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弘毅文化集團

HONY MEDIA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

ANNOUNCEMENT OF INTERIM RESULTS

The board of directors (the “Board”) of Hony Media Group (the “Company”) is pleased to present the condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024. The condensed consolidated interim results have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue	4	302,381	489,398
Cost of sales		<u>(222,235)</u>	<u>(356,200)</u>
Gross profit		80,146	133,198
Other income and other gains, net	4	1,891	8,814
Marketing and selling expenses		(75,866)	(133,808)
Research and development expenses		(7,798)	(7,720)
Administrative expenses		(31,467)	(37,914)
Net reversal of impairment of financial assets	7	<u>—</u>	<u>1</u>
		(33,094)	(37,429)
Finance costs, net	6	(10,283)	(6,866)
Share of result of an associate		<u>736</u>	<u>(2,104)</u>
Loss before taxation	7	(42,641)	(46,399)
Taxation	8	<u>—</u>	<u>215</u>
Loss for the period		<u><u>(42,641)</u></u>	<u><u>(46,184)</u></u>

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
Attributable to:			
Equity holders of the Company		(34,972)	(41,016)
Non-controlling interest		<u>(7,669)</u>	<u>(5,168)</u>
		<u>(42,641)</u>	<u>(46,184)</u>
Loss per share attributable to the equity holders of the Company for the period			
		HK Cents	HK Cents
Basic and diluted loss per share	9	<u>(0.26)</u>	<u>(0.30)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2025*

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	<u>(42,641)</u>	<u>(46,184)</u>
Other comprehensive loss:		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
– Currency translation differences	742	(12,046)
<i>Item that may not be reclassified to profit or loss:</i>		
– Currency translation differences	<u>(1,220)</u>	<u>526</u>
Other comprehensive loss for the period, net of tax	<u>(478)</u>	<u>(11,520)</u>
Total comprehensive loss for the period	<u><u>(43,119)</u></u>	<u><u>(57,704)</u></u>
Total comprehensive loss attributable to:		
Equity holders of the Company	(63,233)	(53,062)
Non-controlling interests	<u>20,114</u>	<u>(4,642)</u>
	<u><u>(43,119)</u></u>	<u><u>(57,704)</u></u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2025

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,051	2,846
Right-of-use assets	11	7,691	7,546
Intangible assets	13	776	1,186
Goodwill	14	27,384	27,198
Interests in an associate	15	106,226	102,951
Investment properties	16	10,793	10,629
Prepayments, deposits and other receivables	19	28,170	56,243
		<u>183,091</u>	<u>208,599</u>
Current assets			
Inventories	20	9,934	2,321
Trade and bills receivables	18	78,801	38,238
Prepayments, deposits and other receivables	19	99,333	78,486
Financial asset at fair value through profit or loss	17	12,814	12,619
Cash and cash equivalents	21	17,302	34,450
		<u>218,184</u>	<u>166,114</u>
Asset classified as held for sale	22	12,602	12,411
		<u>230,786</u>	<u>178,525</u>
Total assets		<u><u>413,877</u></u>	<u><u>387,124</u></u>

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	Notes		
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company			
Share capital	26	271,707	271,707
Deficits		<u>(231,598)</u>	<u>(168,396)</u>
		40,109	103,311
Non-controlling interests		<u>(59,506)</u>	<u>(79,620)</u>
Total equity		<u>(19,397)</u>	<u>23,691</u>
Liabilities			
Non-current liabilities			
Lease liabilities	11	4,022	4,292
Long-term financial liabilities		53,344	47,887
Bank and other borrowings	23	–	19,654
Convertible bonds	27	<u>–</u>	<u>115,879</u>
		<u>57,366</u>	<u>187,712</u>
Current liabilities			
Trade payables	24	84,412	53,410
Other payables and accrued liabilities	25	80,258	60,312
Contract liabilities	25	1,536	2,608
Bank and other borrowings	23	88,176	55,397
Convertible bonds	27	117,397	–
Lease liabilities	11	<u>4,129</u>	<u>3,994</u>
		<u>375,908</u>	<u>175,721</u>
Total liabilities		<u>433,274</u>	<u>363,433</u>
Total equity and liabilities		<u><u>413,877</u></u>	<u><u>387,124</u></u>

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT*For the six months ended 30 June 2025*

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	<u>(28,172)</u>	<u>(63,454)</u>
Cash flows from investing activities		
Interest received	19	253
Purchase of property, plant and equipment	–	(154)
Purchase of intangible assets	(221)	–
Proceeds from sales of property, plant and equipment	<u>–</u>	<u>3,565</u>
Net cash (used in)/generated from investing activities	<u>(202)</u>	<u>3,664</u>
Cash flows from financing activities		
Issuance of convertible bonds	–	120,000
Payment and prepayment of interests on convertible bonds	–	(9,288)
Additional deposits for securing other borrowings	–	(48,650)
Repayment of bank and other borrowings	–	(53,211)
Proceeds from bank and other borrowings	11,881	55,453
Capital contribution from an investor of a subsidiary	2,741	17,531
Principal elements of lease payments	<u>(2,470)</u>	<u>(3,379)</u>
Net cash generated from financing activities	<u>12,152</u>	<u>78,456</u>
Net (decrease)/increase in cash and cash equivalents	(16,222)	18,666
Cash and cash equivalents at 1 January	34,450	27,037
Currency translation differences	<u>(926)</u>	<u>265</u>
Cash and cash equivalents at 30 June	<u>17,302</u>	<u>45,968</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

(Unaudited)												
Attributable to equity holders of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital redemption reserve HK\$'000	Currency translation reserve HK\$'000	Shares held for share award scheme HK\$'000	Equity component of convertible bonds HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2025	271,707	1,228,757	860,640	1,206	(74,206)	(918)	2,204	9,400	(2,195,479)	103,311	(79,620)	23,691
Comprehensive loss:												
– Loss for the period	–	–	–	–	–	–	–	–	(34,972)	(34,972)	(7,669)	(42,641)
Other comprehensive (loss)/ income:												
Currency translation differences												
– Group	–	–	–	–	(1,797)	–	–	–	–	(1,797)	–	(1,797)
– Associate	–	–	–	–	2,539	–	–	–	–	2,539	–	2,539
– Non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,220)	(1,220)
Transactions with non-controlling interests	–	–	–	–	325	–	–	1,468	(30,796)	(29,003)	29,003	–
Total comprehensive loss	–	–	–	–	1,067	–	–	1,468	(65,768)	(63,233)	20,114	(43,119)
Contribution by and distribution to owners of the Company recognized directly in equity:												
– Share awards	–	122	–	–	–	20	–	(142)	–	–	–	–
– Share-based compensation	–	–	–	–	–	–	–	31	–	31	–	31
Balance at 30 June 2025	<u>271,707</u>	<u>1,228,879</u>	<u>860,640</u>	<u>1,206</u>	<u>(73,139)</u>	<u>(898)</u>	<u>2,204</u>	<u>10,757</u>	<u>(2,261,247)</u>	<u>40,109</u>	<u>(59,506)</u>	<u>(19,397)</u>

