弘 毅 文 化 集 團

HONY MEDIA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 40% SHAREHOLDING OF MEERKAT HEALTH HOLDINGS LIMITED TERMINATION OF VIE CONTRACTUAL ARRANGEMENTS IN RESPECT OF INTERNET PLATFORM FOR PHARMACEUTICAL E-COMMERCE AND SMART HEALTHCARE AND MEDICAL SERVICES BUSINESSES

Reference is made to the announcement of Hony Media Group (formerly known as Huayi Tencent Entertainment Company Limited) dated 8 October 2021 in relation to the entering into of contractual arrangements for the operation of internet platform for pharmaceutical e-commerce and smart healthcare and medical services business, which are carried out by the Meerkat Health Holdings Limited and its subsidiaries.

TERMINATION OF THE VIE CONTRACTUAL ARRANGEMENTS

Of the Meerkat Health Businesses, the Meerkat Group divested from its vaccination and body check businesses, discontinued its private e-commerce activities, and focuses on operating the healthcare consumption business, and the VIE structure under the VIE Contractual Arrangements is no longer necessary.

The Company entered into the Platform Co Equity Transfer Documents on 1 April 2025 with the ESOP and the Individual SPV to acquire their 40% shareholding in aggregate of the Platform Co, such that the Platform Co and its subsidiaries become wholly-owned subsidiaries of the Group. On 1 April 2025, the WFOE entered into the OPCO Equity Transfer Agreement A and the OPCO Equity Transfer Agreement B with the PRC Equity Owners for them to transfer their 60% and 40% equity interest respectively in the OPCO to WFOE, and the WFOE and the OPCO also entered into the Termination Agreement with the PRC Equity Owners for termination of the VIE Contractual Arrangements. Such transactions are for the purpose of unwinding the VIE structure formed for the Meerkat Health Businesses pursuant to the Investment Framework Agreement and the VIE Contractual Arrangements.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect to the acquisitions under the Equity Transfer Agreements exceeds 5% but is less than 25%, the entering into of the Equity Transfer Agreements and the transactions contemplated thereunder constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, as (i) Ms. DONG Yu is a substantial shareholder and a director of the Platform Co and the OPCO, each being a subsidiary of the Company, (ii) Mr. YANG Aiwu is a substantial shareholder of the OPCO, a subsidiary of the Company, and (iii) to the best knowledge of the Directors, the ESOP and the Individuals SPV are wholly-owned by Ms. DONG Yu, each of Ms. DONG Yu, Mr. YANG Aiwu, the ESOP and the Individuals SPV is a connected person of the Company at subsidiary level, and the entering into of the Equity Transfer Agreements and the Termination Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, since (i) each of Ms. DONG Yu, Mr. YANG Aiwu, the ESOP and the Individuals SPV is a connected person of the Company at subsidiary level, (ii) the transactions contemplated under the Equity Transfer Agreements and the Termination Agreement are entered into on normal commercial terms or better, and (iii) the Board (including the independent non-executive Directors) have approved the Equity Transfer Agreements and the Termination Agreement and the transactions contemplated thereunder, and confirmed that the terms of such transactions are fair and reasonable, such transactions are on normal commercial terms or better and are in the interest of the Company and shareholders as a whole, the entering into of the Equity Transfer Agreements and the Termination Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

