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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024; AND (2) CONTINUED SUSPENSION OF TRADING

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$31.5 million, representing a decrease of 13.3% as compared with 2023.
- Gross profit was approximately HK\$18.2 million, representing a decrease of 10.5% as compared with 2023. Gross profit margin was approximately 57.8% in 2024.
- Loss for the year was approximately HK\$12.5 million, representing a decrease of 65.5% as compared with 2023. Loss for the year attributable to equity shareholders of the Company was approximately HK\$12.5 million, representing a decrease of 65.2% as compared with 2023.

The Board resolved not to recommend any dividend for the year ended 31 December 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of Allegro Culture Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**” or “**us**”) prepared according to the HKFRS Accounting Standards (“**HKFRSs**”) for the year ended 31 December 2024 with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December	
		2024	2023
	Notes	HK\$'000	HK\$'000
Revenue	4	31,515	36,332
Direct operating costs		<u>(13,313)</u>	<u>(15,991)</u>
Gross profit		18,202	20,341
Other income	5	1,640	1,933
Selling and distribution costs		(10,234)	(10,575)
Administrative expenses		(23,524)	(34,840)
Impairment on trade and other receivables and loan receivables, net of reversal		1,743	(6,162)
Impairment on intangible assets		–	(442)
Loss on disposal of subsidiaries, net	6	(186)	–
Net loss arising on deconsolidation of subsidiary		–	(3,777)
Unrealised loss on revaluation of financial assets at fair value through profit or loss		2	(527)
Finance costs	7	(137)	(67)
Share of result of an associate		<u>–</u>	<u>(2,122)</u>
Loss before income tax	8	(12,494)	(36,238)
Income tax	9	<u>–</u>	<u>–</u>
Loss for the year		<u>(12,494)</u>	<u>(36,238)</u>

		For the year ended 31 December	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
Other comprehensive expense			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income		(49,511)	(48,830)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(32)	–
Other comprehensive expense for the year, net of tax		(49,543)	(48,830)
Total comprehensive expense for the year		(62,037)	(85,068)
Loss for the year attributable to:			
Equity shareholders of the Company		(12,494)	(35,934)
Non-controlling interests		–	(304)
		(12,494)	(36,238)
Total comprehensive expense attributable to:			
Equity shareholders of the Company		(62,037)	(84,764)
Non-controlling interests		–	(304)
		(62,037)	(85,068)
Loss per share			
– Basic and diluted	11	(HK2.75 cents)	(HK7.90 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Intangible assets		260	520
Property, plant and equipment		284	2,944
Right-of-use assets		2,682	2,342
Investment in an associate		13,922	13,922
Equity instruments at fair value through other comprehensive income		128	59,625
Financial asset at fair value through profit or loss		5,576	5,574
Loan receivables		—	—
		<u>22,852</u>	<u>84,927</u>
Current assets			
Trade receivables	12	2,255	1,878
Other receivables, deposits and prepayments		2,784	6,673
Loan receivables		908	739
Cash and cash equivalents		37,042	30,081
		<u>42,989</u>	<u>39,371</u>
Current liabilities			
Contract liabilities		754	884
Trade and other payables	13	9,748	6,760
Current portion of lease liabilities		1,784	1,050
		<u>12,286</u>	<u>8,694</u>
Net current assets		<u>30,703</u>	<u>30,677</u>
Total assets less current liabilities		<u>53,555</u>	<u>115,604</u>
Non-current liabilities			
Non-current portion of lease liabilities		1,287	1,299
Net assets		<u>52,268</u>	<u>114,305</u>
EQUITY			
Share capital		91,107	91,107
Reserves		(38,839)	23,198
Total equity		<u>52,268</u>	<u>114,305</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 in sales of household and personal care products), and (iv) provision of intellectual property ("IP") development design services.

The consolidated financial statements are presented in Hong Kong Dollars thousand ("HK\$'000"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 6 August 2025.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all HKFRS Accounting Standards ("HKFRSs"), which include HKFRS Accounting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on SEHK.

