歡 喜 傳 媒 集 團 有 限 公 司*

HUANXI MEDIA GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1003)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "Board") of directors (the "Directors") of Huanxi Media Group Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2026 together with the comparative amounts for the corresponding period in 2025. The unaudited condensed consolidated interim financial information of the Group has been reviewed by the Company's audit committee (the "Committee").

* *For identification purposes only*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	***HK$'000***	*HK$'000*
Revenue and film investment income	*4*	**5,701**	179,940
Cost of revenue	*7*	**(9,629)**	(197,507)
Gross loss		**(3,928)**	(17,567)
Other income		**2,720**	1,287
Other losses, net	*6*	**(2,701)**	(800)
(Loss)/Gain on film investment funds from investors	*15*	**(894)**	23,528
Selling and distribution costs	*7*	**(227)**	(54,298)
Administrative expenses	*7*	**(35,139)**	(52,814)
Operating loss		**(40,169)**	(100,664)
Finance income		**204**	777
Finance costs		**(181)**	(1,142)
Finance income/(costs), net		**23**	(365)
Loss before tax		**(40,146)**	(101,029)
Income tax credit/(expense)	*8*	**63**	(1,203)
Loss for the period		**(40,083)**	(102,232)
Loss for the period attributable to owners of the Company		**(40,083)**	(102,232)

		Six months ended 30 June	
		2026	2025
	Notes	***HK$'000***	*HK$'000*
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation of functional currency to presentation currency		**8,006**	5,465
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**18,019**	26,730
		26,025	32,195
Total comprehensive loss for the period		**(14,058)**	(70,037)
Total comprehensive loss for the period attributable to owners of the Company		**(14,058)**	(70,037)
Loss per share for the period attributable to the owners of the Company			
– Basic and diluted *(HK dollar)*	*10*	**(0.01)**	(0.03)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30 June 2026 HK$'000	31 December 2025 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,079**	1,085
Right-of-use assets		**9,807**	10,176
Deposits and prepayments	*13*	**8,442**	7,880
Prepayments for film and TV programmes rights	*11*	**347,905**	335,714
Film and TV programmes rights	*12*	**360,153**	314,010
Deferred tax assets		**31,233**	29,868
		758,619	698,733
Current assets			
Film and TV programmes rights	*12*	**545,818**	527,103
Trade and other receivables, deposits and prepayments	*13*	**40,331**	40,575
Contract assets		**14,740**	33,226
Cash and cash equivalents		**260,939**	88,056
		861,828	688,960
Total assets		**1,620,447**	1,387,693

	Notes	30 June 2026 HK$'000	31 December 2025 HK$'000 (Audited)
Equity			
Share capital		**43,841**	36,565
Reserves		**863,760**	659,994
Total equity		**907,601**	696,559
Non-current liabilities			
Lease liabilities		**3,249**	4,415
Contract liabilities		**32,165**	31,038
		35,414	35,453
Current liabilities			
Trade and other payables	*14*	**123,805**	123,686
Film investment funds from investors	*15*	**430,324**	437,023
Contract liabilities		**70,101**	45,410
Lease liabilities		**6,236**	4,242
Current tax liabilities		**46,966**	45,320
		677,432	655,681
Total liabilities		**712,846**	691,134
Total equity and liabilities		**1,620,447**	1,387,693

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The unaudited condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the unaudited condensed consolidated interim financial information should be read in conjunction with the annual report for the year ended 31 December 2025 which have been prepared in accordance with HKFRS Accounting Standards and any public announcements made by the Company during the six months ended 30 June 2026.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards.

The unaudited condensed consolidated interim financial information has been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

2. ACCOUNTING POLICIES

The Group has adopted new or revised standards, amendments to standards and interpretations of HKFRS Accounting Standards which are effective for accounting periods commencing on or after 1 January 2026. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the unaudited condensed consolidated interim financial information and does not result in substantial changes to the Group's accounting policies and amounts reported for the current period and prior years. The Group has not adopted any new standard or interpretation that is not yet effective for the current accounting period. Management does not anticipate any significant impact on the Group's consolidated financial position and consolidated results of operations upon adopting the other new or revised standards, amendments to standards or interpretations.

