DIGITAL DOMAIN

DIGITAL DOMAIN HOLDINGS LIMITED
數字王國集團有限公司

(Incorporated in Bermuda with limited liability) (Stock Code : 547)

ANNUAL REPORT 2024

THE FACES OF FUTURE

CONTENTS

BOARD OF DIRECTORS

Executive Director

Mr. WONG Cheung Lok
(Chief Executive Officer)
Dr. SUN Ta-Chien

Non-executive Directors

Mr. HOOI Hing Lee
(Acting Chairman)
Ms. Alla Y ALENIKOVA

Independent Non-executive Directors

Mr. DUAN Xiongfei
Ms. LAU Cheong
Mr. Elizabeth Monk DALEY
Mr. WOO King Hang

AUDIT COMMITTEE

Mr. DUAN Xiongfei (Chairman)
Ms. LAU Cheong
Mr. WOO King Hang

REMUNERATION COMMITTEE

Mr. DUAN Xiongfei (Chairman)
Mr. WONG Cheung Lok
Ms. LAU Cheong
Mr. WOO King Hang

NOMINATION COMMITTEE

Mr. DUAN Xiongfei (Chairman)
Mr. WONG Cheung Lok
Ms. LAU Cheong
Mr. WOO King Hang

COMPANY SECRETARY

Ms. FOK Lai Yan

HKEX STOCK CODE

547

OTCQX ADR SYMBOL

DDHLY

OTCQB STOCK SYMBOL

DGMDF

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 2005, 20/F.
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179, Hamilton HM EX
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Cathay Bank
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
China Merchants Bank Co., Ltd.
East West Bank
EverTrust Bank
HDFC Bank
Industrial and Commercial Bank of China Limited
Royal Bank of Canada
The Hongkong and Shanghai Banking Corporation Limited
UBS Switzerland AG

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

SOLICITOR

Reed Smith Richards Butler LLP

digitaldomain.com

Digital Domain Holdings

Digital Domain

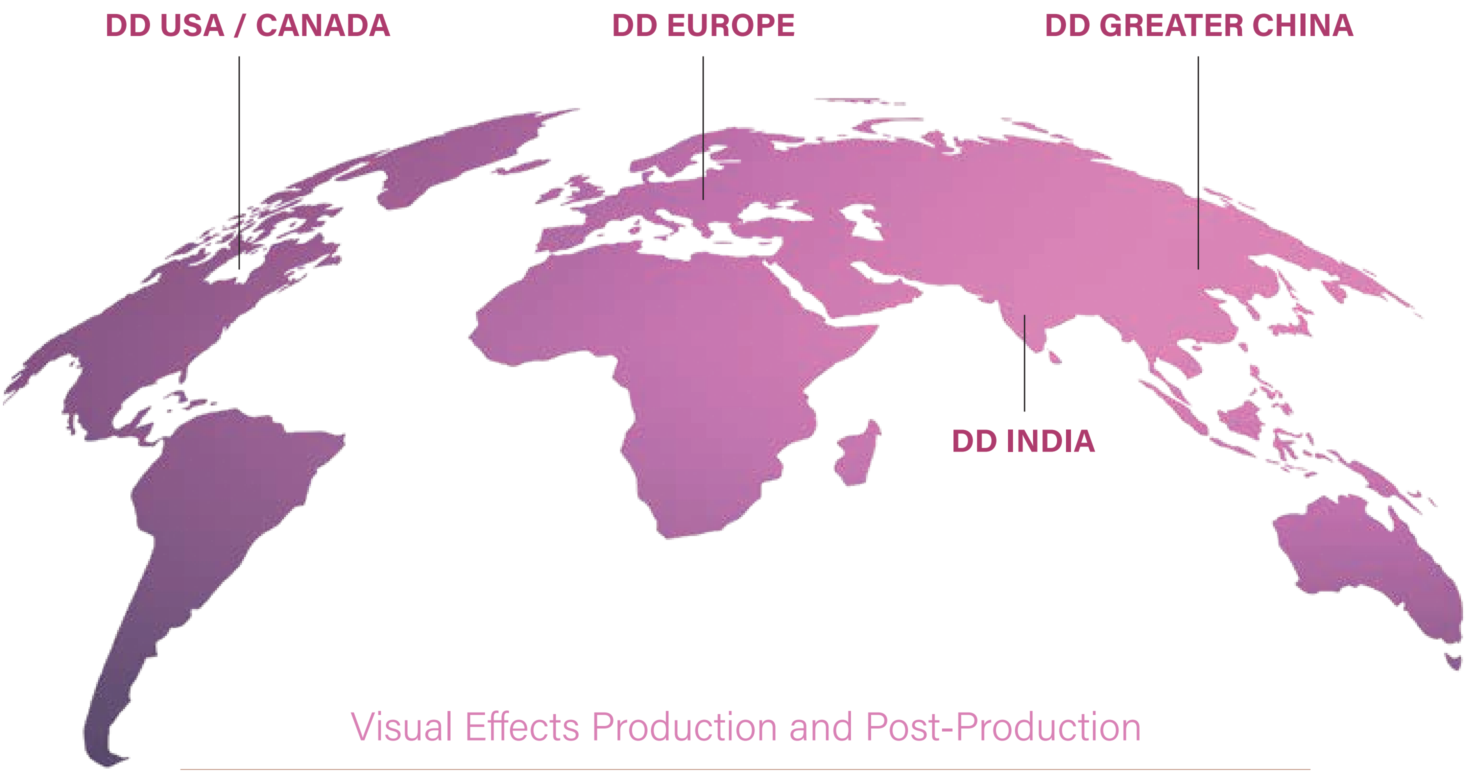
DigitalDomain 數字王國

DIGITAL DOMAIN CREATES TRANSPORTIVE EXPERIENCES THAT ENTERTAIN, INFORM AND INSPIRE. THE COMPANY IS A PIONEER IN MANY FIELDS, INCLUDING VISUAL EFFECTS AND VIRTUAL HUMANS.

A creative force in visual effects and media applications, Digital Domain and its predecessor entities have brought artistry and technology to hundreds of motion pictures, commercials, video games, music videos and virtual reality experiences. Staff artists have won more than 100 major awards, including Academy Awards, Clios, BAFTA awards and Cannes Lions.

Digital Domain has offices in Los Angeles, Vancouver, Montreal, Luxembourg, Hyderabad, Beijing, Shanghai, Shenzhen and Hong Kong. The following is a simplified chart of major businesses of the Group.

DIGITAL DOMAIN



Visual Effects Production and Post-Production

Virtual Human Business

Co-Production (Feature Films/Episodes Series)

Trading Business

Note
For details and full names of these businesses/projects/companies, please refer to "Chief Executive Officer's Review" section of this report on pages 6 to 42 .

On behalf of the Board of Directors ("Board") of Digital Domain Holdings Limited ("Company"), I am delighted to present the annual report of the Company and its subsidiaries (collectively, "Group") for the year ending 31 December 2024.

Although the macroeconomy had once seen improvement after the pandemic, the world's major economics, North America (the United States and Canada) and the Greater China region have encountered significant challenges throughout the year. Factors such as geopolitical tensions, escalating debt levels, and persistent inflationary pressures, alongside anticipations of a gradual easing of Federal Reserve interest rates, have collectively exerted downward pressure on the global economy. We anticipate that the uncertainties currently affecting the markets in which the Group operates will persist into 2025.