(Unaudited)												
Attributable to equity holders of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital redemption reserve HK\$'000	Currency translation reserve HK\$'000	Shares held for share award scheme HK\$'000	Equity component of convertible bonds HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2024	271,707	1,228,635	860,640	1,206	(51,234)	(938)	–	12,167	(2,031,990)	290,193	(67,400)	222,793
Comprehensive loss:												
– Loss for the period	–	–	–	–	–	–	–	–	(41,016)	(41,016)	(5,168)	(46,184)
Other comprehensive (loss)/ income:												
Currency translation differences												
– Group	–	–	–	–	848	–	–	–	–	848	–	848
– Associate	–	–	–	–	(12,894)	–	–	–	–	(12,894)	–	(12,894)
– Non-controlling interests	–	–	–	–	–	–	–	–	–	–	526	526
Total comprehensive loss	–	–	–	–	(12,046)	–	–	–	(41,016)	(53,062)	(4,642)	(57,704)
Contribution by and distribution to owners of the Company recognized directly in equity:												
– Share awards	–	122	–	–	–	20	–	(142)	–	–	–	–
– Share-based compensation	–	–	–	–	–	–	–	(2,659)	–	(2,659)	(697)	(3,356)
– Issuance of convertible bonds	–	–	–	–	–	–	2,204	–	–	2,204	–	2,204
Balance at 30 June 2024	<u>271,707</u>	<u>1,228,757</u>	<u>860,640</u>	<u>1,206</u>	<u>(63,280)</u>	<u>(918)</u>	<u>2,204</u>	<u>9,366</u>	<u>(2,073,006)</u>	<u>236,676</u>	<u>(72,739)</u>	<u>163,937</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Hony Media Group (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in (i) digitized operation services in healthcare industry (“Echartnow”); (ii) Smart healthcare services platform (“Meerkat Health”); and (iii) entertainment and media business.

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

The Company is listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in thousand Hong Kong dollars (HK\$’000), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 28 August 2025.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This condensed consolidated interim financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

For the six months ended 30 June 2025, the Group recorded a loss of approximately HK\$42,641,000 (2024: HK\$46,184,000) and net cash used in operating activities of HK\$28,172,000 (2024: HK\$63,454,000). As at 30 June 2025, the Group had net current liabilities of approximately HK\$145,122,000 (31 December 2024: net current assets of HK\$2,804,000). Additionally, the Group has convertible bonds maturing on 21 March 2026, which will require repayment upon maturity if not previously converted.

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

- (i) Upon request by the Company and subject to compliance with relevant laws, rules and regulations including the Listing Rules, United Strength LS Limited (the “CB Holder”), the holder of the Company’s HK\$120 million convertible bonds as detailed in Note 27 to the condensed consolidated interim financial information (“CB”), has agreed to further extend the maturity date of the CB to a date no later than 30 April 2027. The CB Holder has also agreed to defer the due date of any currently outstanding and future interests in relation to the CB payable/to be payable by the Company to the maturity date (or the further extended maturity date as appropriate) of the CB; and

- (ii) In March 2025, a related party of the CB Holder (the “Facility Provider”) has agreed to provide financial support to the Group which includes an unsecured and non-interest bearing loan facility of up to HK\$100 million (the “Loan Facility”). The Loan Facility could be drawn down by the Company at any time upon request until 30 June 2026. The Facility Provider has agreed not to demand repayment of the loan balance, if drawn down by the Company, on or before 31 December 2026.

The directors of the Company have reviewed the Group’s cash flow projections, which cover a period of not less than twelve months from 30 June 2025. The directors of the Company are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the next twelve months from 30 June 2025. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. ACCOUNTING POLICIES, ESTIMATES AND FINANCIAL RISK MANAGEMENT

(i) Accounting Policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2024, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of new and amended standard as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Application of new and amendments to HKFRSs

The Group has applied amendments to HKAS 21, The effects of changes in foreign exchange rates — Lack of exchangeability, issued by the HKICPA to this condensed consolidated financial information for the six months ended 30 June 2025. The amendments do not have a material impact on this condensed consolidated financial information as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new or amended standard that is not yet effective for the six months ended 30 June 2025.

(ii) Estimates

The preparation of this condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements in the annual report for the year ended 31 December 2024.

(iii) Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: cash flow and fair value interest rate risk, credit risk, foreign exchange risk and liquidity risk.

This condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

There have been no significant changes in the risk management policies since the year end.

4. REVENUE AND OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue		
Provision of digitized operation services	241,084	373,280
Revenue from sales of pharmaceutical and healthcare products	61,068	116,118
Revenue from sales of IP products	229	—
	<u>302,381</u>	<u>489,398</u>
Other income and other gains, net		
Interest income	19	253
Gain on financial liabilities at fair value through profit or loss (Note 27)	—	4,243
Fair value change on financial asset at fair value through profit or loss (Note 17)	195	(106)
Fair value change on interest in an associate measured at fair value through profit or loss (Note 22)	191	(120)
Fair value change on investment properties (Note 16)	164	—
Gain on disposal of subsidiaries	—	984
Gain on disposal of property, plant and equipment	—	3,517
Exchange gains/(losses), net	1,129	(310)
Others	193	353
	<u>1,891</u>	<u>8,814</u>

5. SEGMENT INFORMATION

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

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

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

There were no sales between the operating segments during the six months ended 30 June 2025 (2024: Nil).

(a) Business segment

The segment results for the six months ended 30 June 2025 are as follows:

	Digitized operation services in healthcare industry (Unaudited) HK\$'000	Smart healthcare services platform (Unaudited) HK\$'000	Entertainment and media (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue	<u>241,084</u>	<u>61,068</u>	<u>229</u>	<u>302,381</u>
Share of result of an associate	<u>–</u>	<u>–</u>	<u>736</u>	<u>736</u>
Segment results	<u>(11,860)</u>	<u>(2,024)</u>	<u>965</u>	<u>(12,919)</u>
Exchange gain, net				1,129
Fair value change on financial asset at fair value through profit or loss – unallocated				195
Fair value change on interest in an associate measured at fair value through profit or loss – unallocated				191
Fair value charge on investment properties – unallocated				164
Other unallocated expenses, net				<u>(21,118)</u>
				(32,358)
Finance costs, net				<u>(10,283)</u>
Loss before taxation				(42,641)
Taxation				<u>–</u>
Loss for the period				(42,641)
Loss for the period attributable to non- controlling interests				<u>7,669</u>
Loss for the period attributable to equity holders of the Company				<u>(34,972)</u>

An analysis of the Group's assets and liabilities as at 30 June 2025 by segment and other information for the six months ended 30 June 2025 are as follows:

	Digitized operation services in healthcare industry (Unaudited) HK\$'000	Smart healthcare services platform (Unaudited) HK\$'000	Entertainment and media (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 30 June 2025 (unaudited):				
Segment assets	76,582	70,361	155,921	302,864
Unallocated assets				111,013
Total assets				413,877
Segment liabilities	120,028	77,107	–	197,135
Unallocated liabilities				236,139
Total liabilities				433,274
For the six months ended 30 June 2025 (unaudited):				
Other information:				
Purchase of intangible assets	221	–	–	221
Depreciation of right-of-use assets				
– Allocated	1,033	102	–	1,135
– Unallocated				1,409
Depreciation of property, plant and equipment				
– Allocated	789	20	–	809
– Unallocated				30
Amortization of intangible assets	638	7	–	645

The segment results for the six months ended 30 June 2024 are as follows:

	Digitized operation services in healthcare industry (Unaudited) HK\$'000	Smart healthcare services platform (Unaudited) HK\$'000	Entertainment and media (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue	<u>373,280</u>	<u>116,118</u>	<u>–</u>	<u>489,398</u>
Share of result of an associate	<u>–</u>	<u>–</u>	<u>(2,104)</u>	<u>(2,104)</u>
Segment results	<u>(16,855)</u>	<u>(4,583)</u>	<u>(2,104)</u>	(23,542)
Exchange losses, net				(310)
Fair value change on financial asset at fair value through profit or loss – unallocated				(106)
Fair value change on interest in an associate measured at fair value through profit or loss – unallocated				(120)
Other unallocated expenses, net				<u>(15,455)</u>
				(39,533)
Finance costs, net				<u>(6,866)</u>
Loss before taxation				(46,399)
Taxation				<u>215</u>
Loss for the period				(46,184)
Loss for the period attributable to non-controlling interests				<u>5,168</u>
Loss for the period attributable to equity holders of the Company				<u>(41,016)</u>

An analysis of the Group's assets and liabilities as at 31 December 2024 by segment and other information for the six months ended 30 June 2024 are as follows:

	Digitized operation services in healthcare industry HK\$'000	Smart healthcare services platform HK\$'000	Entertainment and media HK\$'000	Total HK\$'000
At 31 December 2024 (Audited):				
Segment assets	89,172	27,540	146,323	263,035
Unallocated assets				<u>124,089</u>
Total assets				<u><u>387,124</u></u>
Segment liabilities	120,423	31,153	–	151,576
Unallocated liabilities				<u>211,857</u>
Total liabilities				<u><u>363,433</u></u>
For the six months ended 30 June 2024 (unaudited):				
Other information:				
Purchases of property, plant and equipment				
– Allocated	57	–	–	57
– Unallocated				97
Depreciation of right-of-use assets				
– Allocated	927	71	–	998
– Unallocated				2,296
Depreciation of property, plant and equipment				
– Allocated	818	52	–	870
– Unallocated				20
Amortization of intangible assets	<u>–</u>	<u>624</u>	<u>–</u>	<u>624</u>

(b) Geographical segment

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets ^{Note}	
	30 June 2025 (Unaudited) HK\$'000	30 June 2024 (Unaudited) HK\$'000	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
The People's Republic of China (the "PRC")	302,381	489,398	46,373	49,368
Hong Kong	—	—	2,322	37
South Korea	—	—	106,226	102,951
	<u>302,381</u>	<u>489,398</u>	<u>154,921</u>	<u>152,356</u>

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

- (c) Revenue from major customers who have individually contributed 10% or more of the total revenue of the Group for the six months ended 30 June 2025 and 30 June 2024 are disclosed as follows:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Customer A	64,380	104,113
Customer B	<u>40,391</u>	<u>N/A</u>

Note: Revenue from customers B did not exceed 10 % of total revenue for the six months ended 30 June 2024.

6. FINANCE COSTS, NET

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Finance costs		
Interest on bank and other borrowings	(656)	(1,241)
Interest on convertible bonds (Note 27)	(7,501)	(4,096)
Interest on lease liabilities (Note 11)	(166)	(286)
Interest on long-term financial liabilities	<u>(1,960)</u>	<u>(1,243)</u>
Finance costs, net	<u>(10,283)</u>	<u>(6,866)</u>

7. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment (Note 12)	839	890
Depreciation of right-of-use assets (Note 11)	2,544	3,294
Expense relating to short-term leases (Note 11)	1,287	2,100
Reversal of impairment of financial assets		
– Trade receivables	–	(1)
Amortization of intangible assets (Note 13)	645	624
Costs of digitized operation services in healthcare industry	161,311	252,039
Costs of inventories sold (Note 20)	60,728	104,162
Marketing and promotion expenses	63,486	119,872
Employee benefit expenses:		
Directors' fees	480	480
Wages and salaries	28,407	28,228
Contributions to defined contribution pension schemes	5,400	5,132
Expenses/(reversal) of share-based compensation (Note 26)	31	(3,356)
	<u>34,318</u>	<u>30,484</u>

8. TAXATION

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporate income tax	–	–
Deferred income tax	<u>–</u>	<u>215</u>
Income tax credit	<u>–</u>	<u>215</u>

The weighted average applicable tax rate for the six months ended 30 June 2025 was 21.04% (2024: 20.58%).

9. LOSS PER SHARE

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

	2025 (Unaudited)	2024 (Unaudited)
Weighted average number of ordinary shares in issue (thousands)	<u>13,583,339</u>	<u>13,583,339</u>
Loss attributable to equity holders of the Company (HK\$'000)	<u>(34,972)</u>	<u>(41,016)</u>
Loss per share attributable to equity holders of the Company (HK cents per share)	<u>(0.26)</u>	<u>(0.30)</u>

For the six months ended 30 June 2025 and 2024, diluted loss per share equals to basic loss per share as the potential ordinary shares were not included in the calculation of diluted loss per share because they are anti-dilutive.

10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the six months ended 30 June 2025 (2024: Nil).

11. LEASES

(i) Amounts recognized in the condensed consolidated interim balance sheet

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Right-of-use assets		
Office	<u>7,691</u>	<u>7,546</u>
Lease liabilities		
Current	<u>4,129</u>	3,994
Non-current	<u>4,022</u>	<u>4,292</u>
	<u>8,151</u>	<u>8,286</u>

Additions to the right-of-use assets during the six months ended 30 June 2025 were HK\$2,394,000 (2024: nil).

(ii) Amounts recognized in the condensed consolidated interim income statement

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

	Notes	30 June 2025 (Unaudited) HK\$'000	30 June 2024 (Unaudited) HK\$'000
Depreciation charge of right-of-use assets – offices	7	2,544	3,294
Interest expense (included in finance costs)	6	166	286
Expenses relating to short-term leases (included in administrative expenses)	7	<u>1,287</u>	<u>2,100</u>

The total cash outflow for leases for the six months ended 30 June 2025 was HK\$3,188,000 (2024: HK\$6,318,000).

(iii) Extension and termination options

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

12. PROPERTY, PLANT AND EQUIPMENT

	Building (Unaudited) HK\$'000	Machinery and equipment (Unaudited) HK\$'000	Furniture, computer and equipment (Unaudited) HK\$'000	Leasehold improvements (Unaudited) HK\$'000	Motor vehicles (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Six months ended 30 June 2025						
Opening net book amount	–	1	1,020	1,744	81	2,846
Depreciation (Note 7)	–	–	(246)	(583)	(10)	(839)
Exchange difference	–	–	20	23	1	44
Closing net book amount	<u>–</u>	<u>1</u>	<u>794</u>	<u>1,184</u>	<u>72</u>	<u>2,051</u>
Six months ended 30 June 2024						
Opening net book amount	–	1	2,383	2,965	104	5,453
Additions	–	–	154	–	–	154
Disposal	–	–	(48)	–	–	(48)
Written-off	–	–	(1,114)	–	–	(1,114)
Depreciation	–	–	(194)	(686)	(10)	(890)
Exchange difference	–	–	(12)	(18)	(1)	(31)
Closing net book amount	<u>–</u>	<u>1</u>	<u>1,169</u>	<u>2,261</u>	<u>93</u>	<u>3,524</u>

During the six months ended 30 June 2025, depreciation expenses of approximately HK\$784,000 (2024: HK\$845,000), HK\$6,000 (2024: HK\$10,000) and HK\$49,000 (2024: HK\$35,000) have been charged in administrative expenses, marketing and selling expenses and research and development expenses respectively.

