THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Hony Media Group, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s), or to the licensed securities dealer, registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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弘毅文化集团

HONY MEDIA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

CONNECTED TRANSACTION
PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS
AND
NOTICE OF THE EGM

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders

AKRON

Akron Corporate Finance Limited
亚贝隆资本有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 24 of this circular.

A notice convening the EGM of Hony Media Group to be held at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 18 March 2026, at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed. If you do not intend to attend the EGM in person, please complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

27 February 2026

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In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

"Affiliate"	with respect to any person, any other person directly or indirectly controlling, controlled by, or under common control with such person
"associate(s)"	has the meaning as ascribed to it under the Listing Rules
"Board"	the board of Directors
"Bondholder"	United Strength LS Limited, a company incorporated in the British Virgin Islands with limited liability, being holder of the Convertible Bonds
"Chargors"	Maximum Gains, Robust Ocean, Tenghai Boye
"Company"	Hony Media Group, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Conversion Price"	the price at which Conversion Shares will be issued upon conversion of the Convertible Bonds
"Conversion Share(s)"	the Share(s) to be issued by the Company pursuant to the exercise of the conversion rights attaching to the Convertible Bonds
"Convertible Bonds" or "Tranche B Bonds"	the outstanding second tranche of the Total Convertible Bonds in the aggregate principal amount of HK$60,000,000 issued by the Company to the Bondholder on 26 March 2024
"Deed of Undertakings"	an irrevocable power of attorney and deed of undertakings given by the Guarantor and Smart Concept in favour of the Bondholder upon completion of issue of the Tranche A Bonds
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Extension and the Specific Mandate
"Entrusted Shares"	239,734,010 Shares owned by the Guarantor and Smart Concept
"Event(s) of Default"	has the meaning ascribed to it under the terms and conditions of the Convertible Bonds

"Extended CB Maturity Date"	21 April 2028
"Extension"	the proposed extension of the maturity date of the Convertible Bonds from 21 March 2026 to 21 April 2028
"Extension Deed"	the deed of amendment entered into between the Company and the Bondholder on 22 January 2026 to extend the maturity date of the Convertible Bonds
"Group"	the Company and its subsidiaries
"Guarantor" or "Mr. YUEN"	Mr. YUEN Hoi Po, a substantial shareholder and an executive Director of the Company
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hony Capital"	Hony Capital Group, L.P., being an exempted limited partnership formed under the laws of the Cayman Islands
"Hony HK"	Hony HK Co-Investment, L.P., being a limited partnership formed under the laws of the British Virgin Islands
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee, comprising all the independent non-executive Directors, namely Mr. YUEN Kin, Ms. WANG Song Song and Ms. PAN Min, which has been established to make recommendations to the Independent Shareholders in respect of the resolution(s) regarding the Extension and the Specific Mandate
"Independent Financial Adviser"	Akron Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Extension and the Specific Mandate
"Independent Shareholders"	Shareholder(s) other than the Bondholder and Mr. YUEN, if any, any other Shareholder with a material interest in the Extension and the Specific Mandate who is required to abstain from voting at the EGM for considering and approving the Extension and the Specific Mandate pursuant to the Listing Rules
"Latest Practicable Date"	16 February 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 April 2026 or such later date as may be agreed in writing between the parties to the Extension Deed
"Maximum Gains"	Maximum Gains Ventures Limited, a company incorporated in the Cayman Islands with limited liability, and a direct wholly-owned subsidiary of the Company
"Mr. ZHAO"	Mr. ZHAO John Huan, the chairman of the Board and a non-executive Director
"Obligors"	the Company, the Guarantor, the Chargors, Smart Concept, and each party to a Transaction Document other than the Bondholder
"PRC"	the People's Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Robust Ocean"	Robust Ocean Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
"Secured Obligations"	all present and future liabilities and obligations at any time due, owing or incurred by the Company and/or other Obligors to the Bondholder or the holder(s) of the Convertible Bonds under the Transaction Documents from time to time
"SFO"	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of par value of HK0.20 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Smart Concept"	Smart Concept Enterprise Limited, a company incorporated in the British Virgin Island with limited liability, which is wholly-owned by the Guarantor
"Specific Mandate"	the specific mandate to be sought by the Company at the EGM for the allotment and issuance of the Conversion Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Subscription Agreement"	the subscription agreement dated 7 March 2024 between the Company, the Bondholder, the Guarantor and the Chargors for the issue of the Total Convertible Bonds by the Company to the Bondholder
"Suzhou Yizhinuo"	醫智諾科技(蘇州)有限公司(Yizhinuo Information Technology (Suzhou) Co., Ltd.*), a company established in the PRC with limited liability, and an indirect non wholly-owned subsidiary of the Company
"Tenghai Boye"	張家港騰海博業健康科技有限公司(Zhangjiagang Tenghai Boye Health Technology Co., Ltd.*), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
"Total Convertible Bonds"	the convertible bonds in the aggregate principal amount of HK$120,000,000, which are convertible into Shares, divided into the Tranche A Bonds and the Tranche B Bonds issued by the Company to the Bondholder pursuant to the Subscription Agreement
"Tranche A Bonds"	the first tranche of the Total Convertible Bonds in the aggregate principal amount of HK$60,000,000 issued by the Company to the Bondholder on 21 March 2024, and being converted by the Bondholder into new Shares on 28 November 2025
"Transaction Documents"	the Subscription Agreement, the bond instrument and the certificate (including the terms and conditions attached thereto) for the Convertible Bonds, the guarantee and the securities mentioned in the paragraph headed "Guarantee and Security" in this circular, the Deed of Undertakings and any other documents relating to the transactions contemplated therein which may be entered into from time to time
"%"	per cent.



弘毅文化集团
HONY MEDIA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

Directors:
Mr. ZHAO John Huan[2] *(Chairman)*
Mr. CHENG Wu[1] *(Chief Executive Officer)*
Mr. YUEN Hoi Po[1] *(President)*
Mr. YUEN Kin[3]
Ms. WANG Song Song[3]
Ms. PAN Min[3]

[1] *Executive Director*
[2] *Non-executive Director*
[3] *Independent Non-executive Director*

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Principal place of business in Hong Kong:
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Far East Finance Centre
No. 16 Harcourt Road
Hong Kong

27 February 2026

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION
PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS
AND
NOTICE OF THE EGM

INTRODUCTION

Reference is made to the announcements of the Company dated 7 March 2024, 21 March 2024, 26 March 2024, 17 November 2025, 28 November 2025 and 9 December 2025 of the Company in relation to, among others, (i) the entering into of the Subscription Agreement between the Company, the Guarantor, the Chargors and the Bondholder in relation to the subscription of the Total Convertible Bonds; (ii) completion of issue of the Tranche A Bonds and the Convertible Bonds by the Company to the Bondholder on 21 March 2024 and 26 March 2024, respectively; (iii) the conversion of the Tranche A Bonds on 28 November 2025; and (iv) the adjustments to the Conversion Price.

Reference is also made to the announcement of the Company dated 22 January 2026 in relation to the entering into of the Extension Deed between the Company and the Bondholder to extend the maturity date of the outstanding Convertible Bonds in the principal amount of HK$60,000,000 by 25 months from 21 March 2026 to 21 April 2028 (i.e. the Extended CB Maturity Date). Save for the Extension and the adjustments on the Conversion Price as set out in the announcements of the Company dated 17 November 2025 and 9 December 2025, all other terms and conditions of the Convertible Bonds remain unchanged.

This circular provides you with, among other things, (i) further information on the Extension and the Specific Mandate; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Extension and the Specific Mandate; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Extension and the Specific Mandate; and (iv) other information as required under the Listing Rules.

EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BOND

On 22 January 2026, in accordance with the terms and conditions of the Convertible Bonds, the Company and the Bondholder entered into the Extension Deed to extend the maturity date of the outstanding Convertible Bonds in the principal amount of HK$60,000,000 by 25 months from 21 March 2026 to 21 April 2028 (i.e. the Extended CB Maturity Date). Save for the Extension and the adjustments on the Conversion Price as set out in the announcements of the Company dated 17 November 2025 and 9 December 2025, all other terms and conditions of the Convertible Bonds remain unchanged.

In addition, the Company and the Bondholder agreed that the repayment date of any accrued interest of the Convertible Bonds shall also be extended to the Extended CB Maturity Date.

Conditions precedent

The Extension Deed will only become effective upon fulfilment of the following conditions:

(a) the passing of ordinary resolution(s) to approve the Extension and the Specific Mandate by the Independent Shareholders at the EGM;

(b) the Stock Exchange having granted its approval to the Company for the Extension in accordance with Rule 28.05 of the Listing Rules; and

(c) the Stock Exchange granting its approval for the listing of, and permission to deal in, the Conversion Shares (the "**Listing Approval**").

None of the aforesaid conditions can be waived. Application(s) have been made by the Company to the Stock Exchange for the approval and permission of conditions (b) and (c) above.

If any of the aforesaid conditions is not fulfilled by the Long Stop Date, the Extension Deed shall terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Extension Deed.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds after the Extension Deed has become effective are summarized below:

Issuer	:	the Company
Outstanding principal amount	:	HK$60,000,000
Interest	:	10% per annum, payable on the Extended CB Maturity Date together with any accrued interest of the Convertible Bonds. The accrued interest of the Convertible Bonds payable as at 31 January 2026 amounted to approximately HK$11.97 million.
Maturity	:	21 April 2028 (i.e. the Extended CB Maturity Date)
Conversion rights	:	At any time after the issue date and up to and inclusive of (i) the Extended CB Maturity Date; or (ii) such later period as may be permitted by the Listing Rules if and so long as an Event of Default as specified in the terms and conditions of the Convertible Bond has occurred and is continuing, the Bondholder 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 determined by dividing the outstanding principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the relevant conversion date.
Conversion Price	:	The Conversion Price of the Convertible Bonds shall be HK$1.003 per Conversion Share, subject to adjustments as set out below and in accordance with the terms and conditions of the Convertible Bonds, and represents: (i) a premium of approximately 208.62% over the closing price of HK$0.325 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; (ii) a premium of approximately 160.52% over the closing price of HK$0.385 per Share as quoted on the Stock Exchange as at the date of the Extension Deed; (iii) a premium of approximately 163.25% over the average closing price of approximately HK$0.381 per Share as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the date of the Extension Deed;

(iv) a premium of approximately 165.34% over the average closing price of approximately HK$0.378 per Share as quoted on the Stock Exchange in the ten (10) consecutive trading days immediately prior to the date of the Extension Deed; and

(v) a premium of approximately HK$0.976 over the net asset value (being total assets less total liabilities and non-controlling interests) of approximately HK$0.027 per Share based on the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK$40,109,000 as at 30 June 2025 and 1,482,154,399 Shares in issue as at the Latest Practicable Date.

Adjustment to Conversion Price

The Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon occurrence of the following events:

1. Capitalisation issue, sub-division, consolidation and reclassification of Shares

(a) If and whenever there shall be an alteration to the number of Shares in issue by reason of any consolidation or sub-division or reclassification (e.g. reclassifying the existing Shares into different classes of shares of the Company), the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall be effective on the date the alteration takes effect.

(b) If and whenever the Company shall issue (other than Scrip Dividend as defined in below) any Shares credited as fully paid by way of capitalisation of profits or reserves (including Shares paid up out of distributable profits or any share premium account or capital redemption reserve fund) and which would not have constituted a capital distribution (which means any distribution other than cash dividend, including (i) any dividend or distribution of assets in specie, whether of assets or other property, whenever paid or made and however described (and for these purposes, distribution of assets in specie includes without limitation, an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalisation of reserves; and/or (ii) distribution of any kind charged or provided for or to be provided for in the accounts of by the Company for any financial period (whenever paid or made and however described), including, without limitation, a purchase or redemption of Shares by or on behalf of the Company (or a purchase of Shares by or on behalf of a subsidiary of the Company)) (the ''**Capital Distribution**''), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{D}$$

where:

C is the aggregate number of the issued Shares immediately before such issue; and

D is the aggregate number of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

2. Scrip Dividend

If the Company shall issue any Shares (the "**Scrip Dividend**") in lieu of the whole or any part of a specifically declared cash dividend (the "**Relevant Cash Dividend**"), and the current market price of such Shares on the date of announcement of the terms of such issue of Shares multiplied by the number of such Shares issued exceeds the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, then the Conversion Price in effect immediately before the issue of such Shares shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N + B}{N + A}$$

where:

NCP = the new Conversion Price after such adjustment.

OCP = the old Conversion Price before such adjustment.

N = the aggregate number of the issued Shares immediately preceding the issue of shares by way of Scrip Dividend.

A = the aggregate number of Shares issued by way of Scrip Dividend.

B = the aggregate number of Shares issued by way of Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend; and (ii) the denominator is the current market price of all the Shares issued by way of Scrip Dividend in lieu of the whole, or the relevant part, of the Relevant Cash Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

3. Capital Distribution

If the Company shall pay or make to its Shareholders any Capital Distribution other than by way of Scrip Dividend, then the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{CMP - fmv}{CMP}$$

where:

NCP = the new Conversion Price after such adjustment.

OCP = the old Conversion Price before such adjustment.

CMP = the current market price per Share on the date on which the relevant Capital Distribution is first publicly announced.

fmv = the portion of the fair market value attributable to one Share, with such portion being determined by dividing the fair market value of the aggregate Capital Distribution by the number of Shares entitled to receive the relevant Distribution of the Capital Distribution.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date.

4. Cash Dividend

If and whenever the Company shall pay or declare any Cash Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Cash Dividend by the following fraction:

$$\frac{A - B}{A}$$

where:

A = the current market price of one Share on the date for the determination of Shareholders entitled to receive such Cash Dividend; and

B = the amount of Cash Dividend attributable to one Share.

Such adjustment shall become effective on the date on which such Cash Dividend is actually made or if a record date is fixed therefor, immediately after such record date.