Application of new and amendments to HKFRSs

During the year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to HKFRSs 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRSs 7	Supplier Finance Arrangements

The application of these new and amendments to HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current or prior years and/or on the disclosures set out in these consolidated financial statements.

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 in 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.

Year ended 31 December 2024

	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
Segment revenue	31,515	–	–	–	31,515
Segment results	1,297	–	(123)	(12)	1,162
Reconciliation:					
Unallocated corporate income					1,426
Unallocated corporate expenses					(14,945)
Finance costs					(137)
Loss before income tax					(12,494)
Segment assets	13,606	–	2,401	–	16,007
Reconciliation:					
Intangible assets					260
Property, plant and equipment					13
Right-of-use assets					865
Investment in an associate					13,922
Equity instruments at FVOCI					128
Financial asset at FVTPL					3,267
Loan receivables					908
Other receivables, deposits and prepayments					1,201
Cash and cash equivalents					29,270
Total assets					65,841
Segment liabilities	4,261	–	–	–	4,261
Reconciliation:					
Lease liabilities					841
Other payables					8,471
Total liabilities					13,573
Other segment information					
Depreciation and amortisation	520	–	–	–	520
Impairment on trade and other receivables and loan receivables, net of reversal	(1,726)	–	–	–	(1,726)
Interest income	(23)	–	(12)	–	(35)

Year ended 31 December 2023

	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>
Segment revenue	32,483	373	2,900	576	36,332
Segment results	(595)	(619)	(2,004)	(6,859)	(10,077)
Reconciliation:					
Unallocated corporate income					1,035
Unallocated corporate expenses					(27,129)
Finance costs					(67)
Loss before income tax					(36,238)
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					3,648
Total assets					124,298
Segment liabilities	3,327	–	–	–	3,327
Reconciliation:					
Lease liabilities					1,802
Other payables					4,864
Total liabilities					9,993
Other segment information					
Depreciation and amortisation	1,211	–	–	–	1,211
Impairment on trade and other receivables and loan receivables, net of reversal	1,690	–	2,868	(2)	4,556
Interest income	(9)	–	(7)	–	(16)

Geographical information

(a) Revenue

	2024 HK\$'000	2023 HK\$'000
Hong Kong	23,943	36,332
Mainland China	7,572	—
	<u>31,515</u>	<u>36,332</u>

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

(b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong	3,226	5,806
Mainland China	—	—
	<u>3,226</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 2023 and 2024.

4. REVENUE

An analysis of revenue is as follows:

Segment	2024 HK\$'000	2023 HK\$'000
Provision of advertising services	31,515	32,483
Sales of medical and health products	—	373
E-commerce business	—	2,900
Provision of IP development design service	—	576
	<u>31,515</u>	<u>36,332</u>

5. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Interest income	1,012	381
Gain on disposals of property, plant and equipment	–	70
Sales of e-cigarette	–	316
Sundry income	628	651
Waive of loan	–	515
	<u>1,640</u>	<u>1,933</u>

6. DISPOSAL OF SUBSIDIARIES

The Group completed the disposal of the entire equity interests in Glory Novel Limited, Beyond Noble Holdings Limited (“**Beyond Noble**”) and Smart Path Enterprises Limited (“**Smart Path**”) on 29 May 2024, 23 December 2024, and 23 December 2024, respectively.

The net assets of Glory Novel Limited at the date of disposal were as follow:

	2024 HK\$'000
Property, plant and equipment	207
Intangible assets	260
Amount due to group companies	<u>(896)</u>
	(429)
Settlement of amounts due from disposal a subsidiary	896
Less: consideration	<u>(260)</u>
Loss on disposal	<u>207</u>
	2024 HK\$'000
Consideration	260
Less: cash disposed of	<u>–</u>
Net cash inflow arising on the disposal	<u>260</u>

In December 2024, the Group completed the disposal of the entire equity interest in Beyond Noble, which is the legal and beneficial owner of 51% of the entire issued share capital of KK Wecheck Medical Technology Limited (“**KK Wecheck**”), KK Wecheck has been deconsolidation on 1 July 2023. The gain on disposal of Beyond Noble is approximately HK\$19,000.