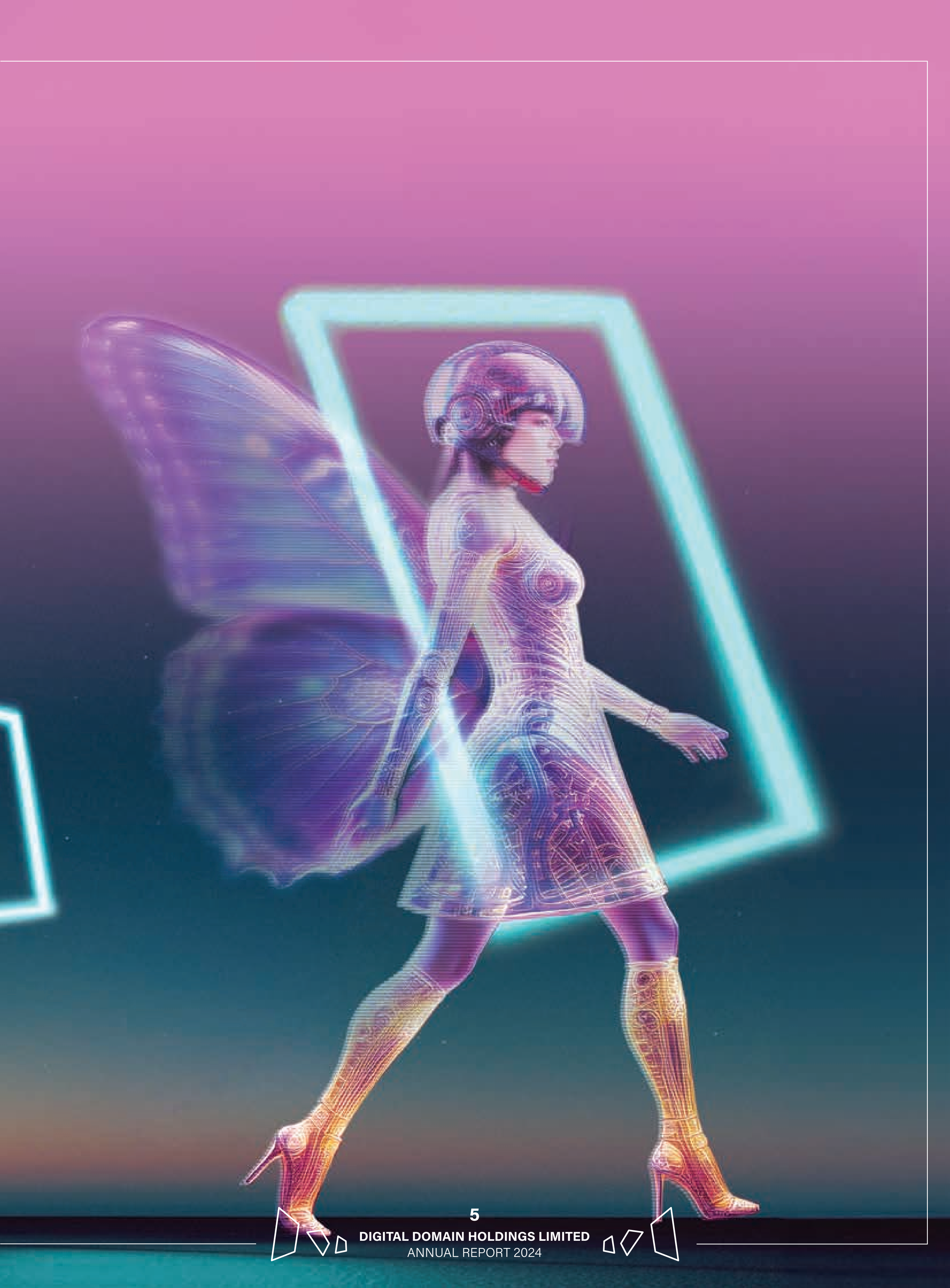
In our industry, the aftermath of Hollywood strikes and the advent of artificial intelligence (AI) present both challenges and opportunities. The Group continues to proactively seek potential business opportunities (such as the trading of AI-related hardware) that may broaden the Group's source of income and enhance value to the Company's shareholders.

We are witnessing a transformative technological revolution, particularly fuelled by advancements in AI, which have captivated global interest. To capitalise on this shift in perspective, we have established a strategic framework that includes investments in our AI research lab and potential partnerships with leading AI innovators. Our focus is to harness high-growth opportunities in our core business lines—visual effects services, AI virtual human products, and AI-related hardware trading—by refining our business models and product offerings to adapt to the evolving global landscape.

On behalf of the Board and our management team, I want to express my appreciation to our clients, business partners, and shareholders for their trust and ongoing support. I also wish to extend my deepest gratitude to my fellow Directors, the management team, and the staff for their continuing support assistance, especially during challenging times.

Henry Hing Lee HOOI
Acting Chairman and Non-executive Director

Hong Kong, 28 March 2025



"I would like to extend my utmost appreciation to our shareholders, staff and other valued stakeholders for their continued confidence and support. We will continue to work hard to deliver the ongoing and future success of Digital Domain."

WONG Cheung Lok (William)
Chief Executive Officer

FINANCIAL AND BUSINESS REVIEW

During the year ended 31 December 2024, the Group achieved a revenue of HK$625,830,000 (2023: HK$736,501,000), showing a decrease of approximately 15% compared to that of the previous year. The gross profit of the Group amounted to HK$127,437,000 (2023: HK$120,191,000) during the year under review, showing an increase of approximately 6%. The decrease in turnover and increase in gross profit were attributable to the media entertainment segment. As at 31 December 2024, the total assets of the Group amounted to HK$1,066,311,000 (as at 31 December 2023: HK$1,253,923,000). The loss attributable to the owners of the Company for the year was HK$300,275,000 (2023: HK$394,571,000). The loss for the year was approximately HK$313,299,000 (2023: HK$475,776,000). The loss for the year was mainly caused by:

(i) the recognition of non-cash outflow expenses, including:

(a) amortisation and depreciation expenses excluding depreciation related to Right-of-use Assets and amortisation of film rights mentioned in (c) below amounted to the value of HK$47,620,000 (2023: HK$62,954,000);

(b) fair value gain on financial assets measured at fair value through profit or loss of HK$6,031,000 (2023: loss of HK$8,318,000);

(c) there was no amortisation of film rights during the year (2023: HK$26,106,000); and

(d) equity-settled share-based payments for the share options granted during the year to the value of HK$26,863,000 (2023: Nil)

(ii) administrative and other project expenses; and

(iii) operating losses from the media entertainment segment.

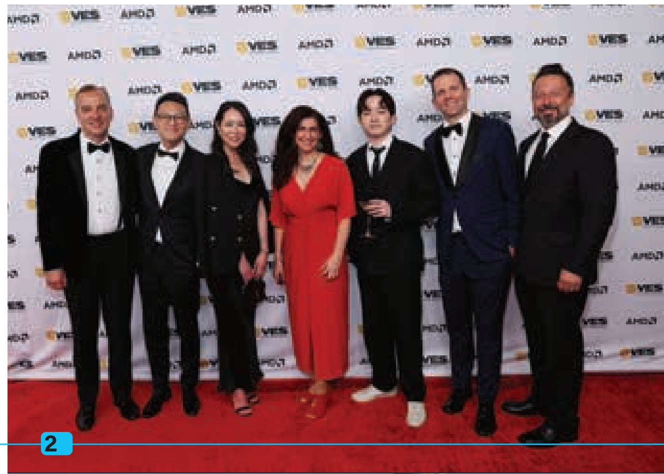
MEDIA ENTERTAINMENT SEGMENT

During the year under review, this segment recorded a revenue of approximately HK$541,055,000 (2023: HK$709,733,000) and incurred a loss of approximately HK$97,703,000 (2023: HK$324,385,000). There was no impairment loss on goodwill and related intangible assets (if applicable) for the year (2023: HK$149,169,000) and research and development costs incurred during the year under review relating to virtual human technology.

"The earnings before interest, tax, depreciation and amortisation (EBITDA)" of the media entertainment segment (there was no impairment loss on goodwill and related intangible assets (if applicable) (2023: HK$149,169,000)) for the year ended 31 December 2024 was a loss of HK$11,875,000 (2023: loss of HK$183,598,000). EBITDA is not a standard measure under the Hong Kong Financial Reporting Standards (HKFRS) but is a widely used financial indicator of a company's operating performance. EBITDA should not be considered in isolation or be construed as an alternative to cash flows, net income or any other measure of performance, or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA for the media entertainment segment is calculated based on the loss of the segment for the year but does not account for taxes, interest expenses, depreciation (of the segment's property, plant and equipment) and amortisation charges (on the segment's intangible assets).

A VISUAL EFFECTS PRODUCTION AND POST-PRODUCTION BUSINESS

This segment provides visual effects ("VFX") production and post-production services which include visualisation, pre-visualisation, post-visualisation, visual effects, computer graphics ("CG"), animation, motion capture, facial capture, virtual production, real-time game engine production, live action filming, editing, design, and finishing for major motion picture studios, networks, streaming services, advertisers, brands and games.



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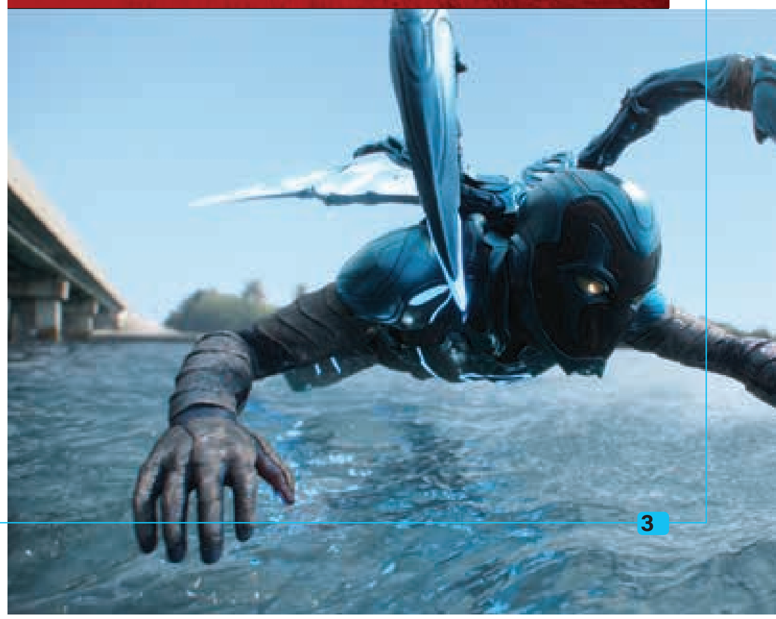

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Digital Domain North America ("DDNA") – USA and Canada:

The following list of recent awards and nominations offers recognition for Digital Domain's artists and technology:

1 Telly Awards

Mr. Aladino DEBERT and his team were awarded a Gold Telly Award for the studio's outstanding visual effects contributions to the Amazon series ***"Citadel"***.