13. INTANGIBLE ASSETS

	Licenses and software	
	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Six months ended 30 June		
Opening net book amount	1,186	2,274
Additions	221	–
Amortization (Note 7)	(645)	(624)
Exchange differences	14	(15)
	<u>776</u>	<u>1,635</u>
Closing net book amount	<u>776</u>	<u>1,635</u>
As at 30 June		
Cost	5,227	4,783
Accumulated amortization	<u>(4,451)</u>	<u>(3,148)</u>
Net carrying amount	<u>776</u>	<u>1,635</u>

During the six months ended 30 June 2025, amortization expenses of approximately HK\$584,000 (2024: HK\$585,000) and HK\$61,000 (2024: HK\$39,000) have been charged in administrative expenses and marketing and selling expenses respectively.

14. GOODWILL

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost and net carrying amount as at 1 January	27,198	27,203
Exchange differences	186	(85)
Cost and net carrying amount as at 30 June	<u>27,384</u>	<u>27,118</u>

15. INTEREST IN AN ASSOCIATE

30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
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Interest in an associate accounted for using the equity method

– Interest in HB Entertainment Co., Ltd.	<u>106,226</u>	<u>102,951</u>
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Set out below are the associate of the Group as at 30 June 2025 which, in the opinion of the directors, are material to the Group. The associate is a private company and there is no quoted market price available for its shares. There is no contingent liability relating to the Group's interest in an associate, and there is no contingent liability of the associate itself.

Details of interest in an associate as at 30 June 2025 and 31 December 2024 are as follows:

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

As disclosed in Note 27 to the condensed consolidated interim financial information, the Group has provided pledges over its equity interest in HB Entertainment in favour of the subscribers of the convertible bonds.

16. INVESTMENT PROPERTIES

Six months ended 30 June 2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
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Non-current assets – at fair value

Opening balance at 1 January	10,629	–
Exchange differences	<u>164</u>	<u>–</u>
Closing balance at 30 June	<u>10,793</u>	<u>–</u>

Except for the fair value gain arising from exchange differences of approximately HK\$164,000 during the six months ended 30 June 2025, the Group has determined that the fair value of the investment properties as at 30 June 2025 approximates its fair value as at 31 December 2024 given the short time period in between. The Group has engaged an independent valuer to determine the fair value of the investment properties as at 31 December 2024 using the market approach.

Amounts recognized in profit or loss for investment properties

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Rental income from operating leases	117	—
Direct operating expenses from property that generated rental income	46	—
Fair value gain recognized in other income and other gains, net	164	—

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

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

	30 June	31 December
	2025	2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 1 year	176	236
Between 1 and 2 years	—	59
	<u>176</u>	<u>295</u>

17. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June	31 December
	2025	2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Non-current		
Investment in unlisted equity securities		
– Beijing Yi Yao Liang Xin (Note a)	<u>—</u>	<u>—</u>
Current		
Put option		
– Deep Sea Health Limited (Note b)	<u>12,814</u>	<u>12,619</u>

Notes:

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

The Group has determined that the fair value of YYLX as at 30 June 2025 approximates its fair value as at 31 December 2024 given the short period in between.

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

As at
31 December
2024

Unobservable inputs adopted

Price-to-sales multiples	2.84
Discounts for lack of marketability	40%

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

Except for the fair value gain arising from exchange differences of approximately HK\$195,000 during the six months ended 30 June 2025, the Group has determined that the fair value of the put option as at 30 June 2025 approximates its fair value as at 31 December 2024 given the short time period in between. The Group has engaged an independent valuer to determine the fair value of the put option as at 31 December 2024, which was estimated using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

As at
31 December
2024

Unobservable inputs adopted

Expected volatility	26.75%
Expected dividend	0.00%
Exercise probability	100.00%
Risk-free interest rate	1.09%

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

18. TRADE AND BILLS RECEIVABLES

At 30 June 2025 and 31 December 2024, the aging analysis of the trade and bills receivables based on invoice date were as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0–3 months	48,568	36,396
4–6 months	15,367	1,757
7–9 months	12,252	20
10–12 months	2,299	119
Over 1 year	9,029	9,586
	87,515	47,878
Less: Provision for impairment	(8,714)	(9,640)
	78,801	38,238

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Prepayments	29,449	11,115
Deposits and other receivables	113,193	138,746
	142,642	149,861
Less: Provision for impairment of deposits and other receivables	(15,139)	(15,132)
Total net balance of prepayments, deposits and other receivables (Note)	127,503	134,729
Less: Non-current portion	(28,170)	(56,243)
Current portion	99,333	78,486

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Unutilized film production investment amount (i)	34,633	42,718
Deposits paid for securing other borrowings (ii)	48,650	48,650
Other receivable generated from the discontinued operation of "Beijing Bayhood No. 9 Club" (iii)	22,167	21,830
Deposits paid to the suppliers of healthcare consumption business (iv)	3,194	8,054
Rental deposits	1,795	2,129
Others	17,064	11,348
	<u>127,503</u>	<u>134,729</u>

- (i) As detailed in the Company's announcement dated 10 December 2015, the Group has invested an aggregate amount equivalent to approximately HK\$369 million (the "Total Investment Amount") pursuant to a film production investment agreement entered into with an independent film producer in 2015. Over the time a portion of the Total Investment Amount was converted into the Group's investment in movie projects, while a portion of such amounts were not utilized and were returned back to the Group. The amount of HK\$34,633,000 (31 December 2024: HK\$42,718,000) as at 30 June 2025 represented the outstanding balance of the unutilized film investment amounts due from the film producer. On the other hand, the Group has received a security deposit (included in other payables of the Group) of approximately HK\$7,347,000 (31 December 2024: HK\$13,336,000) from an affiliate of the film producer as a pledge against these other receivables.
- (ii) As of 30 June 2025, the Group has paid deposits of approximately HK\$48,650,000 (31 December 2024: HK\$48,650,000) for securing certain of its other borrowings equivalent to approximately HK\$48,468,000 (31 December 2024: HK\$47,730,000) (Note 23).
- (iii) The amount represented the net receivable amount due from Beijing Bayhood No. 9 Business Hotel Company Limited generated from the Group's discontinued operation in relation to Healthcare and Wellness Services – Beijing Bayhood No. 9 Club.
- (iv) The amount represented deposits paid to the suppliers of pharmaceutical products by a subsidiary of the Group in relation to the healthcare consumption business of "Meerkat Health", so as to secure the purchases of certain pharmaceutical products, especially for those with high demand but limited supply in the market.

20. INVENTORIES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Finished goods	<u>9,934</u>	<u>2,321</u>

The cost of inventories sold of approximately HK\$60,728,000 (2024: HK\$104,162,000) was recognized as expense and included in "Cost of sales" in the condensed consolidated interim income statement for the six months ended 30 June 2025.

No provision of impairment of inventories was recognized for the six months ended 30 June 2025 (2024: Nil).

21. CASH AND CASH EQUIVALENTS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Cash and bank balances	<u>17,302</u>	<u>34,450</u>
Denominated in:		
HK\$	1,665	1,648
RMB	15,636	32,790
US\$	<u>1</u>	<u>12</u>
	<u>17,302</u>	<u>34,450</u>
Maximum exposure to credit risk	<u>17,276</u>	<u>34,425</u>

The Group's cash and bank balances of approximately HK\$15,636,000 (31 December 2024: HK\$32,790,000) as at 30 June 2025 were denominated in RMB and held in the PRC. The remittance of these funds out of the PRC is subject to the foreign exchange restrictions imposed by the PRC government.

As disclosed in Note 27 to the condensed consolidated interim financial information, the Group has provided pledges over certain of its bank accounts in favour of the subscribers of the convertible bonds. The amount of such pledged bank accounts as of 30 June 2025 was approximately HK\$62,000 (31 December 2024: HK\$58,000).