In December 2024, the Group completed the disposal of the entire equity interest in Smart Path. The gain on disposal of Smart Path is approximately HK\$1,600.

7. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	<u>137</u>	<u>67</u>

8. LOSS BEFORE INCOME TAX

	2024 HK\$'000	2023 HK\$'000
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration for:		
– audit engagement	820	1,390
– other service	–	–
Depreciation of property, plant and equipment	306	455
Depreciation of right-of-use assets	1,399	1,519
Employee benefit expense (including directors' emoluments)	14,228	26,721
Exchange loss, net	119	211
Loss/(gain) on disposals of property, plant and equipment	995	(70)
Impairment on trade and other receivables and loan receivables, net of reversal	(1,743)	6,162
Cost of inventories recognised in direct operating costs	<u>–</u>	<u>3,133</u>

9. 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%.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the year 2024.

Reconciliation between income tax and accounting loss at applicable tax rates is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before income tax	(12,494)	(36,238)
Notional tax calculated at the rates applicable to the loss in the tax jurisdictions concerned	(2,062)	(5,979)
Tax effect of non-taxable revenue	(1,511)	(15)
Tax effect of non-deductible expenses	1,428	2,141
Tax effect of tax losses not recognised	2,393	3,503
Tax effect of share of results of an associate	–	350
Utilisation of tax losses previously recognised	(248)	–
Income tax	–	–

10. DIVIDENDS

The Directors do not recommend the payment of dividend for the years ended 31 December 2024 and 2023.

11. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to equity shareholders of the Company is based on the following data:

	2024 HK\$'000	2023 HK\$'000
Loss for the year attributable to equity shareholders of the Company	(12,494)	(35,934)
	Number of shares	
	2024	2023
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	454,899	454,899

The calculation of basic loss per share was based on the loss attributable to equity shareholders of the Company of approximately HK\$12,494,000 (2023: HK\$35,934,000) and the denominators used were the same as those detailed above for both basic and diluted loss per share.

In 2024 and 2023, diluted loss per share attributable to equity shareholders of the Company was the same as basic loss per share as the impact of the exercise of share options was anti-dilutive.

12. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	5,158	6,507
Less: Provision for impairment	<u>(2,903)</u>	<u>(4,629)</u>
Trade receivables – net	<u><u>2,255</u></u>	<u><u>1,878</u></u>

Movement in the provision for impairment loss on trade receivables is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	4,629	85
Impairment loss recognised during the year	1	4,629
Impairment loss reversed during the year	<u>(1,727)</u>	<u>(85)</u>
At 31 December	<u><u>2,903</u></u>	<u><u>4,629</u></u>

The Group recognised provision for impairment of trade receivables based on the accounting policy adopted for the years ended 31 December 2024 and 2023.

Ageing analysis of trade receivables, net of provision, based on invoice dates, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	1,692	1,338
31–60 days	427	533
61–90 days	132	7
91–120 days	<u>4</u>	<u>–</u>
Total trade receivables	<u><u>2,255</u></u>	<u><u>1,878</u></u>

The Group allows a credit period from 0 to 120 days (2023: 3 to 120 days) to its customers.

The Directors consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

The Group applies the simplified approach to provide the expected credit loss prescribed by HKFRS 9. A provision of approximately HK\$2,903,000 (2023: HK\$4,629,000) was made against the gross amounts of trade receivables during the year.

At 31 December 2024 and 2023, the Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables.

13. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payable	–	–
Accruals	8,612	5,741
Other payables	1,136	1,019
	<hr/>	<hr/>
	9,748	6,760
	<hr/> <hr/>	<hr/> <hr/>

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT

The Company’s independent auditor has issued the disclaimer of opinion on the Group’s consolidated financial statements for the year ended 31 December 2024, an extract of which is as follows:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2024. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

1. Limitation of Scope Concerning Interest in Associate

The Group have acquired 45% interest in an associate, namely Aurora Medical Technology (HK) Corp. Limited (“**Aurora**”) for approximately HK\$16.04 million on April 2023. Although the investment agreement granted the Group the right to appoint directors to Aurora’s board, the Group failed to exercise this right during the reporting period. Consequently, there is insufficient evidence to demonstrate that the Group exercises significant influence over Aurora, calling into question the appropriateness of classifying Aurora as an associate under HKAS 28.

