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智數科技集團有限公司

SMART DIGITAL TECHNOLOGY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1159)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

AUDITED ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Smart Digital Technology Group Limited (the “**Company**”) hereby announces its audited annual consolidated results (“**Audited Results**”) for the year ended 31 December 2025, together with the corresponding comparative figures for the year ended 31 December 2024 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
REVENUE	6	21,909	40,369
Cost of sales		<u>—</u>	<u>—</u>
Gross profit		21,909	40,369
Other income and gains	6	57,557	15,832
Selling and distribution expenses		(1,403)	(2,456)
Administrative expenses		(22,599)	(20,334)
Gain on disposal of subsidiaries		324,735	—
(Impairment)/net reversal of impairment of trade receivables and contract assets		(145)	4,184
Impairment losses on prepayments, other receivables and other assets		(245,560)	—
Impairment losses on investments in films, television programs and program rights		(11,678)	—
Change in fair value of financial asset at fair value through profit or loss (“FVTPL”)		419	—
Changes in fair value of financial liabilities at FVTPL and derivative financial liabilities		104,057	(30,213)
Other expenses		(3,519)	(6,689)
Finance costs	8	<u>(20,463)</u>	<u>(26,744)</u>
PROFIT/(LOSS) BEFORE TAX	7	<u>203,310</u>	<u>(26,051)</u>
Income tax expense	9	<u>(459)</u>	<u>(2,331)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>202,851</u>	<u>(28,382)</u>

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Attributable to:			
– Owners of the parent		202,851	(28,382)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u>202,851</u>	<u>(28,382)</u>
 PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	 <i>11</i>		
 Basic and diluted earnings/(loss) per share <i>(HK\$)</i>		<u>1.68</u>	<u>(0.29)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u><u>202,851</u></u>	<u><u>(28,382)</u></u>
OTHER COMPREHENSIVE EXPENSE		
Other comprehensive income (expense) that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations, net of nil tax	2,949	(2,355)
– Reclassification of cumulative exchange reserve upon disposal of foreign operations	<u>(5,534)</u>	<u>–</u>
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX	<u>(2,585)</u>	<u>(2,355)</u>
TOTAL COMPREHENSIVE PROFIT/(EXPENSE) FOR THE YEAR	<u><u>200,266</u></u>	<u><u>(30,737)</u></u>
Attributable to:		
– Owners of the parent	200,266	(30,737)
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u><u>200,266</u></u>	<u><u>(30,737)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		4	21
Right-of-use assets		–	–
Prepayments, other receivables and other assets		123,336	288,581
Investment in films, television programs and program rights		–	11,653
Intangible assets		2,635	3,448
		<hr/>	<hr/>
Total non-current assets		125,975	303,703
CURRENT ASSETS			
Trade receivables	<i>12</i>	2,030	–
Prepayments, other receivables and other assets		6,835	92,537
Contract assets		4,848	7,696
Financial assets at FVTPL		37,281	–
Cash and cash equivalents		13,220	38,826
		<hr/>	<hr/>
Total current assets		64,214	139,059

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CURRENT LIABILITIES			
Other payables and accruals		57,179	102,971
Contract liabilities		–	37,275
Interest-bearing borrowings and film investment loans		166,054	410,705
Derivative financial liabilities		27,003	40,632
Financial liabilities at FVTPL		70,149	195,373
Amount due to a shareholder		–	1,063
Lease liabilities		–	–
Tax payable		5,907	36,761
		<u>326,292</u>	<u>824,780</u>
Total current liabilities			
		(262,078)	(685,721)
NET CURRENT LIABILITIES			
		(136,103)	(382,018)
NET LIABILITIES			
EQUITY			
Share capital	<i>13</i>	14,186	9,856
Reserves		(150,289)	(391,874)
		<u>(136,103)</u>	<u>(382,018)</u>
Equity attributable to owners of the parent		(136,103)	(382,018)
Non-controlling interests		–	–
		<u>–</u>	<u>–</u>
NET DEFICIT		(136,103)	(382,018)
		<u>(136,103)</u>	<u>(382,018)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Smart Digital Technology Group Limited 智數科技集團有限公司 was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office and principal place of business of the Company is Room 1201, 12th Floor, 1111 King’s Road, Taikoo Shing, Hong Kong.

During the year and up to 31 December 2025, the Company and its subsidiaries (the “**Group**”) were involved in the media and culture business.

In the opinion of the directors of the Company (the “**Directors**”), the single largest shareholder of the Company is Timcha Investment Limited (“**Timcha**”), a company wholly owned by 江陰星輝文化傳播有限公司 (Jiangyin Starlight Communications Co., Ltd.#), a limited company incorporated in the People’s Republic of China (the “**PRC**”). In the opinion of the Directors, as of 31 December 2025, the Company had no single controlling shareholder.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The English name of the entity registered in the PRC represents the best efforts made by the management of the Company to translate its Chinese name as the entity does not have an official English name. The English translation of the name is for identification purposes only.

