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ALLEGRO CULTURE LIMITED

律齊文化有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 550)

(1) ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024; AND (2) CONTINUED SUSPENSION OF TRADING

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$13.8 million for the six months ended 30 June 2024, representing a decrease of 31.6 % as compared with the same period in 2023.
- Gross profit was approximately HK\$10.9 million for the six months ended 30 June 2024, representing a decrease of 23.3% as compared with the same period in 2023. Gross profit margin was approximately 78.7% for the six months ended 30 June 2024.
- Loss for the six months ended 30 June 2024 was approximately HK\$7.47 million, representing a decrease of 25.0% as compared with the same period in 2023. Loss for the six months ended 30 June 2024 attributable to equity shareholders of the Company was approximately HK\$7.47 million, representing a decrease of 22.6% as compared with the same period in 2023.

The Board resolved not to declare any interim dividend for the six months ended 30 June 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of Allegro Culture Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**” or “**us**”) prepared according to the Hong Kong Financial Reporting Standards (“**HKFRS**”) for the for the six months ended 30 June 2024 (the “**Interim Period**” or “**1H2024**”) with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
	Notes		
Revenue	4	13,829	20,223
Direct operating costs		(2,948)	(6,028)
Gross profit		10,881	14,195
Other income		645	634
Selling and distribution costs		(5,070)	(6,240)
Administrative expenses		(13,954)	(16,385)
Provision of impairment on trade and other receivables and loan receivables, net of reversal		291	(14)
Loss on disposal of subsidiaries		(207)	–
Finance costs	5	(57)	(34)
Share of result of an associate		–	(2,122)
Loss before income tax	6	(7,471)	(9,966)
Income tax	7	–	–
Loss for the period		(7,471)	(9,966)
Other comprehensive (loss)/income			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value (loss)/gain on equity instruments at fair value through other comprehensive (loss)/income		(45,388)	96,259
Other comprehensive (loss)/income for the period, net of tax		(45,388)	96,259
Total comprehensive (loss)/income for the period		(52,859)	86,293

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	HK\$'000
Loss for the period attributable to:			
Equity shareholders of the Company		(7,471)	(9,662)
Non-controlling interests		—	(304)
		<u>(7,471)</u>	<u>(9,966)</u>
Total comprehensive (loss)/income attributable to:			
Equity shareholders of the Company		(52,859)	86,597
Non-controlling interests		—	(304)
		<u>(52,859)</u>	<u>86,293</u>
Loss per share			
– Basic and diluted	8	<u>(HK1.64 cents)</u>	<u>(HK2.13 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Intangible assets		260	520
Property, plant and equipment		332	2,944
Right-of-use assets		3,141	2,342
Investment in an associate		13,922	13,922
Equity instruments at fair value through other comprehensive income		14,237	59,625
Financial asset at fair value through profit or loss		5,574	5,574
		<u>37,466</u>	<u>84,927</u>
Current assets			
Trade receivables	9	1,562	1,878
Other receivables, deposits and prepayments		2,332	6,673
Loan receivables		739	739
Cash and cash equivalents		31,787	30,081
		<u>36,420</u>	<u>39,371</u>
Current liabilities			
Contract liabilities		983	884
Trade and other payables	10	8,266	6,760
Current portion of lease liabilities		1,224	1,050
Provision for taxation		—	—
		<u>10,473</u>	<u>8,694</u>
Net current assets		<u>25,947</u>	<u>30,677</u>
Total assets less current liabilities		<u>63,413</u>	<u>115,604</u>

	At 30 June 2024 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	At 31 December 2023 (Audited) <i>HK\$'000</i>
Non-current liabilities		
Non-current portion of lease liabilities	<u>1,967</u>	<u>1,299</u>
Net assets	<u>61,446</u>	<u>114,305</u>
EQUITY		
Share capital	91,107	91,107
Reserves	<u>(29,661)</u>	<u>23,198</u>
Total equity	<u>61,446</u>	<u>114,305</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company on 13 March 2000 and redomiciled to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda, with limited liability on 29 January 2003. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Room 1506, 15/F, Wing On Centre, 111 Connaught Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK").