2 The Visual Effects Society Awards

Mr. Aladino DEBERT and Mr. Gregory TEEGARDEN were nominated for the Outstanding Supporting Visual Effects in a Photoreal Episode award for Digital Domain's exceptional work on ***"Citadel"***.

Mr. James REID, Mr. Mathew ROTMAN, Mr. Filipp ELIZAROV, and Mr. Nardeep CHANDER were nominated for the Outstanding Effects Simulations in an Episode, Commercial, Game Cinematic or Real-Time Project award for the ocean scene in the ***"Citadel"*** episode ***"Secrets in Night Need Early Rains"***.

3 Mr. John-Mark GIBBONS, Mr. Allen RUILOVA, Mr. Momme CARL, and Mr. David MINOR were nominated for the Emerging Technology Award for their use of our proprietary tool Machine Learning (ML) Cloth on Warner Bros.' ***"Blue Beetle"***.

4 The Hollywood Professional Association Awards

Digital Domain submitted the visual effects team's work on the Marvel Studios series ***"Echo"***, which was released on 9 January 2024, for an HPA Award in the Outstanding Visual Effects – Live Action Episode or Series Season category.

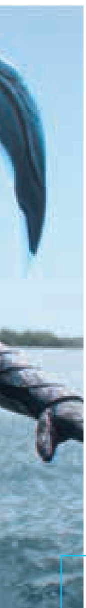
5 Shorty Awards

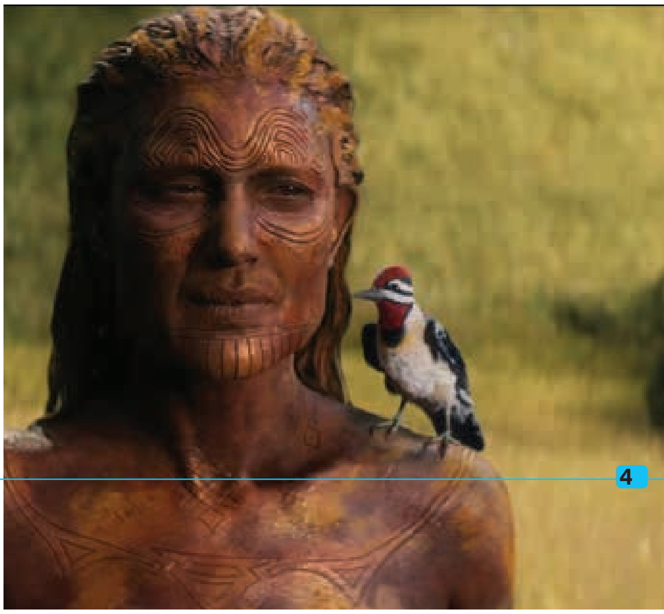
Digital Domain submitted the team's exceptional visual effects work on the ***Citadel "Deepfake"*** trailer which used proprietary Charlatan tool to recreate Franklin D. Roosevelt, John F. Kennedy, and Winston Churchill, trailer to the 16th Annual Shorty Awards, for which Mr. Matt DOUGAN, Mr. Paul "Pizza" PIANEZZA, Mr. Matt SMITH, Mr. Jason SELFE, and Mr. John BRENNICK were awarded. The work was also awarded an Audience Honor for receiving the most public votes.

The artists of Digital Domain 3.0, Inc. ("DD3I"), a subsidiary of the Company, have provided VFX services for work including:

- As the main vendor, VFX Supervisor, Mr. Joel BEHRENS, worked closely with production VFX Supervisor, Mr. Matthew BUTLER to provide visual effects on the Russo Brothers' film, 6 ***"The Electric State"***. *The film was released on 14 March 2025.*

- VFX Supervisor, Mr. Piotr KARWAS and his team completed work on a George NOLFI film, 7 ***"Elevation"***. The film was released on 8 November 2024.

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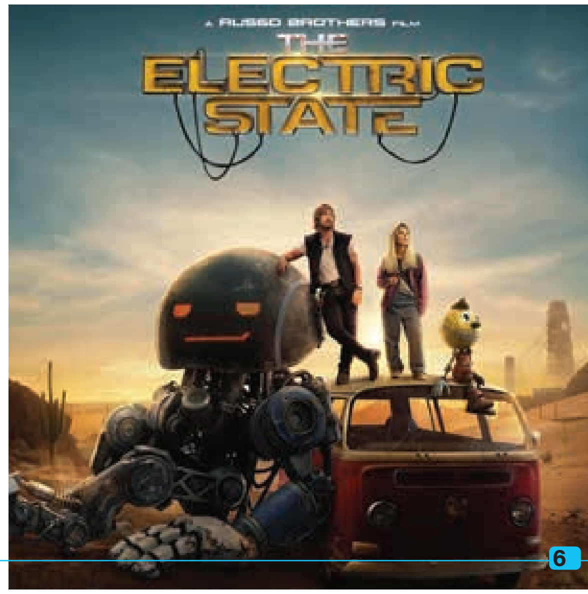

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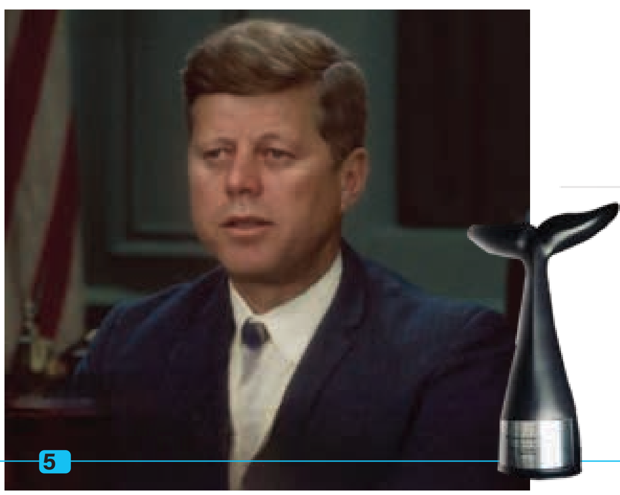
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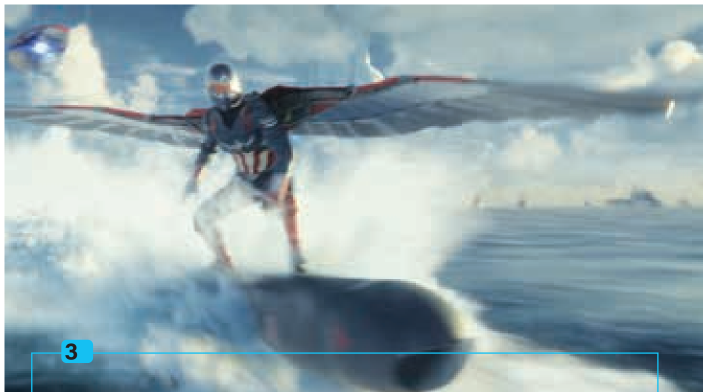
- VFX Supervisor, Mr. Piotr KARWAS completed work on the *"A Minecraft Movie"*, the film was released on 4 April 2025.

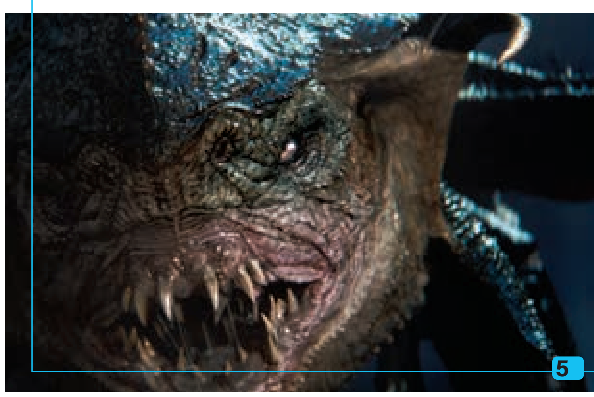
- VFX Supervisor, Mr. Scott EDELSTEIN and his team completed work on Sony Pictures film, 1 *"Madame Web"*. Based on the Marvel Comics character of the same name. The film was released on 14 February 2024.

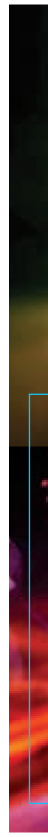
- VFX Supervisor, Mr. Mitch DRAIN and his team completed work on the Hindi-language comedy horror film, 2 *"Stree 2: Sarkate Ka Aatank"*. The film was released on 14 August 2024 and was the highest-grossing Hindi film in 2024.