Based on the findings in the Investigation Report, the existing Directors were unable to obtain the audited financial statements and books and records of Aurora for the year ended 31 December 2023. Notwithstanding the above classification issue, the former Director of the Group recorded a share of loss of approximately HK\$2.1 million from Aurora.

During the audit, we were unable to obtain sufficient appropriate audit evidence to:

- (i) ascertain the Group’s share of the associate’s results;
- (ii) determine whether any impairment loss was required in respect of the investment as at 31 December 2023; and
- (iii) determine whether any misclassification of this investment as at 31 December 2023.

Any adjustment to this amount could have a material impact on the Group's net asset position as at 31 December 2024 and the net loss from ordinary activities attributable to shareholders for the year then ended.

2. Opening Balances and Corresponding Figures

The audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2023, which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed due to the significance of the potential effect arising from the limitations on the scope of the audit.

We were not provided with sufficient appropriate audit evidence to enable us to assess the possible effects of the limitations on the scope of the audit.

Any adjustments to the opening balances as at 1 January 2024 found to be necessary to the figures as described above may impact the Group's accumulated losses as at 1 January 2024 and the results and related disclosures in the notes to the consolidated financial statements for the year ended 31 December 2024. Consequently, the comparative figures presented in the consolidated financial statements may not be comparable with the current year's figures.

3. Limitation of Scope Concerning Loss on Disposal of Subsidiaries

In December 2024, the Group completed the disposal of the entire equity interest in Beyond Noble, which is the legal and beneficial owner of 51% of the entire issued share capital of KK Wecheck. In December 2024, the Group completed the disposal of the entire equity interest in Smart Path, which is the legal and beneficial owner of the entire issued share capital of Hopeful Top Limited ("**Hopeful Top**").

As described in point 1 and point 3 of the basis for disclaimer of opinion in year ended 31 December 2023, we were unable to obtain certain books and records and relevant supporting documents of KK Wecheck and Hopeful Top. Therefore, we were unable to obtain sufficient appropriate audit evidence on the accuracy of loss on disposal of subsidiaries of Beyond Noble and Smart Path. Accordingly, we were unable to satisfy ourselves the accuracy of the loss on disposal of subsidiaries for the year ended 31 December 2024.

Any adjustments found to be necessary in respect thereof, had we obtained sufficient appropriate audit evidence, might have a consequential effect on the net assets of the Group as at 31 December 2024, on its loss for the year then ended and the disclosures in the notes to the consolidated financial statements for the year then ended.

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 13.3% from approximately HK\$36.3 million in 2023 to approximately HK\$31.5 million in 2024. The decrease in revenue was mainly attributable to the cessation of revenue in the segments other than the advertising segment, particularly the e-commerce segment of the Group.

Provision of advertising services

The Group engaged in provision of advertising services, mainly through operating the Recruit Magazine and the online platform namely “Like Magazine”. The revenue of provision of advertising services was approximately HK\$31.5 million for 2024, representing a slight decrease of approximately 3.0% compared to that of 2023.

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 2024 (2023: HK\$373,000) in this segment.

E-commerce

The Group engaged in e-commerce, mainly 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 2024 (2023: HK\$2.9 million) in this segment.

IP development design service income

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 this segment and disposed the key subsidiary, Hopeful Top, of this segment in December 2024. In light of the above, the Company recorded nil revenue in 2024 (2023: HK\$576,000) in this segment.

Gross profit and gross profit margin

	Year ended 31 December	
	2024	2023
Gross profit (HK\$'000)	18,202	20,341
Gross profit margin (%)	57.8	56.0

The gross profit of the Group decreased by approximately 10.5% from approximately HK\$20.3 million in 2023 to approximately HK\$18.2 million in 2024. The decrease in gross profit is mainly attributable to the decrease in revenue, mainly from the segment of e-commerce.