3. JUDGEMENTS AND ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2025.

4. REVENUE AND FILM INVESTMENT INCOME

An analysis of the Group's revenue and film investment income for the period, net of sales related tax, is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Revenue		
– Share of box office income	**1,627**	144,518
– Sub-licensing of film and TV programmes rights	**241**	30,926
– Other media related revenue	**3,769**	1,219
	5,637	176,663
Film investment income	**64**	3,277
	5,701	179,940

Contract assets and liabilities

As at 30 June 2026 and 31 December 2025, contract assets represent unbilled revenue arisen from the share of box office income and other media related revenue in accordance with the contract terms.

As at 30 June 2026 and 31 December 2025, contract liabilities mainly represent receipt in advance in relation to sub-licensing of film and TV programmes rights.

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.

The Group's current operations are located in the People's Republic of China (the "PRC") and Hong Kong. The Group's revenue and film investment income is substantially generated from customers in the PRC and the Group's non-current assets are substantially located in the PRC.

6. OTHER LOSSES, NET

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Net foreign exchange losses	**2,701**	800

7. EXPENSES BY NATURE

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Employee benefit expenses (excluding Directors' remuneration)	**15,951**	24,090
Directors' remuneration	**6,643**	7,636
Depreciation		
– Property, plant and equipment	**234**	175
– Right-of-use assets	**3,971**	5,203
Short-term lease expenses	**1,749**	206
Legal and professional expenses	**1,381**	1,618
Travelling and entertainment expenses	**915**	2,909
Advertising and marketing expenses	**227**	54,298
Amortisation of film and TV programmes rights	**9,629**	197,507
Film preparation and other media related costs	**174**	5,028
Others	**4,121**	5,949
Total cost of revenue, selling and distribution costs and administrative expenses	**44,995**	304,619

8. INCOME TAX (CREDIT)/EXPENSE

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% (for the six months ended 30 June 2025: 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 periods. No provision for Hong Kong profits tax has been made in the unaudited condensed consolidated interim financial information as the relevant Group entities have incurred tax losses (for the six months ended 30 June 2025: 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 (for the six months ended 30 June 2025: Same).

Income tax (credit)/expense (credited)/charged to the profit or loss represents:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Current tax	**215**	1,129
Deferred income tax	**(278)**	74
Income tax (credit)/expense	**(63)**	1,203

9. DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026 (30 June 2025: Same).

10. 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 six months ended 30 June 2026 and 2025.

	Six months ended 30 June	
	2026	2025
Loss attributable to owners of the Company (in HK$'000)	**(40,083)**	(102,232)
Weighted average number of ordinary shares for basic and diluted loss per share (in thousands)	**3,941,899**	3,656,472
Basic loss per share (in HK$)	**(0.01)**	(0.03)

(b) Diluted

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2026 (for the six months ended 30 June 2025: Same).

11. PREPAYMENTS FOR FILM AND TV PROGRAMMES RIGHTS

	30 June 2026 *HK$'000*	31 December 2025 *HK$'000*
Non-current		
Prepayments for film and TV programmes rights under development *(Note)*	**347,905**	335,714

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 are 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.

12. FILM AND TV PROGRAMMES RIGHTS

	30 June 2026 *HK$'000*	31 December 2025 *HK$'000*
Completed film and TV programmes rights	**524,892**	506,491
Film and TV programmes rights under production	**191,638**	146,317
Film rights investments *(Note i)*		
– Financial assets at fair value through profit or loss	**187,129**	176,540
Licensed film and TV programmes rights *(Note ii)*	**2,312**	11,765
	905,971	841,113
Represented by:		
Non-current assets	**360,153**	314,010
Current assets	**545,818**	527,103
	905,971	841,113

Notes:

(i) 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.

(ii) 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.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
Trade receivables	**38,323**	37,021
Loss allowances	**(27,934)**	(26,955)
	10,389	10,066
Deposits	**2,905**	4,301
Prepayments *(Note)*	**10,161**	9,838
Other receivables	**83,069**	80,766
Loss allowances	**(57,751)**	(56,516)
	38,384	38,389
	48,773	48,455
Represented by:		
Trade receivables	**10,389**	10,066
Deposits	**1,030**	2,756
Prepayments	**3,542**	3,451
Other receivables	**83,069**	80,766
Loss allowances	**(57,699)**	(56,464)
Current portion	**40,331**	40,575
Deposits	**1,875**	1,545
Prepayments	**6,619**	6,387
Loss allowances	**(52)**	(52)
Non-current portion	**8,442**	7,880

Note:

The prepayments mainly represent the prepayments made by the Group in relation to a) pre-production development of identifiable film and TV programme projects; and b) acquisition of licensed film rights from independent third parties for broadcasting on the Group's online video platform.