2. MATERIAL ACCOUNTING POLICIES INFORMATION

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountings (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

Going concern assessment

As of 31 December 2025, the Group had net current liabilities and net deficit of approximately HK\$262,078,000 and HK\$136,103,000 respectively. As at the same date, the Group's interest-bearing borrowings and film investment loans, derivative financial liabilities and financial liabilities at FVTPL amounted to approximately HK\$263,206,000 in total, while its cash and cash equivalents only amounted to HK\$13,220,000.

As at 31 December 2025, the Group defaulted on repayment of certain principal and interest for interest-bearing borrowings and film investment loans, derivative financial liabilities and financial liabilities at FVTPL amounting to approximately HK\$150,484,000, HK\$25,658,000 and HK\$67,349,000, respectively. As at 31 December 2025, the others principal and interest for interest-bearing borrowings and film investment loans, derivative financial liabilities and financial liabilities at FVTPL amounting to approximately HK\$15,570,000, HK\$1,345,000 and HK\$2,800,000, respectively, which were not defaulted and repayable within one year.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group has developed and implemented the following liquidity plans and measures to address the going concern issue:

- (a) The Group has been actively negotiating with lenders for renewal and extension for repayments of the overdue borrowings to reduce the liquidity pressure of the Group. In 2024 and 2025, the Group has repaid loans in the amount of approximately HK\$76.1 million and approximately HK\$32.0 million respectively;
- (b) The Group has been exploring the possibility of raising capital by way of equity financing to support the Group to explore new business opportunities, including but not limited to the satellite business, to broaden the Group's client and revenue base and increase investment returns to the shareholders of the Company;
- (c) The Group will continue to implement business strategy to enhance the Group's profitability and cash inflows; and
- (d) The Group will continue to take active measures to control costs and prioritise film investments expenditures so as to improve the Group's cash outflows.

The directors of the Company are of the opinion that, after the abovementioned plans and measures progressively take effect, the financial condition of the Group will be restored and the material uncertainties relating to going concern will be properly addressed. The directors of the Company therefore hold the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2025. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

However, should the Group fail to implement the abovementioned plans and measures, it might not be able to continue to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify the non-current assets as current assets. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. AMENDMENTS TO A HKFRS ACCOUNTING STANDARD THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In current year, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

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

4. NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature - dependent Electricity²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards — Volume 11²</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency³</i>

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the structure and presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has only one reportable operating segment which is the media and culture business segment, of which it engages in investment in the production and distribution of entertainment content such as films and television programs.

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-makers in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the Directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

The Group mainly operates in USA, Hong Kong and the PRC, and the geographical segment information as required by HKFRS 8 “Operating Segments” is presented as follows:

(a) Revenue from external customers

	2025	2024
	<i>HK\$’000</i>	<i>HK\$’000</i>
USA	<u>21,909</u>	<u>40,369</u>

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

(b) Non-current assets

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
USA	123,340	289,686
Hong Kong	2,635	3,450
	<u>125,975</u>	<u>293,136</u>

The non-current assets information above is based on the locations of the assets and excluded other receivables and deposits.

Information about major customers

Revenue from major customers individually amounting to over 10% of the total revenue of the Group is set out below:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	15,891	26,197
Customer B	4,570	7,309
Customer C*	–	6,863
	<u>20,461</u>	<u>40,369</u>

* This customer did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2025.

6. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from films generated		
from USA market, and recognised at a point in time	<u>21,909</u>	<u>40,369</u>

(b) *Performance obligations*

As at 31 December 2025, the amounts of transaction price allocated to the remaining performance obligations expected to be recognised as revenue within one year and over one year are approximately HK\$10,662,000 (2024: HK\$21,423,000) and HK\$5,951,000 (2024: HK\$16,397,000), respectively.

Other income and gains

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Consulting service income	1,380	598
Bank interest income	134	134
Write back/waiver of interests payable (<i>Note a</i>)	15,939	6,249
Write back of contract liabilities (<i>Note b</i>)	37,353	–
Write back of other payables (<i>Note c</i>)	1,560	3,010
Refund of rental deposit	–	242
Gain on early termination right-of-use assets and lease liabilities	–	227
Gain on disposal of copyright licenses	–	4,720
Artist management service income	604	–
Others	<u>587</u>	<u>652</u>
	<u>57,557</u>	<u>15,832</u>

Notes:

- (a) During the year ended 31 December 2025, following the releases of the final awards of the arbitration and/or reached of settlement, the Group is not required to settle certain interests payable accrued in previous years, accordingly, a total amount of US\$2,014,000 (equivalent to approximately HK\$15,939,000) write back of interests payable have been recognised.

During the year ended 31 December 2024, the Group has reached a deed of waiver with a borrower to waive the interest payable amounted to HK\$6,249,000.

- (b) The amount represents deposits received from customers in previous years and it is noted that these customers have de-registered during the year ended 31 December 2025. Accordingly, the Group is no longer required to repay these deposits and therefore a write back has been recognised.
- (c) The amount represents outstanding other payables recognised in previous years and it is noted that the counterparty has de-registered during the year ended 31 December 2025. Accordingly, the Group is no longer required to repay and therefore a write back has been recognised.

