreement, equity interest pledge agreement and an exclusive technical consulting and service agreement) entered into with the direct or ultimate registered owners of these entities, the Company, through its indirectly wholly owned subsidiary, controls these entities by way of controlling the voting rights, governing the financial and operating policies, appointing or removing the majority of the members of its controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these entities to the Company and/or its indirectly owned subsidiaries. As a result, these entities are treated as subsidiaries of the Company and their financial statements have been consolidated by the Company.

(7) The names of the companies referred to above represent management's best effort in translating the Chinese names of the companies as no English names for these companies have been registered.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, are summarized below.

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue – continuing operations	1,018,462	1,344,031	1,581,391	327,713	111,055
Loss before finance costs and taxation – continuing operations	(159,972)	(116,031)	(316,629)	(139,565)	(57,340)
Finance (costs)/income, net – continuing operations	(17,612)	(3,605)	(1,497)	(2,280)	1,172
Loss before taxation – continuing operations	(177,584)	(119,636)	(318,126)	(141,845)	(56,168)
Taxation – continuing operations	394	69	425	418	(406)
Non-controlling interests – continuing operations	13,701	28,267	46,618	31,025	–
Loss from continuing operations attributable to the equity holders of the Company	(163,489)	(91,300)	(271,083)	(110,402)	(56,574)
(Loss)/profit from discontinued operation attributable to the equity holders of the Company	–	(5,787)	1,103	–	–
Loss attributable to the equity holders of the Company	(163,489)	(97,087)	(269,980)	(110,402)	(56,574)
Property, plant and equipment	2,846	5,453	13,943	7,466	1,765
Right-of-use assets	7,546	14,530	41,732	61,914	68,165
Film rights and films production in progress	–	–	–	116,949	363,524
Intangible assets	1,186	2,274	4,527	4,793	–
Goodwill	27,198	27,203	27,853	30,397	–
Interest in associates	102,951	228,033	238,575	261,072	263,297
Investment properties	10,629	–	–	–	–
Financial asset at fair value through profit or loss	12,619	14,905	17,110	–	474
Asset classified as held for sale	12,411	–	–	–	–
Other non-current assets	56,243	45,798	3,846	1,803	18,486
Other current assets	153,495	188,096	241,600	426,806	165,063
Total assets	387,124	526,292	589,186	911,200	880,774
Current liabilities	175,721	267,301	224,963	241,253	100,624
Non-current liabilities	187,712	36,198	14,298	11,047	3,558
Total liabilities	363,433	303,499	239,261	252,300	104,182
Net assets	23,691	222,793	349,925	658,900	776,592

CORPORATE COMMUNICATIONS

This annual report, in both English and Chinese versions, is available on the Company's website at www.honymedia.net (the "Company Website") and the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

Registered Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website, and who for any reason have difficulty in receiving or gaining access to the Corporate Communications posted on the Company Website will promptly upon request be sent the annual report in printed form free of charge.

Registered Shareholders may request for printed copy of the annual report and/or change their choice of language and means of receiving Corporate Communications by providing a reasonable prior notice in writing to the Company c/o the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by sending an e-mail to is-ecom@vistra.com.