The Company acts as an investment holding company and provides corporate management services. The Group is principally engaged in (i) provision of advertising services, (ii) sale of medical and health products, (iii) e-commerce (mainly sales of household and personal care products), and (iv) provision of intellectual property ("IP") development design services.

Unless otherwise stated, this condensed consolidated interim financial information for the six months ended 30 June 2024 ("**Interim Financial Information**") is presented in Hong Kong Dollars thousand ("**HK'000**") and has been approved for issue by the Board on 6 August 2025.

This Interim Financial Information has been reviewed, not audited.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

This unaudited Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting" and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This unaudited Interim Financial Information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certificate Public Accountants. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this unaudited Interim Financial Information are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2023.

Application of new and amendments to HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The application of these new or amended HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's unaudited condensed consolidated financial statements and amounts reported for the current period and prior years.

The Group has not early adopted the new or amended HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these new or amended HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as senior executive management. Senior executive management reviews the Group's internal reporting in order to assess performance and allocate resources. Senior executive management has determined the operating segment based on these reports.

The Group is principally engaged in (i) the provision of advertising services; (ii) the sale of medical and health products; (iii) e-commerce (mainly the sales of household and personal care products); and (iv) the provision of IP development design service.

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

Segment assets exclude intangible assets, property, plant and equipment, right-of-use assets, investment in an associate, equity instruments at fair value through other comprehensive income ("FVOCI"), financial asset at fair value through profit or loss ("FVTPL"), loan receivables, other receivables, deposits and prepayments, and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude lease liabilities and other payables as these liabilities are managed on a group basis.

	Provision of advertising services HK\$'000	Sale of medical and health products HK\$'000	E-commerce HK\$'000	Provision of IP development design service HK\$'000	Total HK\$'000
Six months ended					
30 June 2024					
Segment revenue	13,829	–	–	–	13,829
Segment results	1,662	–	(114)	–	1,548
Reconciliation:					
Unallocated corporate income					480
Unallocated corporate expenses					(9,442)
Finance costs					(57)
Loss before income tax					(7,471)
As at 30 June 2024					
Segment assets	10,914	–	2,731	–	13,645
Reconciliation:					
Intangible assets					260
Property, plant and equipment					16
Right-of-use assets					1,337
Investment in an associate					13,922
Equity instruments at FVOCI					14,237
Financial asset at FVTPL					3,267
Loan receivables					739
Other receivables, deposits and prepayments					923
Cash and cash equivalents					25,540
Total assets					73,886
As at 30 June 2024					
Segment liabilities	4,598	–	–	–	4,598
Reconciliation:					
Lease liabilities					1,329
Other payables					6,513
Total liabilities					12,440
Six months ended					
30 June 2024					
Other segment information					
Depreciation and amortisation	92	–	–	–	92
Impairment on trade and other receivables and loan receivables, net of reversal	(291)	–	–	–	(291)
Interest income	(5)	–	–	–	(5)

	Provision of advertising services <i>HK\$'000</i>	Sale of medical and health products <i>HK\$'000</i>	E-commerce <i>HK\$'000</i>	Provision of IP development design service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended					
30 June 2023 (“1H2023”)					
Segment revenue	16,950	373	2,900	–	20,223
Segment results	293	(619)	(1,581)	–	(1,907)
Reconciliation:					
Unallocated corporate income					318
Unallocated corporate expenses					(8,343)
Finance costs					(34)
Loss before income tax					<u>(9,966)</u>
As at 31 December 2023					
Segment assets	6,919	–	30,163	–	37,082
Reconciliation:					
Intangible assets					520
Property, plant and equipment					2,938
Right-of-use assets					1,809
Investment in an associate					13,922
Equity instruments at FVOCI					59,625
Financial asset at FVTPL					3,267
Loan receivables					739
Other receivables, deposits and prepayments					748
Cash and cash equivalents					<u>3,648</u>
Total assets					<u>124,298</u>
As at 31 December 2023					
Segment liabilities	3,327	–	–	–	3,327
Reconciliation:					
Lease liabilities					1,802
Other payables					<u>4,864</u>
Total liabilities					<u>9,993</u>
Six months ended					
30 June 2023					
Other segment information					
Depreciation and amortisation	606	–	–	–	606
Impairment on trade and other receivables and loan receivables, net of reversal	14	–	–	–	14
Interest income	<u>(4)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(4)</u>