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	17	255
Depreciation of right-of-use assets	–	755
Lease payments not included in the measurement of lease liabilities	769	108
Amortisation of intangible assets (included in administrative expenses)	949	1,414
Loss on de-registration of subsidiaries	–	2,735
Auditor's remuneration	1,280	1,330
Employee benefit expense (excluding directors' and chief executive's remuneration):		
– Wages and salaries	4,606	4,336
– Pension scheme contributions	850	88
Total	<u>5,456</u>	<u>4,424</u>
Net impairment/(reversal of) of impairment of trade receivables and contract assets:		
– Impairment/(reversal of) impairment of trade receivables, net	135	(632)
– Impairment/(reversal of) impairment contract assets, net	10	(3,552)
Total	<u><u>145</u></u>	<u><u>(4,184)</u></u>

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on interest-bearing borrowings and film investment loans	20,463	26,713
Interest on lease liabilities	<u>–</u>	<u>31</u>
	<u>20,463</u>	<u>26,744</u>

9. INCOME TAX EXPENSE

Pursuant to the rules and regulations of Bermuda, British Virgin Islands (“**BVI**”) and Seychelles, the Group is not subject to any income tax in Bermuda, BVI and Seychelles.

No provision for Hong Kong Profits Tax was made as the Group did not generate any assessable profits in Hong Kong for the years ended 31 December 2025 and 2024.

No provision for the PRC Enterprise Income Tax has been made as the subsidiaries in the PRC did not generate any assessable profits in the PRC for the years ended 31 December 2025 and 2024.

The subsidiaries in USA are subject to Federal Corporate Tax and State Income Tax. The federal corporate tax rate was 21% and the state income tax rate was 8.84% for the years ended 31 December 2025 and 2024.

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
USA		
– Current tax	<u>459</u>	<u>2,331</u>
Total income tax expense for the year	<u>459</u>	<u>2,331</u>

10. DIVIDENDS

No dividend has been paid or declared during the years ended 31 December 2025 and 2024. The Directors do not recommend the payment of any final dividends for the year ended 31 December 2025 (2024: nil).

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic and diluted earnings/(loss) per share amounts is based on loss for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 120,397,849 (2024: 98,246,644) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculations of the basic and diluted earnings/(loss) per share are based on:

	2025	2024
Profit/(loss) attributable to owners of the parent (<i>HK\$'000</i>)	202,851	(28,382)
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>120,397,849</u>	<u>98,246,644</u>
Basic and diluted earnings/(loss) per share (<i>HK\$</i>)	<u><u>1.68</u></u>	<u><u>(0.29)</u></u>

The weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share for 2024 have been adjusted for the consolidation of shares as disclosed in note 13.

12. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	20,849	96,152
Impairment	(18,819)	(96,152)
Net carrying amount	<u>2,030</u>	<u>–</u>

As at 1 January 2024, trade receivables from contracts with customers amounted to HK\$12,006,000.

Trade receivables from royalties from films are due when reported to the Group, and normally settled within one year. Trade receivables from sales of investment in television programs and program rights are due based on the payment schedule specified in contracts. Trade receivables from other revenue sources are generally due within one year from the date of provision of services. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice dates or dates of statement of net receipt, and net of loss allowance, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 6 months	<u>2,030</u>	<u>–</u>
Total	<u>2,030</u>	<u>–</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025	2024
	HK\$'000	HK\$'000
At 1 January	96,152	99,494
Disposal of subsidiaries (<i>note</i>)	(78,134)	–
Impairment losses, net	135	(632)
Exchange realignments	666	(2,710)
	<u> </u>	<u> </u>
At 31 December	<u>18,819</u>	<u>96,152</u>

Note: For the year ended 31 December 2025, the Group disposed of certain subsidiaries and the underlying assets of trade receivables amounting to nil (net of cumulative allowance for credit losses of HK\$78,134,000 in total).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

13. SHARE CAPITAL

	2025	2024
	HK\$'000	HK\$'000
Authorised:		
20,000,000,000 ordinary shares of HK\$0.10 each	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
141,856,479 (2024: 98,556,479) ordinary shares of HK\$0.1 each	<u>14,186</u>	<u>9,856</u>

A summary of the Company's share capital is as follows:

	Number of shares in issue	Nominal value of shares issued <i>HK\$'000</i>
At 1 January 2024	823,564,799	82,356
Issue of new shares (<i>Note a</i>)	162,000,000	16,200
Capital reduction (<i>Note b</i>)	<u>(887,008,320)</u>	<u>(88,700)</u>
At 31 December 2024	98,556,479	9,856
Issue of new shares (<i>Note c</i>)	<u>43,300,000</u>	<u>4,330</u>
At 31 December 2025	<u><u>141,856,479</u></u>	<u><u>14,186</u></u>

Note:

- (a) On 8 January 2024, a total of 162,000,000 placing shares have been successfully placed by the placing agent to not less than six (6) places at the placing price of HK\$0.165 per placing share pursuant to the terms and conditions of the placing agreement, representing approximately 16.44% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing.
- (b) On 23 July 2024, reduction of the par value of each issued Consolidated Share from HK\$1.00 to HK\$0.10 by (a) eliminating any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; and (b) cancelling HK\$0.90 of the paid-up capital of the Company on each issued Consolidated Share so that each issued New Share will be treated as one (1) fully paid-up share of par value of HK\$0.10 in the share capital of the Company immediately following the Capital Reduction, and the credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company.