The ageing analysis of the trade receivables, net of loss allowances, based on invoice date or date of settlement statement is as follows:

	30 June 2026 *HK$'000*	31 December 2025 *HK$'000*
0 – 30 days	**175**	269
31 – 90 days	**77**	15
Over 365 days	**10,137**	9,782
	10,389	10,066

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, the carrying amounts are approximated their fair values.

14. TRADE AND OTHER PAYABLES

	30 June 2026 *HK$'000*	31 December 2025 *HK$'000*
Trade payables	**100,652**	94,549
Other payables	**21,592**	28,329
Accruals	**1,561**	808
	123,805	123,686

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

The ageing analysis of the trade payables based on invoice date or date of settlement statement is as follows:

	30 June 2026 *HK$'000*	31 December 2025 *HK$'000*
0 – 30 days	**3,731**	1,024
Over 365 days	**96,921**	93,525
	100,652	94,549

15. 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 30 June 2026, the Group had amounts due to an investor of approximately HK$230,286,000 (31 December 2025: HK$222,216,000), which were originally due on 30 June 2026, and the related terms are still under negotiation.

During the six months ended 30 June 2026, the Group recognised a loss on film investment funds from investors amounted to approximately HK$894,000 (for the six months ended 30 June 2025: gain on film investment funds from investors approximately HK$23,528,000) upon the theatrical release of the respective film because the net proceeds entitled by the investors in accordance with the respective investment agreement was more (for the six months ended 30 June 2025: less) than the film investment funds contributed by the investors.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

The Group reviews the first half of 2026 as a period in which structural adjustments in China's film market continued, box office performance declined, and cinema screen utilisation during off-peak periods remained low. Amid increasing competition from an ever-widening array of leisure and consumption options, audience appetite for cinema-going remained relatively weak. Although various regions successively rolled out policies related to film consumption incentives, industry support, and cinema infrastructure upgrades, these measures failed to effectively stimulate a market recovery. The pace of industry recovery was slower than expected, and the overall operating environment remained challenging.

In response to the severe industry conditions, the Group has taken a cautious approach to managing the release schedule of its films, opting to temporarily suspend the theatrical release of new films while continuing to build up its film and television content reserve and pipeline. This will enable the Group to lay a solid content foundation in preparation for future market conditions. At the same time, the Group is exploring and validating the application of artificial intelligence ("AI") technologies in film and television, with the aim of combining advanced technology with its extensive film and television production experience to establish a long-term operating model that places equal emphasis on content creation and intelligent technologies.

Although the Group did not arrange for any new theatrical releases during the reporting period, its operating team continued to carry out post-production and approval preparation work for multiple film and television projects, including *Li Na* (獨自•上場) directed by Chan Ho Sun Peter; *Unspoken* (以父親之名) directed by Chen Daming; *Intercross* (人魚), directed by Cheng Er, in which the Group has participated and invested; and *Deep In The Mountains* (如意飯店), directed by Li Yongyi. During the period, the Group also followed up on the subsequent settlement matters relating to *She's Got No Name* (醬園弄•懸案) and *The Stage* (戲臺), two films that were released in the Chinese Mainland in 2025. Additionally, the Group is planning to collaborate once again with director Zhang Yimou, building on the success of their previous joint project, *Full River Red* (滿江紅). The project is still at an early conceptual development stage. The films in the Group's reserve and pipeline cover diverse genres and bring together renowned directors and accomplished actors from China and abroad, providing solid support for the Group's future theatrical releases at an appropriate time.