5. Offer to holders of Shares

If and whenever the Company shall offer to all or substantially all holders of Shares new Shares for subscription by way of rights, or shall issue or grant to all or substantially all holders of Shares any options or warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price less than the current market price of such new Shares on the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A = the number of Shares in issue immediately before such announcement;

B = the number of Shares which the aggregate amount (if any) receivable by the Company for the Shares issued by way of rights, or for the options or warrants and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such current market price per Share; and

C = the aggregate number of Shares offered for subscription or, as the case may be, comprised in the said options or warrants or other rights.

Such adjustment shall be effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex options or ex-warrants, as the case may be.

6. Issue of securities convertible or exchangeable in Shares at discount

(a) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares (the "**Convertible Securities**") (except for the issuance of the series of the Convertible Bonds), and the total effective consideration per Share initially receivable for such Convertible Securities is less than the current market price per Share on the date of the announcement of the terms of issue of such Convertible Securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which: (i) the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the total effective consideration receivable for the Convertible Securities issued would purchase at such current market price per Share; and (ii) the denominator is the number of Shares in issue immediately before the date of the issue plus the maximum number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such Convertible Securities at the initial conversion or exchange rate or subscription price.

Such adjustment shall become effective on the date of issue of such Convertible Securities.

(b) If and whenever the rights of conversion or exchange or subscription attached to any such Convertible Securities are modified so that the total effective consideration per Share initially receivable for such securities shall be less than the current market price per Share on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which: (i) the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total effective consideration receivable for the Convertible Securities issued at the modified conversion or exchange price would purchase at such current market price per Share; and (ii) the denominator is the number of Shares in issue immediately before such date of modification plus the maximum number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such Convertible Securities at the modified conversion or exchange rate or subscription price.

Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to an adjustment of the Conversion Price provided that corresponding adjustment has already been made to the Conversion Price in respect of such an event.

7. Issue of new Shares at discount

If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than the current market price per Share on the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which: (i) the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at such current market price; and (ii) the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective on the date of the issue.

8. Consideration issue

If and whenever the Company shall issue Shares for the acquisition of asset at a total Effective Consideration per Share which is less than the current market price on the date of the announcement of the terms of such issue, or if and whenever the Company shall, for the acquisition of asset, issue any Convertible Securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company on conversion, exchange or subscription at a consideration per Share which is less than the current market price on the last trading day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted in such manner as set out in "6. Issue of securities convertible or exchangeable in Shares at discount" and "7. Issue of new Shares at discount" above, as the case may be, and be certified by an independent valuer, if needed.

Such adjustment shall become effective on the date of issue. For this purpose, ''total Effective Consideration'' shall be the aggregate consideration credited as being paid for such Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the ''total Effective Consideration per Share'' shall be the total Effective Consideration divided by the number of Shares issued as aforesaid.

Conversion Shares	:	Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK$1.003 per Share, the Convertible Bonds will be convertible into a total of 59,820,538 new Shares (representing approximately 4.04% of the issued share capital of the Company as at the Latest Practicable Date, and approximately 3.88% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming no change in the issued share capital of the Company since the date of the Extension Deed up to the date of the full conversion of the Convertible Bonds)). The aggregate nominal value of the Conversion Shares (with a par value of HK$0.20 each) will be HK$11,964,107.60. The allotment and issue of the Conversion Shares are subject to the Specific Mandate to be sought at the EGM.
Redemption at option of the Company	:	The Company shall have the right, by giving not less than 30 days' prior written notice to the Bondholder, 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.
Redemption at maturity	:	Unless previously redeemed or converted, the outstanding Convertible Bond will only be redeemed by the Company on the Extended CB Maturity Date at an amount equal to its principal amount plus accrued interest and all other amounts accrued or outstanding under the Convertible Bond which remain unpaid on the Extended CB Maturity Date.
Transferability	:	The outstanding principal amount of Convertible Bonds may not be freely assigned or transferred without the prior consent of the Company (which consent shall not be unreasonably withheld) subject to the compliance with (i) the terms and conditions of the Convertible Bonds; (ii) the Listing Rules; (iii) the Listing Approval; and (iv) all applicable laws and regulations, save and except that subject to the compliance with (i) the terms and conditions of the Convertible Bonds; (ii) the Listing Rules; (iii) the Listing Approval; and (iv) all applicable laws and regulations, the Convertible Bonds may be transferred, without the consent of the Company, to any Affiliate of a holder of the Convertible Bonds; and notwithstanding anything to the contrary in the terms and conditions of the Convertible Bonds, upon occurrence of any Event of Default, the Convertible Bonds may be freely transferred, without the consent of the Company, to any other person; in each case, in whole or in part or in the entire outstanding principal amount of such Convertible Bonds.

Listing	:	No application will be made for the listing of the Convertible Bonds. An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds.
Ranking of Conversion Shares	:	The Conversion Shares shall rank *pari passu* with the Shares already in issue on the day when the Conversion Shares are issued.
Events of default	:	The Convertible Bonds customarily contain events of default provisions which provide that on the occurrence of certain specified events of default (including default in payment of principal or interests under the Convertible Bonds, cross-default in respect of other debt obligations of the Company, the Shares ceasing to be listed on the Stock Exchange or the listing approval in respect of the Conversion Shares having been revoked or cancelled, any breach of the Transaction Documents by any Obligors, the Guarantor ceasing to directly or indirectly hold not less than 239,734,010 Shares in aggregate without the prior written consent of the Bondholder, or any change in control in respect of the Company), the holders of the Convertible Bonds may demand immediate repayment of the Convertible Bonds for the time being outstanding at their outstanding principal amount together with accrued but unpaid interest to the date of payment.
Voting	:	The Convertible Bonds shall not confer on the Bondholder(s) the right to attend or vote at any general meetings of the Company by reason only of it being a holder of the Convertible Bonds.

Guarantee and Security

Upon completion of issue of the Tranche A Bonds, the Guarantor and the Bondholder entered into a guarantee, pursuant to which the Guarantor guaranteed in favour of the Bondholder the due performance by the Company of all its obligations under the Convertible Bonds. Under the Listing Rules, the Guarantor (being a substantial shareholder and a director of the Company) is a connected person of the Company. The granting of the guarantee in favour of the Bondholder constitutes a financial assistance given by the Guarantor for the benefit of the Company under the Listing Rules. Therefore, the financial assistance constitutes a connected transaction for the Company under the Listing Rules. As the Company is not required to pay any fee nor provide any security to the Guarantor for the aforesaid guarantee, the financial assistance is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

In addition, upon completion of issue of the Tranche A Bonds, the Company and some of its subsidiaries provided certain pledges in favour of the Bondholder 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 Bondholder, (ii) a share pledge as to 100% equity interest in Tenghai Boye entered into between the Bondholder, Robust Ocean and Tenghai Boye, (iii) a share pledge as to 46.1807% equity interest in Suzhou Yizhinuo entered into between the Bondholder, 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 Bondholder and the Company, (v) a charge over the bank account of Robust Ocean entered into between the Bondholder and Robust Ocean; and (vi) a charge over the bank account of Tenghai Boye entered into between the Bondholder and Tenghai Boye (collectively, the "**CB Pledged Assets**"). The aggregate book value of the CB Pledged Assets amounted to approximately HK$182.81 million as at 31 December 2025.

Although the outstanding principal amount of the Total Convertible Bonds has been reduced from HK$120 million to HK$60 million following the conversion of the Tranche A Bonds by the Bondholder in November 2025, the Company considers that the same level of guarantee and security provided under the Extension Deed remains reasonable, after taking into account (i) despite the Company's efforts to negotiate with the Bondholder for the release of and/or reduction in the existing collateral pledged for the Convertible Bonds, it was the intention of the parties to the Transaction Documents at the outset that the relevant guarantee and security, which were established for the original Total Convertible Bonds of HK$120 million, should secure all obligations under the Transaction Documents on a continuing basis. In addition, the Bondholder has expressly required that the principal terms of the Transaction Documents (save for the extension of the original maturity date) remain unchanged; (ii) no additional guarantee or security will be granted by the Group, and no additional encumbrance will arise on the Group's assets, as a result of the Extension; (iii) the Extension will help the Company avoid immediate repayment pressure and preserve working capital without adverse changes to other material terms of the Convertible Bonds; (iv) alternative financing remains extremely difficult and uncertain to obtain, particularly given the Group's current financial position and existing pledges over its assets and subsidiaries, as further discussed in the section headed "**Reasons for and Benefits of the Extension**" in this circular; and (v) the aggregate book value of the CB Pledged Assets has decreased by approximately 49% from approximately HK$355.8 million as at 31 December 2023 to approximately HK$182.8 million as at 31 December 2025.

Deed of Undertakings

Upon completion of issue of the Tranche A Bonds, the Company, the Bondholder, the Guarantor and Smart Concept entered into the Deed of Undertakings by way of security in order to secure the Secured Obligations in connection with the Transaction Documents, pursuant to which:

(a) each of the Guarantor and Smart Concept undertakes, from the issue date of the Tranche A Bonds until all Secured Obligations have been irrevocably repaid or discharged in full, not to sell, transfer, exchange or otherwise dispose of any of the Entrusted Shares or enter into any contract for such sale or disposition on such terms (including the giving of such warranties and indemnities) without the prior written consent of the Bondholder or in accordance with other provision of the Deed of Undertakings;

(b) each of the Guarantor and Smart Concept appoints, from the issue date of the Tranche A Bonds until all Secured Obligations have been irrevocably repaid or discharged in full, the Bondholder to be its attorney to perform and/or exercise any and all of the voting and other rights he/it has attaching to the Entrusted Shares or otherwise capable of being exercised by the Guarantor or Smart Concept (as the case may be), in such manner and on such terms as the Bondholder in its absolute and unfettered discretion shall think fit; and

(c) each of the Company, the Guarantor and Smart Concept severally irrevocably and unconditionally undertakes at all times to indemnify and keep indemnified the Bondholder against all or any actions, proceedings, claims, costs (including legal costs), expenses and liabilities whatsoever arising from the exercise or purported exercise of the powers conferred or purported to be conferred by the Deed of Undertakings on it.

Shareholding structure of the Company

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after full conversion of the Convertible Bonds (assuming no change in the issued share capital of the Company since the date of the Extension Deed up to the date of the full conversion of the Convertible Bonds nor any change in the shareholdings as described below):

Shareholders	**As at the Latest Practicable Date**		**Immediately after full conversion of the Convertible Bonds**	
	No. of Shares	*Approx. %*	*No. of Shares*	*Approx. %*
Mr. ZHAO and/or the Bondholder *(Note 1)*	59,820,538	4.04	119,641,076	7.76
Mr. YUEN *(Note 2)*	239,734,010	16.17	239,734,010	15.55
Tencent Holdings Limited *(Note 3)*	211,625,146	14.28	211,625,146	13.72
Mr. KO Chun Shun, Johnson *(Note 4)*	126,200,000	8.51	126,200,000	8.18
Other public Shareholders	844,774,705	57.00	844,774,705	54.79
Total	**1,482,154,399**	**100.00%**	**1,541,974,937**	**100.00%**

Notes:

1. Mr. ZHAO is deemed to have an interest in 119,641,076 Shares through his interest in the Bondholder. This interest comprises 59,820,538 Shares, together with the Convertible Bonds with aggregate outstanding principal amount of HK$60,000,000, which is convertible into 59,820,538 Shares at the conversion price of HK$1.003 per Share. The Bondholder is a wholly-owned subsidiary of Hony HK, which is managed by United Strength Youthful Limited (as the general partner). United Strength Youthful Limited is a wholly-owned subsidiary of Hony Capital Group Limited, which is in turn a wholly-owned subsidiary of Hony Capital, managed by Hony Group Management Limited (as the general partner). Hony Group Management Limited is 80% owned by Hony Managing Partners Limited and 20% owned by Right Lane Limited. Right Lane Limited is wholly-owned by Legend Holdings Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 3396). Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, in which (i) Mr. ZHAO owns 49% interest; (ii) Mr. Cao Yonggang owns 25.5% interest and (iii) Mr. Xu Minsheng owns 25.5% interest.

2. Mr. YUEN is beneficially interested in 45,931,000 Shares. Smart Concept is wholly-owned by Mr. YUEN and is beneficially interested in 193,803,010 Shares. Pursuant to the SFO, Mr. YUEN is also deemed to be interested in the Shares owned by Smart Concept.

3. Mount Qinling Investment Limited is a wholly-owned subsidiary of Tencent Holdings Limited and is beneficially interested in 211,625,146 Shares. Pursuant to the SFO, Tencent Holdings Limited is deemed to be interested in the Shares owned by Mount Qinling Investment Limited.

4. Greater Harmony Limited is wholly-owned by Mr. KO Chun Shun, Johnson and is beneficially interested in 126,200,000 Shares. Pursuant to the SFO, Mr. KO is deemed to be interested in the Shares owned by Greater Harmony Limited.

5. The above shareholding information of the Company is based on publicly available information and to the best of the Company's knowledge and information.

REASONS FOR AND BENEFITS OF THE EXTENSION

The Convertible Bonds would mature on 21 March 2026 unless further extended. Given the current financial situation of the Company (in particular, the Group's cash and cash equivalent amounted to HK$23.89 million as at 31 December 2025), which is earmarked as working capital for its ordinary business operations), it is not practicable for the Company to repay the principal and the accrued interest of the Convertible Bonds upon the original maturity date. The Extension will enable the Company to postpone such substantial cash outflow and the corresponding accrued interests with no change in interest rates or incurrence of any penalties, releasing the liquidity and working capital pressure of the Company, and allowing the Group to retain more liquid financial resources for its business operations.