Geographical information

(a) Revenue

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Hong Kong	13,829	20,223
Mainland China	—	—
	<u>13,829</u>	<u>20,223</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Hong Kong	3,733	5,806
Mainland China	—	—
	<u>3,733</u>	<u>5,806</u>

The non-current asset information above is based on the physical locations of the non-current assets, excludes investment in associate, equity instruments at fair value through other comprehensive income, financial asset at fair value through profit or loss, loan receivables, and deposits and prepayments.

Information about major customers

No single customer contributed 10% or more of the Group's revenue in 2024 and 2023.

4. REVENUE

An analysis of revenue is as follows:

Segment	Six months ended 30 June	
	2024	2023
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Provision of advertising services	13,829	16,950
Sales of medical and health products	–	373
E-commerce business	–	2,900
Provision of IP development design service	–	–
	<u>13,829</u>	<u>20,223</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest charges on other borrowing with repayment on demand clause	–	–
Interest on lease liabilities	57	34
	<u>57</u>	<u>34</u>

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Depreciation of property, plant and equipment	249	103
Depreciation of right-of-use assets	553	840
Employee benefit expense	4,088	12,740
Exchange loss	119	192
Provision of impairment on trade and other receivables and loan receivables, net of reversal	–	14
Interest income	(324)	(209)
Cost of inventories recognised in direct operating costs	<u>2,948</u>	<u>3,128</u>

7. INCOME TAX

The Group is subject to Hong Kong Profits Tax under the two-tiered profits tax rate regime. Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of the qualifying group entity would be taxed at 8.25%, and profits above HK\$2 million would be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime would continue to be taxed at a flat rate of 16.5%.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax:		
Current tax	—	—

No Hong Kong profits tax had been provided as the Group had sufficient tax loss brought forward to set off against the estimated assessable profits during the six months ended 30 June 2024 and 2023.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended 30 June 2024 is based on the loss for the period attributable to equity shareholders of the Company of HK\$7,471,000 (six months ended 30 June 2023: HK\$9,662,000) and the weighted average of 455,534,000 ordinary shares (six months ended 30 June 2023: 454,047,000 shares) in issue during the interim period.

For the six months ended 30 June 2024, diluted loss per share attributable to equity shareholders of the Company was the same as basic loss per share as there was no dilutive potential ordinary shares in existence.

For the six months ended 30 June 2023, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of these options was higher than the average market price of shares for the period.

9. TRADE RECEIVABLES

The Group allows a credit period from 3 days to 120 days (31 December 2023: 3 days to 120 days) to its trade customers.

Ageing analysis of trade receivables as at 30 June 2024, based on invoice date and net of provisions, is as follows:

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
0–30 days	1,314	1,338
31–60 days	241	533
61–90 days	7	7
91–120 days	—	—
121–150 days	—	—
Over 150 days	—	—
Total trade receivables	1,562	1,878

10. TRADE AND OTHER PAYABLES

As at 30 June 2024, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Within 1 month	–	–
1 to 3 months	–	–
Over 3 months but within 6 months	–	–
	<hr/>	<hr/>
Trade payables	–	–
Accruals	6,918	5,741
Other payables	1,348	1,019
	<hr/>	<hr/>
	8,266	6,760
	<hr/> <hr/>	<hr/> <hr/>

11. DIVIDENDS

No interim dividend was declared in respect of the six months ended 30 June 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group is principally engaged in (i) provision of advertising services, (ii) sales of medical and health products, (iii) e-commerce (mainly in sales of household and personal care products), and (iv) IP development design service income.