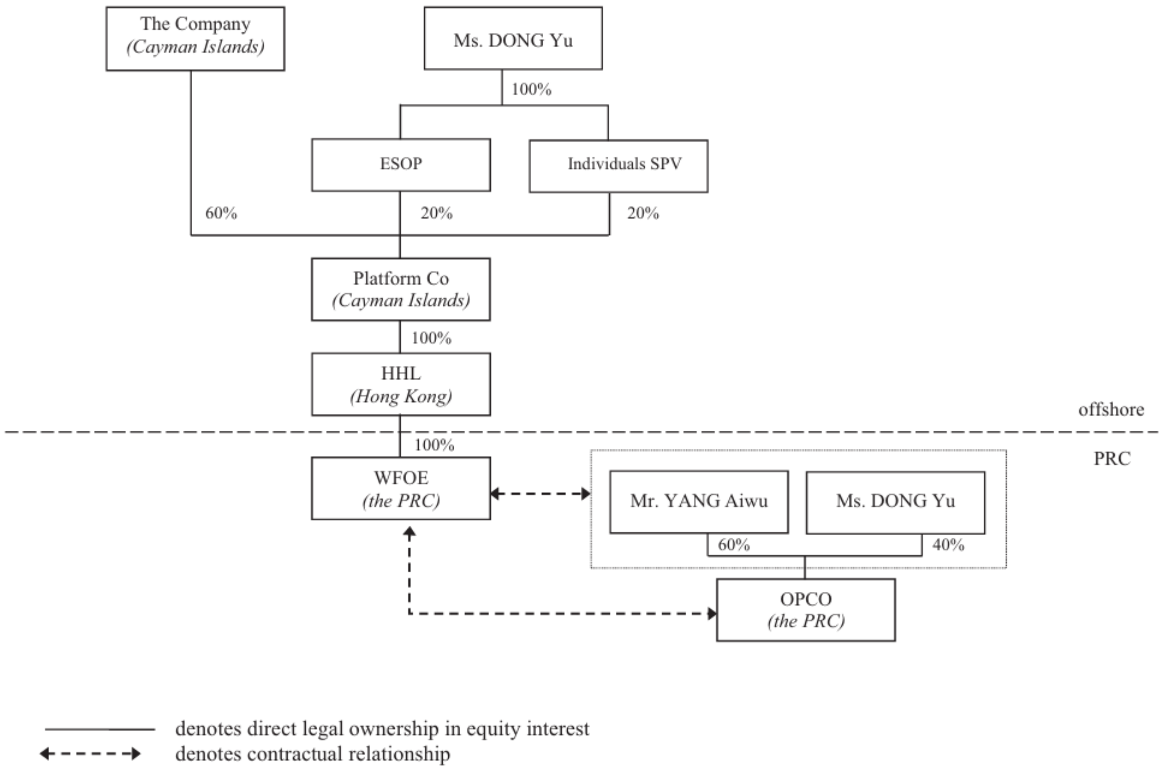
Reference is made to the announcement of Hony Media Group (formerly known as Huayi Tencent Entertainment Company Limited) (the "**Company**") dated 8 October 2021 (the "**Announcement**") in relation to the entering into of contractual arrangements for the operation of internet platform for pharmaceutical e-commerce and smart healthcare and medical services business. Unless otherwise defined in this announcement, terms used herein shall have the same meanings as those defined in the Announcement.

BACKGROUND

The group of companies within the Group comprising Platform Co (namely Meerkat Health Holdings Limited) and its subsidiaries (collectively, the "**Meerkat Group**"), including the WFOE (namely Hangzhou Yuexiang Health Technology Co., Ltd. (杭州悅響健康科技有限公司) and the OPCO (namely Hangzhou Meerkat Health Technology Co. Ltd. (杭州獴哥健康科技有限公司), carried on the business of e-commerce in relation to pharmaceutical products, provision of healthcare consultation and management services via the Internet, and provision of smart medical services such as smart healthcare devices and data analysis via the Internet **("Meerkat Health Businesses"**).

The Meerkat Group has adjusted its business and internal organizational structure according to the national economic development situation and future trends and aligning with the Group's long-term development strategy. Of the Meerkat Health Businesses, the Meerkat Group divested from its vaccination and body check businesses, discontinued its private e-commerce activities, and focuses on operating the healthcare consumption business (carried on by subsidiaries held by the WFOE) to achieve better operational efficiency and enterprise development. Accordingly, the Meerkat Group no longer carries on businesses which are subject to PRC regulatory restrictions on ownership by foreign investors and the VIE structure set-up by the VIE Contractual Arrangements is no longer necessary.

Set out below is the shareholding and corporate structure of the Meerkat Group following the setting up of the VIE Contractual Arrangements:



ACQUISITION OF THE REMAINING 40% SHAREHOLDING IN THE PLATFORM CO AND UNWINDING OF THE VIE STRUCTURE FOR THE MEERKAT HEALTH BUSINESSES

On 1 April 2025,

(i) the Company entered into an instrument of transfer with each of the ESOP and the Individuals SPV pursuant to which each of the ESOP and the Individual SPV has transferred to the Company and the Company has received from each of the ESOP and the Individual SPV 20% (being 40% in aggregate) shareholding in the Platform Co (the "**Platform Co Sale Interest**") at HK$20 (being HK$40 in aggregate), representing the par value of the Platform Co Sale Interest (the "**Platform Co Equity Transfer Documents**");

(ii) the WFOE (a subsidiary of the Company) entered into an equity transfer agreement with Ms. DONG Yu pursuant to which Ms. DONG Yu agreed to transfer to the WFOE and the WFOE agreed to receive from Ms. DONG Yu of 40% equity interest in the OPCO (the "**OPCO Sale Interest A**") at a nominal consideration of HK$1.00 (the

"**OPCO Equity Transfer Agreement A**"). Completion of the transfer shall take place upon the registration of the transfer at the relevant authority, which shall in turn take place within 10 working days after the date of the OPCO Equity Transfer Agreement A or such other date as agreed between the parties;