The Group recorded consecutive losses from continuing operations of approximately HK$177 million and HK$120 million for the two years ended 31 December 2024 and approximately HK$43 million for the six months ended 30 June 2025. As at 31 December 2025 (based on management accounts subject to audit), other than the outstanding Convertible Bonds of HK$60 million, the Group also has outstanding bank borrowings of approximately HK$22 million and other borrowings of approximately HK$62 million, resulting in total borrowings of approximately HK$84 million. Given (i) the Group's financial performance, (ii) the relatively high debt level and the fact that certain of the Group's assets and investments of approximately HK$231.46 million as at 31 December 2025 have already been pledged for the Convertible Bonds and other borrowings; and (iii) the remaining assets and investments of the Group that have not been pledged (which mainly comprises trade receivables, inventories, prepayments, deposits and other receivable that are part of the Group's working capital for its ordinary business operations) amounted to approximately HK$152.09 million as at 31 December 2025, the Company considered that it will be difficult for the Group to further raise debt financing to redeem the Convertible Bonds upon maturity. Nevertheless, the Company has approached and conducted preliminary discussions with three financial institutions since second half of 2025 regarding the possibility of granting to the Group loan borrowings with amount sufficient to repay the principal and the accrued interest of the Convertible Bonds upon the original maturity date. However, none of the financial institutions had offered any loan proposals nor any proposed terms to the Group after considering the Group's financial position and performance as well as insufficient available assets eligible for security and pledging.

The Company has also considered equity financing such as placing, rights issue or open offer. Having considered that (i) the Company will need to undergo a relatively lengthy process in order to identify suitable investor(s), underwriter(s) and negotiate terms agreeable to the Company, as well as to prepare the requisite compliance and legal documentation; and (ii) such fund raising exercises would incur more transaction costs due to prospectus preparation, underwriting arrangement, and/or associated transaction costs including but not limited to placing/underwriting commission, the Company considered equity financing is not a viable financing alternative for the Company.

In case that the Extension Deed is not approved by the Independent Shareholders at the EGM, the Company intends to promptly engage in discussions and negotiations with the Bondholder to seek, if possible, a short-term extension on terms that include no penalty for such short-term deferral and no legal or enforcement actions shall be taken by the Bondholder in relation to the Convertible Bonds during such extended period. This would provide the Group with additional time to further explore and implement (to the extent feasible at the relevant time and subject to prevailing market conditions) alternative financing options, including but not limited to the aforesaid equity financing exercises.

The Board (including the members of the Independent Board Committee who have taken into account the advice from the Independent Financial Adviser) considers that the terms and conditions of the Extension Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group

The principal activity of the Company is investment holding. The Group is principally engaged in (i) digitized operation services in healthcare industry; and (ii) entertainment and media business.

Reference is also made to the announcement of the Company dated 30 January 2026 in relation to the disposal of a wholly-owned subsidiary of the Group. Upon the completion of such disposal on 30 January 2026, the Group's business of smart healthcare services platform has been ceased.

The Bondholder

The Bondholder is a wholly-owned subsidiary of Hony HK which is managed by United Strength Youthful Limited (as the general partner). As at the Latest Practicable Date, the limited partners of Hony HK were (i) Prosperous Florid Limited (as to 50% limited partnership interest), which is in turn wholly-owned by Hony Partners Group, L.P., in which no individual holds 10% or more of the limited partnership interest; (ii) Mr. HANG Qiang 杭強 (as to approximately 29.2% limited partnership interest); (iii) Mr. YUEN (as to approximately 16.7% limited partnership interest) and (iv) Mr. YIN Weidong 殷衛東 (as to approximately 4.1% limited partnership interest). United Strength Youthful Limited is a wholly-owned subsidiary of Hony Capital Group Limited, which is in turn a wholly-owned subsidiary of Hony Capital, managed by Hony Group Management Limited (as the general partner). Hony Group Management Limited is 80% owned by Hony Managing Partners Limited and 20% owned by Right Lane Limited. Right Lane Limited is wholly-owned by Legend Holdings Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 3396). Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, in which (i) Mr. ZHAO

owns 49% interest; (ii) Mr. Cao Yonggang owns 25.5% interest and (iii) Mr. Xu Minsheng owns 25.5% interest. As at the Latest Practicable Date, to the best of the Company's knowledge and information, Mr. Cao Yonggang and Mr. Xu Minsheng were independent of and not connected with the Company.

Each of the Bondholder and Hony HK is principally engaged in making investments, primarily the Convertible Bonds. Hony Capital is an investment manager that is principally engaged in private equity buyout and expands into areas including real estate, venture capital, hedge fund and mutual fund.

LISTING RULES IMPLICATION

The Bondholder is a wholly-owned subsidiary of Hony HK, which is managed by United Strength Youthful Limited (as the general partner). United Strength Youthful Limited is a wholly-owned subsidiary of Hony Capital Group Limited, which is in turn a wholly-owned subsidiary of Hony Capital, managed by Hony Group Management Limited (as the general partner). Hony Group Management Limited is 80% owned by Hony Managing Partners Limited, which is a wholly-owned subsidiary of Exponential Fortune Group Limited, in which Mr. ZHAO, the chairman of the Board and a non-executive Director, owns a 49% interest. Therefore, the Bondholder is a connected person of the Company under Chapter 14A of the Listing Rules.

As the Company and some of its subsidiaries have provided the CB Pledged Assets in favour of the Bondholder as security for the due performance by the Company of all its obligations under the Convertible Bonds, such provision of security does not qualify for the full exemption under Rule 14A.90 of the Listing Rules.

Accordingly, the Extension (including the provision of the CB Pledged Assets) constitutes a connected transaction of the Company which is subject to announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the Bondholder is wholly-owned by Hony HK. As at the Latest Practicable Date, Mr. YUEN is one of the limited partners of Hony HK. Thus, Mr. YUEN is considered to have material interest in the Extension and the Specific Mandate and shall abstain from voting in respect of the Extension and the Specific Mandate.

Mr. ZHAO and Mr. YUEN have abstained from voting on the resolution(s) passed by the Board to approve the Extension and the Specific Mandate.

The Bondholder (holding 59,820,538 Shares or approximately 4.04% of the total number of issued Shares as at the Latest Practicable Date) and Mr. YUEN (holding 239,734,010 Shares or approximately 16.17% of the total number of issued Shares as at the Latest Practicable Date) shall abstain from voting at the EGM in respect of the Extension and the Specific Mandate. Save as disclosed, no other Shareholder is required to abstain from voting on the relevant resolution(s) at the EGM to approve the Extension and the Specific Mandate.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company has made an application for the approval of the Extension and listing of, and permission to deal in, the Conversion Shares.

EGM

A notice convening the EGM to be held at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 18 March 2026, at 10:00 a.m. at which ordinary resolution(s) will be proposed for the approval of the Extension and the Specific Mandate, is set out on pages EGM-1 to EGM-2 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution(s) to be proposed at the EGM (as set out in the notice of EGM) will be voted by way of a poll. An announcement on the results of the poll will be made by the Company after the EGM in the manner prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

The register of members of the Company will be closed from Friday, 13 March 2026 to Wednesday, 18 March 2026 (both dates inclusive), during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 March 2026. The record date for the attending and voting at the EGM is Wednesday, 18 March 2026.

Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

RECOMMENDATIONS

The Directors consider that the proposals referred to in this circular are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of all the relevant resolution(s) to be proposed at the EGM.

Having taken into account the advice of Independent Financial Adviser, the Independent Board Committee considers that (i) the terms of the Extension and the Specific Mandate are fair and reasonable, (ii) the Extension and the Specific Mandate are, although not conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and (iii) the Extension and the Specific Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM in respect of the Extension and the Specific Mandate.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 25 to 26 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in respect of the Extension and the Specific Mandate and to the letter from the Independent Financial Adviser as set out on pages 27 to 64 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Extension and the Specific Mandate.

Your attention is drawn to the additional information set out in the appendix to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
For and on behalf of the Board
HAU Wai Man, Raymond
Company Secretary



弘毅文化集团
HONY MEDIA GROUP
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 419)

27 February 2026

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION
PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

INTRODUCTION

We refer to the circular of the Company to the Shareholders dated 27 February 2026 in relation to, among others, the Extension and the Specific Mandate (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meaning as those defined in the Circular unless otherwise specified.

We have been appointed by the Board as the Independent Board Committee to give a recommendation to the Independent Shareholders in respect of the Extension and the Specific Mandate. Akron Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 27 to 64 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendix thereto.

Having considered the terms of the Extension and the Specific Mandate and taking into account the advice from the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the view that the terms and conditions of the Extension and the Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Extension and the Specific Mandate, while not in the ordinary and usual course of business of the Company, is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Extension and the Specific Mandate.

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. YUEN Kin **Ms. WANG Song Song** **Ms. PAN Min**

Independent non-executive Directors

The following is the full text of the letter from Akron Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in respect of the Extension, which has been prepared for the purpose of inclusion in this circular.



27 February 2026

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION
PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Extension, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 27 February 2026 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 22 January 2026, in accordance with the terms and conditions of the Convertible Bonds, the Company and the Bondholder entered into the Extension Deed to extend the maturity date of the outstanding Convertible Bonds in the principal amount of HK$60,000,000 by 25 months from 21 March 2026 to 21 April 2028 (i.e. the Extended CB Maturity Date). Save for the Extension and the adjustments on the Conversion Price as set out in the announcements of the Company dated 17 November 2025 and 9 December 2025, all other terms and conditions of the Convertible Bonds remain unchanged.

In addition, the Company and the Bondholder agreed that the repayment date of any accrued interest of the Convertible Bonds shall also be extended to the Extended CB Maturity Date.

LISTING RULES IMPLICATIONS

The Bondholder is a wholly-owned subsidiary of Hony HK, which is managed by United Strength Youthful Limited (as the general partner). United Strength Youthful Limited is a wholly-owned subsidiary of Hony Capital Group Limited, which is in turn a wholly-owned subsidiary of Hony Capital, managed by Hony Group Management Limited (as the general partner). Hony Group

Management Limited is 80% owned by Hony Managing Partners Limited, which is a wholly-owned subsidiary of Exponential Fortune Group Limited, in which Mr. ZHAO, the chairman of the Board and a non-executive Director, owns a 49% interest. Therefore, the Bondholder is a connected person of the Company under Chapter 14A of the Listing Rules.

As the Company and some of its subsidiaries have provided the CB Pledged Assets in favour of the Bondholder as security for the due performance by the Company of all its obligations under the Convertible Bonds, such provision of security does not qualify for the full exemption under Rule 14A.90 of the Listing Rules.

Accordingly, the Extension (including the provision of the CB Pledged Assets) constitutes a connected transaction of the Company which is subject to announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the Bondholder is wholly-owned by Hony HK. As at the Latest Practicable Date, Mr. YUEN is one of the limited partners of Hony HK. Thus, Mr. YUEN is considered to have material interest in the Extension and the Specific Mandate and shall abstain from voting in respect of the Extension and the Specific Mandate.

Mr. ZHAO and Mr. YUEN have abstained from voting on the resolution(s) passed by the Board to approve the Extension and the Specific Mandate.

The Bondholder (holding 59,820,538 Shares or approximately 4.04% of the total number of issued Shares as at the Latest Practicable Date) and Mr. YUEN (holding 239,734,010 Shares or approximately 16.17% of the total number of issued Shares as at the Latest Practicable Date) shall abstain from voting at the EGM in respect of the Extension and the Specific Mandate. Save as disclosed, no other Shareholder is required to abstain from voting on the relevant resolution(s) at the EGM to approve the Extension and the Specific Mandate.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company has made an application for the approval of the Extension and listing of, and permission to deal in, the Conversion Shares.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. YUEN Kin, Ms. WANG Song Song and Ms. PAN Min, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the Extension and the Specific Mandate. We, Akron Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and accordingly, were qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in

respect of the Extension. Save for this appointment, there was no other engagement between the Company and us in the past two years. Apart from the normal advisory fee payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the Extension Deed; (ii) the Circular; and (iii) the financial information of the Company for the years ended 31 December 2022, 2023 and 2024 ("**FY2022**", "**FY2023**" and "**FY2024**", respectively) as disclosed in the annual reports of the Company for FY2023 and FY2024 (the "**FY2023 Annual Report**" and "**FY2024 Annual Report**", respectively), and for the six months ended 30 June 2024 and 30 June 2025 ("**6M2024**" and "**6M2025**", respectively) as disclosed in the interim report of the Company for 6M2025 (the "**6M2025 Interim Report**"). We consider that we have reviewed sufficient and relevant information and documents, and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the "**Management**"). We have reviewed, *inter alia*, the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representations and opinions expressed by the Company, its advisers and/or the Directors. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our opinion and recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Extension, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

1.1. Background of the Group

The principal activity of the Company is investment holding. The Group is principally engaged in (i) digitized operation services in healthcare industry; and (ii) entertainment and media business.

Reference is also made to the announcement of the Company dated 30 January 2026 in relation to the disposal of a wholly-owned subsidiary of the Group. Upon the completion of such disposal on 30 January 2026, the Group's business of smart healthcare services platform has been ceased.

1.2. Financial information of the Group

Set out below is the financial performance of the Group for FY2022, FY2023 and FY2024, and 6M2024 and 6M2025 as extracted from the FY2023 Annual Report, FY2024 Annual Report and 6M2025 Interim Report, respectively:

	6M2025	**6M2024**	**FY2024**	**FY2023**	**FY2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue from continuing operations					
– Digitized operation services in healthcare industry	241,084	373,280	869,555	943,936	606,218
– Smart healthcare services platform	61,068	116,118	145,851	399,413	824,209
– Entertainment and media	229	–	3,056	682	150,964
Total revenue from continuing operations	**302,381**	**489,398**	**1,018,462**	**1,344,031**	**1,581,391**
Loss for the year/period from continuing operations	**(42,641)**	**(46,184)**	**(177,190)**	**(119,567)**	**(317,701)**
Loss for the year/period from discontinued operations	**—**	**—**	**—**	**(5,787)**	**1,103**
Loss for the year/period	**(42,641)**	**(46,184)**	**(177,190)**	**(125,354)**	**(316,598)**

FY2022 vs FY2023

As set out in the table above, the revenue from continuing operations of the Group for FY2023 was approximately HK$1,344.03 million, representing a decrease of approximately 15.03% as compared to approximately HK$1,581.39 million for FY2022. According to the FY2023 Annual Report, this decrease was primarily attributable to a reduction in revenue from the Group's smart healthcare services platform segment, which recorded revenue of approximately HK$399.41 million for FY2023 as compared to approximately HK$824.21 million for FY2022, representing a year-on-year decrease of approximately 51.54%. The decline in the smart healthcare services platform segment was mainly due to the strategic downsizing of lower-margin operations and a shift in product mix, as the Group focused on higher-margin services. In contrast, revenue from the Group's digitized operation services in the healthcare industry recorded a notable increase by approximately 55.74% from approximately HK$606.22 million for FY2022 to HK$943.94 million for FY2023, reflecting the successful expansion and market penetration of this business. The digitized operation services segment thereby became the principal revenue contributor, accounting for approximately 70.22% of the Group's revenue from continuing operations during FY2023.