22. ASSET CLASSIFIED AS HELD FOR SALE

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Interest in an associate – Deep Sea Health Limited	<u>12,602</u>	<u>12,411</u>

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

On 30 December 2024, it was agreed that the Group would dispose of the investment in DSH at a consideration of RMB23,200,000 to the controlling shareholder of DSH or his designated parties. Accordingly the relevant interest in associates was reclassified to asset classified as held for sale as of 31 December 2024.

Except for the fair value gain arising from exchange differences of approximately HK\$191,000 during the six months ended 30 June 2025, the Group has determined that the fair value of the unlisted investment as at 30 June 2025 approximates its fair value as at 31 December 2024 given the short time period in between. The Group has engaged an independent valuer to determine the fair value of the unlisted investment as at 31 December 2024. The valuation of DSH was determined by using the market approach that made reference to price-to-sales multiples of the comparable companies in the same industry.

Key assumptions adopted in the valuation were as follows:

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

23. BANK AND OTHER BORROWINGS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Current:		
Bank borrowing (Note a)	21,931	10,799
Other borrowings (Note b)	<u>66,245</u>	<u>44,598</u>
	88,176	55,397
Non-current:		
Other borrowings (Note b)	<u>—</u>	<u>19,654</u>
	<u>88,176</u>	<u>75,051</u>
Denominated in:		
RMB	87,176	75,051
HK\$	<u>1,000</u>	<u>—</u>
	<u>88,176</u>	<u>75,051</u>

As at 30 June 2025 and 31 December 2024, carrying amounts of bank and other borrowings approximated their fair values.

Note a: As at 30 June 2025, bank borrowing is secured (31 December 2024: secured), interest bearing at 3.45% (31 December 2024: 3.45%) and repayable within 1 year (31 December 2024: 1 year).

Note b: As at 30 June 2025, approximately HK\$48,468,000 (31 December 2024: HK\$47,730,000) of the other borrowings are secured by deposits of approximately HK\$48,650,000 (31 December 2024: HK\$48,650,000) (Note 19). The remaining other borrowings of approximately HK\$17,777,000 (31 December 2024: HK\$16,522,000) are unsecured.

Approximately HK\$66,245,000 (31 December 2024: HK\$44,598,000) and none (31 December 2024: HK\$19,654,000) of the other borrowings are repayable within 1 year and 2 years, respectively. The Group has unconditional rights to extend the maturity date of certain other borrowings amounting to approximately HK\$21,163,000 (31 December 2024: HK\$20,841,000) for one more year.

Approximately HK\$16,448,000 (31 December 2024: HK\$16,198,000) of the other borrowings are interest-bearing at a weighted average rate of 6.00% (31 December 2024: 6.00%) per annum. The remaining other borrowings of approximately HK\$49,797,000 (31 December 2024: HK\$48,054,000) are interest-free.

24. TRADE PAYABLES

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0–3 months	71,055	51,940
3–6 months	13,029	680
Over 6 months	328	790
	<u>84,412</u>	<u>53,410</u>

25. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUED LIABILITIES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Current liabilities:		
Other payables and accrued liabilities (Note i)	80,258	60,312
Contract liabilities (Note ii)	1,536	2,608
	<u>81,794</u>	<u>62,920</u>

Notes:

- (i) Other payables and accrued liabilities mainly represented accrued operating expenses and PRC other tax payables.
- (ii) Contract liabilities represent advance payments received from the customers for services that have not been transferred to the customers.

26. SHARE CAPITAL

	Ordinary shares of HK\$0.02 each		Preference shares of HK\$0.01 each		Total
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000	HK\$'000
Authorized:					
At 30 June 2025 (Unaudited)	<u>150,000,000</u>	<u>3,000,000</u>	<u>240,760</u>	<u>2,408</u>	<u>3,002,408</u>
At 31 December 2024 (Audited)	<u>150,000,000</u>	<u>3,000,000</u>	<u>240,760</u>	<u>2,408</u>	<u>3,002,408</u>
Issued and fully paid:					
At 1 January 2025 and 30 June 2025	<u>13,585,339</u>	<u>271,707</u>	<u>–</u>	<u>–</u>	<u>271,707</u>
At 1 January 2024 and 30 June 2024	<u>13,585,339</u>	<u>271,707</u>	<u>–</u>	<u>–</u>	<u>271,707</u>

Share Option

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

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

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

During the six months ended 30 June 2025, no share options were granted, exercised, cancelled or lapsed, and there was no outstanding option under the New Share Option Scheme as at 30 June 2025 (2024: Nil).

Share award scheme

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

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

During the six months ended 30 June 2025, no (2024: nil) shares were granted to selected participants pursuant to the Share Award Scheme. During the six months ended 30 June 2025, no (2024: 15,000,000) share were forfeited because the vesting conditions had not been fulfilled. For the six months ended 30 June 2025, share-based compensation expense recognized in the condensed consolidated interim income statement for share awards was approximately HK\$31,000 (2024: reversal of share-based compensation expense of HK\$3,356,000).

The fair value of the awarded shares granted, if any, during the six months ended 30 June 2025 would be calculated based on the closing price of the Shares at the date of grant.

27. CONVERTIBLE BONDS

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

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

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

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

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

Conversion Price: HK\$0.1014 per Share, subject to adjustment for, among other things, capitalisation issue, sub-division, consolidation and reclassification of shares, issue of shares in lieu of the whole or any part of a specifically declared cash dividend, capital distributions, cash dividend, offers to shareholders, issue of new shares for convertible or exchangeable securities at discount, issue of new shares at discount, consideration issues and other dilutive events.

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

Conversion Shares: Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the initial Conversion Price of HK\$0.1014 per Share, the Convertible Bonds will be convertible into a total of 1,183,431,952 new shares of the Company.

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

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

Redemption at maturity: Unless previously redeemed or converted in full, the Company shall redeem all the Convertible Bonds held by a Holder on the Maturity Date by paying the Holder the Redemption Amount.

The movement of the Convertible Bonds as of 30 June 2025 and 2024 is set out as below:

	Liability component HK\$'000 (Unaudited)	Equity component HK\$'000 (Unaudited)	Total fair value HK\$'000 (Unaudited)
As at 1 January 2025	115,879	2,204	118,083
Effective interest charged (Note 6)	7,501	–	7,501
Interest paid/payable	(5,983)	–	(5,983)
As at 30 June 2025	<u>117,397</u>	<u>2,204</u>	<u>119,601</u>
As at 1 January 2024	–	–	–
Issuance of Convertible Bonds	113,553	2,204	115,757
Effective interest charged (Note 6)	4,096	–	4,096
Interest paid/payable	(3,238)	–	(3,238)
As at 30 June 2024	<u>114,411</u>	<u>2,204</u>	<u>116,615</u>

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

No conversion or redemption of the Convertible Bonds has occurred up to 30 June 2025 (31 December 2024: Nil).

