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歡喜傳媒集團有限公司*
HUANXI MEDIA GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1003)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

The board of directors (the “Board”) of Huanxi Media Group Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2025, together with comparative figures for the year ended 31 December 2024, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue and film investment income/(loss), net	4	342,056	34,180
Cost of revenue	10	(580,089)	(219,317)
Gross loss		(238,033)	(185,137)
Other income	6	14,238	26,141
Other (losses)/gains, net	7	(502)	845
Gain on film investment funds from investors	18	56,866	112,086
Selling and distribution costs	10	(156,627)	(83,667)
Administrative expenses	10	(120,102)	(122,309)
Net impairment losses on financial assets and contract assets		(63,733)	(21,898)
Operating loss		(507,893)	(273,939)

* *For identification purposes only*

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Finance income	8	1,409	2,522
Finance costs	8	<u>(1,683)</u>	<u>(562)</u>
Finance (costs)/income, net	8	<u>(274)</u>	<u>1,960</u>
Loss before tax		(508,167)	(271,979)
Income tax credit	9	<u>9,818</u>	<u>11,161</u>
Loss for the year		<u>(498,349)</u>	<u>(260,818)</u>
Loss for the year attributable to owners of the Company		<u>(498,349)</u>	<u>(260,818)</u>
Other comprehensive income/(loss)			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation of functional currency to presentation currency		6,970	(5,314)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>33,523</u>	<u>(33,021)</u>
		<u>40,493</u>	<u>(38,335)</u>
Total comprehensive loss for the year		<u>(457,856)</u>	<u>(299,153)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(457,856)</u>	<u>(299,153)</u>
Loss per share for the year attributable to the owners of the Company			
– Basic and diluted (in HK\$)	12	<u>(0.14)</u>	<u>(0.07)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,085	1,158
Right-of-use assets		10,176	14,829
Deposits and prepayments	<i>15</i>	7,880	9,790
Prepayments for film and TV programmes rights	<i>13</i>	335,714	359,588
Film and TV programmes rights	<i>14</i>	314,010	347,414
Deferred tax assets		29,868	14,054
		698,733	746,833
Current assets			
Film and TV programmes rights	<i>14</i>	527,103	928,241
Trade and other receivables, deposits and prepayments	<i>15</i>	40,575	110,751
Contract assets	<i>16</i>	33,226	17,344
Cash and cash equivalents		88,056	144,987
		688,960	1,201,323
Total assets		1,387,693	1,948,156

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Equity			
Share capital		36,565	36,565
Reserves		659,994	1,117,850
Total equity		696,559	1,154,415
Non-current liabilities			
Lease liabilities		4,415	8,025
Borrowing	<i>19</i>	–	42,440
Contract liabilities	<i>16</i>	31,038	15,915
		35,453	66,380
Current liabilities			
Trade and other payables	<i>17</i>	123,686	159,674
Film investment funds from investors	<i>18</i>	437,023	519,039
Contract liabilities	<i>16</i>	45,410	756
Lease liabilities		4,242	6,283
Current tax liabilities		45,320	41,609
		655,681	727,361
Total liabilities		691,134	793,741
Total equity and liabilities		1,387,693	1,948,156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL

Huanxi Media Group Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding and film investment company and its subsidiaries are principally engaged in media and entertainment related businesses which include development and investment in film and TV programmes rights, as well as operation of an online video platform.

These consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated.

Laws and regulations in the People’s Republic of China (the “PRC”) have certain restrictions on media and entertainment related businesses in the PRC. In order to comply with relevant local laws and regulations, the Company controls relevant subsidiaries in the PRC through certain contractual arrangements.

2. BASIS OF PREPARATION

(a) Going Concern

For the year ended 31 December 2025, the Group reported a net loss of HK\$498,349,000 and had a net cash outflow from operating activities of HK\$45,486,000. As at 31 December 2025, the Group had net current assets of HK\$33,279,000. While the current assets mainly consisted of (i) cash and cash equivalents of HK\$88,056,000, (ii) trade and other receivables and deposits of HK\$37,124,000 and (iii) film and TV programmes rights of HK\$527,103,000, of which the recoverability is subject to corresponding release dates and performance of film and TV programmes rights, the current liabilities included certain investment funds from an investor of HK\$222,216,000 which consists of (i) repayments are subject to the investor’s decision to convert the repayment with investments in other films of the Group and (ii) repayments are dependent upon the release of a film of the Group on or before 30 June 2026.