The revenue of the Group decreased by approximately 31.6% from approximately HK\$20.2 million in 1H2023 to approximately HK\$13.8 million in 1H2024. The decrease in revenue was mainly attributable to the decrease in revenue of advertising business, as well as the cessation of revenue in the segments other than the advertising business, particularly the e-commerce business of the Group.

Provision of advertising services

The Group engaged in provision of advertising services, mainly through operating the Recruit Magazine. The revenue of provision of advertising services was approximately HK\$13.8 million for 1H2024, representing a decrease of approximately 18.4% compared to that of 1H2023.

Sales of medical and health products

The Group engaged in sales of medical and health products, mainly through operating its 51% owned subsidiary, namely KK Wecheck. However, as announced by the Company on 21 February 2024 and 23 February 2024, the former executive director failed and/or refused to provide assistance to deliver full document records regarding KK Wecheck after his departure since September 2023. The Company believes it has lost its control on such subsidiary and therefore de-consolidated since July 2023. Since then, the Company recorded nil revenue in this segment (1H2023: HK\$373,000).

E-commerce

The Group engaged in e-commerce in sales of household and personal care products, mainly through operating one of its subsidiaries, namely Kingkey E-Commerce Limited (“KKEC”). However, as announced by the Company on 21 February 2024 and 23 February 2024, the former executive director failed and/or refused to provide assistance to deliver full document records, having said that the Company managed to retrieve document records (including accounting records) of KKEC prior to September 2023. However, extensive management efforts were spent by the Company to review the pre-existing operation and recover certain investments in this segment, such that the Company slowed down its pace on the development of new business in this segment and focused in recovering proceeds from various items of this segment, such as stock inventory and investments in concerts. In light of the above, the Company recorded nil revenue in 1H2024 (1H2023: HK\$2.9 million) in this segment.

IP development design service

The Group engaged in IP development design business mainly through Hopeful Top since December 2022. However, the document records of this segment were affected by the delivery of documents involving a former executive Director after his departure since September 2023. Since then, the Company ceased development on new business in this segment. In light of the above, the Company recorded nil revenue in 1H2024 (1H2023: nil) in this segment.

Gross profit and gross profit margin

	Six months ended 30 June	
	2024	2023
Gross profit (HK\$'000)	10,881	14,195
Gross profit margin (%)	78.7	70.2

The gross profit of the Group decreased by approximately 23.3% from approximately HK\$14.2 million in 1H2023 to approximately HK\$10.9 million in 1H2024. The decrease in gross profit is mainly attributable to the decrease in revenue, mainly from the segments of advertising business and the e-commerce business.

The gross profit margin of the Group increased from approximately 70.2% in 1H2023 to approximately 78.7% in 1H2024.

Other income

The other income of the Group remained at similar level at approximately HK\$645,000 in 1H2024 compared to that of approximately HK\$634,000 in 1H2023.

Selling and distribution costs

The selling and distribution costs of the Group decreased by approximately 18.8% from approximately HK\$6.2 million in 1H2023 to approximately HK\$5.1 million in 1H2024, mainly reflecting the decrease in the revenue generated from the Group's advertising business.

Administrative expenses

The administrative expenses of the Group decreased by approximately 14.8% from approximately HK\$16.4 million in 1H2023 to approximately HK\$14.0 million in 1H2024. The decrease in administrative expenses is mainly attributable to the decrease in staff cost.

Finance cost

The finance cost of the Group increased from approximately HK\$34,000 in 1H2023 to approximately HK\$57,000 in 1H2024. The increase is mainly due to the increase in lease liabilities.

Loss before income tax

In light of the above, the Group recorded a loss before income tax of approximately HK\$7.5 million in 1H2024, representing a decrease of approximately 25.0%, compared to the loss before income tax of approximately HK\$10.0 million in 1H2023.