28. RELATED PARTY BALANCES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Other borrowings (unsecured and non-interest bearing)		
– Mr. YUEN Hoi Po, an executive director of the Company	<u>2,426</u>	<u>1,404</u>

29. CONTINGENT LIABILITIES

As at 30 June 2025, there are no material contingent liabilities to the Group (31 December 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2025 (the “period”), the Group’s revenue was HK\$302,381,000 (same period in 2024: HK\$489,398,000), representing a decrease of 38% compared to the same period last year. Among which:

- “Echartnow”, the provider of digitized operation service in the healthcare industry, was the main source of revenue for the Group, recording revenue of HK\$241,084,000 during the period (same period in 2024: HK\$373,280,000), representing a decrease of 35% compared to the same period last year. Due to the frequent issuance of policies in relation to pharmaceutical industry during the period, pharmaceutical companies need to carry out internal restructuring, resulting in certain digitized marketing projects being suspended and delayed in the first half of the year, leading to shrinkage in revenue contributed by several of Echartnow’s major customers compared with the same period last year. Echartnow expects its business to gradually recover and regain growth in the second half of 2025.
- The revenue of “Meerkat Health”, a smart healthcare services platform, was HK\$61,068,000 (same period in 2024: HK\$116,118,000), representing a decrease of 47% compared to the same period last year. During the period, Meerkat Health took the initiative to reduce the scale of its business with low net profit margin, and concentrated its resources on developing high-growth potential tracks, with the goal of achieving operating profit as soon as possible rather than revenue/gross profit scale.
- In terms of “Media and Entertainment Business”, revenue during the period was HK\$229,000 (same period in 2024: nil). The main focus is on HB Entertainment, an associated company in which the Group holds a 30.77% stake. The TV series “Motel California” produced by HB Entertainment was broadcast during the period, resulting in a turnaround in the performance of the Media and Entertainment Business segment with segment profit of approximately HK\$965,000 (same period in 2024: segment loss of HK\$2,104,000).

Overall, although finance costs increased by 50% to HK\$10,283,000 (same period in 2024: HK\$6,866,000) as a result of the increase in interest on the issuance of convertible bonds, the loss for the period narrowed by 8% to approximately HK\$42,641,000 (same period in 2024: HK\$46,184,000), due to the segment loss of Echartnow and Meerkat Health being narrowed by 30% and 56%, respectively, to HK\$11,860,000 (same period in 2024: HK\$16,855,000) and HK\$2,024,000 (same period in 2024: HK\$4,583,000).

BUSINESS REVIEW AND PROSPECTS

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

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

Business Review

In the first half of 2025, the intensive promulgation of pharmaceutical industry policies such as “The Compliance Guidelines for Pharmaceutical Enterprises to Prevent Commercial Bribery Risks”, the Consultation Draft of “The Measures for the Administration of Medical Representatives”, and “The Notice on Further Improving the Credit Evaluation System for Pharmaceutical Prices and Procurement” marked that the pharmaceutical industry has entered the era of “comprehensive compliance”, which once again confirms that compliance is not a passive response but an active layout.

As one of the most valuable digitized operation service providers in the healthcare industry in the PRC, Echartnow has always been at the forefront of the industry. In the first half of 2025, based on standardized construction and making use of big data and artificial intelligence technology, Echartnow has built an industrial-level “digitized marketing compliance control platform” which could realize the whole process digital management and early risk warning of pharmaceutical marketing, ensuring the authenticity, compliance and value of marketing activities. At the same time, relying on AI and big data technology, it builds accurate customer portraits, empowers the formulation of personalized marketing plans, and dynamically evaluates marketing effects.

As of 30 June 2025, Echartnow’s customer coverage has continued to expand, and it has reached cooperation with 367 pharmaceutical companies, an increase of 11.9% from the end of 2024, including leading companies such as Yiling Pharmaceutical, Qilu Pharmaceutical, and CSPC Pharmaceutical Group, confirming the company’s leading position in the field of digitized operations in healthcare industry. The number of registered doctors on the platform increased by 12.9% from the end of 2024 to about 68,000. All doctors registered with their real names, uploaded qualification materials and passed the review, covering key departments such as pediatrics, oncology, and cardiovascular, providing accurate digitized marketing and academic promotion support for pharmaceutical companies.

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

- Supporting customer marketing decisions through market research and site visits;

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

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

As of 30 June 2025, the revenue of Echartnow was approximately HK\$241,084,000 (same period in 2024: HK\$373,280,000), representing a decrease of 35%. Gross profit margin was 33.1% (same period in 2024: 32.5%), which remained stable growth. In the first half of 2025, pharmaceutical industry policies were frequently issued, including “The Compliance Guidelines for Pharmaceutical Companies to Prevent Commercial Bribery Risks” and other strengthening of corporate compliance requirements, pharmaceutical companies accelerated the transformation of their marketing models which required internal restructuring, resulting in certain digitized marketing projects being suspended and delayed in the first half of the year, leading to shrinkage in revenue contributed by several of Echartnow’s major customers compared with the same period last year. However, in the long run, the policy clearly requires enterprises to establish a standardized and traceable digital operation system, which will provide continuous growth momentum for the business of Echartnow. With the deepening trend of comprehensive compliance and digital transformation in the pharmaceutical industry, Echartnow expects its business to gradually recover and regain growth in the second half of 2025. At the same time, in order to more steadily respond to the impact of the above-mentioned revenue volatility on Echartnow, while focusing on the core strategy of “leading digitized marketing services in the pharmaceutical industry”, and giving priority to the development and expansion of digitized marketing services, Echartnow carried out the group’s organizational restructuring and talent optimization in the first half of the year, further reducing long-term core fixed expenses without affecting sustainable innovation capabilities, sustainable development and corporate core competitiveness, laying the foundation for Echartnow’s goal of achieving operating profits.

Prospects

Echartnow will continue to implement the strategy of “investing high-quality resources in high-quality customers” to ensure that the core resources (technology, talents, services) are optimally matched with the most valuable and potential customer needs. In addition, Echartnow will continue to invest in R&D, strive to maintain Echartnow’s industry-leading products and technologies in the field of medical service digitized solutions, and ensure the cutting-edge and competitiveness of solutions through continuous iteration of AI and other core technologies. In the second half of the year, the business development of Echartnow will focus on “customer upgrading, service upgrading, capability upgrading, and industry leadership” as follows:

1. *Focus on customer service upgrading and AI capability deepening*
 - (1) Innovative business customer expansion: Focus on intelligent empowerment solutions for hospital customers, and actively promote the market implementation of innovative projects such as “intelligent department construction” and “intelligent medicine box patient management”.

- (2) Leap in core business capabilities: Invest heavily in AI technology upgrades for basic medical projects and existing digitized marketing projects. Key AI functions such as OCR intelligent recognition, automatic data checking, accurate face recognition, intelligent knowledge base construction and optimization will be significantly enhanced, so as to improve the efficiency and quality of project execution.
- (3) Breakthrough in strategic customers development: Make strategic customers development a top priority. Through provision of more integrated, higher-value solutions, we aim to significantly improve overall sales margins.

2. *Drive the comprehensive upgrade of services and long-term cooperation locking*

- (1) In-depth service for top customers: For the top 20 core customers in terms of scale of cooperation with Echartnow, the “full product line service access” strategy is implemented. This means that Echartnow will open up all the best product and service resources to these key customers, providing deeper and more comprehensive integrated solutions.
- (2) Strategic expansion in the field of innovative drugs: Continue to deepen the field of innovative drugs, further consolidating Echartnow’s leading position in this high-potential market segment.

Through the solid implementation of the above strategic measures, Echartnow is committed to consolidating and strengthening its leading position in the field of digitized services in the healthcare industry. The ultimate goal is to serve the healthcare industry more professionally and efficiently, especially the booming biomedical and innovative drug enterprises, and become an indispensable core partner in their digital transformation process.

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

Business Review

Since 2024, Meerkat Health has carried out strategic upgrades, continued to optimize its business and simplify its organizational structure, and fully focused on the health consumption business, especially in the pharmaceutical wholesale and healthcare retail business segments. By building an in-depth collaborative ecosystem of core suppliers, we have fully launched the global digital infrastructure of Alibaba and JD.com, empowered partners to break through offline growth bottlenecks, actively improve product quality and reduce operating costs, and aim to continuously improve business level and market competitiveness.