The above conditions indicated the existence of a material uncertainty with respect to going concern. In view of such circumstances, the directors of the Company have assessed the appropriateness of adopting the going concern basis for the preparation of the consolidated financial statements for the year ended 31 December 2025. In particular, the directors have prepared a cash flow projection of the Group covering a period of not less than twelve months from 31 December 2025 taking into account the following:

- (i) The Group has successfully obtained proceeds from the share subscription and warrant subscription from a new investor (the “Subscription”) of HK\$84,833,000 in March 2026; and remaining proceeds of HK\$140,267,000 from the Subscription are expected to be received in April 2026;
- (ii) The Group is maximising its efforts to release certain films and expected to collect the related proceeds within the cash flow forecast period;

- (iii) The Group has agreed with the investor on the repayment arrangements of certain film investment funds. Pursuant to the repayment arrangement, while certain investment funds will be settled through netting off with the box office income of certain films of the Group and cash on or before 30 April 2026, for the remaining investment funds to be repaid, the directors of the Company are of the view that the Group would be able to reach an agreement with the investor to exercise its right by converting certain investment funds to investing in other films of the Group on or before 30 June 2026; and to release a film on or before 30 June 2026, leading to no repayment of certain investment funds;
- (iv) The Group will continue to take initiatives to implement cost control measures, including adjustment to management remuneration and streamlining administrative costs; and
- (v) The Group will continue its efforts to implement measures to strengthen its operating cash flows and working capital position, including expediting collection of outstanding trade and other receivables, obtaining additional sources of financing and deferring discretionary capital expenditures, where necessary.

The directors of the Company have reviewed the Group's cash flow forecast prepared by management which covers a period of not less than twelve months from 31 December 2025. The directors of the Company, after making due enquiries and considering the basis of management's cash flow forecast described above and after taking into account the reasonably possible changes in the operation performance, believe there will be sufficient financial resources available to the Group at least in the coming twelve months after the balance sheet date to meet its financial obligations as and when they fall due. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through achieving the below plans and measures:

- (i) Successful receipt of the remaining proceeds of HK\$140,267,000 from the Subscription in April 2026;
- (ii) Successful release of certain films within the cash flow forecast period;
- (iii) Successful negotiation with an investor to exercise the rights of converting the repayment to investment in other films of the Group and successful release of a film of the Group on or before 30 June 2026 so to relieve the Group's obligation to repay the investment fund to an investor; and
- (iv) Successful implementation of measures to control operating costs, expediting collection of outstanding trade and other receivables, obtaining additional sources of financing and deferring discretionary capital expenditures where necessary, so as to improve the Group's cash flow position.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

(b) Compliance with HKFRS Accounting Standards and HKCO

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

(c) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

(d) New and amended standards adopted by the Group

The Group has applied the following amendments and annual improvements for the first time for their annual reporting period commencing 1 January 2025:

HKAS 21 and HKFRS 1

Lack of Exchangeability (amendments)

The amendments and annual improvements listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(e) **New standards and interpretations not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 31 December 2025 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HKFRS 19	Amendments to HKFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
 - Foreign exchange differences currently aggregated in the line item "other losses, net" in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- The line items presented on the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
 - for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.
- The Group does not expect there to be a significant change in cash flow statement.

The Group will apply HKFRS 18 from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

The Group is in the process of assessing potential impact of the above new standards, amendments and interpretations that are relevant to the Group upon initial application. It is not yet in a position to state whether these standards, interpretations, and amendments will have a significant impact on the Group's results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards and have been properly in compliance with the disclosure requirements of the HKCO.

4. REVENUE AND FILM INVESTMENT INCOME/(LOSS), NET

An analysis of the Group's revenue and film investment income/(loss), net, for the year, net of sales related tax, is as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
– Share of box office income	286,876	63,580
– Sub-licensing of film and TV programmes rights	47,476	15,562
– Other media related revenue	<u>2,762</u>	<u>5,823</u>
	337,114	84,965
Film investment income/(loss), net	<u>4,942</u>	<u>(50,785)</u>
	<u><u>342,056</u></u>	<u><u>34,180</u></u>

5. SEGMENT INFORMATION

The chief operating decision maker (“CODM”) has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The Group's operations are currently organised into one reportable segment which is investment in film and TV programmes rights. The CODM reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. Accordingly, no reportable segment information is presented.

6. OTHER INCOME

	2025	2024
	HK\$'000	HK\$'000
Government grants (<i>Note</i>)	9,850	12,227
Sundry income	4,388	13,914
	<u>14,238</u>	<u>26,141</u>

Note: Government grants mainly represented the subsidies of approximately HK\$9,850,000 received from the PRC government (2024: approximately HK\$12,227,000 related to tax refund received from overseas government). There are no unfulfilled conditions or other contingencies attaching to these grants.