Regarding the online video platform "huanxi.com", the Group continued to enrich its content library. During the reporting period, it added several new local and domestically produced films, including *Being Towards Death* (10間敢死隊), a heartwarming piece depicting the inner worlds of ordinary people through themes of life and death that conveys a positive attitude to life; *I Swear* (7天), a feature film that explores the limits of emotion and the idea of everlasting love; and *The Butcher's Blade* (手遮天), a wuxia (武俠) political intrigue film set against the backdrop of the Northern Song Dynasty, telling the story of a protagonist who remains true to his principles and strives to uphold justice. Together with internationally acclaimed, award-winning titles previously introduced by the platform, such as *Cottontail* (棉尾兔), *Eiffel* (埃菲爾鐵塔) and *Incredible But True* (不可思議但千真萬確), the content covers a wide range of themes and styles to cater for the viewing preferences of diverse audiences.

During the period, the Group also comprehensively advanced its intelligent film and television strategy. On one front, it continued to bring in investors to optimise the Group's capital structure and strengthen its financial position. On another, it entered into a strategic cooperation agreement with an AI technology solutions provider to conduct technical integration and application testing of model resources. Focusing on application scenarios such as film and television content creation, post-production, special effects generation and the creation of customised content for directors, the Group continued to work on the integration of its AI teams and explored resource-sharing partnerships. These efforts aimed to support the optimisation of film and television production workflows, enhance operational efficiency and consolidate the Group's core competitive advantages.

FINANCIAL REVIEW

Review of Results

During the reporting period, the Group recorded revenue and film investment income of HK$5,701,000 (30 June 2025: HK$179,940,000) and a net loss of HK$40,083,000 (30 June 2025: HK$102,232,000).

During the six months ended 30 June 2026 (the "Period"), amid intense industry competition and a weak film market, the blockbusters in which the Group had invested did not debut on cinema screens in China in the first half of the year and therefore had not yet contributed to the Group's results, resulting in a loss recorded by the Group during the Period. The Group will progressively arrange for the theatrical release of the blockbusters in which the Group had invested, including *Li Na* (獨自•上場), directed by Chan Ho Sun Peter and starring Hu Ge, Vincent Cassel and Hao Lei, which is expected to contribute revenue and improve the Group's performance.

During the Period, the decrease in selling and distribution costs was mainly due to the contraction of film distribution activities; the decrease in administrative expenses was mainly due to reductions in staff costs, film preparation and other media related costs, as the Group continued to implement cost control measures and optimise its internal operating structure, successfully bringing down administrative expenses significantly; the increase in other income was mainly attributable to government subsidies received in relation to certain films; the increase in other losses, net was due to foreign exchange losses; and the decrease in gain on film investment funds from investors was mainly due to a decrease in the amount of loss shared by the film investors with the Group. The amount of profit or loss shared by the film investors with the Group depends on their investment proportion in the films and the profit or loss generated from the theatrical release of the films in which they invest.

For the six months ended 30 June 2026, loss per share of the Group amounted to HK$0.01 (30 June 2025: HK$0.03) and net asset value per share attributable to the owners of the Company was HK$0.21 (31 December 2025: HK$0.19).

ISSUE OF NEW SHARES AND WARRANTS

(1) On 11 November 2025, the Company entered into a share subscription agreement (and entered into an amendment agreement to the said share subscription agreement on 12 November 2025) (collectively, the "2025 Share Subscription Agreements"), pursuant to which the Company conditionally agreed to issue to C River Co (the "2025 Subscriber") 727,638,000 ordinary shares of HK$0.01 each (with aggregate nominal value of HK$7,276,380) at a consideration of HK$0.30 per subscription share (the "2025 Subscription"). The closing price of the Shares on 11 November 2025 (being the date of entering into the share subscription agreement) was HK$0.385 per Share as quoted on the Stock Exchange; The average closing price of the Shares for the last five consecutive trading days immediately preceding the date of entering into the share subscription agreement was HK$0.304 per Share as quoted on the Stock Exchange.

    On 11 November 2025, the Company entered into a warrant subscription agreement (and entered into an amendment agreement to the said warrant subscription agreement on 12 November 2025) (collectively, the "Warrant Subscription Agreements"), pursuant to which the Company conditionally agreed to issue to the 2025 Subscriber, also referred to as the warrant subscriber (the "Warrant Subscriber"), 731,294,472 warrants (the "Warrants") at an issue price of HK$0.01 per Warrant and an exercise price of HK$0.44 per Warrant (the "Warrant Subscription"). The 2025 Subscriber, also referred to as the Warrant Subscriber, is an independent third party and is not connected with the Company or its connected persons.