The health consumption business is the core business and the majority of the revenue source of Meerkat Health. Revenue of Meerkat Health during the period was HK\$61,068,000 (same period in 2024: HK\$116,118,000), being a decrease of 47% period-on-period. This change stems from the company’s initiative to reduce the scale of its business with low net profit and concentrate its resources on developing high-growth potential. It is worth noting that the segment loss narrowed significantly by 56% period-on-period to HK\$2,024,000 during the period (same period in 2024: HK\$4,583,000), verifying that the business restructuring and structural optimization have significantly improved operational efficiency and laid the foundation for achieving operating profit as soon as possible in the future.

Prospects

Meerkat Health, which has gradually improved its strategic structure and upgrade, is entering a new cycle of high-quality development. In the future, we will concentrate resources to develop high-growth potential tracks, deepen the cost-to-value ratio advantage, and continue to control costs and expenses; so as to achieve sustainable value creation by aiming operating profit as soon as possible rather than revenue scale.

(3) Entertainment and Media

Business Review

HB Entertainment, in which the Group holds a 30.77% equity stake, primarily involved in production and investment in film and television drama projects and provision of artist management and agency services in Korea. HB Entertainment has produced a number of well-received and well-rated TV dramas, including “Sky Castle”, “Partners for Justice” series, “My Love from the Star”. During the period, “Motel California”, a TV drama produced by HB Entertainment, was premiered in January 2025 on Korean MBC TV channel. It was written by Lee Seo-yun, renowned for “365: One Year Against Destiny”. The drama starred renowned actress Lee Se-young from “The Red Sleeve”. According to Nielsen data, the nationwide average viewership rating in Korea was 4.3%, with the highest nationwide viewership reaching 6.0%.

During the period, the Entertainment and Media business recorded revenue of HK\$229,000 (same period in 2024: nil). As a result of the above-mentioned TV dramas produced by HB Entertainment being broadcast during the period, the Entertainment and Media segment has turned around to a segment profit of HK\$965,000 (same period in 2024: segment loss of HK\$2,104,000).

Prospects

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

FINANCIAL REVIEW

The Group is organized into the following main operating segments:

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

The key financial figures of the Group for the six months ended 30 June 2025 are summarized as follows:

	Six months ended 30 June		
	2025	2024	Change
	HK\$'000	HK\$'000	%
Revenue:			
– Digitized operation services in healthcare industry	241,084	373,280	–35%
– Smart healthcare services platform	61,068	116,118	–47%
– Entertainment and media	229	–	N/A
	<u>302,381</u>	<u>489,398</u>	–38%
Gross profit:			
– Digitized operation services in healthcare industry	79,775	121,240	–34%
– Smart healthcare services platform	338	11,958	–97%
– Entertainment and media	33	–	N/A
	<u>80,146</u>	<u>133,198</u>	–40%
Segment result:			
– Digitized operation services in healthcare industry	(11,860)	(16,855)	loss –30%
– Smart healthcare services platform	(2,024)	(4,583)	loss –56%
– Entertainment and media	965	(2,104)	N/A
	<u>(12,919)</u>	<u>(23,542)</u>	loss –45%
Loss for the period	<u>(42,641)</u>	<u>(46,184)</u>	loss –8%
Loss for the period attributable to equity owners of the Company	<u>(34,972)</u>	<u>(41,016)</u>	loss –15%
Non-HKFRS Adjustments:			
Adjusted loss for the period	<u>(41,200)</u>	<u>(52,314)</u>	loss –21%

— Revenue

Revenue for the six months ended 30 June 2025 amounted to approximately HK\$302,381,000 (2024: HK\$489,398,000), being a 38% decrease comparing to the same period in prior year. The decrease in revenue during the period was mainly due to the following factors:

- (1) During the period, revenue from “Digitized operation services in healthcare industry” segment (i.e., Echartnow) decreased by 35% to approximately HK\$241,084,000 (2024: HK\$373,280,000), which accounted for approximately 80% (2024: 76%) of the Group’s revenue. In the first half of 2025, pharmaceutical industry policies were frequently issued, including “The Compliance Guidelines for Pharmaceutical Companies to Prevent Commercial Bribery Risks” and other strengthening of corporate compliance requirements, pharmaceutical companies accelerated the transformation of their marketing models which required internal restructuring, resulting in certain digitized marketing projects being suspended and delayed in the first half of the year, leading to shrinkage in revenue contributed by several of Echartnow’s major customers compared with the same period last year. However, in the long run, the policy clearly requires

enterprises to establish a standardized and traceable digital operation system, which will provide continuous growth momentum for the business of Echartnow. With the deepening trend of comprehensive compliance and digital transformation in the pharmaceutical industry, Echartnow expects its business to gradually recover and regain growth in the second half of 2025.

- (2) During the period, revenue from the “Smart Healthcare Services Platform” segment (i.e., Meerkat Health) decreased by 47% to approximately HK\$61,068,000 (2024: HK\$116,118,000), which accounted for approximately 20% (2024: 24%) of the Group’s revenue. During the period, Meerkat Health took the initiative to reduce the scale of its business with low net profit margin, and concentrated its resources on developing high-growth potential tracks, with the goal of achieving operating profit as soon as possible rather than revenue/gross profit scale.

— **Cost of Sales and Gross Profit**

Cost of sales for the six months ended 30 June 2025 amounted to approximately HK\$222,235,000 (2024: HK\$356,200,000), being a 38% decrease comparing to the same period in prior year. Gross profit for the six months ended 30 June 2025 amounted to approximately HK\$80,146,000 (2024: HK\$133,198,000), being a 40% decrease comparing to the same period in prior year. The fluctuation in cost of sales period-on-period was in line with the changes in revenue as explained above.

— **Other Income and Other Losses, net**

Other income and other losses, net, for the six months ended 30 June 2025 amounting to a net income of approximately HK\$1,891,000 (2024: net income of HK\$8,814,000) mainly comprised of exchange gain arising from revaluation of foreign currencies against Hong Kong dollars of approximately HK\$1,129,000 (2024: exchange loss of HK\$310,000) during the period. For the six months ended 30 June 2024, there were also one-off items including: i) gain on financial liabilities at fair value through profit or loss of approximately HK\$4,243,000 generated from the issuance of convertible bonds during the period; and ii) gain on disposal of property, plant and equipment of approximately HK\$3,517,000 mainly generated from the disposal of a small commercial premise in Beijing during the period.

— **Marketing and Selling Expenses**

Marketing and selling expenses for the six months ended 30 June 2025 decreased by 43% to approximately HK\$75,866,000 (2024: HK\$133,808,000). The amount mainly comprised staff costs and marketing expenses incurred for the promotion of the Echartnow platform and other relevant expenses incurred for enhancing the registration of doctors and pharmacies on the Echartnow platform. As discussed above, affected by the shrinkage of revenue and gross profit in the first half of 2025, Echartnow has temporarily slowed down the investment in such marketing and selling expenses during the period.

— **Research and Development Expenses**

Research and development expenses for the six months ended 30 June 2025 has remained stable at approximately HK\$7,798,000 (2024: HK\$7,720,000). The amount mainly comprised staff costs and employee benefit expenses in relation to research and development function in Echartnow. As previously mentioned, Echartnow has carried out organizational restructuring and talent optimization in the first half of the year, further reducing long-term core fixed expenses without affecting sustainable innovation capabilities, sustainable development and corporate core competitiveness. The financial benefit of such optimization is expected to be realized in the second half of the year.