The loss for the year from continuing operations of the Group for FY2023 was approximately HK$119.57 million, representing a decrease of approximately 62.36% as compared to the loss of approximately HK$317.70 million for FY2022. As disclosed in the FY2023 Annual Report, the reduction in loss for the year was mainly attributable to (i) the significant increase in revenue and gross profit from the digitized operation services segment; (ii) a notable reduction in segment loss of the smart healthcare services platform segment as a result of business restructuring and cost-saving initiatives; and (iii) the turnaround of the Entertainment and Media segment from a segment loss of approximately HK$122.88 million in FY2022 to a segment profit of approximately HK$3.55 million in FY2023, following the absence of major new investments in entertainment projects. These factors collectively contributed to the narrowing of the Group's loss for the year.

FY2023 vs FY2024

As set out in the table above, the revenue from continuing operations of the Group for FY2024 was approximately HK$1,018.46 million, representing a decrease of approximately 24.22% as compared to approximately HK$1,344.03 million for FY2023. According to the FY2024 Annual Report, the decrease in revenue was primarily attributable to the decline in revenue generated from the Group's smart healthcare services platform segment, which recorded revenue of approximately HK$145.85 million for FY2024 as compared to approximately HK$399.41 million for FY2023, representing a year-on-year decrease of approximately 63.48%. The decline in revenue from the smart healthcare services platform segment was mainly the result of the divestment of loss-making vaccine and health examination businesses and a strategic shift towards higher-margin products. While the revenue from the Group's digitized operation services in the healthcare industry also decreased by approximately 7.88% from approximately HK$943.94 million for FY2023 to HK$869.56 million for FY2024,

this segment remained the principal source of revenue for the Group, accounting for approximately 85.37% of the Group's revenue from continuing operations during FY2024.

The loss for the year from continuing operations of the Group for FY2024 was approximately HK$177.19 million, representing an increase of approximately 48.19% as compared to the loss of approximately HK$119.57 million for FY2023. As disclosed in the FY2024 Annual Report, the increase in loss for the year was mainly attributable to (i) the provision for impairment of interest in an associate company of approximately HK$76.11 million as compared to the absence of such impairment for FY2023; and (ii) the increase in finance costs to approximately HK$17.61 million FY2024 as compared to approximately HK$3.61 million for FY2023. Excluding these factors, the Group would have recorded a decrease in loss for the year, reflecting the notable reduction in segment loss of the smart healthcare services platform segment for FY2024 as a result of business restructuring and cost control.

6M2024 vs 6M2025

As set out in the table above, the revenue from continuing operations of the Group for 6M2025 was approximately HK$302.38 million, representing a decrease of approximately 38.21% as compared to approximately HK$489.40 million for 6M2024. According to the 6M2025 Interim Report, the decrease in revenue was primarily attributable to a decline in revenue generated from the Group's digitized operation services in the healthcare industry segment, which recorded revenue of approximately HK$241.08 million for 6M2025 as compared to approximately HK$373.28 million for 6M2024, representing a decrease of approximately 35.41%. The decrease in revenue from the digitized operation services segment was mainly due to the frequent issuance of new pharmaceutical industry policies during the period, which prompted pharmaceutical companies to carry out internal restructuring and led to suspension or delay of certain digitized marketing projects, resulting in a contraction in revenue from several major customers. Meanwhile, revenue from the Group's smart healthcare services platform segment also decreased by approximately 47.41% from approximately HK$116.12 million for 6M2024 to approximately HK$61.07 million for 6M2025, as the Group's smart healthcare services platform proactively scaled down low-margin business operations and focused resources on developing high-growth potential business lines. Despite the decrease in revenue, the digitized operation services in the healthcare industry continued to be the principal source of revenue for the Group, accounting for approximately 79.73% of the Group's revenue from continuing operations during the period.

The loss for the period from continuing operations of the Group for 6M2025 was approximately HK$42.64 million, representing a narrowing of approximately 7.67% as compared to the loss of approximately HK$46.18 million for 6M2024. As disclosed in the 6M2025 Interim Report, the reduction in loss for the period was mainly attributable to (i) a significant narrowing of segment losses in both the digitized operation services in healthcare industry and smart healthcare services platform segments as a result of effective business restructuring and cost controls; and (ii) a turnaround in the performance of the entertainment and media segment, which recorded a segment profit

of approximately HK$0.97 million for 6M2025, as compared to a segment loss of approximately HK$2.10 million for 6M2024, mainly due to the successful broadcast of a new TV series by the Group's associated company.

Set out below is the financial position of the Group as at 31 December 2023, 31 December 2024 and 30 June 2025 as extracted from the FY2024 Annual Report and the 6M2025 Interim Report, respectively:

	As at 30 June 2025	**As at 31 December 2024**	**As at 31 December 2023**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Audited)
Non-current assets	183,091	208,599	333,147
Current assets	230,786	178,525	193,145
Total assets	**413,877**	**387,124**	**526,292**
Non-current liabilities	57,366	187,712	36,198
Current liabilities	375,908	175,721	267,301
Total liabilities	**433,274**	**363,433**	**303,499**
Net current assets/(liabilities)	**(145,122)**	**2,804**	**(74,156)**
Net assets/(liabilities)	**(19,397)**	**23,691**	**222,793**

As at 31 December 2024, the total assets of the Group amounted to approximately HK$387.12 million, representing a decrease of approximately 26.42% as compared to approximately HK$526.29 million as at 31 December 2023. According to the FY2024 Annual Report, the decrease in total assets was mainly attributable to a reduction in non-current assets, including a significant decrease in interests in associates and right-of-use assets, as well as a decrease in current assets such as trade and bills receivables and inventories. The total liabilities of the Group as at 31 December 2024 were approximately HK$363.43 million, as compared to approximately HK$303.50 million as at 31 December 2023, representing an increase of approximately 19.76%. The increase in total liabilities was mainly due to the recognition of convertible bonds and an increase in long-term financial liabilities, partially offset by a reduction in current trade payables.

As at 31 December 2024, the Group recorded net current assets of approximately HK$2.80 million, as compared to net current liabilities of approximately HK$74.16 million as at 31 December 2023. The improvement in current ratio and transition to a net current asset position was primarily attributable to a reduction in current liabilities, particularly a decrease in trade payables and other payables and accrued liabilities, as

well as a reduction in borrowings. The net assets of the Group as at 31 December 2024 amounted to approximately HK$23.69 million, representing a decrease from approximately HK$222.79 million as at 31 December 2023. The decrease in net assets was principally attributable to the loss for the year and the reduction in total assets as discussed above.

As at 30 June 2025, the total assets of the Group amounted to approximately HK$413.88 million, representing an increase of approximately 6.91% as compared to approximately HK$387.12 million as at 31 December 2024. According to the 6M2025 Interim Report, the increase in total assets was primarily attributable to increases in trade and bills receivables, inventories, and current prepayments, deposits and other receivables, partially offset by decreases in cash and cash equivalents and non-current prepayments, deposits and other receivables. The total liabilities of the Group as at 30 June 2025 were approximately HK$433.27 million, as compared to approximately HK$363.43 million as at 31 December 2024, representing an increase of approximately 19.22%. The increase in total liabilities was mainly due to the increase in bank and other borrowings and trade payables.

As at 30 June 2025, the Group recorded net current liabilities of approximately HK$145.12 million, as compared to net current assets of approximately HK$2.80 million as at 31 December 2024. The transition to a net current liabilities position was primarily attributable to (i) the reclassification of the convertible bonds from non-current liabilities to current liabilities as their maturity date falls within twelve months from the balance sheet date, (ii) the increase in current borrowings and trade payables, and (iii) a reduction in cash and cash equivalents. The net assets of the Group as at 30 June 2025 amounted to a net liabilities position of approximately HK$19.40 million, representing a decrease from the net assets of approximately HK$23.69 million as at 31 December 2024. The change from a net asset to a net liability position was principally attributable to the loss for the period and the increase in total liabilities as discussed above.

2. Background of the Bondholder

The Bondholder is a wholly-owned subsidiary of Hony HK, which is managed by United Strength Youthful Limited (as the general partner). As at the Latest Practicable Date, the limited partners of Hony HK were (i) Prosperous Florid Limited (as to 50% limited partnership interest), which is in turn wholly-owned by Hony Partners Group, L.P., in which no individual holds 10% or more of the limited partnership interest; (ii) Mr. HANG Qiang 杭強 (as to approximately 29.2% limited partnership interest); (iii) Mr. YUEN (as to approximately 16.7% limited partnership interest) and (iv) Mr. YIN Weidong 殷衛東 (as to approximately 4.1% limited partnership interest). United Strength Youthful Limited is a wholly-owned subsidiary of Hony Capital Group Limited, which is in turn a wholly-owned subsidiary of Hony Capital, managed by Hony Group Management Limited (as the general partner). Hony Group Management Limited is 80% owned by Hony Managing Partners Limited and 20% owned by Right Lane Limited. Right Lane Limited is wholly-owned by Legend Holdings Corporation, a company listed on the Main Board of the Stock Exchange (Stock Code: 3396). Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, in which (i) Mr. ZHAO owns 49% interest; (ii) Mr. CAO

Yonggang owns 25.5% interest; and (iii) Mr. XU Minsheng owns 25.5% interest. As at the Latest Practicable Date, to the best of the Company's knowledge and information, Mr. CAO Yonggang and Mr. XU Minsheng were independent of and not connected with the Company.

Each of the Bondholder and Hony HK is principally engaged in making investments, primarily the Convertible Bonds. Hony Capital is an investment manager that is principally engaged in private equity buyout and expands into areas including real estate, venture capital, hedge fund and mutual fund.

3. Reasons for and benefits of the Extension

As disclosed in the Letter from the Board, the Convertible Bonds would mature on 21 March 2026 unless further extended. Given the current financial situation of the Company (in particular, the Group's cash and cash equivalent amounted to approximately HK$23.89 million as at 31 December 2025, which is earmarked as working capital for its ordinary business operations), it is not practicable for the Company to repay the principal and the accrued interest of the Convertible Bonds upon the original maturity date. The Extension will enable the Company to postpone such substantial cash outflow and the corresponding accrued interests with no change in interest rates or incurrence of any penalties, releasing the liquidity and working capital pressure of the Company, and allowing the Group to retain more liquid financial resources for its business operations.

The Group recorded consecutive losses from continuing operations of approximately HK$177 million and HK$120 million for the two years ended 31 December 2024 and approximately HK$43 million for 6M2025. As at 31 December 2025 (based on management accounts subject to audit), other than the outstanding Convertible Bonds of HK$60 million, the Group also has outstanding bank borrowings of approximately HK$22 million and other borrowings of approximately HK$62 million, resulting in total borrowings of approximately HK$84 million. Given (i) the Group's financial performance; (ii) its relatively high debt level and the fact that the Group's assets and investments of approximately HK$231.46 million have already been pledged for the Convertible Bonds and other borrowings as at 31 December 2025; and (iii) the remaining assets and investments of the Group that have not been pledged (which mainly comprises trade receivables, inventories, prepayments, deposits and other receivables that are part of the Group's working capital for its ordinary business operations) amounted to approximately HK$152.09 million as at 31 December 2025, the Company considered that it will be difficult for the Group to further raise debt financing to redeem the Convertible Bonds upon maturity. Nevertheless, the Company has approached and conducted preliminary discussions with three financial institutions since second half of 2025 regarding the possibility of granting to the Group loan borrowings with amount sufficient to repay the principal and the accrued interest of the Convertible Bonds upon the original maturity date. However, none of the financial institutions had offered any loan proposals nor any proposed terms to the Group after considering the Group's financial position and performance as well as insufficient available assets eligible for security and pledging.

As mentioned in the sub-section headed "1.2. Financial information of the Group" above, the Group recorded net current liabilities of approximately HK$145.12 million as at 30 June 2025, which was principally attributable to the classification of the Convertible Bonds as current liabilities in view of their imminent maturity. However, even after disregarding the effect of the

Convertible Bonds, the Group would still remain in a net current liabilities position, given the significant amount of trade and other payables and bank borrowings. Furthermore, the Group has been in a loss-making position for the past two years ended 31 December 2024. In particular, the Group's loss for the year from continuing operations increased by approximately 48.19% for FY2024 as compared to FY2023, and such deterioration in financial performance has further strained the Group's liquidity. In light of the foregoing and taking into account that the Group had cash and cash equivalents of only approximately HK$23.89 million as at 31 December 2025, we consider that full repayment of the principal amount of the outstanding Convertible Bonds upon maturity would significantly strain the Group's liquidity. The Extension would provide the Group with greater flexibility in managing its financial resources and enable it to retain cash to support its ongoing business operations.

We have discussed with the Management and were given an understanding that the Group has considered other financing alternatives for the Group to redeem the Convertible Bonds rather than the extension of the maturity date the Convertible Bonds, including but not limited to, equity financing and bank borrowings.

In respect of equity financing, as advised by the Management, the Company had considered the possibility with securities brokerage firms of placement, rights issue and open offer as alternative. Despite both open offer and rights issue would allow the Shareholders to participate in the subscription of new Shares to be issued by the Company and maintain their respective pro-rata shareholdings in the Company, it is difficult for the Company to procure placing agent or underwriters for placing of new shares or raise funds through rights issue or open offer (as the case may be) in view of (i) the Company will need to undergo a relatively lengthy process in order to identify suitable investor(s), underwriter(s) and negotiate terms agreeable to the Company, as well as to prepare the requisite compliance and legal documentation; (ii) such fund raising exercises would incur more transaction costs due to prospectus preparation, underwriting arrangement, and/or associated transaction costs, including but not limited to placing/underwriting commission; and (iii) the thin liquidity of the Shares as further discussed in the sub-section headed "5.1.2 Review on the trading liquidity of the Shares" below.