- VFX Supervisor, Mr. Hanzhi TANG and his team completed work on a Marvel film, 3 *"Captain America: Brave New World"*, the film was released on 14 February 2025.

- The Digital Domain team is also collaborating on several unreleased projects with partners including *Skydance* and *Marvel Studios*.







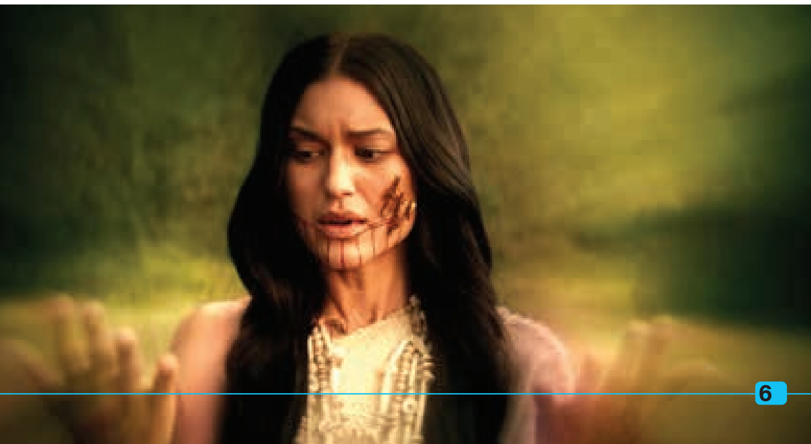
- VFX Supervisor, Mr. Nikos KALAITZIDIS and his team completed work on the Chinese film, 4 ***"Creation of the Gods II: Demon Force"***, which was released on Lunar New Year, 29 January, 2025. Mr. KALAITZIDIS is also working on Marvel Studios' ***"Thunderbolts*"***.

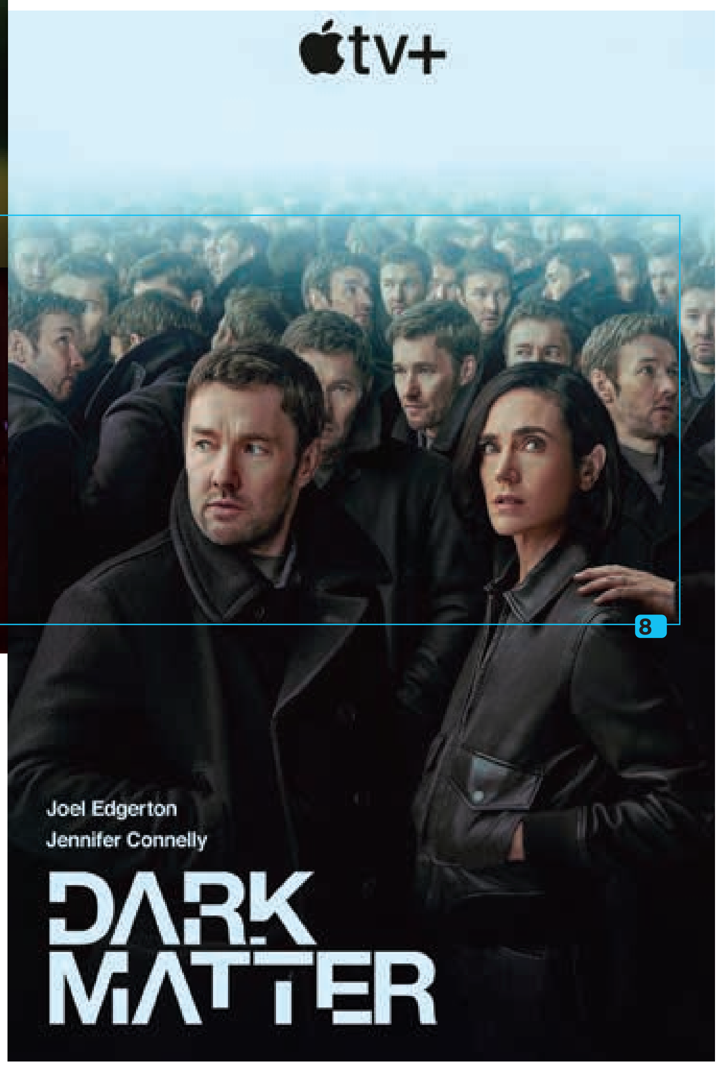
- VFX Supervisor, Mr. Scott EDELSTEIN and his artistic team, completed work on 5 ***"Venom: The Last Dance"***, in which they brought the dark world of Klyntar and the villainous Knull, the King in Black and God of the symbiotes, to life.

- VFX Supervisors, Mr. Kelly PORT and Mr. Michael MELCHIORRE along with their teams completed work on the Marvel Studios television miniseries, 7 ***"Agatha All Along"***. The series released on Disney+ on 18 September 2024.

- VFX Supervisor, Mr. Nikos KALAITZIDIS, and his artistic team are working on an upcoming ***HBO*** series.

- The award-winning Digital Domain team, led by VFX Supervisor, Mr. Nikos KALAITZIDIS, completed work on the Apple TV+ sci-fi television series, 8 ***"Dark Matter"***, created by Mr. Blake CROUCH, based on his 2016 novel of the same name. The series was released on 8 May 2024.





Digital Domain's visual effects teams have completed work on several episodes for hit television and streaming shows such as:

- VFX Supervisor, Mr. Aladino DEBERT, and his skilful team completed work on the new Marvel Studios television miniseries, 6 ***"Echo"***. The series released in January 2024 on Disney+.

Digital Domain's visualisation studio provided previsualisation services for features and shows such as:

- Marvel Studios' ***"Captain America: Brave New World"***
- A Warner Bros. horror film
- Marvel Studios' 1 ***"Thunderbolts*"***
- The Russo Brothers' ***"The Electric State"***
- Season 2 of an upcoming HBO Max's ***"The Last of Us"***
- Several undisclosed projects that have yet to be announced

The team also provided motion capture services for a number of projects including:

- The upcoming action-adventure game 2 ***"Marvel 1943: Rise of Hydra"*** in collaboration with Skydance Games.

- A new game in collaboration with a Japanese game developer.

We provided VFX services for advertisements, special venue projects and games. Work completed in 2024 includes:

- For the Wisconsin Lottery, the Digital Domain advertising team created 15-second and 30-second spots for the Wisconsin Lottery titled ***"Winning Streak"***.

- Digital Domain has partnered with ***Madison Square Garden (MSG)*** and ***Sphere Entertainment*** for several events including the ***2024 National Hockey League (NHL) Draft*** and the ***Hewlett Packard Enterprise (HPE) Discover 2024***. The team is also working on several Sphere projects that have not been announced.

- For ***Baylor Scott & White Health***, the Digital Domain team executed a seamless full body-swapping effect, replacing an actor for the local TV spot, which was also used for a digital campaign.

- Digital Domain artists provided visual effects, including environment work, for two high-profile ***Netflix Sports*** promotional spots to promote the fights on ***Netflix***: (1) the highly anticipated Jake Paul vs. Mike Tyson fight and (2) the Katie Taylor vs. Amanda Serrano rematch.

- Digital Domain is pleased to continue collaborating with the ***Studio Wildcard*** team as they prepare for the highly anticipated release of ***ARK 2***, the sequel to the award-winning title ARK, on PC and upcoming Xbox Series X platforms.

POSSIBLE INDEMNIFICATION

A wholly-owned subsidiary of the Company based in the United States (the "US Subsidiary") has used a combination of physical equipment and intellectual property to record images of human faces (the "Disputed IP"). The Disputed IP is one of several different technologies available to capture elements of a human face prior to visual effects enhancements that create the final image. The US Subsidiary's use of the Disputed IP had been under a 2013 license from an unaffiliated company based in the PRC (the "Original Owner").

In 2014, a dispute over the ownership of the Disputed IP between the Original Owner and another company based in the United States (the "Claimant") resulted in the filing of a lawsuit (the "Lawsuit") in the United States District Court, Northern District of California. Neither the Original Owner nor the Claimant is a member company of the Group. Another subsidiary of the Company agreed in 2015 to purchase the Disputed IP. The completion of the transfer of such Disputed IP is subject to the favourable outcome of the Lawsuit. On 11 August 2017, the court issued a statement of decision which concluded that the Claimant owned the Disputed IP. The US Subsidiary had already used alternative technologies. On appeal of the statement of decision, the court of appeal upheld the decision of the trial court that the Claimant was the owner of the Disputed IP.