The 2025 Subscription and the Warrant Subscription represent a valuable opportunity to raise additional capital for the Company's business operations and to broaden the shareholder base of the Company. In addition to the net proceeds to be raised upon closing of the Warrant Subscription, further capital would be raised upon exercise of the exercise rights to subscribe for Shares attaching to the Warrants.

The 2025 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 (the "SGM").

The closing of the Warrant Subscription and the completion of the 2025 Subscription took place simultaneously on 21 April 2026 in accordance with the terms and conditions of the 2025 Share Subscription Agreements and the Warrant Subscription Agreements. On 21 April 2026, the Company also allotted and issued 727,638,000 subscription shares to C River Limited, which is an affiliate of the 2025 Subscriber, at a subscription price of HK$0.30 per subscription share, pursuant to the relevant mandate granted at the SGM. Under the 2025 Share Subscription Agreements, the 2025 Subscriber is entitled to assign its rights under the 2025 Share Subscription Agreements to its affiliate.

On 21 April 2026, the Company issued 731,294,472 Warrants to C River Limited, which is an affiliate of the Warrant Subscriber, at an issue price of HK$0.01 per Warrant. The exercise price is HK$0.44 per Warrant. Under the Warrant Subscription Agreements, the Warrant Subscriber is entitled to subscribe for the Warrants through its affiliate. Any warrant shares to be issued upon exercise of the Warrants will be allotted and issued pursuant to the warrant specific mandate.

The gross proceeds from the 2025 Subscription amounted to approximately HK$218,290,000. The net proceeds from the 2025 Subscription amounted to approximately HK$218,000,000. The gross proceeds from the Warrant Subscription amounted to approximately HK$7,313,000. The net proceeds from the Warrant Subscription amounted to approximately HK$7,100,000. The aggregate net proceeds from the 2025 Subscription and the Warrant Subscription will be approximately HK$225,100,000 (the "Proceeds"). The Company intends to utilise the Proceeds as follows: (i) approximately HK$100,000,000 to invest in enhancing the Company's capabilities to use advanced technologies, including but not limited to artificial intelligence in the areas of film and television production, which will further enhance the quality and efficiency of the Company's production, and to explore new business opportunities in interactive entertainment, game development, and intellectual property-related derivative products; (ii) approximately HK$50,000,000 to invest in the film and TV programmes rights business; and (iii) approximately HK$75,100,000 for general working capital purposes.

For details of the 2025 Subscription, please refer to the Company's announcements dated 11 November 2025, 12 November 2025 and 21 April 2026, and the circular for the SGM dated 22 December 2025 and the poll results announcement of the SGM dated 8 January 2026.

As at 30 June 2026, the utilisation of the Proceeds was as follows:

	Use of the Proceeds	Allocation of the net proceeds from the Subscription and the Warrant Subscription *HK$'000*	Net proceeds utilised as at 30 June 2026 *HK$'000*	Unutilised net proceeds *HK$'000*	Expected timeline on utilisation
(i)	Investment in enhancing the Company's capabilities to use advanced technologies				
	– Investment in an artificial intelligence team to conduct research and analysis on the application of artificial intelligence in the existing business areas of the Company, such as film and television production	60,000	–	60,000	Expected to be utilised by December 2026
	– Procurement of equipment, such as advanced computer hardware for artificial intelligence development	20,000	–	20,000	Expected to be utilised by December 2026
	– Development of software and applications for film and television production	20,000	–	20,000	Expected to be utilised by December 2026
	Sub-total	100,000	–	100,000	
(ii)	Investment in the film and TV programmes rights business				
	– Investment in at least one film and TV programmes rights where the production is based in the PRC and the initial target market is the PRC domestic market	50,000	(42,174)	7,826	Expected to be utilised by December 2026
(iii)	General working capital				
	– General working capital, such as payment of staff salaries, settlement of professional fees, trade and other payables, rental expenses, corporate utilities and expenses	75,100	(37,839)	37,261	Expected to be utilised by December 2026
	Total	225,100	(80,013)	145,087	