7. OTHER (LOSSES)/GAINS, NET

	2025	2024
	HK\$'000	HK\$'000
Net foreign exchange (losses)/gains	(523)	845
Gain on disposal of property, plant and equipment	21	–
	<u>(502)</u>	<u>845</u>

8. FINANCE (COSTS)/INCOME, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Finance income		
Bank interest income	364	1,423
Other interest income	<u>1,045</u>	<u>1,099</u>
	<u>1,409</u>	<u>2,522</u>
Finance costs		
Interest expenses for lease liabilities	(575)	(542)
Interest expenses on a borrowing	<u>(1,108)</u>	<u>(20)</u>
	<u>(1,683)</u>	<u>(562)</u>
Finance (costs)/income, net	<u>(274)</u>	<u>1,960</u>

9. INCOME TAX CREDIT

Under the Law of the PRC on Corporate Income Tax (the “CIT Law”) and Implementation Regulation of the CIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the CIT Law, 7% (2024: Same) withholding tax is levied on the PRC sourced income on foreign entities without establishments or places of business in the PRC.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong profits tax has been made in the consolidated financial statements as the relevant group entities have incurred tax losses (2024: Same).

No overseas profits tax has been calculated for the group entities that are incorporated in the British Virgin Islands or Bermuda as they are exempted from tax (2024: Same).

Income tax credit credited to the profit or loss represents:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax	4,951	2,775
Deferred income tax	<u>(14,769)</u>	<u>(13,936)</u>
Income tax credit	<u>(9,818)</u>	<u>(11,161)</u>

10. EXPENSES BY NATURE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Employee benefit expenses (excluding directors' remuneration)	54,934	46,153
Directors' remuneration	21,124	23,307
Depreciation		
– Property, plant and equipment	370	460
– Right-of-use assets	10,218	13,155
Short-term leases expenses	543	542
Legal and professional fees	3,281	3,357
Travelling and entertainment expenses	5,670	6,587
Advertising and marketing expenses	156,627	83,667
Amortisation of film and TV programmes rights	395,569	219,101
Net impairment losses on film and TV programmes rights	184,520	216
Film preparation and other media related costs	7,690	12,455
Auditor's remuneration		
– Audit services	3,585	3,385
– Non-audit services	15	15
General office expenses	3,517	3,078
Insurances	1,951	1,846
Others	7,204	7,969
	<hr/>	<hr/>
Total cost of revenue, selling and distribution costs and administrative expenses	856,818	425,293
	<hr/> <hr/>	<hr/> <hr/>

11. DIVIDENDS

Neither dividends were paid, declared or proposed for the year, nor has any dividend been proposed since the end of reporting period (2024: Same).

12. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the year.

	2025	2024
Loss attributable to owners of the Company (in HK\$'000)	(498,349)	(260,818)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (in thousands)	<u>3,656,472</u>	<u>3,656,472</u>
Basic loss per share (in HK\$)	<u>(0.14)</u>	<u>(0.07)</u>

(b) Diluted

Diluted loss per share is the same as basic loss per share as there were no potential dilutive shares in issue during the year (2024: Same).

13. PREPAYMENTS FOR FILM AND TV PROGRAMMES RIGHTS

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments for film and TV programmes rights under development (<i>Note</i>)	<u>335,714</u>	<u>359,588</u>

Note:

The prepayments for film and TV programmes rights under development represent the prepayments made by the Group to respective parties in relation to the film and TV programmes rights which is yet to be concluded. The prepayments will form part of the contribution by the Group for the investments in the proposed film and TV programmes rights. The related terms will be further agreed between the respective parties upon the signing of the agreements.

14. FILM AND TV PROGRAMMES RIGHTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Completed Film and TV programmes rights (<i>Note a</i>)	506,491	930,087
Film and TV programmes rights under production (<i>Notes a and e</i>)	146,317	154,053
Film rights investments (<i>Notes b and c</i>)		
– Financial assets at fair value through profit or loss	176,540	143,181
Licensed film and TV programmes rights (<i>Note d</i>)	11,765	48,334
	<u>841,113</u>	<u>1,275,655</u>
Represented by:		
Non-current assets	314,010	347,414
Current assets	<u>527,103</u>	<u>928,241</u>
	<u>841,113</u>	<u>1,275,655</u>

Notes:

- (a) During the year ended 31 December 2025, the Group recognised a net provision for impairment of completed film and TV programmes rights of approximately HK\$127,588,000 (2024: Nil) and film and TV programmes rights under production of approximately HK\$56,932,000 (2024: HK\$216,000).
- (b) The balance represents the Group's investments in film productions which entitled the Group to predetermined percentage of income to be generated from the films based on the Group's investment portion as specified in respective film rights investments agreements.
- (c) During the year ended 31 December 2025, the Group recognised film investment income, net, amounted to approximately HK\$4,942,000 (2024: film investment loss, net, amounted to approximately HK\$50,785,000) based on the Group's investment portion as specified in respective film rights investments agreements.
- (d) The balance represents the acquired license rights from independent third parties for broadcasting licensed films or TV programmes series on the Group's online video platform and sub-licensing the license rights to other independent third parties, if applicable.
- (e) The Group has entered into certain joint operation arrangements to produce and distribute two films (2024: two). The Group has participating interests ranging from 50% to 55% (2024: 50% to 55%) in these joint operations. As at 31 December 2025, the carrying amounts of intangible assets recognised in the consolidated statement of financial position relating to the Group's interests in these joint operation arrangements are approximately HK\$110,255,000 (2024: HK\$105,336,000).

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	37,021	53,168
Loss allowances	<u>(26,955)</u>	<u>(10,765)</u>
	<u>10,066</u>	<u>42,403</u>
Deposits	4,301	5,169
Prepayments (<i>Note a</i>)	9,838	14,646
Other receivables (<i>Note b</i>)	80,766	89,347
Loss allowances	<u>(56,516)</u>	<u>(31,024)</u>
	<u>38,389</u>	<u>78,138</u>
	<u>48,455</u>	<u>120,541</u>
Represented by:		
Trade receivables	10,066	42,403
Deposits	2,756	3,624
Prepayments	3,451	6,352
Other receivables	80,766	89,347
Loss allowances	<u>(56,464)</u>	<u>(30,975)</u>
Current portion	<u>40,575</u>	<u>110,751</u>
Deposits	1,545	1,545
Prepayments	6,387	8,294
Loss allowances	<u>(52)</u>	<u>(49)</u>
Non-current portion	<u>7,880</u>	<u>9,790</u>

Notes:

- (a) The prepayments mainly represent the prepayments made by the Group in relation to i) pre-production development of identifiable film and TV programme projects; and ii) acquisition of licensed film rights from independent third parties for broadcasting on the Group's online video platform.
- (b) As at 31 December 2024, other receivables included loan receivables net of loss allowances of approximately HK\$13,161,000 which carried interest at 6% per annum.

At 31 December, the ageing analysis of the trade receivables, net of loss allowances, based on invoice date or date of settlement statement are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	269	64
31 – 90 days	15	158
181 – 365 days	–	22,989
Over 365 days	<u>9,782</u>	<u>19,192</u>
	<u>10,066</u>	<u>42,403</u>

The credit period is generally within 30 days from invoice date or the date when the settlement statement is duly confirmed as stipulated in the respective agreements.

Due to the short-term nature of the current receivables, their carrying amounts are approximated their fair values.

16. CONTRACT ASSETS AND LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with customers:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Contract assets	33,286	18,497
Loss allowances	<u>(60)</u>	<u>(1,153)</u>
Contract assets, net	<u>33,226</u>	<u>17,344</u>
Contract liabilities		
Current	45,410	756
Non-current	<u>31,038</u>	<u>15,915</u>
	<u>76,448</u>	<u>16,671</u>

As at 31 December 2025 and 2024, contract assets represent unbilled revenue arisen from the share of box office income and online platform related income in accordance with the contract terms.

As at 31 December 2025, contract liabilities mainly represent receipt in advance in relation to the co-membership arrangement of Nil (2024: approximately HK\$756,000) with other online platforms operated by different business partners and receipt in advance in relation to sub-licensing of film and TV programmes right of approximately HK\$76,448,000 (2024: HK\$15,915,000).

17. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	94,549	96,183
Other payables	28,329	61,899
Accruals	<u>808</u>	<u>1,592</u>
	<u><u>123,686</u></u>	<u><u>159,674</u></u>

The carrying amounts of trade and other payables are approximated their fair values.

At 31 December, the ageing analysis of the trade payables based on invoice date or date of settlement statement are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	1,024	1,680
Over 365 days	<u>93,525</u>	<u>94,503</u>
	<u><u>94,549</u></u>	<u><u>96,183</u></u>

18. FILM INVESTMENT FUNDS FROM INVESTORS

The amounts represent investments made by certain investors in respect of film rights held by the Group. In accordance with the terms of the respective investment agreements, the investors are entitled to recoup their investment amounts as appropriate by the predetermined percentage of income to be generated from the theatrical release of the films. The financial liabilities were measured at amortised cost.

As at 31 December 2025, the Group has amounts due to an investor of HK\$222,216,000, of which a portion is required to be settled by cash or transferred as investment in other films on or before 30 June 2026. For the remaining balance, an investor will not demand the Group for repayment if a film is released on or before 30 June 2026.