During 2017, the Claimant filed four separate lawsuits against certain clients of the US Subsidiary relating to the use of the Disputed IP for certain visual effects projects that the US Subsidiary had completed (the "Other Lawsuits"). The US Subsidiary's clients filed a number of separate motions to dismiss all or portions of the lawsuits brought against them. In response to these motions, the court dismissed a significant portion of the claims, but allowed the Claimant to proceed with litigation on the remaining portion of the claims with respect to only one of the seven motion pictures (the "Picture") that were originally part of the lawsuit for unspecified monetary damages. The case concerning the other six motion pictures was stayed pending the conclusion of the trial of the Other Lawsuits concerning the Picture.

The jury trial of the Other Lawsuits concerning only the Picture commenced on 4 December 2023. In accordance with the jury's verdict after the close of evidence, in April 2024 the court issued Findings of Fact and Conclusions of the Law, stating that Claimant was entitled to US$250,638 in compensatory damages and US$345,098 for disgorgement of the Picture's profits. On 26 August 2024, ruling on a post-trial motion brought by US Subsidiary's client, the trial court decided that the jury did not have sufficient evidence to render a verdict that US Subsidiary's client was liable to Claimant and ruled that the judgment will be entered in favour of US Subsidiary's client and that Claimant would not be entitled any relief.

Claimant has initiated an appeal of the decision to the United States Court of Appeal for the Ninth Circuit, which is now pending. On 3 June 2024, Claimant and US Subsidiary's clients concluded a confidential settlement which resulted in the dismissal of the Other Lawsuits to the extent that it concerned the other six motion pictures. Accordingly, the Other Lawsuits now only concerns the Picture.

On 21 April 2022, the Claimant filed a lawsuit against one of the US Subsidiary's clients and its affiliates' copyright infringement against those entities with respect to two films that are not part of the Other Lawsuits (the "New Lawsuit"). However, the US Subsidiary did not use the Disputed IP on either of these films. The court has on four separate motions to dismiss by US Subsidiary's Clients dismissed the New Lawsuit on the grounds that the facts, as pleaded, in the lawsuit did not give rise to legally-actionable claims, but in each instance gave Claimant an opportunity to amend the New Lawsuit to rectify the defects that it has identified. Claimant has now had six opportunities to amend the New Lawsuit in order to state legally-actionable claims. Claimant filed its Fifth Amended Complaint on 24 January 2025. US Subsidiary's Clients have again moved to dismiss this latest attempt which is scheduled for hearing on 22 May 2025. Until court decides whether to dismiss the New Lawsuit, no further action in the New Lawsuit will take place.

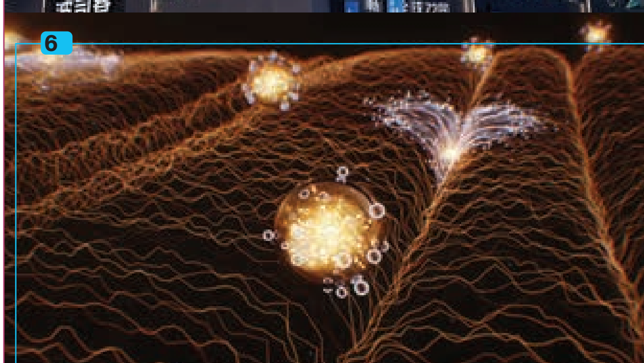
In its production services agreements for the films that are the subject of the Other Lawsuits, the US Subsidiary agreed to certain indemnification obligations with respect to claims brought against these clients arising from allegations that the technology it used was not properly licensed or acquired. As a result, these clients have requested that the US Subsidiary acknowledge its obligation to indemnify them for any losses suffered as a result of their involvement in the Other Lawsuits. The US Subsidiary has submitted these indemnity requests to one of its insurance companies that may provide insurance coverage for indemnity claims brought against it. The insurance company initially acknowledged its obligation to provide a defence for the US Subsidiary's clients, but subsequently communicated to the US Subsidiary that it no longer believed that coverage existed under the insurance policy but would continue to negotiate with the US Subsidiary about contributing to the defence of the clients in the Other Lawsuits. On 23 May 2024, US Subsidiary filed a lawsuit against the insurance company seeking a judicial declaration that the insurance company is required to provide insurance coverage for the indemnity claims brought against it with respect to the Other Lawsuits and monetary damages (the "Insurance Coverage Lawsuit"). The parties are conducting pre-trial discovery in the Insurance Coverage Lawsuit, but the trial date has not been scheduled.

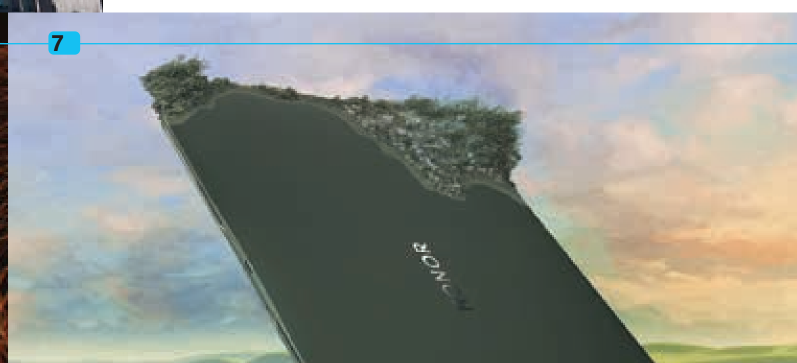
In its production services agreements for the films that are subject of the New Lawsuit, the US Subsidiary agreed to certain indemnification obligations with respect to claims brought against these clients arising from allegations that the technology it used was not properly licensed or acquired. As a result, these clients have requested that the US Subsidiary acknowledge its obligation to indemnify them for any losses suffered as a result of their involvement in the New Lawsuit. The US Subsidiary has denied that it is obligated to indemnify these clients on the grounds that the US Subsidiary did not use the Disputed IP during the production of the motion pictures that are subject of the New Lawsuit and thus did not breach a warranty to the clients. US Subsidiary also submitted these indemnity requests to one of its insurance companies that may provide insurance coverage for indemnity claims brought against it with respect to the New Lawsuit, but the request for insurance coverage was denied on the grounds that all claims arising from the Disputed IP were specifically excluded from coverage. In the Insurance Coverage Lawsuit, US Subsidiary is also seeking a judicial declaration that the insurance company is required to provide insurance coverage for the indemnity claims brought against it with respect to the New Lawsuit and monetary damages.

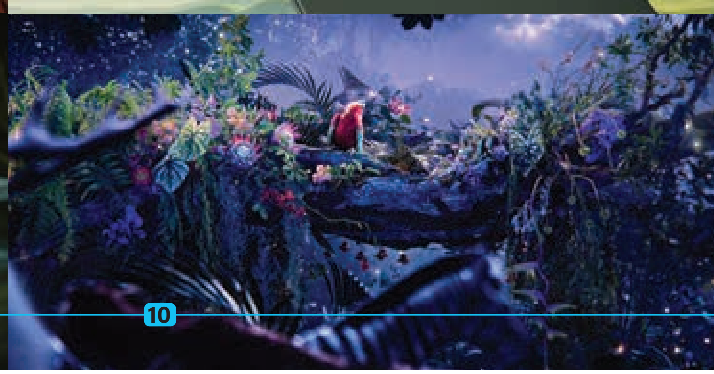
Digital Domain China:

With the establishment of Digital Domain China ("DD China"), the Group has a strong operating platform in China.

DD China provides VFX production and post-production services for commercials, TV drama series, and feature films in China, including offline and online editing, compositing, colour grading, design, music and audio, CG and VFX production. It also provides production services for commercials and feature films.





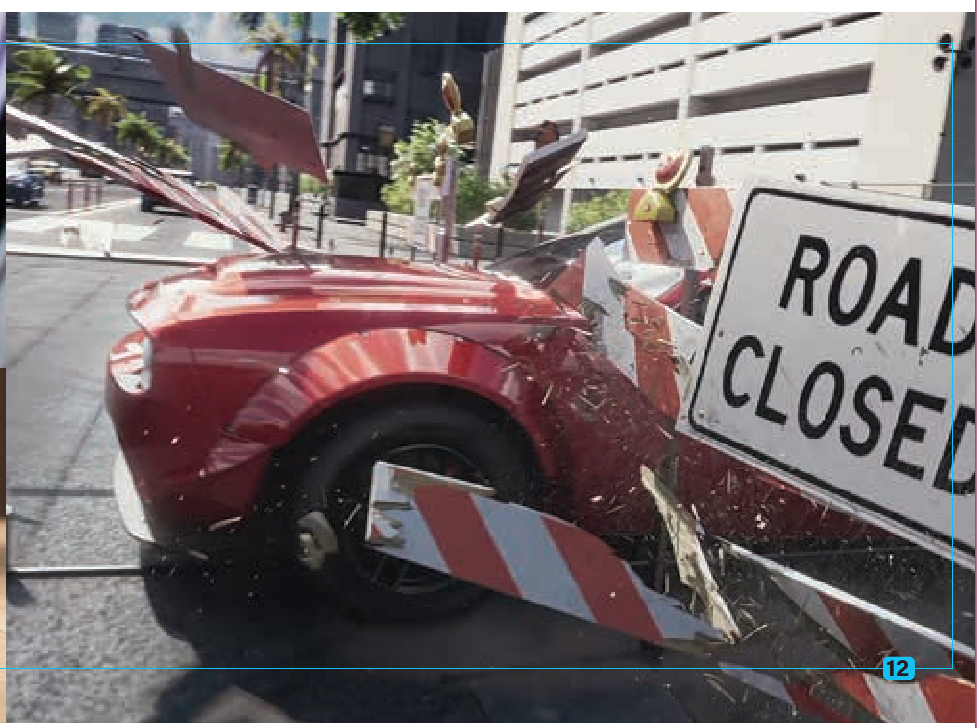


Visual effects and colour grading services delivered for feature films and episodic this year include 1 *"The Princess Royale"* and 2 *"Lost You Forever Season 2"*.