- (c) On 2 June 2025, a total of 19,700,000 placing shares have been successfully placed by the placing agent to not less than six (6) placees at the placing price of HK\$0.361 per placing share pursuant to the terms and conditions of the placing agreement, representing approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The gross proceeds from the placing were HK\$7,112,000 and the net proceeds were approximately HK\$6,934,000 after deducting the commission and other expenses of the placing of approximately HK\$178,000.

On 25 July 2025, a total of 23,600,000 placing shares have been successfully placed by the placing agent to not less than six (6) placees at the placing price of HK\$1.69 per placing share pursuant to the terms and conditions of the placing agreement, representing approximately 16.64% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The gross proceeds from the placing were HK\$39,892,000 and the net proceeds were approximately HK\$38,715,000 after deducting the commission and other expenses of the placing of approximately HK\$1,177,000.

14. EVENT AFTER THE REPORTING PERIOD

There is no major event after the reporting period should be notified to the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

In recent years, the media business of the world is gradually rebounding from the impact of the COVID-19 pandemic which has spread all over the world in the year of 2019 and the strikes of the Writers Guild of America and Screen Actors Guild-AFTRA in 2023. Delays in distribution, settlement as well as receipt of income of TV drama and film investments of the Company significantly and negatively affected the operating results regarding these investments, which has been reducing the amount of revenue recognized for a few years. The slow-down of business activities and postponement of some of the film and TV drama projects developed by the Group in prior years have impacted on the financial results of the Group.

Revenue and gross profit from its media and culture business for the year of 2025 was approximately HK\$21.9 million and HK\$21.9 million respectively (2024: revenue of approximately HK\$40.4 million and gross profit of approximately HK\$40.4 million). Although there is a decrease in revenue, the Group recorded a one-off net gain on the disposal of subsidiaries of approximately HK\$324.7 million and reported a net profit attributable to owners of the Company of approximately HK\$202.9 million for the year ended 31 December 2025 (2024: net loss attributable to owners of the Company of approximately HK\$28.4 million).

Media and Culture

The Group's movies and TV drama series products and investments, projects incubated by film directors and related prepayments amounted to approximately HK\$123.3 million as at 31 December 2025, and the followings are some highlights:

Media investments and products

Crazy Rich Asians

The movie was invested and released by Warner Bros. Pictures, co-invested by the Group and directed by director Jon M. Chu (who has entered into an agreement with the Group), and was released in August 2018. The film was adapted from a best-selling novel written by Kevin Kwan under the same title, which has a solid reader base. The movie stars Constance Wu, Henry Golding, Michelle Yeoh, and etc. The highly anticipated movie is the first major film that is not a period piece in Hollywood in two and a half decades to feature an all ethnically Asian cast.

Greta

The thriller/crime movie is directed by Neil Jordan who won the Academy Award for Best Original Screenplay and starring French actress Isabelle Huppert who has been nominated for the Academy Award for Best Actress. The movie premiered at the Toronto International Film Festival in September 2018 and was released in March 2019.

Midway

The Group arranged the investment in the epic drama movie, directed by the well-known director Roland Emmerich (who has entered into an agreement with the Group), produced by Mark Gordon and starring Woody Harrelson, Mandy Moore and Luke Evans. It started principal photography in 2018 and was released on 8 November 2019.

Scary Stories to Tell in the Dark

The movie is distributed in US by Lionsgate, co-financed by CBS Films, eOne, the Group and Rolling Hills and was released in August 2019. The film is adapted from a bestselling series of short horror stories, written by Alvin Schwartz under the same title. It is directed by André Øvredal, produced by Academy Award Winner Guillermo del Toro, written by Dan Hageman, Kevin Hageman, and Guillermo del Toro. Starring Zoe Margaret Colletti, Michael Garza, Gabriel Rush, etc., the movie's international distributor is Entertainment One and Sierra/Affinity is the foreign sales agency of the picture.

Malignant

Malignant is a 2021 American horror film directed by James Wan from a screenplay by Akela Cooper, based on a story by Wan, Ingrid Bisu, and Cooper. The film stars Annabelle Wallis as a woman who begins to have visions of people being murdered, only to realize the events are happening in real life. Maddie Hasson, George Young, Michole Briana White, and Jacqueline McKenzie also star. *Malignant* was theatrically released in the United States on September 10, 2021, by Warner Bros. Pictures simultaneously streamed on HBO Max for one month. It is streaming on YouTube, Apple TV, Google Play Movies & TV, Vudu, Amazon Prime Video, YouTube TV and Hulu now.