In respect of bank borrowings, given that (i) the Group, in addition to the outstanding Convertible Bonds of HK$60 million, also has certain outstanding bank and other borrowings resulting in a relatively high overall debt level; (ii) certain of the Group's assets and investments of approximately HK$231.46 million have already been pledged for the Convertible Bonds and other borrowings as at 31 December 2025. We have reviewed the details of the assets pledged and discussed with the Management, we note that the pledged assets comprised equity interests in certain subsidiaries and an associated company of the Company, as well as designated bank accounts of subsidiaries of the Company and related deposits, which in aggregate constituted a substantial portion of the Group's assets available to be used as collateral and represented approximately 60.35% of the total assets of the Group as at 31 December 2025. The remaining unpledged assets and investments of the Group mainly comprise trade receivables, inventories, prepayments, deposits and other receivables, which are part of the Group's working capital for its ordinary business operations. As such, we concurred with the Management that there remain insufficient available assets within the Group which are eligible for further security and pledging in support of any new banking facilities or secured financing; and (iii) the Group's less than satisfactory financial performance and its current financial position as discussed in the sub-section headed "1.2. Financial information of the Group" above, we concurred with the Management that

it will be difficult for the Group to further raise debt financing or secure sizeable bank borrowings to redeem the Convertible Bonds upon maturity. Accordingly, it would be challenging for the Group to raise sufficient debt financing to fully redeem the outstanding Convertible Bonds upon maturity.

In case that the Extension Deed is not approved by the Independent Shareholders at the EGM, the Company intends to promptly engage in discussions and negotiations with the Bondholder to seek, if possible, a short-term extension on terms that include no penalty for such short-term deferral and no legal or enforcement actions shall be taken by the Bondholder in relation to the Convertible Bonds during such extended period. This would provide the Group with additional time to further explore and implement (to the extent feasible at the relevant time and subject to prevailing market conditions) alternative financing options, including but not limited to the aforesaid equity financing exercises.

Having considered that (i) the Extension would allow the Group to refinance its debts under the Convertible Bonds under the same terms for further 25 months; (ii) full repayment of the principal amount of the Convertible Bonds would significantly strain the Group's liquidity; (iii) the Extension would provide the Group with greater flexibility in managing its financial resources, enabling it to retain cash to support its business operations; and (iv) the Extension is a more appropriate and acceptable way of financing for the Company as compared to other fundraising activities considering the Group's financial condition, we are of the view that the Extension is in the interest of the Company and the Shareholders as a whole.

4. Principal terms of the Extension Deed and the Convertible Bonds

4.1. The Extension Deed

On 22 January 2026, in accordance with the terms and conditions of the Convertible Bonds, the Company and the Bondholder entered into the Extension Deed to extend the maturity date of the outstanding Convertible Bonds in the principal amount of HK$60,000,000 by 25 months from 21 March 2026 to 21 April 2028 (i.e. the Extended CB Maturity Date). Save for the Extension and the adjustments on the Conversion Price as set out in the announcements of the Company dated 17 November 2025 and 9 December 2025, all other terms and conditions of the Convertible Bonds remain unchanged.

In addition, the Company and the Bondholder agreed that the repayment date of any accrued interest of the Convertible Bonds shall also be extended to the Extended CB Maturity Date.

Conditions precedent

The Extension Deed will only become effective upon fulfilment of the following conditions:

(a) the passing of ordinary resolution(s) to approve the Extension and the Specific Mandate by the Independent Shareholders at the EGM;

(b) the Stock Exchange having granted its approval to the Company for the Extension in accordance with Rule 28.05 of the Listing Rules; and

(c) the Stock Exchange granting its approval for the listing of, and permission to deal in, the Conversion Shares (the "**Listing Approval**").

None of the aforesaid conditions can be waived. Application(s) have been made by the Company to the Stock Exchange for the approval and permission of conditions (b) and (c) above.

If any of the aforesaid conditions is not fulfilled by the Long Stop Date, the Extension Deed shall terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Extension Deed.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

4.2. The Convertible Bonds

Issuer	**:**	**the Company**
Outstanding principal amount	:	HK$60,000,000
Interest	:	10% per annum, payable on the Extended CB Maturity Date together with any accrued interest of the Convertible Bonds. The accrued interest of the Convertible Bonds payable as at 31 January 2026 amounted to approximately HK$11.97 million.
Maturity	:	21 April 2028 (i.e. the Extended CB Maturity Date)
Conversion rights	:	At any time after the issue date and up to and inclusive of (i) the Extended CB Maturity Date; or (ii) such later period as may be permitted by the Listing Rules if and so long as an Event of Default as specified in the terms and conditions of the Convertible Bonds has occurred and is continuing, the Bondholder 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 determined by dividing the outstanding principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the relevant conversion date.
Conversion Price	:	The Conversion Price of the Convertible Bonds shall be HK$1.003 per Conversion Share, subject to adjustments as set out below and in accordance with the terms and conditions of the Convertible Bonds, and represents:

(i) a premium of approximately 208.62% over the closing price of HK$0.325 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(ii) a premium of approximately 160.52% over the closing price of HK$0.385 per Share as quoted on the Stock Exchange as at the date of the Extension Deed;

(iii) a premium of approximately 163.25% over the average closing price of approximately HK$0.381 per Share as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the date of the Extension Deed;

(iv) a premium of approximately 165.34% over the average closing price of approximately HK$0.378 per Share as quoted on the Stock Exchange in the ten (10) consecutive trading days immediately prior to the date of the Extension Deed; and

(v) a premium of approximately HK$0.976 over the net asset value (being total assets less total liabilities and non-controlling interests) of approximately HK$0.027 per Share based on the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK$40,109,000 as at 30 June 2025 and 1,482,154,399 Shares in issue as at the Latest Practicable Date.

Adjustment to Conversion Price

The Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon occurrence of the following events:

1. Capitalisation issue, sub-division, consolidation and reclassification of Shares

(a) If and whenever there shall be an alteration to the number of Shares in issue by reason of any consolidation or sub-division or reclassification (e.g. reclassifying the existing Shares into different classes of shares of the Company), the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall be effective on the date the alteration takes effect.

(b) If and whenever the Company shall issue (other than Scrip Dividend as defined in below) any Shares credited as fully paid by way of capitalisation of profits or reserves (including Shares paid up out of distributable profits or any share premium account or capital redemption reserve fund) and which would not have constituted a capital distribution (which means any distribution other than cash dividend, including (i) any dividend or distribution of assets in specie, whether of assets or other property, whenever paid or made and however described (and for these purposes, distribution of assets in specie includes without limitation, an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalisation of reserves; and/or (ii) distribution of any kind charged or provided for or to be provided for in the accounts of by the Company for any financial period (whenever paid or made and however described), including, without limitation, a purchase or redemption of Shares by or on behalf of the Company (or a purchase of Shares by or on behalf of a subsidiary of the Company)) (the "**Capital Distribution**"), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{D}$$

where:

C is the aggregate number of the issued Shares immediately before such issue; and

D is the aggregate number of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

2. Scrip Dividend

If the Company shall issue any Shares (the "**Scrip Dividend**") in lieu of the whole or any part of a specifically declared cash dividend (the "**Relevant Cash Dividend**"), and the current market price of such Shares on the date of announcement of the terms of such issue of Shares multiplied by the number of such Shares issued exceeds the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, then the Conversion Price in effect immediately before the issue of such Shares shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N + B}{N + A}$$

where:

NCP = the new Conversion Price after such adjustment.

OCP = the old Conversion Price before such adjustment.

N = the aggregate number of the issued Shares immediately preceding the issue of shares by way of Scrip Dividend.

A = the aggregate number of Shares issued by way of Scrip Dividend.

B = the aggregate number of Shares issued by way of Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend; and (ii) the denominator is the current market price of all the Shares issued by way of Scrip Dividend in lieu of the whole, or the relevant part, of the Relevant Cash Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

3. Capital Distribution

If the Company shall pay or make to its Shareholders any Capital Distribution other than by way of Scrip Dividend, then the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{CMP - fmv}{CMP}$$

where:

NCP = the new Conversion Price after such adjustment.

OCP = the old Conversion Price before such adjustment.

CMP = the current market price per Share on the date on which the relevant Capital Distribution is first publicly announced.

fmv = the portion of the fair market value attributable to one Share, with such portion being determined by dividing the fair market value of the aggregate Capital Distribution by the number of Shares entitled to receive the relevant Distribution of the Capital Distribution.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date.

4. Cash Dividend

If and whenever the Company shall pay or declare any Cash Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Cash Dividend by the following fraction:

$$\frac{A - B}{A}$$

where:

A = the current market price of one Share on the date for the determination of Shareholders entitled to receive such Cash Dividend; and

B = the amount of Cash Dividend attributable to one Share.

Such adjustment shall become effective on the date on which such Cash Dividend is actually made or if a record date is fixed therefor, immediately after such record date.

5. Offer to holders of Shares

If and whenever the Company shall offer to all or substantially all holders of Shares new Shares for subscription by way of rights, or shall issue or grant to all or substantially all holders of Shares any options or warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price less than the current market price of such new Shares on the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A = the number of Shares in issue immediately before such announcement;

B = the number of Shares which the aggregate amount (if any) receivable by the Company for the Shares issued by way of rights, or for the options or warrants and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such current market price per Share; and

C = the aggregate number of Shares offered for subscription or, as the case may be, comprised in the said options or warrants or other rights.

Such adjustment shall be effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

6. Issue of securities convertible or exchangeable in Shares at discount

(a) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares (the "**Convertible Securities**") (except for the issuance of the series of the Convertible Bonds), and the total effective consideration per Share initially receivable for such Convertible Securities is less than the current market price per Share on the date of the announcement of the terms of issue of such Convertible Securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which: (i) the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the total effective consideration receivable for the Convertible Securities issued would purchase at such current market price per Share; and (ii) the denominator is the number of Shares in issue immediately before the date of the issue plus the maximum number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such Convertible Securities at the initial conversion or exchange rate or subscription price.

Such adjustment shall become effective on the date of issue of such Convertible Securities.

(b) If and whenever the rights of conversion or exchange or subscription attached to any such Convertible Securities are modified so that the total effective consideration per Share initially receivable for such securities shall be less than the current market price per Share on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which: (i) the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total effective consideration receivable for the Convertible Securities issued at the modified conversion or exchange price would purchase at such current market price per Share; and (ii) the denominator is the number of Shares in issue immediately before such date of modification plus the maximum number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such Convertible Securities at the modified conversion or exchange rate or subscription price.

Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to an adjustment of the Conversion Price provided that corresponding adjustment has already been made to the Conversion Price in respect of such an event.

7. Issue of new Shares at discount

If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than the current market price per Share on the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which: (i) the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at such current market price; and (ii) the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective on the date of the issue.

8. Consideration issue

If and whenever the Company shall issue Shares for the acquisition of asset at a total Effective Consideration per Share which is less than the current market price on the date of the announcement of the terms of such issue, or if and whenever the Company shall, for the acquisition of asset, issue any Convertible Securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company on conversion, exchange or subscription at a consideration per Share which is less than the current market price on the last trading day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted in such manner as set out in "6. Issue of securities convertible or exchangeable in Shares at discount" and "7. Issue of new Shares at discount" above, as the case may be, and be certified by an independent valuer, if needed.

Such adjustment shall become effective on the date of issue. For this purpose, ''total Effective Consideration'' shall be the aggregate consideration credited as being paid for such Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the ''total Effective Consideration per Share'' shall be the total Effective Consideration divided by the number of Shares issued as aforesaid.

Conversion Shares : Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK$1.003 per Share, the Convertible Bonds will be convertible into a total of 59,820,538 new Shares (representing approximately 4.04% of the issued share capital of the Company as at the Latest Practicable Date, and approximately 3.88% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming no change in the issued share capital of the Company since the date of the Extension Deed up to the date of the full conversion of the Convertible Bonds)).

The aggregate nominal value of the Conversion Shares (with a par value of HK$0.20 each) will be HK$11,964,107.60.

The allotment and issue of the Conversion Shares are subject to the Specific Mandate to be sought at the EGM.

Redemption at option of the Company : The Company shall have the right, by giving not less than 30 days' prior written notice to the Bondholder, 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.

Redemption at maturity : Unless previously redeemed or converted, the outstanding Convertible Bonds will only be redeemed by the Company on the Extended CB Maturity Date at an amount equal to its principal amount plus accrued interest and all other amounts accrued or outstanding under the Convertible Bonds which remain unpaid on the Extended CB Maturity Date.

Transferability	:	The outstanding principal amount of Convertible Bonds may not be freely assigned or transferred without the prior consent of the Company (which consent shall not be unreasonably withheld) subject to the compliance with (i) the terms and conditions of the Convertible Bonds; (ii) the Listing Rules; (iii) the Listing Approval; and (iv) all applicable laws and regulations, save and except that subject to the compliance with (i) the terms and conditions of the Convertible Bonds; (ii) the Listing Rules; (iii) the Listing Approval; and (iv) all applicable laws and regulations, the Convertible Bonds may be transferred, without the consent of the Company, to any Affiliate of a holder of the Convertible Bonds; and notwithstanding anything to the contrary in the terms and conditions of the Convertible Bonds, upon occurrence of any Event of Default, the Convertible Bonds may be freely transferred, without the consent of the Company, to any other person; in each case, in whole or in part or in the entire outstanding principal amount of such Convertible Bonds.
Listing:	:	No application will be made for the listing of the Convertible Bonds. An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds.
Ranking of Conversion Shares:	:	The Conversion Shares shall rank *pari passu* with the Shares already in issue on the day when the Conversion Shares are issued.