BUSINESS REVIEW

Advertising Business

During the six months ended 30 June 2024, the Group recorded a revenue of approximately HK\$13.8 million (2023: HK\$17.0 million) from its core advertising operations, representing a year-on-year decline of approximately 18.4%. This contraction reflects the continued impact of a volatile macroeconomic environment, marked by persistent global inflationary pressures, elevated interest rates, credit tightening in Mainland China, and ongoing geopolitical uncertainties. These challenges have dampened business sentiment and led to a more cautious approach to corporate spending, including recruitment and advertising budgets.

In the first quarter of 2024, the Group recorded a notable year-on-year decrease in advertising volume, reflecting declining recruitment activity across a number of sectors. While certain industries showed signs of stabilization in the second quarter, many enterprises remained cautious in their hiring plans amid the ongoing global uncertainty. This persistent weakness in recruitment demand contributed to the decline in revenue during the reporting period.

In response to these market conditions, the Group continued to enhance its flagship Recruit Magazine platform by refining its promotional strategies and delivering tailored recruitment campaigns to better meet client needs. Physical copies of Recruit Magazine remained strategically distributed at high-traffic locations including MTR stations, commercial zones, Labor Department employment centers, NGOs, and educational institutions, while the electronic version remained freely accessible online, ensuring wide reach and user convenience.

Expansion into Mainland China

As part of the Group's strategic efforts to diversify its revenue base and expand into new markets, the Group made further progress in developing its digital advertising business in Mainland China. In the first quarter of 2024, the Group's wholly owned subsidiary, Shenzhen Allegro Culture Limited ("**SZ Allegro**"), entered into a business promotion cooperation agreement with Shenzhen Kingkey Real Estate Holdings Limited ("**SZ Kingkey**") to provide advertising and promotional services for real estate projects through the end of the year.

This collaboration represents the Group's footprint in expanding its advertising operations beyond Hong Kong and demonstrates the Group's ability to leverage its professional capabilities, market knowledge, and operational experience to serve clients in the PRC's dynamic and fast-growing digital marketing sector. Revenue generated from this initiative during the first half of 2024 contributed positively to the Group's performance.

SZ Kingkey is classified as a connected person under Chapter 14A of the Listing Rules. Accordingly, transactions under the agreement are regarded as continuing connected transactions. However, as all relevant percentage ratios and the annual cap fall below the thresholds stipulated under Rule 14A.76 of the Listing Rules, the transactions are exempt from disclosure, annual review, and shareholder approval requirements.

The Group will continue to explore further business development opportunities in Mainland China, with a focus on digital platforms such as Douyin, to diversify and strengthen its advertising revenue streams in the second half of the year and beyond.

Medical and Health Products

As disclosed in the 2023 annual results, the Group ceased its medical and health products business in 2023 following the loss of effective control over its key operating subsidiary, KK Wecheck, and the significant decline in demand for COVID-19 testing kits after the pandemic's de-escalation. No revenue was recorded from this segment during the six months ended 30 June 2024.

E-Commerce

During the first half of 2024, the Group did not recognize any revenue from its e-commerce business, which previously involved the import and resale of household and personal care items sourced primarily from Japan. The business segment remained under strategic review as the Group reset its market and operational strategy in light of previous disruptions and incomplete documentation left by a former executive director. The Group continues to evaluate suitable opportunities to revitalize this business segment when a commercially viable and strategically aligned model is identified.

IP development design service

The Group engaged in IP development design business mainly through Hopeful Top since December 2022. However, the document records of this segment, similar to that of the e-commerce segment, were affected by the delivery of documents involving a former executive Director after his departure since September 2023. Since then, the Company ceased development on new business in this segment.

Despite the challenges encountered in the first half of 2024, the Group remains focused on strengthening its core advertising business, enhancing operational efficiency, and pursuing growth through digital transformation and geographical diversification. Our recent expansion into the PRC's promotional market represents a key step in our long-term strategy to broaden revenue sources and capture new market opportunities.