(iii) the WFOE entered into an equity transfer agreement with Mr. YANG Aiwu pursuant to which Mr. YANG Aiwu agreed to transfer to the WFOE and the WFOE agreed to take the transfer from Mr. YANG Aiwu of 60% equity interest in the OPCO (the "**OPCO Sale Interest B**") at a nominal consideration of HK$1.00 (the "**OPCO Equity Transfer Agreement B**"). Completion of the transfer shall take place upon the registration of the transfer at the relevant authority, which shall in turn take place within 10 working days after the date of the OPCO Equity Transfer Agreement B or such other date as agreed between the parties; and

(the Platform Co Equity Transfer Documents, the OPCO Equity Transfer Agreement A and the OPCO Equity Transfer Agreement B collectively referred to as the "**Equity Transfer Agreements**")

(iv) the WFOE and the OPCO entered into a termination agreement with Ms. DONG Yu and Mr. YANG Aiwu pursuant to which the VIE Contractual Arrangements shall be terminated and all obligations and liabilities (if any) of the parties under the VIE Contractual Arrangements shall lapse or (as the case may be) be waived (the "**Termination Agreement**"), effective from the date of the Termination Agreement.

The above transactions are for the Platform Co and its subsidiaries to become wholly-owned subsidiaries of the Group and for the purpose of unwinding the VIE structure formed pursuant to the Investment Framework Agreement and the VIE Contractual Arrangements.

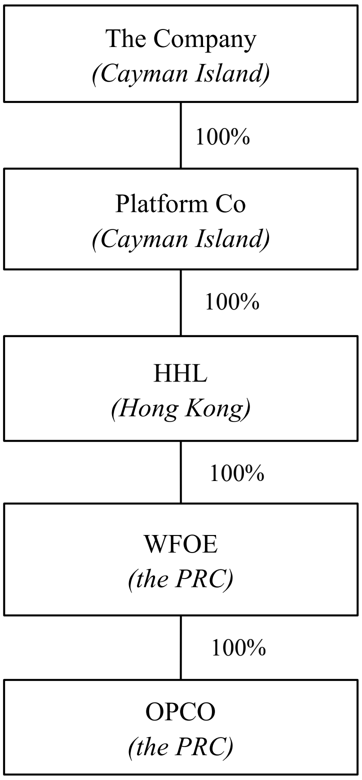
Basis of Determination of the Consideration

The consideration for the transfer of the Platform Co Sale Interest to the Company at par value of the relevant shares of the Platform Co (being HK$40 in aggregate) was determined based on arm's length negotiations between the parties to the Platform Co Equity Transfer Documents taking into account (i) the Meerkat Group had been loss making for the most recent 3 consecutive financial years, and (ii) the consolidated net liability position of the Platform Co as at 31 December 2024.

The nominal amount of the consideration for the transfer of the OPCO Sale Interest A and the OPCO Sale Interest B upon termination of the VIE Contractual Arrangements is in accordance with the terms of the Exclusive Purchase Right Agreement (one of the VIE Contractual Arrangements) for the WFOE to acquire at any time the equity interests of the OPCO held by the PRC Equity Owners at the lowest price permissible under PRC laws and regulations.

Corporate Structure following completion of the Equity Transfer Agreements

Immediately before the completion of the Equity Transfer Agreements, members of the Meerkat Group were non-wholly owned subsidiaries of the Company, the financial results of which were consolidated into the Group's financial statements. Upon the completion of the Equity Transfer Agreements, members of the Meerkat Group will become wholly-owned subsidiaries of the Company without any contractual arrangements and the financial results of the Meerkat Group will continue to be consolidated into the Group's financial statements. Set out below is the corporate structure of the Platform Co, WFOE and OPCO upon completion of the Equity Transfer Agreements:



Benefits of the Transactions under the Equity Transfer Agreements

Pursuant to the Equity Transfer Agreements, the Group is able to obtain ownership of the portion of shareholding in the Meerkat Group held by the minority shareholders and make the Meerkat Group (together with its operating businesses) wholly-owned by the Company for a nominal amount. Such streamlining of the corporate structure of the Meerkat Group will allow the Group to have liberty in and total control over the future corporate and business development of the Meerkat Group and the Meerkat Health Businesses and to enjoy the full economic benefits arising therefrom.