Events of default	:	The Convertible Bonds customarily contain events of default provisions which provide that on the occurrence of certain specified events of default (including default in payment of principal or interests under the Convertible Bonds, cross-default in respect of other debt obligations of the Company, the Shares ceasing to be listed on the Stock Exchange or the listing approval in respect of the Conversion Shares having been revoked or cancelled, any breach of the Transaction Documents by any Obligors, the Guarantor ceasing to directly or indirectly hold not less than 239,734,010 Shares in aggregate without the prior written consent of the Bondholder, or any change in control in respect of the Company), the holders of the Convertible Bonds may demand immediate repayment of the Convertible Bonds for the time being outstanding at their outstanding principal amount together with accrued but unpaid interest to the date of payment.
Voting	:	The Convertible Bonds shall not confer on the Bondholder(s) the right to attend or vote at any general meetings of the Company by reason only of it being a holder of the Convertible Bonds.

Guarantee and Security

Upon completion of issue of the Tranche A Bonds, the Guarantor and the Bondholder entered into a guarantee, pursuant to which the Guarantor guaranteed in favour of the Bondholder the due performance by the Company of all its obligations under the Convertible Bonds. Under the Listing Rules, the Guarantor (being a substantial shareholder and a director of the Company) is a connected person of the Company. The granting of the guarantee in favour of the Bondholder constitutes a financial assistance given by the Guarantor for the benefit of the Company under the Listing Rules. Therefore, the financial assistance constitutes a connected transaction for the Company under the Listing Rules. As the Company is not required to pay any fee nor provide any security to the Guarantor for the aforesaid guarantee, the financial assistance is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

In addition, upon completion of issue of the Tranche A Bonds, the Company and some of its subsidiaries provided certain pledges in favour of the Bondholder 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 Bondholder; (ii) a share pledge as to 100% equity interest in Tenghai Boye entered into between the Bondholder, Robust Ocean and Tenghai Boye; (iii) a share pledge as to 46.1807% equity interest in Suzhou

Yizhinuo entered into between the Bondholder, 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 Bondholder and the Company; (v) a charge over the bank account of Robust Ocean entered into between the Bondholder and Robust Ocean; and (vi) a charge over the bank account of Tenghai Boye entered into between the Bondholder and Tenghai Boye (collectively, the "**CB Pledged Assets**"). The aggregate book value of the CB Pledged Assets amounted to approximately HK$182.81 million as at 31 December 2025.

Although the outstanding principal amount of the Total Convertible Bonds has been reduced from HK$120 million to HK$60 million following the conversion of the Tranche A Bonds by the Bondholder in November 2025, the Company considers that the same level of guarantee and security provided under the Extension Deed remains reasonable, after taking into account (i) despite the Company's efforts to negotiate with the Bondholder for the release of and/or reduction in the existing collateral pledged for the Convertible Bonds, it was the intention of the parties to the Transaction Documents at the outset that the relevant guarantee and security, which were established for the original Total Convertible Bonds of HK$120 million, should secure all obligations under the Transaction Documents on a continuing basis. In addition, the Bondholder has expressly required that the principal terms of the Transaction Documents (save for the extension of the original maturity date) remain unchanged; (ii) no additional guarantee or security will be granted by the Group, and no additional encumbrance will arise on the Group's assets, as a result of the Extension; (iii) the Extension will help the Company avoid immediate repayment pressure and preserve working capital without adverse changes to other material terms of the Convertible Bonds; (iv) alternative financing remains extremely difficult and uncertain to obtain, particularly given the Group's current financial position and existing pledges over its assets and subsidiaries, as further discussed in the section headed "Reasons for and Benefits of the Extension" in this circular; and (v) the aggregate book value of the CB Pledged Assets has decreased by approximately 49% from approximately HK$355.8 million as at 31 December 2023 to approximately HK$182.81 million as at 31 December 2025.

Deed of Undertakings

Upon completion of issue of the Tranche A Bonds, the Company, the Bondholder, the Guarantor and Smart Concept entered into the Deed of Undertakings by way of security in order to secure the Secured Obligations in connection with the Transaction Documents, pursuant to which:

(a) each of the Guarantor and Smart Concept undertakes, from the issue date of the Tranche A Bonds until all Secured Obligations have been irrevocably repaid or discharged in full, not to sell, transfer, exchange or otherwise dispose of any of the Entrusted Shares or enter into any contract for such sale or disposition on such terms (including the giving of such warranties and indemnities) without the prior written consent of the Bondholder or in accordance with other provision of the Deed of Undertakings;

(b) each of the Guarantor and Smart Concept appoints, from the issue date of the Tranche A Bonds until all Secured Obligations have been irrevocably repaid or discharged in full, the Bondholder to be its attorney to perform and/or exercise any and all of the voting and other rights he/it has attaching to the Entrusted Shares or otherwise capable of being exercised by the Guarantor or Smart Concept (as the case may be), in such manner and on such terms as the Bondholder in its absolute and unfettered discretion shall think fit; and

(c) each of the Company, the Guarantor and Smart Concept severally irrevocably and unconditionally undertakes at all times to indemnify and keep indemnified the Bondholder against all or any actions, proceedings, claims, costs (including legal costs), expenses and liabilities whatsoever arising from the exercise or purported exercise of the powers conferred or purported to be conferred by the Deed of Undertakings on it.

5. Assessment on the terms of the Convertible Bonds and the Extension Deed

5.1. Comparison of Conversion Price with historical Share prices

The Conversion Price is HK$1.003 per Conversion Share (subject to adjustments). This represents:

(a) a premium of approximately 208.62% over the closing price of HK$0.325 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

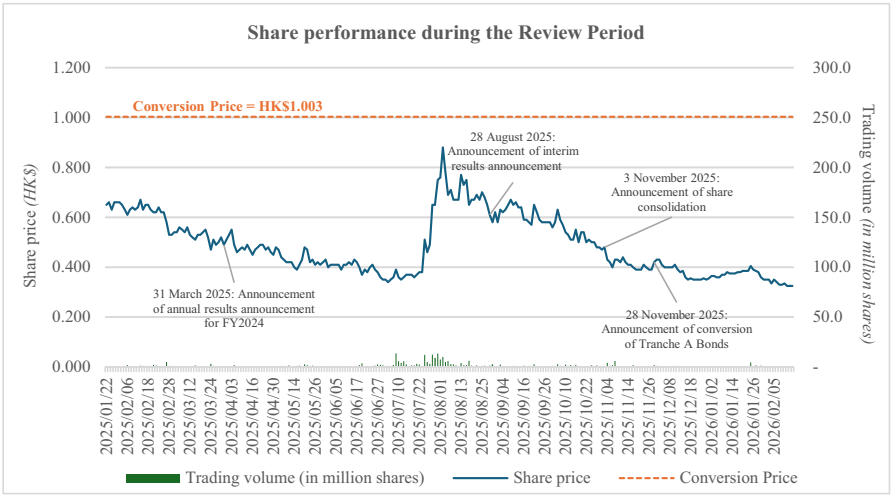
(b) a premium of approximately 160.52% over the closing price of HK$0.385 per Share as quoted on the Stock Exchange on 22 January 2026, being the date of the Extension Deed;

(c) a premium of approximately 163.25% over the average closing price of approximately HK$0.381 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days immediately prior to the date of the Extension Deed;

(d) premium of approximately 165.34% over the average closing price of approximately HK$0.378 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the date of the Extension Deed; and

(e) a premium of approximately HK$0.976 over the net asset value (being total assets less total liabilities and non-controlling interests) of approximately HK$0.027 per Share based on the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK$40,109,000 as at 30 June 2025 and 1,482,154,399 Shares in issue as at the Latest Practicable Date.

In order to assess the fairness and reasonableness of the Conversion Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 22 January 2025 up to the Latest Practicable Date (the "**Review Period**"), being a period of approximately one year prior to the date of the Extension Deed and up to the Latest Practicable Date. We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing Share prices prior to the Latest Practicable Date and such comparison is relevant for the assessment of the fairness and reasonableness of the Conversion Price. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:



Source: The Stock Exchange

As illustrated in the chart above, during the Review Period, the closing prices of the Shares as quoted on the Stock Exchange fluctuated within a range of HK$0.325 to HK$0.880, with an average closing price of approximately HK$0.488 per Share. The highest closing price of HK$0.880 was recorded on 4 August 2025, while the lowest closing price of HK$0.325 was recorded on 12 February 2026, 13 February 2026 and 16 February 2026. We note that the Share price demonstrated a general downward trajectory following its peak on 4 August 2025, subsequently rebounding and exhibiting periods of volatility in the months thereafter. As advised by the Management, they are not aware of any particular reasons which might have led to such fluctuation of the Share price.

We note that the Conversion Price has remained consistently above the closing prices of the Shares throughout the entire Review Period, representing premium of approximately 208.62%, 105.53% and 13.98% to the lowest, average and highest closing Share prices, respectively, during the Review Period.

5.2. Review on the trading liquidity of the Shares

We have reviewed the trading volume data in respect of the Shares during the Review Period as illustrated in the table below:

Months	Total number of issued Shares at the end of the month/period	Total trading volume of Share for the month/period	No. of trading days	Average daily trading volume *(Note 1)*	Percentage of average daily trading volume to total issued Shares *(Note 2)*	Percentage of average daily trading volume to total number of Shares held by public Shareholders *(Note 3)*
2025						
January (22nd to 31st)	13,585,338,609	1,321,750	5	264,350	0.0178%	0.0272%
February	13,585,338,609	20,740,474	20	1,037,024	0.0700%	0.1068%
March	13,585,338,609	14,244,743	21	678,321	0.0458%	0.0699%
April	13,585,338,609	9,157,300	19	481,963	0.0325%	0.0496%
May	13,585,338,609	16,950,113	20	847,506	0.0572%	0.0873%
June	13,585,338,609	19,864,181	21	945,913	0.0638%	0.0974%
July	13,585,338,609	103,314,933	22	4,696,133	0.3168%	0.4837%
August	13,585,338,609	61,710,589	21	2,938,599	0.1983%	0.3026%
September	13,585,338,609	17,380,027	22	790,001	0.0533%	0.0814%
October	13,585,338,609	22,095,344	20	1,104,767	0.0745%	0.1138%
November	14,821,543,992	21,630,254	20	1,081,513	0.0730%	0.1114%
December	1,482,154,399	8,247,752	21	392,750	0.0265%	0.0404%
2026						
January	1,482,154,399	14,502,089	21	690,576	0.0466%	0.0711%
February (1st to 16th)	1,482,154,399	3,570,484	11	324,589	0.0219%	0.0334%
				Maximum	**0.3168%**	**0.4837%**
				Minimum	**0.0178%**	**0.0272%**
				Average	**0.0784%**	**0.1197%**

Source: The Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.

2. It is calculated by dividing the average daily trading volume for the month/period by the total number of issued Shares at the end of each month/period.

3. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares held by the public Shareholders as at the Latest Practicable Date, i.e. 970,974,705.

As illustrated in the table above, we note that the trading volume of the Shares was generally thin during the Review Period, with the percentages of average daily trading volume of the Share to the total issued Shares and the total issued Shares held by the public Shareholders during the Review Period are 0.0784% and 0.1197%, respectively. The low trading volume and relatively thin liquidity of the Shares during the Review Period may constrain the Company's ability to attract third-party placing agents or underwriters to participate in potential equity fund-raising exercises for the redemption of the Convertible Bonds, such as placement, rights issue or open offer, thereby necessitating the exploration of other financing solutions such as the proposed extension of the maturity date of the Convertible Bonds.

5.3. Comparison with convertible bonds with extension of maturity date

We have reviewed the announcements on extension of convertible bonds for their respective maturity for one year prior to the date of the Extension Deed and up to the Latest Practicable Date, by companies listed on the Stock Exchange. We consider such period represented recent structure of the extension of convertible bonds in the capital market in Hong Kong and allows the Independent Shareholders to have a general understanding of recent extension of convertible bonds being conducted. We identified a list of nine comparable convertible bonds (the "**Extension Comparables**") and it is exhaustive as far as we are aware of. Summary of the Extension Comparables is set out as below:

No.	**Company Name (Stock Code)**	**Date of announcement**	**Outstanding principal amount** *(HK$ million)*	**Extension for the term of maturity** *(Months)*
1.	China Aluminum Cans Holdings Limited (6898)	21 February 2025	139.83	60
2.	Best Food Company Limited (1488)	3 April 2025	610.68	25
3.	Hospital Corporation of China Limited (3869)	12 June 2025	773.88	24
4.	Hospital Corporation of China Limited (3869)	12 June 2025	468.00	24
5.	Carrianna Group Holdings Company Limited (126)	31 July 2025	67.43	12
6.	South China Financial Holdings Limited (619)	6 November 2025	50.00	36
7.	Starcoin Group Limited (399)	2 December 2025	715.00	60
8.	CCT Fortis Holdings Limited (138)	2 January 2026	87.92	24

No.	Company Name (Stock Code)	Date of announcement	Outstanding principal amount *(HK$ million)*	Extension for the term of maturity *(Months)*
9.	Nan Nan Resources Enterprise Limited (1229)	20 January 2026	200.00	36
			Maximum	**60**
			Minimum	**12**
			Median	**25**
			Average	**33**
	The Company			**25**

Source: The Stock Exchange

For the Extension Comparables, the extension of maturity date ranged from 12 months up to 60 months, with an average of approximately 33 months and a median of 25 months. The proposed extension of the maturity date of the Convertible Bonds of 25 months is within the range of the Extension Comparables and equal to the median but is slightly below the average extension period of the Extension Comparables. Having considered that (i) the Company's proposed extension period of the maturity date of the Convertible Bonds is equal to the median of the Extension Comparables; and (ii) the extension provides necessary flexibility for the Group to preserve its liquidity position in the context of its current financial condition as discussed above, we are of the view that the proposed extension of the maturity date of the Convertible Bonds is fair and reasonable.

5.4. Comparison with convertible bonds issued recently

We have reviewed issues of new convertible bonds under placing/subscription agreements (excluding those issued as consideration for acquisitions) announced by companies listed on the Stock Exchange (with market capitalisation on the respective announcement/agreement date below HK$1,000 million) for six months prior to the date of the Extension Deed and up to the Latest Practicable Date (the "**Comparables Review Period**"). The threshold of below HK$1,000 million was adopted to ensure a sufficient number of relevant comparables for robust analysis and most comparables identified are of a similar size to or closer in market capitalisation to the Company, and we consider this selection to be fair and representative for comparative purposes. We also consider the Comparables Review Period represented the general structure of the convertible bonds issued under placing/subscription agreements recently (excluding those issued as consideration for acquisitions) in the capital market in Hong Kong, and allows the Independent Shareholders to have a general understanding of recent issues of convertible bonds being conducted. We identified a list of 13 comparables (the "**Comparable(s)**") which met the said criteria and it

is exhaustive as far as we are aware of. Independent Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables.