The Group remains cautiously optimistic about the second half of 2024 and will continue to monitor market developments closely while maintaining financial discipline and operational resilience.

PROSPECT

Looking ahead, the Group remains committed to strengthening its core competencies while actively pursuing opportunities for strategic expansion across Hong Kong and Mainland China. The business environment in Hong Kong has shown signs of gradual recovery post-pandemic, yet remains susceptible to global economic uncertainties. Nonetheless, the Group is well-positioned to capture growth in both recruitment advertising and promotional services, supported by its well-established brand, diversified platforms, and consistent operational execution.

The Group's flagship publication, *Recruit Magazine*, continues to serve as a trusted and effective platform for recruitment and commercial advertising in Hong Kong. With the easing of pandemic-related disruptions and positive labor market indicators, the demand for recruitment services is expected to improve alongside economic recovery. The Group's multi-platform approach – spanning print, web, app, and social media channels such as Facebook, Instagram, and Rednote (小紅書) – enables it to reach a broad and diverse audience, thus maintaining relevance in a fast-evolving media landscape.

To further expand its market reach, the Group is actively exploring advertising opportunities in Mainland China, where digital platforms such as Douyin offer significant potential. By partnering with authorized agents and leveraging its in-house design expertise, the Group aims to provide end-to-end advertising solutions to clients interested in penetrating the PRC market.

On the other hand, *Like Magazine*, the Group's lifestyle and leisure-focused online publication, has steadily built a loyal audience base since its full digitalization in 2020. With approximately 160,000 Facebook followers and a growing presence on Instagram and Rednote, the platform has demonstrated strong potential as a horizontal expansion of the Group's advertising business. Positioned as a one-stop portal for food, travel, health, beauty, and lifestyle deals, *Like Magazine* plays a key role in attracting advertising clients seeking to engage with a digitally savvy audience. The Group will continue to invest in content creation and platform optimization to drive traffic and enhance profitability.

Building on its successful track record of organizing job fairs and exhibitions in Hong Kong, the Group is actively expanding its promotional services and event management operations into Mainland China. As cross-border consumer behavior continues to evolve with the development of the Greater Bay Area, demand for high-quality promotional campaigns in PRC shopping malls is on the rise.

To support this expansion, the Group is establishing its own workshop in the PRC (expected to commence operations in July 2025), which will handle the production of event-related props and decorations. This vertical integration will significantly reduce reliance on third-party suppliers, enhance cost efficiency, and improve quality control. Additionally, the Group has onboarded experienced project management personnel with deep expertise in large-scale event execution in Mainland China, further strengthening its operational capabilities.

Despite certain disruptions on business segments other than the core advising business of the Group that were mainly caused by the failure to deliver document records involving a former executive director, the Group is entering a promising period of transformation and growth in its core advertising segment. By reinforcing its core advertising business, leveraging digital and social media platforms, and expanding its footprint in the PRC through promotional campaigns and event services, the Group is laying the foundation for sustainable value creation. Supported by a solid financial position, experienced team, and diversified business model, the Group is confident in achieving long-term success and delivering enhanced returns to its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had net current assets of approximately HK\$25.9 million (31 December 2023: HK\$30.7 million). The Group's current ratio was approximately 3.5 (31 December 2023: 4.5) while the Group's net assets was approximately HK\$61.4 million compared with those of approximately HK\$114.3 million as at 31 December 2023. Total cash and bank deposits was approximately HK\$31.8 million (31 December 2023: HK\$30 million).

There was no bank loan nor other borrowing as at 30 June 2024 and 31 December 2023.

The Group adopts centralised financing and treasury policies in order to ensure the Group's funding is utilised efficiently. Conservative approach is adopted on monitoring foreign exchange exposure and interest rate risk. Forward contracts were used to hedge the foreign currency exposure in trading and capital expenditure when it was considered appropriate.