In 2024, DD China continues to provide post-production and production services (e.g. shooting, editing, colour grading and music production) for various high-profile clients, including: *3i*, 3 *AITO*, 4 *Alibaba Cloud*, *Aptamil*, 5 *Bosideng*, *BYD*, *Comfort*, *Denzo Auto*, *Durex*, 6 *ELIXIR*, *Estée Lauder*, *Extra*, *Helena Rubinstein*, 7 *HONOR*, 8 *HUAWEI*, *Lancôme*, *L'ORÉAL*, 9 *Lux*, 10 *MediaTek*, *Paper Animation*, *Perfect Dairy*, *Polestar*, 11 *Roborock*, 12 *Tencent Games "Need for Speed Mobile"*, and *Yangwang Auto*.

Digital Domain's visual artistry and technology innovation have been recognised by the following recent awards:

- In April 2024 – The winners of the *China Virtual Human Industry Fist Awards* hosted by *iiMedia Research*, were announced, with Digital Domain being honoured with the *"2024 China Best Business Model Innovation Award"*.



Digital Domain India:

In 2024, Digital Domain India ("DD India") mainly focused on the local market to mitigate the market slow down caused by the strikes in Hollywood. DD India successfully delivered VFX services for local theatrical features like 1 ***"Stree 2: Sarkate Ka Aatank"***, 2 ***"Devara"***, and 3 ***"Kalki 2898 AD"***. All three features delivered a record box office collections, both in the domestic and international markets. Stree2's collection was recorded as the highest ever grossing Bollywood feature of all time. DD India was the lead VFX studio for Stree2 and delivered over 900 shots. For both Stree2 and Devara, DD India achieved the goal of having local resources work with our North American teams on a common platform with establishing a successful, efficient & round the clock global production model.

4 DD India will continue to focus on developing sales efforts in the local and Asian markets offering Digital Domain's varied services and technical expertise to secure a diverse clientele. As part of the overall growth plan DD will continue to invest in DD India's local talent and infrastructure to deliver more value work. This strategy continues to help DD offer competitive rates to the clients while improving the overall margins for our global VFX business.

5 DD India provides services across platforms for features, television, web and over-the-top (OTT) media. DD India considers data security to be of the utmost importance and is a certified facility under the Trusted Partner Network (TPN), a joint venture between two major entertainment industry associations, The Motion Picture Association of America, Inc. (MPAA) and the Content Delivery & Security Association (CDSA), the worldwide leaders in third-party entertainment industry assessments. This is in addition to Walt Disney Studios Motion Pictures (Disney) and Marvel Studios, LLC (Marvel) content security certification.

B NEW MEDIA AND VIRTUAL HUMAN BUSINESS

The Group remains strongly committed to business development in the area of virtual human technology, and continues to seek opportunities for financing and collaboration with strategic partners, and the recruitment of appropriate global talent.

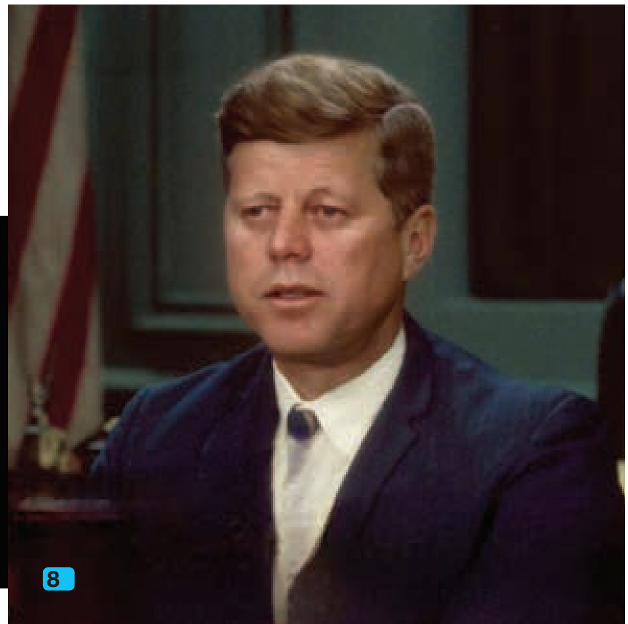
North America Region:

Digital Domain has partnered with ***Madison Square Garden (MSG)*** and ***Sphere Entertainment*** for several events including the ***2024 National Hockey League (NHL) Draft*** and the ***Hewlett Packard Enterprise (HPE) Discover 2024***.

Digital Domain's Virtual Human Group ("VHG") in North America – research and development aided multiple projects and resulted in new developments in 2024:

6 ***Masquerade3:*** In April 2024, the Virtual Human team unveiled its latest proprietary tool, Masquerade3. Building upon the technology for Masquerade 2.0, Masquerade3 eliminates the need for markers on performers' faces, revolutionising the facial capture process. The tool was being used for the first time a few shots in 7 ***"Venom: The Last Dance"*** to bring the villain, Knull, to life. Masquerade3 is currently being used across several shots on an upcoming film set to release this year.

Charlatan: In 2023, VHG partnered with the advertising and games team, utilising Charlatan to recreate John F. Kennedy, Franklin D. Roosevelt and Winston Churchill for a promo for the Amazon Studios 8 ***"Citadel"*** series. In 2024, the series' ***"Myth"*** promo earned awards for its stunning visual effects, creativity and innovative technology. These awards include a Shorty Award and a Gold Telly Award. Charlatan was also used in ***"Creation of the Gods II: Demon Force"***, as well as AppleTV's 9 ***"Dark Matter"***.



VHG participated in several events this year, including:

Our former Chief Technology Officer, Mr. Hanno BASSE ("Hanno") participated in the Variety Entertainment Summit at CES where he engaged in a panel discussion on ***"The Tipping Point for AI"***.

1 At ***Film & Media Exchange (FMX) 2024***, Hanno took part in the Virtual Humans Panel moderated by Mike Seymour. Hanno also participated in a presentation where he discussed Digital Domain's history and future in the Virtual human space, and announced our latest proprietary tool, Masquerade3.

2 Hanno and VHG's Mr. Peter RABEL were invited to be part of ***VES London's AI Chapter 2 Event*** where they discussed several of Digital Domain's Machine Learning and AI tools including ML Cloth, Masquerade3, and Charlatan.

3 For Digital Hollywood, VFX Supervisor, Mr. Matthias WITTMANN joined moderator Louisa SPRING and speakers Remington SCOTT, John SON, Abran MALDONADO, and Pat PATARANUTAPORN for a panel discussion where they discussed the development and evolution of virtual humans titled ***"Virtual Humans & AI: Advanced Design + Intelligence = Unique Levels of Complexity"***. Matthias discussed Tupac at Coachella, the Curious Case of Benjamin Button, and real-time virtual humans like Zoey.

Mr. WITTMANN was also interviewed on the ***Shift AI podcast***, where he and Host Boaz Ashkenazy, the founder and CEO of Augmented AI, discussed trends in AI.

The Greater China Region:

The virtual human team of the Greater China region participated in several events or projects (including those with business partners):

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4 In April 2024, Digital Domain participated in Taiwan's largest AI ecosystem event, ***AI EXPO***, showcasing a variety of innovative AI virtual human solutions. This showcase particularly highlighted the flexibility of Digital Domain's proprietary Momentum Cloud in system integration, capable of connecting multiple devices and different large language models (LLMs).

Among the eye-catching solutions were the AI Fortune Teller, widely popular among audiences of all ages, and the debut of the AI Health Advisor. The AI Health Advisor can interpret InBody reports and provide health advice in both Mandarin and Taiwanese, demonstrating the significant potential of AI virtual humans in the health sector.

Additionally, the event featured an AI Virtual Receptionist and an AI Fairy in a fairytale setting, offering the industry more imaginative applications in services, education, and companionship.

5 In May 2024, ***ADLINK*** hosted the ***ADLINK EdgeOpen™Consortium 2024*** at its headquarters in Taoyuan, Taiwan. In the exhibition area, Digital Domain's virtual human demonstrated an impressive integration with ADLINK and AUO Display Plus hardware, showcasing how it creates a more user-friendly AI interface. This innovative presentation garnered significant attention from ADLINK agents, key clients, and strategic partners around the globe.