— Administrative Expenses

Administrative expenses for the six months ended 30 June 2025 amounted to approximately HK\$31,467,000 (2024: HK\$37,914,000), being a 17% decrease comparing to the prior period. The decrease in administrative expenses during the period was in line with the Group's continuing efforts to cost control and efficiency enhancement by making use of new technology and AI tools. In addition, one-off legal and professional fees were incurred for the issuance of convertible bonds and recruitment of new chief executive officer during the six months ended 30 June 2024.

— Finance Costs, net

Finance costs, net for the period amounted to approximately HK\$10,283,000 (2024: HK\$6,866,000) being a 50% increase comparing to the prior period. The increase in net finance costs during the period was mainly attributable to the increase in interest expense on the convertible bonds. Interest expense on convertible bonds for a six-month period were accrued during the period, while only three months' interest were accrued during the prior period as the convertible bonds were issued by the end of March 2024.

— Share of Results of an Associate

Share of results of an associate, representing the share of results of HB Entertainment (the Group's 31%-owned associated company which is principally engaged in production of and investment in movies and TV drama series, provision of artist management and agency services in Korea), amounted to a profit of approximately HK\$736,000 (2024: a loss of approximately HK\$2,104,000). There was one new TV drama, "Motel California", produced by HB Entertainment broadcasted in January 2025, while there was no new TV drama release during the first half of 2024, leading to the turnaround in results.

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

The Group's loss for the six months ended 30 June 2025 amounted to HK\$42,641,000 comparing to that of HK\$46,184,000 for the preceding financial period. The Group's adjusted loss for the six months ended 30 June 2025 amounted to HK\$41,200,000 representing a decrease of HK\$11,114,000 or 21% as compared with that of HK\$52,314,000 for the preceding financial period. Adjusted loss is based on the loss for the corresponding period after excluding non-operating profit or loss items such as share-based compensation expenses, change in fair value of financial assets/interest in an associate at fair value through profit or loss, loss on modification of financial assets, notional interest on long-term financial liabilities, fair value change on investment properties and fair value change of financial liabilities at fair value through profit or loss. As explained above, the decrease in adjusted loss was mainly attributable to reduction of segment losses of Echartnow and Meerkat Health operations.

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

The adjusted loss from continuing operations for the six months ended 30 June 2025 and 2024 set out in the table below represents adjustments to the most direct and comparable financial indicator calculated and presented in accordance with HKFRSs (i.e. loss for the period):

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Loss for the period	(42,641)	(46,184)
Add:		
– Expenses/(reversal) of shared-based compensation	31	(3,356)
– Fair value change on financial assets at fair value through profit or loss, net of tax	(195)	106
– Fair value change on interest in an associate measured at fair value through profit or loss, net of tax	(191)	120
– Fair value change on investment properties	(164)	–
– Notional interest on long-term financial liabilities	1,960	1,243
– Gain on financial liabilities at fair value through profit or loss	–	(4,243)
Adjusted loss for the period	<u>(41,200)</u>	<u>(52,314)</u>

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Treasury Management

We have adopted prudent treasury management measures aimed at principal protection and maintaining sufficient liquidity to meet our various funding requirements in accordance with the strategic plans and policies. As at 30 June 2025, the Group held cash and cash equivalents of approximately HK\$17,302,000 (31 December 2024: HK\$34,450,000), being a 50% decrease compared to the balance as at 31 December 2024.

The Group is at net current liability position of HK\$145,122,000 as at 30 June 2025 (31 December 2024: net current asset position of HK\$2,804,000). The current ratio, representing the total current assets to the total current liabilities, decreased from 1.02 as at 31 December 2024 to 0.61 as at 30 June 2025. The maturity date of the HK\$120 million convertible bonds as detailed in Note 27 to the condensed consolidated interim financial information is by March 2026, thus such convertible bonds were reclassified as current liability as of 30 June 2025. The holder of such convertible bonds has agreed to further extend the maturity date of the convertible bonds to a date no later than 30 April 2027 upon request by the Company.

The gearing ratio, representing the net debt (total borrowings, convertible bonds and lease liabilities less cash and cash equivalents and deposits paid for securing other borrowings) to total equity, is 4.9 times as at 31 December 2024. As the equity balance as at 30 June 2025 was a negative balance, the calculation of such gearing ratio is not applicable. Long-term financial liabilities, representing capital contributions from an investor of a subsidiary which may need to be repurchased by that subsidiary under certain circumstances in the future, have not been included in the calculation of the gearing ratio. The Group's convertible bonds and total bank and other borrowings as at 30 June 2025 amounted to approximately HK\$117,397,000 (31 December 2024: HK\$115,879,000) and HK\$88,176,000 (31 December 2024: HK\$75,051,000), respectively, and were denominated in Hong Kong Dollars and Chinese Renminbi respectively.

Should the convertible bonds be fully converted as of 30 June 2025, the pro forma net debt, total equity and gearing ratio as at 30 June 2025 would be HK\$30,375,000, HK\$98,000,000 and 30.99% respectively.

Foreign Currency Exchange Exposure

The Group has operations and investments in the PRC, Korea and Hong Kong, and is mainly exposed to foreign exchange risk arising from Chinese Renminbi and Korean Won currency exposures, primarily with respect to the Hong Kong dollars. During the period, fluctuation in Chinese Renminbi and Korean Won against Hong Kong dollars resulted in the net exchange gain of approximately HK\$1,129,000 (2024: net exchange loss of approximately HK\$310,000). The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure from Chinese Renminbi and Korean Won but manages through constant monitoring to limit as much as possible its net exposures.

Capital Structure

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

During the six months ended 30 June 2025 and 30 June 2024, the Company has not issued new ordinary shares.

Convertible bonds as at 30 June 2025 amounted to approximately HK\$117,397,000 (31 December 2024: HK\$115,879,000). Further details of the convertible bonds are set out in Note 27 to the condensed consolidated interim financial information.

Total bank and other borrowings as at 30 June 2025 amounted to approximately HK\$88,176,000 (31 December 2024: HK\$75,051,000). Further details of the bank and other borrowings are set out in Note 23 to the condensed consolidated interim financial information.

CHARGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2025 and 31 December 2024, save as those disclosed in Note 23 and Note 27 to the condensed consolidated interim financial information, none of the Group's assets was charged and the Group did not have any material contingent liabilities or guarantees.

HUMAN RESOURCES

As at 30 June 2025, the Group employed a total of 175 (31 December 2024: 221) full-time employees in Hong Kong and the PRC.

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

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

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2025 and 2024.

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

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

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high standards of corporate governance and adhering to the governance principles and practices. The Board or its delegated Board committees has regularly reviewed and monitored its implementation and effectiveness. Throughout the six months ended 30 June 2025, the Company has applied the principles and complied with the code provisions in Part 2 of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted a code of conduct regarding securities transactions by Directors (the “Code of Conduct”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

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

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee, comprises three Independent Non-executive Directors, namely Mr. YUEN Kin (chairman), Mr. CHU Yuguo and Ms. PAN Min, has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2025 together with the management of the Company. The Audit Committee is satisfied with the review.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

APPRECIATION

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

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

Hong Kong, 28 August 2025

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

Mr. ZHAO John Huan² (Chairman), Mr. CHENG Wu¹ (CEO), Mr. YUEN Hoi Po¹ (President), Mr. YUEN Kin³, Mr. CHU Yuguo³, Ms. WANG Song Song³ and Ms. PAN Min³

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