During the year ended 31 December 2025, film investment funds from investors of approximately HK\$47,377,000 were settled by netting off against trade receivables from share of box office income.

During the year ended 31 December 2025, the Group recognised a gain on film investment funds from investors amounting to approximately HK\$56,866,000 (2024: HK\$112,086,000) upon the theatrical release of the respective film because certain film investors invested film rights held by the Group which income distributed by the Group to these investors after the theatrical release of the films was less than the investment funds received.

19. BORROWING

	2025	2024
	HK\$'000	HK\$'000
Unsecured borrowing	<u> -</u>	<u> 42,440</u>

As at 31 December 2024, the borrowing was HK\$42,440,000, of which interest carried at 4.35% per annum.

20. EVENT AFTER THE REPORTING PERIOD

On 11 November 2025, the Company entered into a share subscription agreement (as amended by a share subscription amendment agreement which was entered into between the Company and C River Co (the “Subscriber”) on 12 November 2025) with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 727,638,000 subscription shares at the subscription price of approximately HK\$0.30 per subscription share.

On 11 November 2025, the Company entered into a warrant subscription agreement (as amended by a warrant subscription amendment agreement entered into between the Company and C River Co (the “Warrant Subscriber”) on 12 November 2025) with the Warrant Subscriber, pursuant to which the Company has agreed to issue to the Warrant Subscriber the 731,294,472 warrants at the issue price of HK\$0.01 per warrant. The exercise price is HK\$0.44 per warrant.

The share subscription and the warrant subscription were approved by the shareholders of the Company at the special general meeting of the Company held on 8 January 2026. As at the date of this announcement, the share subscription and the warrant subscription have not yet been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

In 2025, the macroeconomic environment remained broadly stable with gradual improvement, while the film and television market continued to undergo structural adjustment. Even though moviegoing demand showed signs of a moderate recovery, overall profitability had yet to see significant improvement amid continued industry competition. Huanxi Media maintained its focus on the development and production of high-quality film and television content while refining its premium projects. At the same time, the Group strategically expanded the application of artificial intelligence (AI) technologies in the film and television sector, advanced business structure optimisation, implemented cost-reduction and efficiency enhancement measures, and strengthened its operational foundations to deliver premium content to audiences.

For the year ended 31 December 2025, the Group recorded revenue and film investment income/ (loss), net of HK\$342,056,000 (2024: HK\$34,180,000). The increase was mainly derived from the release of two films (one more than last year) invested in and lead-produced by the Group, namely, *She's Got No Name* (醬園弄•懸案) and *The Stage* (戲台). During the year, the industry experienced significant changes, with the film sector yet to fully recover and box office receipts heavily skewed towards a few blockbuster titles. The Group's films released during the year fell short of box office expectations. In addition, as revenue from film and TV programme rights was expected to decline, the Group's impairment loss on film and TV programme rights increased. Furthermore, as impairment losses on financial assets and contract assets increased during the year, the Group recorded a net loss of HK\$498,349,000 for the year ended 31 December 2025 (2024: HK\$260,818,000).

During the year, on the capital front, the Group entered into agreements to optimise its capital structure through share subscriptions and warrant issuances, providing solid support for its business development and strategic planning. In terms of technology, the Group entered into a strategic cooperation framework agreement with an artificial intelligence (“AI”) developer to actively explore the application of AI technologies in the film and television industry to enhance overall operational efficiency. As for content production, the Group is focusing on advancing the release license application for *Li Na* (獨自•上場) and actively preparing to collaborate again with director Zhang Yimou for the movie *Full River Red II* (滿江紅II).

Regarding the online video platform, “huanxi.com” maintained stable growth, and the Group continued to enrich the film and television content and enhance the appeal of the platform. During the year, several attention-grabbing foreign films were released on the platform, including *Eiffel* (埃菲爾鐵塔), *My Brothers and I* (我和我的兄弟們), *Incredible But True* (不可思議但千真萬確), and *The Braves* (浪間).

Overall, the Group will adhere to a prudent operating approach, accelerate technological optimisation in film and television production and content innovation, further consolidate its core competitiveness, and strive to achieve long-term sustainable business growth.

FINANCIAL REVIEW

Review of Results

For the year ended 31 December 2025, the Group recorded revenue and film investment income/ (loss), net of HK\$342,056,000 (2024: HK\$34,180,000) and a net loss of HK\$498,349,000 (2024: HK\$260,818,000).