6 7 In June 2024, ***COMPUTEX 2024*** was held in Taipei. As one of the top-tier visual effects companies rooted in Hollywood, Digital Domain teamed up with ***ADATA Technology***, a global leader in memory modules and flash memory, to create ADATA and XPG's brand ambassador ***Virtual Human Mera***. This collaboration brought groundbreaking innovations in AI-driven virtual human technology to the application and development of brand-related products, presenting a fresh surprise to the general public.

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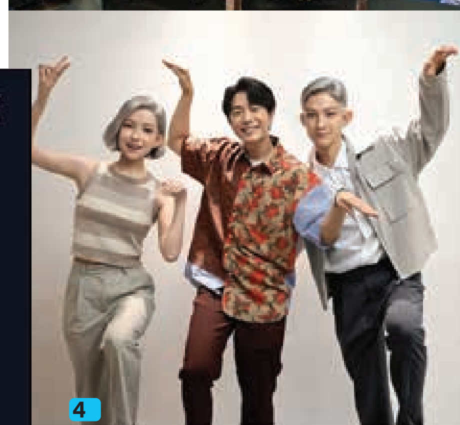
Digital Domain's virtual human software, ***Momentum Cloud***, efficiently generated content via Generative AI and enhanced brand recognition through customised multimedia. This time, Digital Domain also joined hands with ***Litemax***, leveraging Litemax's years of experience in high-brightness and customised multimedia display equipment to run "AI Virtual Human" technology in the "Whirl of Wonder – WoW", a circular multimedia touch table. They demonstrated applications of multilingual AI (Chinese/English/Japanese) in service scenarios, providing a more comprehensive consumer service experience.

1 ***Interop Tokyo*** is an event for internet technology. Since its first launch in Japan in 1994, hundreds of companies and organisations from both domestic and international markets have participated annually. Through demonstrations and seminars at the venue, it has conveyed technology and business application trends. WAS Corporation, a distribution partner of Digital Domain in Japan, together with Toppan Holdings' scanning technology and Readspeaker's (a Hoya Corporation) speech synthesis technology, demonstrated the latest application scenario of Conversational AI virtual human customer service system.

3 On 30 May 2024, the ***Intel AI Summit 2024*** was grandly held in Jakarta. With the theme "Bringing AI Everywhere", industry experts and innovators from around the world gathered to discuss how AI can transform various industries and enhance global competitiveness. The ***Virtual Human Vivi***, from Indonesian partner V2, used Momentum Cloud to connect with the AI technology, serving as an AI customer service representative. ***Virtual Human Vivi*** provided interactive answers to the audience through digital signage, becoming a highlight of the event and attracting widespread attention.

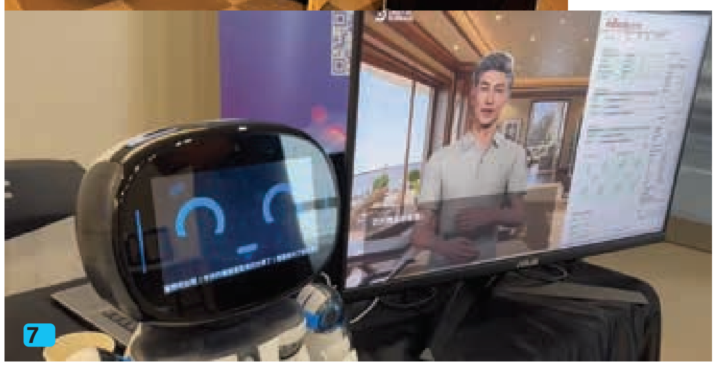
2 In May 2024, ***APMF 2024*** was held in Bali, showcasing cutting-edge technologies and innovations, offering attendees a glimpse into the future of marketing and media. This exhibition focused on integrating advanced technology with practical applications. Indonesian partner V2 presented the ***Virtual Human Vivi***, installed in ***Momentum Cloud***, with impressive performances. Virtual Human Vivi not only recorded captivating animation shorts but also used motion capture technology to interact with the audience and demonstrated smart customer service in Proto Hologram, providing participants with an exemplary vision of how AI can enhance consumer engagement and service delivery.



4 Building on the success of the virtual influencer collaboration launched in 2023, Digital Domain has continued its partnership with ***Cathay United Bank*** in 2024 to create a series of sophisticated and storytelling lifestyle photos for the digital brand ***"CUBE"*** and its ambassadors, Luna and Apollo. These photos not only cover a wide range of themes, showcasing authentic and natural financial lifestyles and application scenarios, but also seamlessly integrate digital financial services into everyday life, highlighting how the digital brand has transformed people's financial experiences. Through these carefully crafted visual contents, the brand has significantly increased fan engagement and viewership on social media platforms, successfully attracting more attention and allowing consumers to gain a deeper understanding of the innovative financial lifestyle experiences brought by CUBE. This has also sparked greater interest in the future trends of digital finance.

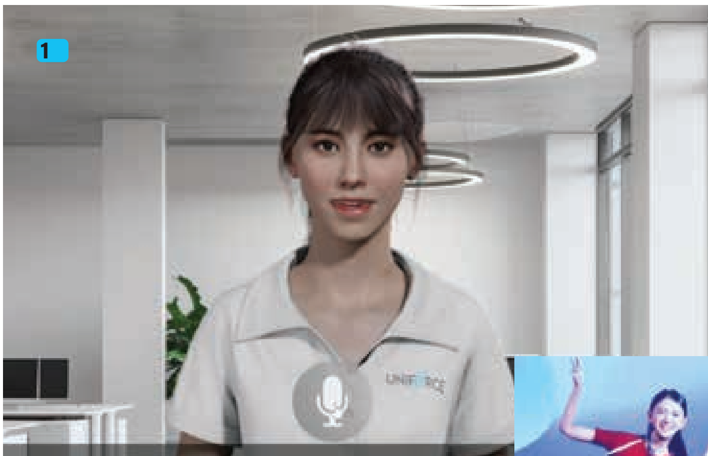
5 Since May 2023, Digital Domain has partnered with ***Asia Pacific Machine Intelligence Company (APMIC)*** to establish a long-term AI assistant display at the ***CTBC Bank*** exhibition area in the Wenhui Hall. This innovative showcase has allowed visitors to gain an in-depth understanding of the growth and development trajectory of CTBC Bank, while also providing them with a completely new financial service experience through the multimedia interactive zone. Visitors can interact directly with the AI assistant, inquiring about various financial services, such as wealth management, credit card offerings, loan products, and more, enjoying intelligent services anytime and anywhere. This AI assistant integrates CTBC Bank's extensive product knowledge base and can provide personalised investment advice and financial solutions based on customers' financial history and individual needs. In addition to offering professional advice, the AI assistant engages with visitors through a friendly and natural smile and smooth body language. Through these emotional interactions, visitors experience that financial technology is not just cold data and technology, but a warm and caring smart service. This innovative experience not only demonstrates the immense potential of digital financial technology in enhancing the convenience and professionalism of financial services but also allows consumers to experience firsthand the future trends of integrating financial intelligence and technology, further advancing the financial industry toward digitalisation and intelligence. This showcase has not only been a significant milestone for CTBC Bank in the field of innovative technology but also a successful example of Digital Domain and APMIC working together to promote smart financial services. It demonstrates how artificial intelligence can effectively enhance customer experience and service quality in the financial sector.

6 In May 2024, Digital Domain's partner, APMIC, participated in the ***2024 Generative AI Conference***. They utilised the Momentum Cloud virtual human technology to create a smart product consultant that interacted with guests, showcasing innovative applications of virtual human technology in the field of product consultation.



7 In June 2024, Digital Domain's virtual human technology was showcased at the ***2024 Second Quarter Symposium*** organised by the Taiwan Nongovernmental Hospitals and Clinics Association - Hospital Information and Smart Healthcare Development Promotion Association. Our partners, Uniforce and its subsidiary Cloudforce, presented Digital Domain's Virtual Health Consultant at their booth. The demonstration illustrated the use of this technology in explaining InBody reports, showcasing the innovative potential and practical applications of virtual human technology in the smart healthcare sector.

1 In July 2024, Digital Domain's virtual human was unveiled at the investor briefing hosted by ***CTBC Securities Co., Ltd.***, with participation from its partner, ***Uniforce***. During the event, the Chairman of Uniforce not only highlighted the diverse applications of virtual humans but also showcased Digital Domain's virtual human as the representative figure of their AI ecosystem, Uniai. To enhance localised interactions, Digital Domain further integrated Taiwanese and Hakka TTS (Text-to-Speech) and ASR (Automatic Speech Recognition) technologies provided by Uniforce's partner, Bronci. This integration achieved more comprehensive language support, demonstrating the seamless fusion of technological innovation and cultural diversity.