The gross profit margin of the Group remained at similar level of approximately 57.8% in 2024 compared to that of approximately 56.0% in 2023.

Other income

The other income of the Group decreased by approximately 15.2% from approximately HK\$1.9 million in 2023 to approximately HK\$1.6 million in 2024. The decrease in other income is mainly attributable to the absence of (i) the sales of e-cigarette that the Company intended but ceased to further develop, and (ii) the waived loan, partially offset by the increase in interest income driven by the increased bank balance during the year.

Selling and distribution costs

The selling and distribution costs of the Group decreased by approximately 3.2% from approximately HK\$10.6 million in 2023 to approximately HK\$10.2 million in 2024, 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 32.5% from approximately HK\$34.8 million in 2023 to approximately HK\$23.5 million in 2024. The decrease in administrative expenses is mainly attributable to the decrease in staff cost.

Loss on disposal of a subsidiary

The Group recorded a loss on disposal of a subsidiary of approximately HK\$186,000 in 2024 (2023: HK\$3.8 million), representing the loss from disposal of Glory Novel Limited, Beyond Noble (holding 51% interest of KK Wecheck that the Group deconsolidated in 2023), and Smart Path (holding 100% interest of Hopeful Top).

Finance cost

The finance cost of the Group increased by approximately 104.4% from approximately HK\$67,000 in 2023 to approximately HK\$137,000 in 2024. The increase is mainly due to the increase in lease liabilities in 2024.

Loss before income tax

In light of the above, the Group recorded a loss before income tax of approximately HK\$12.5 million in 2024, representing a decrease of approximately 65.5%, compared to the loss before income tax of approximately HK\$36.2 million in 2023.

BUSINESS REVIEW

The year 2024 was marked by a persistently complex and uncertain global economic environment. Heightened geopolitical tensions, escalating trade disputes, and sustained high interest rates across major economies exerted downward pressure on global demand and financial markets. These external headwinds, coupled with cautious business sentiment, led to subdued domestic economic activity and restrained hiring intentions across several industries. Against this backdrop, the Group remained resilient and focused on key strategic priorities in enhancing operational efficiency, expanding geographical reach, and accelerating digital transformation, leveraging the strengths of its core advertising business to position the Group for long-term and sustainable growth.

Advertising Business

In 2024, Hong Kong's economy maintained its post-pandemic recovery, albeit at a moderated pace. The real GDP grew by 2.5% compared to 3.2% in 2023, underpinned by a resurgence in external trade, with exports of goods increasing by 4.7% year-on-year. This recovery supported a stable labor market, reflected in a seasonally adjusted unemployment rate averaging 3.1%, while the underemployment rate remained steady at approximately 1.1%, as reported by the Hong Kong Census and Statistics Department.

Despite these positive macroeconomic indicators, the Group's advertising business faced ongoing structural challenges. Key consumer-facing sectors, including retail and food and beverage, continued to operate below pre-pandemic levels due to the strong Hong Kong dollar and a notable shift in local spending patterns, particularly the increased cross-border consumption by residents. These sector-specific pressures, along with intensified competition and employers' growing preference for digital hiring platforms, resulted in a 26.5% year-on-year decline in the advertising revenue generated from Recruit Magazine, which decreased to HK\$23.9 million (2023: HK\$32.5 million).

In response, the Group strengthened its value proposition through refined promotional strategies, customized recruitment campaigns, and enhanced collaboration with advertising service providers. These efforts aimed to boost customer engagement, improve service differentiation, and mitigate revenue pressure.

In parallel, the Group advanced its digital advertising initiatives in Mainland China through its wholly-owned subsidiary, Shenzhen Allegro Culture Limited ("**SZ Allegro**"). During the year, SZ Allegro provided advertising and promotional services via popular social media platforms such as Douyin. For the year ended 31 December 2024, this subsidiary contributed approximately HK\$5.1 million in revenue. To the best knowledge of the Directors, all counterparties involved in such transactions are third parties independent of the connected persons of the Company and their association.