No.	Company name (Stock Code)	Date of announcement	Market capitalisation on the respective announcement/ agreement date *(Approx. HK$ million)*	Principal amount *(Approx. HK$ million)*	Premium/ (discount) of the conversion price over/(to) the closing price on the last trading day prior to/on the date of the respective announcement/ agreement *(Approx. %)*	Premium/ (discount) of the conversion price over/(to) the closing price on the last five trading days prior to/including the date of the respective announcement/ agreement *(Approx. %)*	Premium/ (discount) of the conversion price over/(to) the respective net asset value per issued share[1] *(Approx. %)*	Interest/ coupon rate *(% per annum)*	Term to maturity *(Months)*	Amount of assets pledged for the respective convertible bonds *(Approx. HK$ million)*
1.	Dingyi Group Investment Limited (508)	31 July 2025	263.71	980.00	5.81	2.82	(73.77)	2.00	36	Nil
2.	Millennium Pacific Group Holdings Limited (8147)	1 August 2025	42.31	8.63	2.04	2.04	1265.38	5.00	24	Nil
3.	Pengo Holdings Group Limited (1865)	1 August 2025	187.87	120.00	(14.50)	(19.30)	64.7	3.00	12	NA[2]
4.	China Rongzhong Financial Holdings Company Limited (3963)	3 September 2025	145.63	35.00	0.00	(0.17)	739.67	2.75	36	Nil
5.	Moiselle International Holdings Limited (130)	3 October 2025	71.98	25.00	20.00	97.10	(72.90)	2.50	36	Nil
6.	DTXS Silk Road Investment Holdings Company Limited (620)	17 October 2025	720.92	323.00	5.56	6.03	(10.58)	3.85	36	Nil
7.	Mindtell Technology Limited (8611)	24 October 2025	313.56	28.60	(17.90)	(11.30)	3250.52	Nil	24	Nil
8.	Sunshine Oilsands Ltd. (2012)	16 November 2025	191.40	238.00	12.54	0.00	19.09	8.00	24	NA[2]
9.	Beijingwest Industries International Limited (2339)	17 November 2025	921.81	409.39	(34.21)	(20.00)	(22.80)	Nil	12	NA[2]
10.	SEM Holdings Limited (9929)	3 December 2025	206.00	44.00	6.80	5.57	3.21	Nil	24	Nil
11.	China Biotech Services Holdings Limited (8037)	29 December 2025	770.83	272.30	(16.46)	(24.49)	169.53	10.00	48	323.90[3]
12.	True Partner Capital Holding Limited (8657)	4 February 2026	188.78	19.07	77.78	76.47	8.42	3.00	24	Nil
13.	China Water Industry Group Limited (1129)	16 February 2026	284.49	278.25	(31.56)	0.00	(77.29)	10.00	24	NA[2]
				Maximum	**77.78**	**97.10**	**3250.52**	**10.00**	**48**	**323.90**
				Minimum	**(34.21)**	**(24.49)**	**(77.29)**	**Nil**	**12**	**Nil**
				Median	**2.04**	**0.00**	**3.21**	**3.00**	**24**	**Nil**
				Average	**1.22**	**8.83**	**394.91**	**3.85**	**28**	**26.99**
	The Company				**160.52**	**163.25**	**3614.81[4]**	**10.00**	**25**	**182.81[5]**

Source: The Stock Exchange

Notes:

1. The premium/ (discount) of the conversion price over/(to) the respective net asset value per issued share of the Comparables are calculated based on the conversion price as disclosed in the respective initial announcements in relation to the issues of convertible bonds of Comparables and the net asset value attributable to the owners as disclosed in the latest published financial information of the respective Comparables prior to the date of the respective announcements or agreements.

2. No information regarding any assets or the amount of assets pledged or provided as security for the convertible bonds was disclosed in the respective announcements or circulars.

3. As disclosed in the announcement of China Biotech Services Holdings Limited (Stock Code: 8037) ("**China Biotech**") dated 29 December 2025, the security for the convertible bonds of China Biotech was provided by way of share charge executed by its substantial shareholder in favour of the subscriber over 410,000,000 shares of China Biotech. The estimated amount of assets pledged for the convertible bonds of China Biotech was determined by multiplying the 410,000,000 shares subject to the share charge by the closing price of China Biotech shares as at the date of the respective announcement.

4. It is calculated based on the net asset value (being total assets less total liabilities and non-controlling interests) of approximately HK$0.027 per Share, which is derived from the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK$40,109,000 as at 30 June 2025 and 1,482,154,399 Shares in issue as at the Latest Practicable Date.

5. Being the aggregate book value of the CB Pledged Assets amounted to approximately HK$182.81 million as at 31 December 2025.

5.4.1. Conversion Price

During the Comparables Review Period, the conversion prices of the Comparables represent a range of a discount of approximately 34.21% to a premium of approximately 77.78%, with an average of premium of approximately 1.22% over the respective closing price per share on the last trading day prior to the date of the respective announcement/ agreement in relation to the respective issue of Comparables. The Conversion Price of HK$1.003 per Conversion Share, which represents a premium of approximately 160.52% over the closing price of HK$0.385 per Share as quoted on the Stock Exchange on the date of the Extension Deed, is higher than the range of the Comparables.

In addition, during the Comparables Review Period, the conversion prices of the Comparables represent a range of a discount of approximately 24.49% to a premium of approximately 97.10%, with an average of premium of approximately 8.83% over the respective average closing price per share for five trading days prior to/including the date of the respective announcement/agreement in relation to the respective issue of convertible bonds. The Conversion Price of HK$1.003 per Conversion Share, which represents a premium of approximately 163.25% over the average closing price of HK$0.383 per Share as quoted on the Stock Exchange for five trading days immediately prior to the date of the Extension Deed, is higher than the range of the Comparables.

During the Comparables Review Period, the conversion prices of the Comparables represented a range from a discount of approximately 77.29% to a premium of approximately 3250.52% over the respective then-latest net asset value per issued share, with a median premium of approximately 3.21% and an average premium of approximately 394.91%. The Conversion Price of HK$1.003 per Conversion Share, which represents a premium of approximately 3,614.81% over the latest net asset value per Share as at 30 June 2025, is higher than the maximum premium observed among the Comparables during the Review Period.

Having considered that (i) the Conversion Price represents premium over the highest closing Share price during the Review Period; (ii) the difficulty in conducting other fund-raising activities due to the low liquidity of the Shares and other reasons as discussed under the section headed "3. Reasons for and benefits of the Extension" above; and (iii) the premium of the Conversion Price is higher than the ranges of the Comparables, we are of the view that the Conversion Price is fair and reasonable.

5.4.2. Interest rate

As shown in the table above, the Comparables carried annual interest rates ranging from nil to 10.00% per annum, and the interest rate of the Convertible Bonds at 10.00% per annum is at the maximum of this range. After taking into account (i) the prevailing unfeasible lending situation and tight lending conditions offered by commercial banks in Hong Kong; (ii) the fact that the Company has approached and conducted preliminary discussions with three financial institutions since second half of 2025 regarding the possibility of granting to the Group loan borrowings with amount sufficient to repay the principal and the accrued interest of the Convertible Bonds upon the original maturity date. However, these financial institutions failed to offer any feasible or acceptable loan proposals to the Group after considering the Group's financial position and performance as well as insufficient available assets eligible for security and pledging; (iii) the difficulty for the Group to further raise debt financing or secure sizeable bank borrowings to redeem the Convertible Bonds upon maturity as discussed in the section headed "3. Reasons for and benefits of the Extension"; (iv) the absence of sufficient secured collateral or assets within the Group to support new loan facilities, as assessed by us based on the Group's consecutive losses for FY2023 and FY2024, total borrowings of approximately HK$84 million as at 31 December 2025, its assets of approximately HK$231.46 million have already been pledged to secure the Convertible Bonds and other borrowings as at 31 December 2025, recent unsuccessful attempts to secure new loans due to limited available collateral, and the indication of the Bondholder, after further discussion with the Company, of not releasing and/or reducing the existing collateral pledged for the Convertible Bonds prior to full settlement of the Convertible Bonds; (v) the net current liabilities position of the Group as at 30 June 2025; and (vi) the Company is in loss making for FY2023 and FY2024, we are of the view that the interest rate of 10.00% for the Convertible Bonds is fair and reasonable despite it is higher than the average and median of those of the Comparables.

5.4.3. Term to maturity

As illustrated in the table above, the terms to maturity of the Comparables range from 12 months to 48 months, with an average of approximately 28 months. According to the Extension Deed, the maturity date is proposed to be extended for 25 months, which are within the range of maturity of the Comparables.

Taking into account the principal terms of the Convertible Bonds as highlighted above, we are of the view that the terms and conditions of the Extension Deed and the grant of the Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

5.4.4. Assets pledged for the convertible bonds

As illustrated in the table above, out of the Comparables, only one Comparable involved the provision of security by way of share charge with an estimated value of approximately HK$323.90 million, with the ratio of pledged asset amount to principal amount of approximately 118.95%. The remaining Comparables did not involve asset pledges or the provision of additional security for their respective convertible bonds, nor was any such information disclosed in the respective announcements or circulars. While most of the Comparables did not require asset pledges for their convertible bonds, we note that such security may be stipulated by investors depending on the issuer's financial performance and position and specific terms of the convertible bonds.

In view of (i) the Conversion Price represents a premium over the closing prices of the Shares during the entire Review Period; and (ii) the premiums of the Conversion Price over the closing price per Share on the date of the Extension Deed, the average closing price per Share for five trading days immediately prior to the date of the Extension Deed, and the latest net asset value per Share as at 30 June 2025 are all higher than the range of the Comparables, we are of the view that the provision of the CB Pledged Assets forms part of the overall commercial negotiations and enables the Company to secure more favourable pricing for the Convertible Bonds. Although the ratio of pledged asset amount to principal amount for the Convertible Bonds is approximately 304.68%, which is higher than the ratio of approximately 118.95% for the aforesaid Comparable, we consider that the enhanced level of security is balanced by the more favourable conversion price premium and the shorter term to maturity of the Convertible Bonds as compared with that Comparable. Accordingly, we consider that the terms relating to security and asset pledges under the Convertible Bonds, including the provision of the CB Pledged Assets, are on normal commercial terms and are fair and reasonable in the context of the overall terms of the Convertible Bonds negotiated so far as the Independent Shareholders are concerned.

6. Effects of shareholding structure

Based on the Conversion Price of HK$1.003 per Conversion Share and assuming full conversion of the outstanding principal amount of the Convertible Bonds of HK$60,000,000 at the Conversion Price, the Convertible Bonds may be convertible into 59,820,538 Conversion Shares, representing approximately 4.04% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 3.88% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought by the Company at the EGM.

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after full conversion of the Convertible Bonds (assuming no change in the issued share capital of the Company since the date of the Extension Deed up to the date of the full conversion of the Convertible Bonds nor any change in the shareholdings as described below):

Shareholders	**As at the Latest Practicable Date**		**Immediately after full conversion of the Convertible Bonds**	
	No. of Shares	*Approx. %*	*No. of Shares*	*Approx. %*
Mr. ZHAO and/or the Bondholder *(Note 1)*	59,820,538	4.04	119,641,076	7.76
Mr. YUEN *(Note 2)*	239,734,010	16.17	239,734,010	15.55
Tencent Holdings Limited *(Note 3)*	211,625,146	14.28	211,625,146	13.72
Mr. KO Chun Shun, Johnson *(Note 4)*	126,200,000	8.51	126,200,000	8.18
Other public Shareholders	844,774,705	57.00	844,774,705	54.79
Total	**1,482,154,399**	**100.00%**	**1,541,974,937**	**100.00%**

Notes:

1. Mr. ZHAO is deemed to have an interest in 119,641,076 Shares through his interest in the Bondholder. This interest comprises 59,820,538 Shares, together with the Convertible Bonds with aggregate outstanding principal amount of HK$60,000,000, which is convertible into 59,820,538 Shares at the conversion price of HK$1.003 per Share. The Bondholder is a wholly-owned subsidiary of Hony HK, which is managed by United Strength Youthful Limited (as the general partner). The limited partners of Hony HK were (i) Prosperous Florid Limited (as to 50% limited partnership interest), which is in turn wholly-owned by Hony Partners Group, L.P., in which no individual holds 10% or more of the limited partnership interest; (ii) Mr. HANG Qiang 杭強 (as to approximately 29.2% limited partnership interest); (iii) Mr. YUEN (as to approximately 16.7% limited partnership interest) and (iv) Mr. YIN Weidong 殷衛東 (as to approximately 4.1% limited partnership interest). United Strength Youthful Limited is a wholly-owned subsidiary of Hony Capital Group Limited, which is in turn a wholly-owned subsidiary of Hony Capital, managed by Hony Group Management Limited (as the general partner). Hony Group Management Limited is 80% owned by Hony Managing Partners Limited and 20% owned by Right Lane Limited. Right Lane Limited is wholly-owned by Legend Holdings Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 3396). Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, in which (i) Mr. ZHAO owns a 49% interest; (ii) Mr. CAO Yonggang owns 25.5% interest; and (iii) Mr. Xu Minsheng owns 25.5% interest.

2. Mr. YUEN is beneficially interested in 45,931,000 Shares. Smart Concept is wholly-owned by Mr. YUEN and is beneficially interested in 193,803,010 Shares. Pursuant to the SFO, Mr. YUEN is also deemed to be interested in the Shares owned by Smart Concept.

3. Mount Qinling Investment Limited is a wholly-owned subsidiary of Tencent Holdings Limited and is beneficially interested in 211,625,146 Shares. Pursuant to the SFO, Tencent Holdings Limited is deemed to be interested in the Shares owned by Mount Qinling Investment Limited.