Marshall

The movie was obtained by the Group through acquisition. It is internationally distributed by Sony Pictures Worldwide Acquisitions Inc., and distributed by Open Road Films, LLC in North America. The movie is produced by Paula Wagner, an experienced Hollywood producer, and starring Chadwick Boseman, the leading actor of “Black Panther”, and Sterling K. Brown, an Emmy Award winner and the leading actor of “This Is Us”. The movie was nominated for Oscar Best Original Song (theme song: Stand Up For Something) and received Top Ten Films of African American Film Critics Association Awards, Audience Choice Award of Chicago International Film Festival, Annual Song Award of Hollywood Film Awards, Best Original Song Award of Annual Satellite Awards as well as 18 other internationally renowned awards nominations.

Umma

“Umma” is a film that stands out for its fusion of horror with a poetic and lyrical representation of Asian culture. The film was distributed by Sony Pictures on March 15, 2022. It was produced by the renowned horror maestro Sam Raimi, who is known for his work on the “Spider-Man” series and “The Evil Dead” series. The director and writer of the film, Iris K. Shim, had previously been acclaimed for her documentary “The House of Suh,” which won six awards. The lead role in “Umma” was played by the talented Sandra Oh, who was celebrated as the first Asian actress to win a Golden Globe in 40 years. Her collaboration with Sam Raimi and Iris K. Shim brought a fresh and innovative perspective to Hollywood horror. It garnered interest from major studios and was praised for its unique blend of horror with an intimate portrayal of East Asian culture.

PROJECTS INCUBATING BY FILM DIRECTORS

With the commitment in further diversifying and enhancing the entertainment business of the Group so as to broaden the income sources, the Group has engaged 3 film directors.

James Wan, Jon M. Chu and Robert Zemeckis, in relation to the development and production of motion picture projects, which enable the Group to tap into the business of film production and distribution. Reference may be made to the Company's announcement dated 20 March 2020 for details of the profile of some of the projects under development. With respect to those projects that have not been completed prior to the terminations or expirations of the development agreements, the Company and those directors will continue to collaborate on the development of those projects.

Here are the projects developed under Development/Production Financing Agreements:

James Wan (9)	Malignant, Sentinel, Alien Santa, Golden, Roswell, The Magnificent Theater of Enchanted Puppet, The Call of Cthulhu, Mass Extinction, Border Patrol
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Jon M. Chu (6)	Here and Now and Then, The Godfather, Sophia of Silicon Valley, Human Error, Cul-De-Sac, Project Human
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Robert Zemeckis (2)	The Prisoner in His Palace, Empress Wu
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Meanwhile, the Group has jointly developed 12 projects with A-list talents through collaboration, including: The Burden, GMO, Hunting Season, The Troop, The Devil Came to Saint Louis, The Monkey, The Fortunate Sons, The Pigeon, In the Shadow of the Mountain, Down Range, and RIP.

The Group will be able to generate revenue from these projects and intellectual properties (“IPs”) through the following ways: recouping development costs plus a profit; getting producers fees and backend, investment payback, online distribution, theatrical releases, IPs licensing, merchandising, web3 and metaverse monetization.

Media and culture operating results

During the year ended 31 December 2025, the Group's revenue generated from media and culture business amounted to approximately HK\$21.9 million (2024: approximately HK\$40.4 million), with a gross profit of approximately HK\$21.9 million (2024: approximately HK\$40.4 million).

In recent years, the media business of the world is gradually rebounding from the impact of the COVID-19 pandemic which has spread all over the world in the year of 2019 and the strikes of the Writers Guild of America and Screen Actors Guild-AFTRA in 2023. Business activities slowed down and some of the film and TV drama projects being developed by the Group have been postponed. Delays in distribution, settlement as well as receipt of income of TV drama and film investments of the Company significantly and negatively affected the future cash flow projections regarding these investments, which in turn reduced the amount of revenue recognized during recent years.

FINANCIAL REVIEW

The Group reported a net profit attributable to owners of the Company of approximately HK\$202.9 million for the year ended 31 December 2025 (2024: net loss attributable to owners of the Company of approximately HK\$28.4 million).

The Board considers that while the turnaround from loss to profit in the year of 2025 compared to the year of 2024 was mainly attributable to a one-off net gain on the disposal of subsidiaries of approximately HK\$324.7 million, while such subsidiaries had a net liability position upon the disposal.

Basic profit per share for the year amounted to approximately HK\$1.68 (2024: basic loss per share of approximately HK\$0.29). Net deficit of the Group were approximately HK\$136.1 million (2024: approximately HK\$382.0 million).

FUTURE PLANS AND PROSPECTS

Up to the date of this announcement, the economic downturn and the negative prolonged impact of COVID-19 epidemic will be a mid-to long term issue. The world is gradually rebounding from the impact and the management reasonably foreseen that the business activities of the media and culture business of the Group would resume to a normal level in the long term.

In addition, the strikes of the Writers Guild of America and Screen Actors Guild-AFTRA in 2023 has adversely affected the development, production and distribution of feature films and TV and streaming TV programming in the USA.

However, as it takes time for the entire business cycle of the Group to get back on track, it is probable that these negative impacts may continue to be reflected in the financial results of Group in the coming year(s).