Additionally, SZ Allegro entered into a business promotion cooperation agreement with Shenzhen Kingkey Real Estate Holdings Limited ("**SZ Kingkey**") to provide advertising services for real estate projects through to the end of 2024. Approximately HK\$2.5 million in revenue was generated under this agreement. As SZ Kingkey is a connected person under Chapter 14A of the Listing Rules, the transactions were classified as continuing connected transactions. However, given that all applicable percentage ratios and annual caps fall below the *de minimis* thresholds under Rule 14A.76 of the Listing Rules, these transactions in year 2024 were exempt from the disclosure, annual review, and shareholders' approval requirements.

Looking ahead, the Group intends to deepen its presence in the dynamic advertising and promotional markets of Mainland China, leveraging the growing demand for digital engagement and localized content.

Other Business Segments

As disclosed in the annual results announcement for the year ended 31 December 2023, the Group ceased to develop new business in the medical and health products segment, e-commerce segment, and IP development and design services segment due to the former executive director's failure to properly hand over key operational and financial documentation following his departure in September 2023. Since mid 2023, the Group has gradually de-consolidated and/or strategically disposed the relevant subsidiaries and redirected management resources to safeguard and recover existing assets.

Substantial progress has been made in retrieving the records concerning historical operations and recovering outstanding investments in these segments. Nevertheless, these segments did not contribute materially to the Group's financial performance in 2024.

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 (which commenced 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 31 December 2024, the Group had net current assets of approximately HK\$30.7 million (2023: HK\$30.7 million). The Group's current ratio as at 31 December 2023, which is defined as current assets over current liabilities, was 4.5 (2023: 4.5). As at 31 December 2024, the Group had a total cash and bank balance of approximately HK\$37.0 million (2023: HK\$30.0 million).

The Group was no bank loan nor other borrowing as at 31 December 2024 (2023: nil).

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

CAPITAL COMMITMENTS

As at 31 December 2024, the Group did not have any significant capital commitments (2022: nil).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no contingent liabilities (2022: nil).

DIVIDENDS

The Board does not recommend any payment of final dividend in respect of the reporting period (2023: nil).

EVENT AFTER REPORTING PERIOD

Disposal of associate company

The Company disposed its entire interests in an investment of an associate company, namely 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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Disposal of Beyond Noble and Smart Path

On 23 December 2024, the Company entered into a sale and purchase agreement with the Purchaser, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, all the issued share capital of Beyond Noble, which is the legal and beneficial owner of 51% of the entire issued share capital of KK Wecheck, for the consideration of HK\$19,000.

On 23 December 2024, the Company entered into another sale and purchase agreement with the Purchaser, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, all the issued share capital of Smart Path, which is the legal and beneficial owner of the entire issued share capital of Hopeful Top, for the consideration of HK\$1.

For the details of the disposal, please refer to Company's announcement dated 14 March 2025.

CHARGES ON GROUP ASSETS

The Group has no charges on group assets at the end of the reporting period (2023: nil).

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 annual results announcement.

CORPORATE GOVERNANCE

The Company and its management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all Shareholders. The Company believes that good corporate governance is an essence for a continual growth and enhancement of the Shareholders' value. The Company has complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules during the Reporting Period.

Currently, the positions of Chairman and Chief Executive Officer have been vacant but the Executive Director performs similar function as Chief Executive Officer. Besides, the Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation by management. The Board monitors the Group's operating and financial performance and ensures that effective governance and corporate social responsibility and policies and sound internal control and risk management systems are in place. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

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 for the year ended 31 December 2024.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company, consisting of Ms. Yang Wanning, Mr. Chan Chiu Hung, Alex and Mr. Li Chaobo, has reviewed the annual results for the year ended 31 December 2024 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 31 December 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 year ended 31 December 2024.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be further postponed to dates to be determined by the Board (the “AGM”) and the Notice of AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The timetable for the closure of the Register of Members for the purpose of determining the Shareholders’ eligibility to attend and vote at the AGM will be announced in separate announcement of the Company.

PUBLICATION OF ANNUAL RESULTS

This annual 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.