The increase in net loss during the year was mainly attributable to the decrease in expected income from the film and TV programmes rights in accordance with the latest market development, resulting in an increase in impairment loss on film and TV programmes rights to HK\$184,520,000 (2024: HK\$216,000); and an increase in impairment loss on financial assets and contract assets to HK\$63,733,000 (2024: HK\$21,898,000).

The increase in selling and distribution costs during the year was mainly due to the increase in the number of movies debut in cinema screens; the decrease in gain on film investment funds from investors during the year as there was a decrease in the amount of loss shared by the film investors with the Group. The amount of gain or loss shared by the film investors with the Group depends on their investment proportion in the films and the amount of gain or loss generated from the theatrical release of the films which they invested.

For the year ended 31 December 2025, loss per share of the Company amounted to HK\$0.14 (2024: HK\$0.07) and net asset value per share attributable to owners of the Company was HK\$0.19 (2024: HK\$0.32).

Liquidity and Financial Resources

As at 31 December 2025, the Group had net current assets of HK\$33,279,000 (2024: HK\$473,962,000), with cash and cash equivalents of HK\$88,056,000 (2024: HK\$144,987,000). As at 31 December 2025, the Group's current ratio (defined as total current assets divided by total current liabilities) was approximately 1.05 (2024: 1.65). As at 31 December 2025, the total equity of the Group amounted to HK\$696,559,000 (2024: HK\$1,154,415,000) without borrowing (2024: with borrowing of HK\$42,440,000). The Group's gearing ratio, expressed as the percentage of total borrowings over total capital, was Nil (2024: 0.04) as at 31 December 2025. Total capital is calculated as total equity plus total borrowings.

Capital Structure

As at 31 December 2025, the Company had shareholders' capital of approximately HK\$36,565,000 (2024: Same) which is constituted of 3,656,472,362 ordinary shares (2024: Same) of HK\$0.01 each in issue (the "Share" or "Shares").

On 11 November 2025, the Company entered into a share subscription agreement (as amended by a share subscription amendment agreement which was entered into between the Company and C River Co (the "Subscriber") on 12 November 2025) with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 727,638,000 subscription shares at the subscription price of approximately HK\$0.30 per subscription share. The closing price of the Shares on the date of entering into the share subscription agreement was HK\$0.385 per Share as quoted on the Stock Exchange.

On 11 November 2025, the Company entered into a warrant subscription agreement (as amended by a warrant subscription amendment agreement entered into between the Company and C River Co (the "Warrant Subscriber") on 12 November 2025) with the Warrant Subscriber, pursuant to which the Company has agreed to issue to the Warrant Subscriber the 731,294,472 warrants at the issue price of HK\$0.01 per warrant. The exercise price is HK\$0.44 per warrant.

The share subscription and the warrant subscription were approved by the shareholders of the Company at the special general meeting of the Company held on 8 January 2026. As at the date of this announcement, the share subscription and the warrant subscription have not yet been completed. During the year ended 31 December 2025, there was no movement in the issued Shares of the Company.

Charges on Assets

As at 31 December 2025, the Group did not have any charge on assets (2024: Same).

Foreign Exchange Exposure

The Group's cash flow from operations, cash on hand and assets are denominated mainly in Hong Kong dollars and Renminbi. Although most of the production costs and management fees are denominated in Renminbi, foreign currencies are needed for some investment opportunities and cooperation plans with the PRC and overseas film companies. The Group will continue to monitor its capital needs closely and take appropriate measures to minimise any adverse impact of exchange rate fluctuation on its overall financial status and lower the Group's financial risks.

Risk Management

During the year under review, the Group regularly reviewed the risk and credit control systems of its profit centers to improve those systems overall and mitigate credit risk. There have been no significant changes in the Group's risk management policy since the year-end date last year.

Contingent Liabilities

As at 31 December 2025, the Group had no significant contingent liabilities (2024: Same).

Dividends

Neither dividends were paid, declared or proposed for the year, nor has any dividend been proposed since the end of reporting period (2024: Same).

Employees and Remuneration Policies

The Group firmly believes high-caliber people are the most valuable asset of a corporation. The Group thus places great attention on attracting and nurturing talent. It has kept optimising its staff structure to match its development strategy and business needs. As at 31 December 2025, the Group had 50 full-time employees (2024: 85) and 1 part-time employee (2024: 2). The Group has in place well-designed remuneration management and incentive mechanisms, with employees remunerated based on their positions and work performance, along with industry trends.

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. Forfeited contributions cannot be used by the Group to reduce the existing level of contribution to the defined contribution schemes.

Event After the Reporting Period

On 11 November 2025, the Company entered into a share subscription agreement (as amended by a share subscription amendment agreement which was entered into between the Company and C River Co (the “Subscriber”) on 12 November 2025) with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 727,638,000 subscription shares at the subscription price of approximately HK\$0.30 per subscription share.