The Group has been exploring new business opportunities, including but not limited to the satellite business, transportation AI and smart vehicle networking business and producing short videos and web series drama, to broaden the Group's client and revenue base and increase investment returns to the shareholders of the Company. Details of the new businesses are outlined below:

- The Group has cooperated with Mango Media SDN. BHD to produce two web-series and expects to release the two web-series in the first half of 2026;

- In relation to the transportation AI and smart vehicle networking business, the Company entered into a non-legally binding letter of intent for a potential acquisition on 20 August 2025. The Company intends to carry out the potential acquisition of not less than 51% equity interest in a Shanghai Mission Information Technologies Corp., Ltd. The Board believes that the potential acquisition will enable the Group to embark on entirely new business development in the fields of transportation artificial intelligence and smart vehicle networking. Given the rapid development of transportation AI and rail transit both nationally and globally, the business has significant growth potential. Additionally, it will expand the Group’s customer base and enhance the visibility of the listed company. The Board believes that if the Potential Acquisition materializes, it will effectively strengthen the Group’s core competitive barriers and create strategic pivot and returns for long-term shareholder value enhancement.

- In relation to the satellite business, the Company entered into non-legally binding letter of intents with Sparklinka Limited (“**Sparklinka**”) and Beijing Commsat Technology Development Co., Ltd. (“**COMMSAT**”) respectively on 10 March 2026. The Group will collaborate with Sparklinka to research, develop, and manufacture a trial satellite supporting mobile phone direct connectivity. The communication tests and technical verification of the trial satellite will be conducted in the Middle East, Central Asia, and Southeast Asia. Entering into the Mobile Phone Direct-to-Satellite Cooperation Intention Agreement allows the Group and Sparklinka to establish a long-term and stable strategic partnership, thus to promote collaboration and development in satellite communication services for both parties. While the business of COMMSAT involves customized commercial satellite, constellation core services, and so on. By leasing its facilities, the Group is able to carry out production and manufacture for its overseas satellite orders acquired, and achieve stable production management, order fulfillment, and quality control for the Group’s upcoming satellite communication business, thereby fostering the long-term development of the Group in satellite construction and satellite communication operations. The Board believes that the Satellite Factory Leasing Strategic Cooperation Intention Agreement and the Mobile Phone Direct-to-Satellite Cooperation Intention Agreement will broaden the Group’s future revenue base and are expected to enhance the investment returns to shareholders.

With an aim to turnaround from the making of loss and safeguard returns to the shareholders of the Company, the Group is in the process of reviewing the future prospect and development of its other business segments, and at the same time exploring new business opportunities and making more efforts to explore market opportunities in Mainland China.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

There is no significant investment held and no material acquisition and disposal conducted by the Group during the year that should be notified to the shareholders of the Company.

There was no formal plan authorised by the Board for any significant investments, material acquisitions or disposals as at 31 December 2025 and up to the date of this announcement.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (31 December 2024: NIL).

LITIGATIONS

Results of Arbitrations

The Board wishes to inform the shareholders and potential investors of the Company that, three arbitration proceedings (the “**Arbitrations**”) have been commenced against the Group, all of which relate to loans and/or investments arranged by the a former director of the Company (the “**Former Director**”) in connection with the Group’s investment in film production business in previous years (the “**Film Investment Business**”).

Two of the Arbitrations have been concluded, both with outcomes unfavourable to the Group. In each case, the relevant plaintiff (the “**Plaintiff**”) claimed that it had advanced funds (the “**Advances**”) to the Group for the purposes of a film investment, namely the movie “Malignant”, notwithstanding that the underlying loan contracts were entered into between the Group and an independent third party. Eventually, the Group has settled with the Plaintiff and has repaid the Advances together with accrued interest to the Plaintiff. Save for legal costs and arbitration fees, there was no additional compensation or other amounts that the arbitral tribunal had ordered the Group to pay.

The amounts which the Group was required to settle with the Plaintiff were limited to the Advances actually received by the Group, together with accrued interest thereon, all of which had been properly recognized in the Group’s consolidated statement of financial position in prior financial years. With respect to the third Arbitration which remains ongoing, the Board is of the view that, even in the worst case scenario, any liability of the Group would similarly be limited to the amount of the loan advanced by the relevant plaintiff, together with accrued interest. Accordingly, the Board considers that there are no other significant contingent liabilities to the Group arising from the Arbitrations.

In light of the above, the Board has engaged legal advisers to gather all relevant information regarding the Advances and other loans arranged by the Former Director in connection with the Film Investment Business, and to obtain the relevant documentation, in order to properly protect the interests of the Group.

The Company will keep its shareholders and potential investors informed of any further material developments in connection with the above matters by way of further announcement(s) as and when required in accordance with the applicable requirements under the Listing Rules.

CAPITAL STRUCTURE

As at 31 December 2025, the Company’s net deficit was approximately HK\$136.1 million (2024: approximately HK\$382.0 million).

LOSS ALLOWANCES OF TRADE RECEIVABLES AND CONTRACT ASSETS

The Company had provided for loss allowances on trade receivables and contract assets of approximately HK\$135,000 and HK\$10,000 for the year ended 31 December 2025. Details of the impairment analysis is set out in notes 7 and 12 to this consolidated financial information.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cash flow, interest-bearing bank and other borrowings, advances from shareholder(s) of the Company, issuance of promissory notes and/or convertible bonds.