(2) On 19 May 2026, the Company entered into a subscription agreement (the "2026 Subscription Agreement") with Phancy International Limited (the "2026 Subscriber", and together with the Company, the "Parties"), pursuant to which the 2026 Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to the 2026 Subscriber 731,294,472 subscription shares at a subscription price of HK$0.275 per subscription share (the "Subscription Price") (the "2026 Subscription"). The closing price of the Shares as quoted on the Stock Exchange on the date of entering into the subscription agreement was HK$0.275 per Share, and the average closing price of the Shares as quoted on the Stock Exchange for the last five full trading days of the Shares immediately prior to the date of the subscription agreement was HK$0.249 per Share. The 2026 Subscriber is an independent third party and is not connected with the Company or its connected persons. Pursuant to the 2026 Subscription Agreement, the 731,294,472 subscription shares represent (i) approximately 16.68% of the total number of the issued shares of the Company as at 19 May 2026 and (ii) approximately 14.30% of the total issued shares of the Company as enlarged by the 2026 Subscription (assuming that there is no change in the number of the issued shares of the Company from 19 May 2026 to the completion of the 2026 Subscription, other than the issue of the subscription shares under the 2026 Subscription). The subscription shares under the 2026 Subscription will be allotted and issued pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company. The Subscription Price was arrived at after arm's length negotiations between the Company and the 2026 Subscriber with reference to the trading prices and volumes of the shares prior to the signing of the 2026 Subscription Agreement. The Directors consider that the terms and conditions of the 2026 Subscription Agreement (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the shareholders as a whole.

The gross and net proceeds from the 2026 Subscription (after deducting all applicable costs and expenses) are expected to be approximately HK$201,106,000 and approximately HK$200,300,000, respectively. Of the net proceeds, approximately HK$157,000,000 is intended to be used for enhancing the Company's capabilities to use advanced technologies (including the use of the Large Model API Services to make use of artificial intelligence for the development of film and television production), and approximately HK$43,300,000 is intended to be used for general working capital purposes (such as payment of staff salaries, settlement of professional fees, trade and other payables, rental expenses, corporate utilities and expenses).

Pursuant to the 2026 Subscription Agreement, the long stop date for the completion of the 2026 Subscription is on or before 18 July 2026. As at the date of this announcement, as additional time is required for the Parties to satisfy certain conditions for the 2026 Subscription Agreement, on 18 July 2026, the Parties agreed to extend the long stop date under the 2026 Subscription Agreement from 18 July 2026 to 30 September 2026. For details of the 2026 Subscription, please refer to the announcements of the Company dated 19 May 2026 and 20 July 2026.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group had net current assets of HK$184,396,000 (31 December 2025: HK$33,279,000), with cash and cash equivalents of HK$260,939,000 (31 December 2025: HK$88,056,000). As at 30 June 2026, the Group's current ratio (defined as total current assets divided by total current liabilities) was approximately 1.27 (31 December 2025: approximately 1.05). As at 30 June 2026, the Company had total equity of HK$907,601,000 (31 December 2025: HK$696,559,000) and no borrowings (31 December 2025: Nil). As at 30 June 2026, the Group's gearing ratio (i.e., total borrowings as a percentage of total capital) was Nil (31 December 2025: Nil). Total capital is calculated as total equity plus total borrowings.

CAPITAL STRUCTURE

As at 30 June 2026, the Company had shareholders' capital of approximately HK$43,841,000 (31 December 2025: HK$36,565,000), which consists of 4,384,110,362 (31 December 2025: 3,656,472,362) ordinary shares of HK$0.01 each in issue (the "Shares").

On 21 April 2026, pursuant to the terms and conditions of the 2025 Share Subscription Agreements, the Company allotted and issued 727,638,000 subscription shares pursuant to the subscription specific mandate to C River Limited, which is an affiliate of the 2025 Subscriber, at a subscription price of HK$0.30 per subscription share. Under the 2025 Share Subscription Agreements, the 2025 Subscriber is entitled to assign its rights under the 2025 Share Subscription Agreements to its affiliate.

On 21 April 2026, pursuant to the terms and conditions of the Warrant Subscription Agreements, the Company issued 731,294,472 Warrants to C River Limited at an issue price of HK$0.01 per Warrant. The exercise price is HK$0.44 per Warrant. Under the Warrant Subscription Agreements, the Warrant Subscriber is entitled to subscribe for the Warrants through its affiliate. The right of the warrantholder to exercise the Warrants is conditional upon the satisfaction of various conditions (which must be reasonably satisfactory to the Company), and the subscription rights attaching to the Warrants are exercisable within a period of five years from the date of issue.