On 11 November 2025, the Company entered into a warrant subscription agreement (as amended by a warrant subscription amendment agreement entered into between the Company and C River Co (the “Warrant Subscriber”) on 12 November 2025) with the Warrant Subscriber, pursuant to which the Company has agreed to issue to the Warrant Subscriber the 731,294,472 warrants at the issue price of HK\$0.01 per warrant. The exercise price is HK\$0.44 per warrant.

The share subscription and the warrant subscription were approved by the shareholders of the Company at the special general meeting of the Company held on 8 January 2026. As at the date of this announcement, the share subscription and the warrant subscription have not yet been completed.

Business Strategies and Prospects

Looking ahead to 2026, the prospects for the recovery of China’s film industry remain uncertain. However, with the country advancing policies under the Film Economy Promotion Year initiative, the mainland Chinese film market is expected to gain policy support, thereby driving cinema consumption demand. As cinema-going habits among the public continue to solidify, premium content has become the core driver of industry growth. Meanwhile, the accelerating integration of new technologies such as AI will not only enhance efficiency and reduce costs, but will also unlock new creative possibilities for the film sector.

The Group will continue advancing its core premium content strategy, meeting the viewing preferences of different audience groups through fresh themes and genre innovations. Over the next year, it will steadily release new films, including *Li Na* (獨自•上場), directed by Chan Ho Sun Peter and starring Hu Ge, Vincent Cassel, and Hao Lei; *Unspoken* (以父親之名), directed by Chen Daming and starring Zhang Hanyu; *Intercross* (人魚), directed by Cheng Er and starring Wang Yibo and Wang Chuanjun; and *Deep In The Mountains* (如意飯店), directed by Li Yongyi and starring Qiao Shan, Wang Yanhui and Yang Zishan. The Group also plans to collaborate once again with director Zhang Yimou to commence production of *Full River Red II* (滿江紅II), aiming to build on the creative achievements and market success of the original film.

Amid opportunities arising from the rapid development of AI technologies in the film industry, the Group will comprehensively explore and promote the application of AI technologies in film and TV production and operations. This will lead to the shortening of production cycles and the strengthening of cost management, leading to an enhancement in overall competitiveness.

Regarding the online video platform, the Group will continue to develop “huanxi.com”, optimising its content by gathering film and television masterpieces from around the world. These works include the suspense film *The Rental* (租房驚魂), the feature film *The Woman Who Ran* (逃走的女人), and crime films, namely, *Hinterland* (身在內陸) and *The Forger* (護照偽造者). By introducing a diverse range of films across genres such as suspense, drama, and crime, “huanxi.com” will further strengthen its resource layout and provide audiences with greater viewing options.

In summary, the Group will continue to implement its “Content is King” strategy. It will drive development through innovation and deploy AI technologies in the film and television sector to create high-quality and diverse cinematic works that meet the viewing needs of different audiences. With prudent operation and sustainable development as its goals, the Group aims to create long-term value for its shareholders.

OTHER INFORMATION

Corporate Governance Practices

Throughout the year ended 31 December 2025, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) then in force, except for code provision C.2.1 of the CG Code as disclosed below.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2025, Mr. Xiang Shaokun, Steven has been the chief executive officer of the Company. Following the resignation of Mr. Dong Ping as an executive Director and the chairman of the Board with effect from 27 July 2025, the role of the chairman of the Board has remained vacant during the year ended 31 December 2025 as the Company has not identified a suitable candidate to take up the role. The Board will appoint a chairman to fill the vacancy when the appropriate candidate has been identified.

Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Listing Rules on terms no less exactly than the required standard set out in the Model Code.

Newwood Investments Limited (“Newwood”), a company wholly-owned by Mr. Dong Ping (“Mr. Dong”), the controlling shareholder, former chairman of the Company and former executive Director, sold an aggregate of 119,370,000 shares of the Company, representing approximately 3.26% of the total issued share capital of the Company, on the market between 30 July 2025 and 21 August 2025 (the “Disposals”).

Pursuant to paragraph A.3 of the Model Code set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Directors are prohibited from dealing in any securities of the Company on any day on which its financial results are published and during the period (the “Blackout Period”) of 30 days immediately preceding the publication date of the interim results of the Company for the six months ended 30 June 2025 (the “Interim Results”). As the Interim Results were published on 29 August 2025, the Blackout Period in relation to the publication of the Interim Results commenced on 30 July 2025 and ended on 29 August 2025; and the Disposals therefore fell within the Blackout Period.