BOARD'S VIEW ON TRANSACTIONS PERTAINING TO THE EQUITY TRANSFER AGREEMENTS AND THE TERMINATION AGREEMENT

Considering the above, the Directors (including the independent non-executive Directors) are of the opinion that the Equity Transfer Agreements and the Termination Agreement (including the consideration thereunder) are (i) entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better after arm's length negotiations between the parties; and (iii) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL INFORMATION OF THE SUBJECT ASSETS

The consolidated net loss (both before and after taxation and extraordinary items) attributable to the Platform Co for the financial years ended 31 December 2023 and 31 December 2024, which was prepared in accordance with Hong Kong Financial Reporting Standards and have been included in the relevant audited consolidated financial statements of the Company, were as follows:

	For the financial year ended 31 December 2023 HK$'000 *(Note)* *(unaudited)*	**For the financial year ended 31 December 2024** HK$'000 *(Note)* *(unaudited)*
Net (loss) before taxation and extraordinary items	(45,880)	(6,988)
Net (loss) after taxation and extraordinary items	(45,880)	(6,988)

Note:

The consolidated net (loss)/profit (both before and after taxation and extraordinary items) of the OPCO for each of the financial years ended 31 December 2023 and 31 December 2024, which was prepared in accordance with Hong Kong Financial Reporting Standards and have been included in the audited consolidated financial statements of the Company, are as follows:

	For the financial year ended 31 December 2023 RMB'000 *(unaudited)*	***For the financial year ended 31 December 2024*** RMB'000 *(unaudited)*
Net (loss)/profit before taxation and extraordinary items	*(16,479)*	*1,411*
Net (loss)/profit after taxation and extraordinary items	*(16,479)*	*1,411*

The unaudited consolidated net liability of the Platform Co as at 31 December 2024 was approximately HK$3,613,000. The unaudited net asset of the OPCO as at 31 December 2024 was approximately RMB6,000.

The shares of the Platform Co comprised in the Platform Co Sale Interest were subscribed for by each of the ESOP and the Individuals SPV at par value for an aggregate amount of HK$40. Mr. YANG Aiwu and Ms. DONG Yu acquired the OPCO Sale Interest A and the OPCO Sale Interest B at no costs to each of them.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect to the acquisitions under the Equity Transfer Agreements exceeds 5% but is less than 25%, the entering into of the Equity Transfer Agreements and the transactions contemplated thereunder constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, as (i) Ms. DONG Yu is a substantial shareholder and a director of the Platform Co and the OPCO, each being a subsidiary of the Company, (ii) Mr. YANG Aiwu is a substantial shareholder of the OPCO, a subsidiary of the Company, and (iii) to the best knowledge of the Directors, the ESOP and the Individuals SPV are wholly-owned by Ms. DONG Yu, each of Ms. DONG Yu, Mr. YANG Aiwu, the ESOP and the Individuals SPV is a connected person of the Company at subsidiary level, and the entering into of the Equity Transfer Agreements and the Termination Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, since (i) each of Ms. DONG Yu, Mr. YANG Aiwu, the ESOP and the Individuals SPV is a connected person of the Company at subsidiary level, (ii) the transactions contemplated under the Equity Transfer Agreements and the Termination Agreement are entered into on normal commercial terms or better, and (iii) the Board (including the independent non-executive Directors) have approved the Equity Transfer Agreements and the Termination Agreement and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms or better, are fair and reasonable and are in the interest of the Company and shareholders as a whole, the entering into of the Equity Transfer Agreements and the Termination Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Directors had a material interest in the transactions contemplated under the Equity Transfer Agreements and the Termination Agreement, none of the Directors have abstained from voting on the relevant Board resolutions approving the Equity Transfer Agreements and the Termination Agreement.

GENERAL INFORMATION

The Group is principally engaged in (i) digitized operation services in healthcare industry; (ii) smart healthcare services platform; and (iii) entertainment and media business. The Platform Co is principally engaged in investment holding. The OPCO and its subsidiaries were principally engaged in the business of e-commerce in relation to pharmaceutical products, provision of healthcare consultation and management services via the Internet, and provision of smart medical services such as smart healthcare devices and data analysis via the Internet, and have ceased their business operations.

As at the date of this announcement, (i) Ms. DONG Yu is a director of the OPCO, (ii) Mr. YANG Aiwu is an employee of the Group in the PRC, and (iii) to the best knowledge of the Directors, the ESOP and the Individuals SPV are wholly-owned by Ms. DONG Yu and are principally engaged in investment holding.

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

Hong Kong, 1 April 2025

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

Mr. ZHAO John Huan[2] (Chairman), Mr. CHENG Wu[1] (CEO), Mr. YUEN Hoi Po[1] (President), Mr. YUEN Kin[3], Mr. CHU Yuguo[3], Ms. WANG Song Song[3] and Ms. PAN Min[3]

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