CAPITAL STRUCTURE

As at 30 June 2024, the total issued shares of the Company ("**Shares**") was 455,534,000 (31 December 2023: 455,534,000 Shares) at HK\$0.2 each.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITY

As at 30 June 2024, the Group did not have any capital commitment (31 December 2023: Nil). The Group had no significant contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed, the Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 June 2024.

CHARGE ON GROUP ASSETS

As at 30 June 2024, there was no charge on the Group's assets.

EVENT AFTER REPORTING PERIOD

Disposal of subsidiaries

Subsequent to the reporting period but before the issue of this results announcement, the Company entered into the sale and purchase agreements with an independent third party to dispose (i) all the issued shares of Beyond Noble Holdings Limited ("**Beyond Noble**"), which is the legal and beneficial owner of 51% of the issued shares of KK Wecheck, for the consideration of HK\$19,000; and (ii) all the issued shares of Smart Path Enterprises Limited ("**Smart Path**"), which is the legal and beneficial owner of the entire issued share capital of Hopeful Top Limited ("**Hopeful Top**"), for the consideration of HK\$1. The transaction was completed by December 2024. Upon completion, the Group ceased to hold any interest in Beyond Noble, KK Wecheck, Smart Path, and Hopeful Top.

For further detail of the transaction, please refer to the announcement of the Company dated 14 March 2025.

Disposal of associate company

Further, the Company disposed its entire interests in an investment of an associate company, namely Aurora Medical Technology (HK) Corp. Limited ("**Aurora**"), for the consideration of HK\$9,950,000. The transaction was completed in May 2025. Upon completion, the Company ceased to hold any interest in Aurora.

For further details of the transaction, please refer to the announcement of the Company dated 7 May 2025.

Litigation

HCA 281/2024

The Company and certain of its subsidiaries commenced an action against a former Director and his controlled company for damages and equitable compensation arising out of, among others, the said Director's breach of fiduciary duties and/or knowing receipt of benefits from such breaches. The former Director and his controlled company had filed a defence and counterclaim. The Company had subsequently filed a reply and defence to counterclaim. As pleadings have now closed, the case shall proceed to the case management stage for further directions. No hearing date has been fixed for the proceedings as at the date of this results announcement.

HCA 241/2024

The Company commenced an action against another company concerning a dispute arising out of a subscription agreement. In the amended statement of claim, the Company sought (i) a declaration that the said subscription agreement was null and void and of no legal effect, (ii) rescission of the subscription agreement, and (iii) return of the consideration paid for the subscription of shares in the defendant. The defendant had filed a defence.

Upon the completion of the agreement of sales and purchase for the shares in dispute, the Company has disposed of the shares in dispute. Consequently, parties signed a consent summons to discontinue the action which the court had approved.

DCCJ 1940/2024

A former Director commenced an action against the Company for alleged defamatory statements contained in the Company's announcements published in compliance of the Listing Rules of Hong Kong. The Company had filed a defence to contest the former Director's alleged defamatory claim. No hearing date has been fixed for the proceedings as at the date of this results announcement.

HCMP 1474/2024

The Company commenced taxation proceedings against its former solicitors in relation to the invoices for service rendered. The former solicitors have provided further itemized breakdown regarding the invoices and the Company is reviewing the same.

Please refer to the announcements of the Company dated 21 February 2024, 23 February 2024, 18 March 2024 and 18 April 2024 respectively for further details.

The Company will make further disclosure wherever appropriate or necessary.

OTHER SIGNIFICANT EVENTS

(1) Suspension of Trading on the Stock Exchange

Trading in the shares of the Company on the Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 and will remain suspended pending the fulfillment of the Resumption Guidance as specified by the Stock Exchange.

(2) Resignation of Auditor

The Company's former auditor, BDO Limited, has tendered its resignation as the auditor of the Company with effect from 6 May 2024. For details of the resignation of BDO Limited, please refer to the announcement of the Company dated 6 May 2024.