Mr. Dong, Newwood, Mr. Ning Hao (“Mr. Ning”), Pacific Wits Limited, Mr. Xu Zheng (“Mr. Xu”, together with Mr. Ning, the “Relevant Directors”) and Tairong Holdings Limited (the “S317 Parties”) are parties to a shareholders agreement dated 14 April 2015 (the “S317 Agreement”), details of which are set out in the Company’s circular dated 5 August 2015. The Relevant Directors are therefore deemed to be interested in all the shares and underlying shares of the Company in which Mr. Dong and Newwood are interested by virtue of section 317 of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the “SFO”), as a result of being the parties acting in concert with Mr. Dong and Newwood.

Paragraph A.6 of the Model Code states that the restrictions on dealings by a director contained in the Model Code will be regarded as equally applicable to any other dealings in which for the purpose of Part XV of the SFO he is or is to be treated as interested. As a result, the Disposals were regarded as the dealings of the Relevant Directors between 30 July 2025 and 21 August 2025, which were within the Blackout Period.

The Relevant Directors had only been informed of the details of the Disposals after the Disposals had taken place; they were therefore not able to comply with paragraph B.8 of the Model Code by first notifying and obtaining written acknowledgement from the Director designated by the Board for the purpose of the Model Code before the Disposals took place. As a result, there was no written record kept for the Disposals pursuant to paragraph B.9 of the Model Code.

As advised by the Relevant Directors, although the Relevant Directors had entered into the S317 Agreement with the parties thereto, the Relevant Directors in fact were not able to control the acts of the S317 Parties; and Newwood, one of the S317 Parties, failed to follow the requests of the Relevant Directors to refrain from dealings in the shares of the Company during the Blackout Period; and Newwood undertook the Disposals during the Blackout Period without prior knowledge of the Relevant Directors.

To avoid breach of the Model Code, following the discussion among the parties, Mr. Dong had agreed with the Relevant Directors that with effect from 22 August 2025, he, his spouse, minor child and companies controlled by him will not deal in the shares of the Company during the Blackout Period in accordance with the Model Code; and will deal with the shares of the Company only after notifying the Relevant Directors and receiving from the Relevant Directors the written confirmation allowing the relevant dealings in accordance with the Model Code.

Although the Disposals were not undertaken by the Relevant Directors on their own and the Disposals were undertaken without the prior knowledge of the Relevant Directors and beyond the control of the Relevant Directors, the Relevant Directors were not in compliance with paragraphs A.3(a) (ii), B.8 and B.9 of the Model Code in respect of the Disposals. Please refer to the Company's announcement dated 9 October 2025 for details.

In order to avoid similar incidents in the future, the Company has reminded all the Directors the importance of complying with the Model Code in their dealings of the shares of the Company. The Company has re-circulated the Model Code to its directors and the relevant employees of the Company, who have acknowledged receipt of such reminder.

The Company has arranged a training to the Directors to update and refresh the knowledge and skills of its directors in performing their duties as director of a Hong Kong listed company to ensure compliance and enhance their awareness of good corporate government practices.

Having made specific enquiry, all Directors, confirmed that they fully complied with the Model Code throughout the reporting period, other than the Relevant Directors in respect of the Disposals as disclosed above.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2025.

Extract from the Independent Auditor's Report

The following is an extract from the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2025.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) to the consolidated financial statements, which indicates that Group reported a net loss of HK\$498,349,000 and had a net cash outflow from operating activities of HK\$45,486,000. As at 31 December 2025, the Group had net current assets of HK\$33,279,000. While the current assets mainly consisted of (i) cash and cash equivalents of HK\$88,056,000, (ii) trade and other receivables and deposits of HK\$37,124,000 and (iii) film and TV programmes rights of HK\$527,103,000, of which the recoverability is subject to corresponding release dates and performance of film and TV programmes rights, the current liabilities included investment funds from an investor of HK\$222,216,000 which consists of (i) repayment are subject to the investor's decision to convert the repayment with investments in other films of the Group and (ii) repayments are dependent upon the release of a film of the Group on or before 30 June 2026. These conditions, along with other matters as described in Note 2(a) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Review of the Results

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the consolidated financial statements for the year ended 31 December 2025.

Scope of Work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position 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, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

By order of the Board
Huanxi Media Group Limited
Xiang Shaokun, Steven
Executive Director and Chief Executive Officer

Hong Kong, 31 March 2026

As at the date of this announcement, the Board comprises Mr. Xiang Shaokun, Steven (Chief Executive Officer) and Ms. Hu Hui as executive Directors, Mr. Ning Hao and Mr. Xu Zheng as non-executive Directors, and Mr. Wong Tak Chuen, Mr. Li Xiaolong and Mr. Wang Hong as independent non-executive Directors.