The above Share Subscription and Warrant Subscription were approved by the shareholders of the Company at the SGM of the Company held on 8 January 2026. The warrant shares to be issued upon exercise of the Warrants will be allotted and issued pursuant to the warrant specific mandate.

On 19 May 2026, the Company entered into a subscription agreement with Phancy International Limited (the "Subscriber"), which is a wholly-owned subsidiary of Phancy Group Co., Ltd. ("Phancy Group"), pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to the Subscriber 731,294,472 subscription shares at a subscription price of HK$0.275 per subscription share (the "Share Subscription"). The closing price of the Shares as quoted on the Stock Exchange on the date of entering into the subscription agreement was HK$0.275 per Share, and the average closing price of the Shares as quoted on the Stock Exchange for the last five full trading days of the Shares immediately prior to the date of the subscription agreement was HK$0.249 per Share.

The Share Subscription will be allotted and issued under the general mandate granted to the Board at the annual general meeting of the Company. In the event that the conditions are not fulfilled or waived within 60 days after entering into the subscription agreement (on or before 18 July 2026), unless otherwise agreed by both Parties, the subscription agreement will be terminated. As additional time is required for the Parties to satisfy certain conditions for the issuance of the subscription shares, on 18 July 2026, the Parties agreed to extend the long stop date under the subscription agreement from 18 July 2026 to 30 September 2026.

As at the date of this announcement, the Share Subscription has not been completed. For details, please refer to the announcements of the Company dated 19 May 2026 and 20 July 2026.

AMENDMENTS TO THE AMENDED AND RESTATED BYE-LAWS OF THE COMPANY

On 24 April 2026, the Board proposed to make certain amendments to the then effective amended and restated bye-laws of the Company (the "Bye-Laws") in order to (i) bring the Bye-Laws in line with the latest regulatory requirements of the Listing Rules in respect of the electronic dissemination of corporate communications and the electronic voting arrangement; (ii) provide the Company with flexibility to hold treasury shares under the Bye-Laws; (iii) enable the shareholders of the Company to give instructions, receive corporate action proceeds and pay subscription monies for offers to subscribe for new securities by electronic means; and (iv) make other consequential and housekeeping amendments (the "Proposed Amendments"). The Board also proposed to adopt the second amended and restated Bye-Laws incorporating the Proposed Amendments (the "New Bye-Laws") in substitution for, and to the exclusion of, the then effective Bye-Laws. The Proposed Amendments and the adoption of the New Bye-Laws were approved by the shareholders by way of a special resolution at the annual general meeting of the Company held on 9 June 2026 (the "AGM") and became effective thereafter.

For the specific content and details of the Proposed Amendments, please refer to the announcement of the Company dated 24 April 2026, the circular for the AGM dated 29 April 2026 and the poll results announcement of the AGM dated 9 June 2026.

CHARGES ON ASSETS

As at 30 June 2026, the Group did not have any charge on assets (31 December 2025: Nil).

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 many investment opportunities and cooperation plans with Mainland China 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 reporting period, 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 30 June 2026, the Group had no significant contingent liabilities (31 December 2025: Nil).

MATERIAL INVESTMENTS

Save as the film and TV programmes rights set out in Note 12 to the unaudited condensed consolidated interim financial information, the Group had no material investments during the reporting period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group is seeking investment opportunities in order to expand the source of income and prospects of the Group. The Group intends to make investments in enhancing the Company's capabilities to use advanced technologies, including but not limited to artificial intelligence in the areas of film and television production, which will further enhance the quality and efficiency of the Company's production, and to explore new business opportunities in interactive entertainment, game development, and intellectual property-related derivative products.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group had 50 full-time employees (31 December 2025: 50) and 1 part-time employee (31 December 2025: 1). 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 operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The employees of the Group's subsidiaries in China are members of a state-managed retirement benefit plan operated by the Chinese government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. Forfeited contributions cannot be used by the Group to reduce the existing level of contribution to the defined contribution schemes.