As at 31 December 2025, the Group's bank balances and cash amounted to approximately HK\$13.2 million (2024: HK\$38.8 million).

As at 31 December 2025, the current ratio was approximately 0.20 (2024: approximately 0.17) based on current assets of approximately HK\$64.2 million (2024: HK\$139.1 million) and current liabilities of approximately HK\$326.3 million (2024: HK\$824.8 million).

Further details regarding the liquidity of the Group are set out in “going concern assumption” of note 2 of the consolidated financial statements.

Referring to the sections of “Disclaimer of Opinion”, “Basis for disclaimer of opinion” and “The Board's response to the Auditor's Opinion”, the Company will continue to strive to improve its operating results and financial position and provide further information and communicate with the Company's auditors from time to time for their assessment of the going concern assumption for subsequent financial reporting periods.

While the management would strive to recover the trade receivables of gross carrying amount of HK\$20.8 million as at 31 December 2025 to further improve its financial position, and procure the possible loan or equity finance where necessary and in due course, the Company will continue to allocate more resources to the media and culture segment (e.g. film and TV series investment and production) which are the Group's major growth drivers.

Fund Raising Activities and Use of Proceeds

Placing of New Shares in May 2025

To support the Group's general working capital and for repayment of debt, on 9 May 2025 and 12 May 2025 (after trading hours), the Company entered into a placing agreement and supplemental agreement (the "**Placing Agreements**") with Roofer Securities Limited (the "**Placing Agent**"), pursuant to which the Placing Agent had conditionally agreed, as agent of the Company, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 19,700,000 new ordinary shares of HK\$0.1 each of the Company (the "**Placing Shares**") at the placing price of HK\$0.361 per Placing Share (the "**May 2025 Placing**"). The aggregate nominal value of the Placing Shares is HK\$1,970,000.

All the conditions precedent under the Placing Agreement have been fulfilled and completion of the Placing took place on 2 June 2025. All of the Placing Shares have been successfully placed by the Placing Agent to not less than six (6) placees who were independent third parties and are not connected persons and persons acting in concert of the Company at the placing price of HK\$0.361 per Placing Share. The gross proceeds from the May 2025 Placing were approximately HK\$7.1 million, and the net proceeds, after deducting the placing commission, professional fees and all related expenses borne by the Company, from the May 2025 Placing are approximately HK\$6.9 million. The Company intends to use such net proceeds to repay debts and replenish the working capital of the Group by 2025.

The following table sets forth the details of the use of the proceeds from the May 2025 Placing:

Intended use of net proceeds	Actual amount available for utilisation <i>HK\$'million</i>	Actual amount utilised as of the date of this announcement <i>HK\$'million</i>	Remaining balance of unutilised net proceeds as at the date of this announcement <i>HK\$'million</i>
Repayment of debts	2.1	2.1	–
General working capital	4.8	4.8	–
Total	6.9	6.9	–

Please refer to the announcements of the Company dated 9 May 2025, 12 May 2025 and 2 June 2025 for further details regarding the May 2025 Placing.

Placing of New Shares in July 2025

To support the Group’s general working capital, for repayment of debt and development of new business opportunities, on 4 July 2025 (after trading hours), the Company entered into a placing agreement (the “**Placing Agreements**”) with Roofer Securities Limited (the “**Placing Agent**”), pursuant to which the Placing Agent had conditionally agreed, as agent of the Company, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 23,600,000 new ordinary shares of HK\$0.1 each of the Company (the “**Placing Shares**”) at the placing price of HK\$1.69 per Placing Share (the “**July 2025 Placing**”). The aggregate nominal value of the Placing Shares is HK\$2,360,000.

All the conditions precedent under the Placing Agreement have been fulfilled and completion of the Placing took place on 25 July 2025. All of the Placing Shares have been successfully placed by the Placing Agent to not less than six (6) placees who were independent third parties and are not connected persons and persons acting in concert of the Company at the placing price of HK\$1.69 per Placing Share. The gross proceeds from the July 2025 Placing were approximately HK\$39.9 million, and the net proceeds, after deducting the placing commission, professional fees and all related expenses borne by the Company, from the July 2025 Placing are approximately HK\$38.7 million. The Company intends to use such net proceeds to repay debts, develop new business opportunities and replenish the working capital of the Group by 2026.

The following table sets forth the details of the use of the proceeds from the July 2025 Placing:

Intended use of net proceeds	Actual amount available for utilisation <i>HK\$'million</i>	Actual amount utilised as of the date of this announcement <i>HK\$'million</i>	Remaining balance of unutilised net proceeds as at the date of this announcement <i>HK\$'million</i>
Repayment of debts	22.9	22.9	–
Development of new business opportunities	11.8	–	11.8
General working capital	4.0	4.0	–
Total	<u>38.7</u>	<u>26.9</u>	<u>11.8</u>

Please refer to the announcements of the Company dated 4 July 2025, 16 July 2025, 24 July 2025 and 25 July 2025 for further details regarding the July 2025 Placing.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong dollars, Renminbi and U.S. dollars which have been relatively stable during the year. The Group was not exposed to material foreign exchange risk and has not employed any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed 26 (2024: 20) employees as at 31 December 2025. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Employees may also be invited to participate in the share option scheme of the Group.