4. Greater Harmony Limited is wholly-owned by Mr. KO Chun Shun, Johnson and is beneficially interested in 126,200,000 Shares. Pursuant to the SFO, Mr. KO is deemed to be interested in the Shares owned by Greater Harmony Limited.

5. The above shareholding information of the Company is based on publicly available information and to the best of the Company's knowledge and information.

Upon full conversion of the Convertible Bonds at the Conversion Price, the Convertible Bonds will be convertible into 59,820,538 new Shares, representing approximately 4.04% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 3.88% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. Immediately after such conversion, the Company will continue to be able to satisfy the public float requirements under the Listing Rules.

Assuming there is no change in the number of issued Shares from the Latest Practicable Date up to the date when the conversion of the Convertible Bonds is in full by the Bondholder, the shareholding in the Company held by the existing public Shareholders will be diluted from approximately 65.51% before full conversion of the Convertible Bonds to approximately 62.97% immediately after full conversion of the Convertible Bonds.

Despite the potential dilution to the shareholding of the existing public Shareholders, after taking into account that (i) the aforementioned reasons for and benefits of the Extension; (ii) the terms of the Extension being acceptable; and (iii) the redemption of the Bonds due on 21 March 2026 would impose pressure on the liquidity and working capital of the Group, we are of the view that the extent of dilution to the shareholding interests of the existing public Shareholders as a result of the full conversion of the Convertible Bonds is acceptable and justifiable.

7. Financial effects of the Extension

When assessing the financial impacts of the Extension, we have taken into account the following main aspects:

7.1. Effects on liquidity

According to the 6M2025 Interim Report, the cash and cash equivalents of the Group were approximately HK$17.30 million as at 30 June 2025, and the net current liabilities of the Group was approximately HK$145.12 million as at 30 June 2025. The Extension would allow the Group to postpone substantial cash outflow of HK$60.00 million as a result of redemption of the Convertible Bonds. Having considered (i) the cash and cash equivalents of the Group were approximately HK$17.30 million as at 30 June 2025, and the principal amount of the Convertible Bonds was HK$60.00 million; and (ii) the Convertible Bonds in the principal amount of HK$60.00 million will become mature in March 2026, we are of the view that the Extension would alleviate the liquidity and working capital pressure of the Group and allow the Group to retain more liquid financial resources for its business operations.

7.2. Effects on earnings

The accrued interest of the Convertible Bonds payable as at 31 January 2026 amounted to approximately HK$11.97 million. As the Convertible Bonds bear an interest of 10.00% per annum pursuant to its existing terms, the future earnings will be reduced correspondingly by the amount of interest expenses of HK$6.00 million incurred from the Convertible Bonds before the Extended CB Maturity Date. In addition, the expenses relating to the professional advisory fees and ancillary costs to be incurred by the Company in relation to the Extension will also decrease the earnings of the Group in this regard.

7.3. Effects on net assets

As at 30 June 2025, the Group had net liabilities of approximately HK$19.40 million. Upon completion of the Extension, there may be changes in the fair value of the Convertible Bonds, which will be determined by a professional valuer and reviewed by the Company's independent auditors in the Group's subsequent financial statements. If the outstanding Convertible Bonds are converted into Conversion Shares, the net asset value of the Group is expected to increase due to the reduction in liabilities.

Independent Shareholders should note that the aforementioned analysis is for illustrative purpose only and does not purport to represent how the financial performance and financial position of the Group would be after the Extension.

RECOMMENDATION

Taking into account (i) the net current liabilities position of the Group as at 30 June 2025 and the Company is in loss making for FY2023 and FY2024; (ii) the difficulty for the Group to further raise debt financing or secure sizeable bank borrowings to redeem the Convertible Bonds upon maturity; (iii) the Conversion Price has remained consistently above the closing prices of the Shares throughout the entire Review Period; (iv) the low trading volume and relatively thin liquidity of the Shares during the Review Period; (v) the proposed extension of the maturity date of the Convertible Bonds of 25 months is within the range of the Extension Comparables and equal to the median of the Extension Comparables; (vi) the premium of the Conversion Price is higher than the ranges of the Comparables; and (vii) the interest rate of 10.00% for the Convertible Bonds is fair and reasonable, after taking into consideration the reasons set out in the sub-section headed "5.4.2. Interest rate" despite it is higher than the average and median of the Comparables, we are of the view that (i) the terms of the Extension Deed and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the Extension Deed, though not in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend that the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Extension and the Specific Mandate and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Akron Corporate Finance Limited

Ross Cheung	**Constance Kong**
Managing Director	*Associate Director*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

Name	Capacity	Number of Shares held/ interested	Approximate percentage of shareholding as at the Latest Practicable Date
Mr. YUEN *(Note 1)*	Beneficial owner and interest of a controlled corporation	239,734,010	16.17%
Mr. ZHAO *(Note 2)*	Interest of a controlled corporation	119,641,076	8.07%

Notes:

1. Mr. YUEN is beneficially interested in 45,931,000 Shares and is deemed to be interested in 193,803,010 shares of the Company held by his wholly-owned corporation namely, Smart Concept Enterprise Limited.

2. Mr. ZHAO is deemed to have an interest in 119,641,076 Shares through his interest in the Bondholder. This interest comprises 59,820,538 Shares, together with the Convertible Bonds with aggregate outstanding principal amount of HK$60,000,000, which is convertible into 59,820,538 Shares at the conversion price of HK$1.003 per Share. The Bondholder is a wholly-owned subsidiary of Hony HK, which is is managed by United Strength Youthful Limited (as the general partner). The limited partners of Hony HK were (i) Prosperous Florid Limited (as to 50% limited partnership interest), which is in turn wholly-owned by Hony Partners Group, L.P., in which no individual holds 10% or more of the limited partnership interest; (ii) Mr. HANG Qiang 杭強 (as to approximately 29.2% limited partnership interest); (iii) Mr. YUEN (as to approximately 16.7% limited partnership interest) and (iv) Mr. YIN Weidong 殷衛東 (as to approximately 4.1% limited partnership interest). United Strength Youthful Limited is a wholly-owned subsidiary of Hony Capital Group Limited, which is in turn a wholly-owned subsidiary of Hony Capital, managed by Hony Group Management Limited (as the general partner). Hony Group Management Limited is 80% owned by Hony Managing Partners Limited and 20% owned by Right Lane Limited. Right Lane Limited is wholly-owned by Legend Holdings Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 3396). Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, in which (i) Mr. ZHAO owns 49% interest; (ii) Mr. Cao Yonggang owns 25.5% interest and (iii) Mr. Xu Minsheng owns 25.5% interest.

Save as disclosed herein, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short position in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and other persons' Interests

As at the Latest Practicable Date, other than the interests disclosed above in respect of certain directors and chief executive of the Company, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of Shares held/ interested	Approximate percentage of shareholding as at the Latest Practicable Date
Mr. YUEN *(Note 1)*	Beneficial owner and interest of a controlled corporation	239,734,010	16.17%
Mr. ZHAO *(Note 2)*	Corporation interest	119,641,076	8.07%
Tencent Holdings Limited *(Note 3)*	Corporation interest	211,625,146	14.28%
Ko Chun Shun, Johnson ("**Mr. KO**") *(Note 4)*	Corporation interest	126,200,000	8.51%

1. Mr. YUEN is beneficially interested in 45,931,000 Shares and is deemed to be interested in 193,803,010 shares of the Company held by his wholly-owned corporation namely, Smart Concept Enterprise Limited, pursuant to the SFO.

2. Mr. ZHAO is deemed to have an interest in 119,641,076 Shares through his interest in the Bondholder. This interest comprises 59,820,538 Shares, together with the Convertible Bonds with aggregate outstanding principal amount of HK$60,000,000, which is convertible into 59,820,538 Shares at the conversion price of HK$1.003 per Share. The Bondholder is a wholly-owned subsidiary of Hony HK, which is managed by United Strength Youthful Limited (as the general partner). The limited partners of Hony HK were (i) Prosperous Florid Limited (as to 50% limited partnership interest), which is in turn wholly-owned by Hony Partners Group, L.P., in which no individual holds 10% or more of the limited partnership interest; (ii) Mr. HANG Qiang 杭強 (as to approximately 29.2% limited partnership interest); (iii) Mr. YUEN (as to approximately 16.7% limited partnership interest) and (iv) Mr. YIN Weidong 殷衛東 (as to approximately 4.1% limited partnership interest). United Strength Youthful Limited is a wholly-owned subsidiary of Hony Capital Group Limited, which is in turn a wholly-owned subsidiary of Hony Capital, managed by Hony Group Management Limited (as the general partner). Hony Group Management Limited is 80% owned by Hony Managing Partners Limited and 20% owned by Right Lane Limited. Right Lane Limited is wholly-owned by Legend Holdings Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 3396). Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, in which (i) Mr. ZHAO owns 49% interest; (ii) Mr. Cao Yonggang owns 25.5% interest and (iii) Mr. Xu Minsheng owns 25.5% interest.

3. Mount Qinling Investment Limited is a wholly-owned subsidiary of Tencent Holdings Limited and is beneficially interested in 211,625,146 shares of the Company. Pursuant to the SFO, Tencent Holdings Limited was deemed to be interested in these Shares.

4. Greater Harmony Limited is wholly-owned by Mr. KO and was beneficially interested in 126,200,000 shares of the Company. Pursuant to the SFO, Mr. KO was deemed to be interested in these Shares.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, there was no person (other than a Director or chief executive of the Company) or deemed or taken to have who had an interest or a short position in the Shares and/or underlying Shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS' INTERESTS IN GROUP'S ASSET OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

(a) As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2024, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. SERVICE CONTRACTS

None of the Directors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, the date to which the latest published audited consolidated accounts of the Group were made up.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Akron Corporate Finance Limited	A corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Akron Corporate Finance Limited had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, Akron Corporate Finance Limited was not interested, directly or indirectly, in any assets which had since 31 December 2024 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

Akron Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter/report on the same date and references to its name in the form and context in which it appears.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.honymedia.net) for a period of not less than fourteen (14) days from the date of this circular up to and including the date of EGM and is available for inspection at the EGM:

(i) the written consent of expert referred to in the paragraph headed "7. EXPERT AND CONSENT" in this Appendix;

(ii) the letter from the Independent Board Committee, the text of which is set out on pages 25 and 26 in this circular;

(iii) the letter from the Independent Financial Adviser, the text of which is set out from pages 27 to 64 in this circular;

(iv) the Subscription Agreement;

(v) the Extension Deed; and

(vi) this circular.



弘毅文化集团
HONY MEDIA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of Hony Media Group (the "**Company**") will be held at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 18 March 2026, at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company as ordinary resolutions:

ORDINARY RESOLUTION

1. "**THAT**

   (a) the extension deed (the "**Extension Deed**") dated 22 January 2026 entered into between the Company and United Strength LS Limited in relation to the extension of maturity date of the outstanding convertible bonds in the principal amount of HK$60,000,000 (the "**Convertible Bond**") by 25 months from 21 March 2026 to 21 April 2028 (the "**Extension**") be and is hereby approved, confirmed and ratified;

   (b) subject to The Stock Exchange of Hong Kong Limited approving the Extension and the listing of and permission to deal in, the share(s) to be issued by the Company pursuant to the exercise of the conversion rights attaching to the Convertible Bond, the board of directors of the Company be and is hereby granted a specific mandate to allot and issue new shares of HK$0.20 each in the share capital of the Company upon exercise of the conversion rights attaching to the Convertible Bond in accordance with the terms and conditions of the Convertible Bond (as revised by the Extension); and

(c) any director of the Company (the "**Director**"), or if affixation of the common seal is necessary, any two Directors or any one Director and the secretary of the Company, be and is/are hereby authorised for and on behalf of the Company to execute all such documents and agreements and do all such acts and things, including but without limitation to the execution of all such documents under common seal where applicable, as he/she may in his/her discretion consider necessary, expedient or desirable for the purpose of or in connection with the implementation of or giving effect to the Extension or the Extension Deed and all matters incidental thereto or in connection therewith."

Yours faithfully,
For and on behalf of the Board
HAU Wai Man, Raymond
Company Secretary

Hong Kong, 27 February 2026

Notes:

1. Any shareholder entitled to attend and vote at the EGM convened by the above notice ("**Notice**") or its adjourned meeting (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more Shares, more than one) proxy to attend the EGM and, on a poll, vote on his/her/its behalf in accordance with the Articles of Association of the Company. A proxy need not be a shareholder of the Company. A form of proxy for use at the EGM or its adjournment (as the case may be) is enclosed with the Company's circular dated 27 February 2026 ("**Circular**") and is also available on the respective websites of the Stock Exchange and the Company.

2. To be valid, a form of proxy, duly signed and completed, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof), must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited ("**Registrar**"), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the EGM or its adjourned meeting (as the case may be) and in default, the proxy will not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the EGM or its adjourned meeting (as the case may be) should they so wish. In that event, the said form(s) of proxy shall be deemed to be revoked.

   The contact phone number of the Registrar is (852) 2980 1333.

3. The register of members of the Company will be closed from Friday, 13 March 2026 to Wednesday, 18 March 2026 (both dates inclusive) for ascertaining the entitlements to attend and vote at the EGM during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 March 2026. The record date for the attending and voting at the EGM is Wednesday, 18 March 2026.

4. Where there are joint registered holders of any shares of the Company, any one of such joint holders may attend and vote at the EGM or its adjourned meeting (as the case may be), either in person or by proxy, in respect of such shares as if he/she/it were solely entitled thereto; but if more than one of such joint holders are present at the EGM or its adjourned meeting (as the case may be) personally or by proxy, then one of such holders so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

5. In compliance with Rule 13.39(4) of the Listing Rules, voting on the resolution proposed in the Notice shall be decided by way of a poll at the EGM.

As at the date hereof, the Board comprises non-executive director: Mr. ZHAO John Huan (Chairman), executive directors: Mr. CHENG Wu (CEO), Mr. YUEN Hoi Po (President) and independent non-executive directors: Mr. YUEN Kin, Ms. WANG Song Song, Ms. PAN Min.