PROSPECTS

Looking ahead, the Chinese Mainland film market is expected to retain considerable growth prospects over the long run, although the pace of its near-term recovery remains uncertain. In recent years, the government has rolled out a series of supportive measures for the industry, covering content creation, the application of film and television technologies, cinema equipment upgrades and movie ticket subsidies. These initiatives are designed to enhance the operating landscape in terms of content supply, technological upgrade and development and demand-side support, thereby promoting cinema attendance and moviegoing consumption.

Nevertheless, consumers now have an increasingly wide range of leisure and entertainment choices, while the larger slate of films released during major holiday periods has further intensified market competition. The extent to which these measures will stimulate the market in the short term remains to be seen. Market recovery will continue to depend on factors such as audience spending appetite, the supply of high-quality content and the overall economic environment. Overall, the sector's long-term fundamentals remain solid. Productions backed by strong creative and production teams and engaging scripts are still well placed to attract market attention and win audience recognition.

Accordingly, the Group will continue to advance its business layout and innovative transformation with a prudent and pragmatic approach. The Group regards the intelligent transformation of the film and television industry as an important direction for its long-term development. It will work with partners to enhance and strengthen its AI-related capabilities and will introduce relevant tools in phases, taking into account the maturity of technological products, film and television production processes and practical operational requirements. As a priority, the Group will explore the application of relevant AI technologies in areas such as script development, filming support and post-production special effects, with a view to optimising workflows, improving efficiency and reducing production costs. As these initiatives are still at an early stage, it will take time for their contribution to the Group's operational and financial performance to become apparent.

In a market environment marked by considerable uncertainty, the Group will carefully assess the situation and flexibly adjust the release schedule for new films. It will closely monitor preparations for the theatrical releases of *Li Na* (獨自•上場), *Intercross* (人魚) and *Deep In The Mountains* (如意飯店), determining release dates based on the progress of approval processes, market conditions and distribution arrangements. Meanwhile, the Group will continue post-production and submission-for-approval work for other films in its reserve and pipeline, and arrange their theatrical release when appropriate. The Group will also continue to develop film and television projects across different genres, maintaining a diversified content library. It will continue discussions with director Zhang Yimou regarding potential collaborations, and specific developments will be announced in due course.

The Group will continue to expand the content library of "huanxi.com" by acquiring outstanding films from different markets, reinforcing its distinctive content offering through a diverse range of genres. The Group will also continue to explore opportunities in the online operation of film and television resources, copyright partnerships, and the enhancement of platform services, thereby accelerating the development and business layout of its innovative platform.

Looking ahead, the Group will continue to pursue its "Content is King" (內容為王) strategy, leveraging technological innovation to deepen its focus on the production of high-quality, diversified film and television content while advancing intelligent upgrades across its operations. The Group aims to produce premium films that cater for the viewing preferences of domestic audiences, thereby strengthening its competitive content resources. It will also actively promote the practical application of AI technologies in the film and television industry, diversify its content offerings in line with mainstream market demand and broaden its revenue streams. Through these efforts, the Group aims to establish an efficient operating model that integrates content production with technology applications, ultimately delivering tangible improvements in business performance and creating greater long-term value and returns for the shareholders.

CORPORATE GOVERNANCE

Corporate Governance Practices

Throughout the six months ended 30 June 2026, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

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. Having made specific enquiry, all Directors confirmed that they fully complied with the Model Code throughout the reporting period.

Board Composition

As at the date of this announcement, the Board comprises three executive Directors, two non-executive Directors and four independent non-executive Directors. All the Directors are high calibre executives with diversified industry expertise and bring a wide range of skills and experience to the Group.

Change in Information of Directors

On 18 June 2026, with the approval of the Board, Ms. Jiang Meng was appointed as an executive Director, and Mr. Song Pengliang was appointed as an independent non-executive Director, both with effect from the same date. In accordance with Bye-Law 102(B) of the second amended and restated Bye-Laws of the Company, which were adopted by way of a special resolution on 9 June 2026, Ms. Jiang Meng and Mr. Song Pengliang shall hold office only until the first annual general meeting of the Company after their appointment and shall then be eligible for re-election.

Save as disclosed above, there was no change in Directors' information since the date of the annual report 2025, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026 (30 June 2025: Nil).

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 during the six months ended 30 June 2026.

Review of Interim Results

The Committee has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2026. The Committee is satisfied with the review and the Board is also satisfied with the Committee's report.

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

Hong Kong, 28 August 2026

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