EVENTS AFTER THE REPORTING PERIOD

Other than disclosed elsewhere in this announcement, there is no major event after the reporting period that should be notified to the shareholders of the Company.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that the Company has complied with all applicable provisions of the Corporate Governance Code contained in Appendix C1 (the "Code") of the Listing Rules throughout the year ended 31 December 2025.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2025.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge, information and belief of the Directors as at the date of this announcement, the Directors confirm that the Company maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2025.

ANNUAL GENERAL MEETING

A notice convening the forthcoming annual general meeting of the Company will be published and despatched to the shareholders of the Company in the manner required by the Listing Rules and the Bye-laws of the Company in due course.

AUDIT COMMITTEE

As required by Rule 3.21 of the Listing Rules, the Company has established an Audit Committee with written terms of reference which deal clearly with its authority and duties. Its principal duties are to review and supervise the Group's financial reporting process, risk management and internal control systems. The Audit Committee has discussed with the external auditor of the Company, Moore CPA Limited ("**Moore**"), on the accounting principles and practices adopted by the Group and reviewed the consolidated results of the Group for the year ended 31 December 2025, and is of the opinion that the preparation of the consolidated results complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF MOORE

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Moore in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Moore on the preliminary announcement.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The followings are extracted from the Independent Auditors Report on the consolidated financial statements of the Group for the year ended 31 December 2025.

DISCLAIMER OF OPINION

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

BASIS FOR DISCLAIMER OF OPINION

Scope Limitation Relating to the Going Concern Basis of Preparing the Consolidated Financial Statements

The Group recorded net current liabilities and net deficit of approximately HK\$262,078,000 and HK\$136,103,000 as at 31 December 2025. As at the same date, the Group's total interest-bearing borrowings and film investment loans, derivative financial liabilities and financial liabilities at fair value through profit or loss amounted to approximately HK\$263,206,000 in total, while the Group's cash and cash equivalents only amounted to approximately HK\$13,220,000.

As at 31 December 2025, the Group defaulted on repayment of certain principal and interest for interest-bearing borrowings and film investment loans, derivative financial liabilities and financial liabilities at fair value through profit or loss amounting to approximately HK\$150,484,000, HK\$25,658,000 and HK\$67,349,000, respectively. As at 31 December 2025, the others principal and interest for interest-bearing borrowings and film investment loans, derivative financial liabilities and financial liabilities at fair value through profit or loss amounting to approximately HK\$15,570,000, HK\$1,345,000 and HK\$2,800,000, respectively, which were not defaulted and repayable within one year.

These conditions, described above indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the date of the consolidated financial statements are authorised for issue and have undertaken plans and measures to improve the Group's liquidity and financial position, details of which are set out in note 2.1 to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis on the bases and assumptions that the plans and measures would be successfully implemented, including but not limited to the Group is able to obtain renewal and/or extension for repayments for the overdue borrowings.

However, no written contractual agreement or confirmation from the lenders to grant extension of repayment, are available to the Group. In these circumstances, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the use of the going concern basis for preparing the consolidated financial statements is appropriate.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts and to reclassify non-current assets to current assets. The effects of these adjustments have not been reflected in the consolidated financial statements.

The possible effects on the consolidated financial statements of undetected misstatements, if any, could be both material and pervasive.

The Board's response to the basis for disclaimer of opinion

The Group has been actively negotiating with lenders for re-financing and/or extension of repayments of overdue borrowings. At the material time of preparation of the Cashflow Forecast and up to the date hereof, the Group was still in the course of negotiating with the lenders and could not provide lenders' consents on the re-financing or extension of repayments of overdue borrowings as requested by the Auditors.

At the same time, the Group is exploring new financing opportunities such as share subscription and sales of partial of the film project's interests. These financing opportunities are still under internal discussion stage and so no detailed plan/evidence could be provided to the Auditors at this stage.

The Group expected that new business would commence in 2026 generating new sources of income. At the material time of preparation of the Cashflow Forecast, the Group is still discussing with the potential business partners on certain terms and conditions, and thus, certain of these business cooperation agreements or memorandums of understanding has yet to be entered into. Consequently, no evidence is provided to prove the validity of new sources of income as requested by the Auditors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF RESULTS AND ANNUAL REPORT

The results announcement is available for reviewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Companies Information" and the website of the Company at www.zskj.com.hk. The annual report will be dispatched to the shareholders of the Company and will also be available on these websites in due course.

By Order of the Board
Smart Digital Technology Group Limited
Mr. Jing Xufeng
Chairman

Hong Kong, 31 March 2026

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Jing Xufeng, Mr. Luo Lei, Ms. Wu Xiaoli and Mr. Hu Fanghui; and three independent non-executive Directors, namely Mr. Wu Hongliang, Mr. Niu Zhongjie and Mr. Xu Zhihao.