(3) Resumption Guidance

On 20 June 2024, the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company on the Stock Exchange. On 30 October 2024, the Company received a letter from the Stock Exchange, in which the Stock Exchange notifies the Company to modify one of the guidance for the resumption of trading in the shares of the Company on the Stock Exchange. As a result, the latest resumption guidance (the “**Resumption Guidance**”) as at the date of this announcement is as follows:

- (i) Conduct an appropriate independent forensic investigation into each of the Audit Issues, assess the impact on the Company's business operation and financial position, announce the findings and take appropriate remedial actions;
- (ii) Demonstrating that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;
- (iii) Conducting an independent internal control review and demonstrating that the Company has in place adequate internal controls and procedures to comply with the Listing Rules;
- (iv) Publishing all outstanding financial results required under the Listing Rules and addressing any audit modifications;
- (v) Demonstrating the Company's compliance with Rule 13.24 of the Listing Rules; and

- (vi) Informing the market of all material information for Shareholders and investors to appraise the Company's position.

For details of the Resumption Guidance, please refer to the announcement of the Company dated 24 June 2024 and 4 November 2024.

(4) Progress of Fulfillment of the Resumption Guidance

For quarterly update on status of resumption and the Company's resumption plan in fulfilling the Resumption Guidance, please refer to the announcements of the Company dated 24 June 2024, 25 September 2024, 6 January 2025, 26 March 2025 and 27 June 2025.

(5) Appointment of New Auditor

The Company appointed Confucius International CPA Limited ("**Confucius**") as the new auditor of the Company with effect from 6 June 2024 and to hold office until the conclusion of the next annual general meeting of the Company. For details of the appointment of Confucius, please refer to the announcement of the Company dated 6 June 2024.

(6) Investigation and Independent Control Review

In line with the requirements set out in the Resumption Guidance, the Independent Investigation Committee has engaged Frank Forensic and Corporate Recovery Limited to conduct an independent investigation into the Allegations as well as other issues that relates to certain Audit Issues. For key findings of the Investigation, the opinions of Independent Investigation Committee and the Board, and the recommendations and their completion status, please refer to the announcement dated 5 August 2025.

Further, as previously announced by the Company, it has engaged Zhonghui Anda Risk Services Limited (the "**Internal Control Consultant**") to conduct an independent review of the internal control procedures of the Company and all the subsidiaries identified in the Investigation (the "**Internal Control Review**"). Considerable progress has been made. The Company will publish an announcement in relation to the key findings of the Internal Control Review, rectification recommendations and the implementation of remedial actions in due course.

Save for the matters disclosed above, there were no other important events affecting the Company nor any of its subsidiaries since the end of the Reporting Period and up to the date of this interim results announcement.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the Interim Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Company’s code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Interim Period.

REVIEW OF INTERIM RESULTS

The audit committee of the Company, consisting of Ms. Yang Wanning, Mr. Chan Chiu Hung, Alex and Mr. Li Chaobo, has reviewed the interim results for the Interim Period before the results were submitted to the Board for approval.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company. As of 30 June 2024, there were no treasury shares (as defined under the Listing Rules) held by the Company.

DIVIDENDS

The Board resolved not to recommend any dividend for the Interim Period.

PUBLICATION OF INTERIM RESULTS

This interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.allegroculture.com.hk).

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to our shareholders and business partners for their continued support, and to our employees for their dedication and hard work.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 and will remain suspended until further notice.

Shareholders and potential investors should accordingly exercise caution when dealing in the securities of the Company.

By order of the Board
Allegro Culture Limited
Yiu Sze Wai
Executive Director

Hong Kong, 6 August 2025

As at the date of this announcement, the Board comprises Ms. Yiu Sze Wai as executive Director; Ms. Chung Anita Mei Yiu and Ms. Sun Jing as non-executive Directors; and Ms. Tang Po Lam Paulia, Mr. Chan Chiu Hung, Alex, Mr. Li Chaobo and Ms. Yang Wanning as independent non-executive Directors.