2 In July 2024, Digital Domain's virtual human technology once again became a highlight at this year's ***Future Commerce Expo***, Taiwan's largest AI and SaaS-focused exhibition themed "AI DRIVING NEW BUSINESS". In collaboration with ATEN Technology and Common Health magazine, Digital Domain unveiled the virtual ambassador "Kang Tian", who provided diabetes-related health education in Mandarin and Taiwanese. This engaging showcase attracted audiences of all ages, demonstrating innovative applications and practical value in smart healthcare.

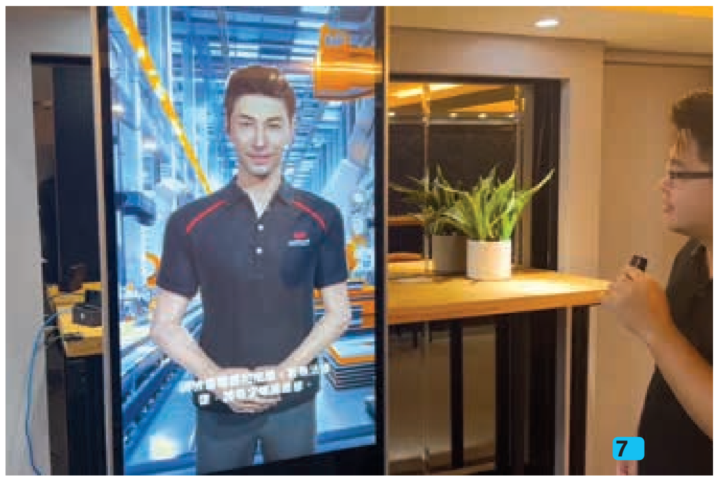
3 Digital Domain collaborated with ***Radio Television Hong Kong ("RTHK")*** to bring their AI weather anchor, virtual human Aida, to life through advanced technology. Virtual human Aida became the virtual MC of the "Below the Lion Rock: Our Story" Sales Presentation, co-hosting alongside human presenters Mr. Brian Yuen and Ms. Alice Yu. Virtual human Aida engaged in real-time interactions with guests and the audience, playing a key role in guiding the event. The event was held at the Xiqu Centre Tea House Theatre in the Hong Kong's West Kowloon Cultural District and this event marked the group's first virtual human project in partnership with a Hong Kong media organisation after we landed at HKSTP.

4 Digital Domain is dedicated to building a robust ecosystem for virtual human smart services. At the ***Taipei International Automation Industry Exhibition***, in collaboration with LEDA Creative Technology and O-DEAR's robotic arm technology, its virtual humans acted as ordering assistants, enabling a seamless self-service experience from order to beverage preparation, marking a milestone in retail automation.

In partnership with ***LEDA*** and ***APMIC***, Digital Domain's virtual humans also served as corporate smart spokespeople, showcasing O-DEAR and Macnica's products and technologies, further highlighting the versatility of virtual human applications.

5 In August 2024, Digital Domain partnered with ***Logicalis***, a global IT service leader, to advance virtual human technology. At the ***Lenovo Channel Conference*** in September, Logicalis showcased a solution combining Microsoft Copilot and Digital Domain's virtual humans. The presentation highlighted two key applications: enhancing factory safety with virtual human-powered security systems and using virtual humans for health consultations. This demonstrated Digital Domain's innovation and the vast potential of its virtual human technology in distribution and smart services.

6 In September 2024, Digital Domain's AI Virtual Fortune Teller participated in the ***Dell Technology Forum***, which gathered global tech leaders and industry experts to explore AI-driven innovation. Our partner APMIC provided an interactive experience where the virtual fortune teller, after confirming guests' birthdays or zodiac signs, revealed daily fortunes and recommended lucky items, delighting attendees with this creative application.



7 In September 2024, Digital Domain's virtual human solutions captured attention at Lenovo's event, ***"Lenovo AI Era: Transforming Modern Workplaces"***. The workshop focused on exploring the practical applications and future potential of AI technology in enhancing work efficiency and creating business value from a client-centric perspective. Partnering with Logicalis, the event featured an in-depth introduction to the core features of Digital Domain's virtual human solutions. Logicalis highlighted how these solutions enable businesses to optimise operations, enhance interactive experiences, and serve as a driving force for digital transformation.

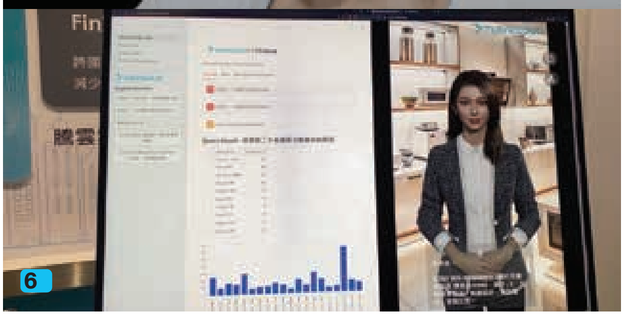
1 Digital Domain, in collaboration with SURREAL CO., LTD., KKCompany Technologies, and Caton Technology, formed the ***'Virtual and Physical Performance Experts'*** team. By integrating internet transmission technology with generative AI assistance, they successfully executed real-time, remote co-performance. This innovative system was showcased on 21 October 2024, at the Taipei Pop Music Centre and earned an Honourable Mention in the ***2024 GO NEXT DIGITAL Contest***, organised by the Administration for Digital Industries of the Ministry of Digital Affairs, Taiwan.

In October, Digital Domain participated in the ***HK FINTECH Week***. We had the opportunity to meet key executives from major banks and insurance companies, allowing us to share our company background and present our Virtual Human Solutions tailored for the BFSI (banking, financial, securities and insurance) industry.

2 The ***FinTech Taipei 2024*** was held from 1 November to 2 November, 2024, at Taipei World Trade Centre Hall 1, attracting financial technology professionals and companies from around the world. As a key technology partner of ***Taishin International Bank***, Digital Domain has once again collaborated to innovate by developing a dedicated AI virtual assistant, Rose, for Taishin International Bank's corporate online banking services. This exclusive AI virtual assistant, Rose, has undergone extensive data training and, in addition to offering highly personalised interactions, possesses in-depth financial expertise. It can provide professional advice and real-time responses across various banking scenarios, significantly enhancing the convenience and efficiency of customers using corporate online banking services. By combining innovative AI-driven customer service technology, this solution seamlessly integrates artificial intelligence with financial services, not only demonstrating the future trends of digital finance but also showing consumers at the event how advanced technology can improve the intelligence and convenience of financial services.

3 In November 2024, at the ***Meet Taipei Startup Festival***, Digital Domain and APMIC presented their integrated virtual human solution for financial customer service. The demonstration highlighted how innovative technology can significantly enhance the interactivity and efficiency of financial services.

4 In November 2024, our Indonesia's agency ***V2*** utilised Digital Domain's Momentum Cloud to launch the first promotional video featuring the virtual spokesperson ***Vivi***. As a smart assistant, Vivi represents a significant milestone in Indonesia's virtual spokesperson industry. Vivi not only redefines brand-consumer interactions but also paves the way for a new era in digital marketing.



In November 2024, Digital Domain joint the solution showcase with our AI business partner ***FANO Lab*** in Hong Kong to showcase our Virtual Human solution with Cantonese mix language capability at the ***Future of Media and Entertainment*** powered by Generative AI event, this event brought together industry pioneers, innovators, and thought leaders to examine the latest advancements and the road ahead.

6 In December 2024, Digital Domain's virtual human technology was successfully integrated with ***TurnCloud's*** distribution system and showcased at a corporate event for chain franchise operators, co-hosted by TurnCloud and Microsoft Taiwan. The presentation highlighted the virtual human's ability to provide stores with detailed product specifications, price inquiries, and sales analysis. Additionally, the technology facilitates customer interaction and personalised recommendations, significantly enhancing service quality and operational efficiency. This demonstration not only underscored the innovative applications of smart retail but also pointed to new directions for future development trends.

5 In November 2024, the Group co-organised with ***HKSTP*** an event called ***"Tenant Gathering"*** for the purpose of meeting and exchanging ideas with business associates. During the event, the Group demonstrated the latest AI virtual human technology by way of answering their queries on dementia using artificial intelligence, which elevated the virtual human application to different levels and brought an enriched experience to the guests.

7 In December 2024, the integration of Digital Domain and ***ATEN's*** technologies became the highlight of the ninth session of the ***Future Commerce Industry Salon (FC Solution)***. Future Commerce meticulously selects groundbreaking business solutions each year to guide enterprises toward the future. During the event, our partner ATEN shared insights on their collaboration with Digital Domain in driving innovative business models within the AI trend.

C DIGITAL DOMAIN STAFF FROM THE GLOBAL STUDIO PARTICIPATED IN AND/OR ORGANISED SEVERAL EVENTS DURING THE YEAR:

North America Region:

1 With extensive expertise and experience in the fields of production and digital technology, Digital Domain VFX Supervisor, Mr. Piotr KARWAS, joined Production Resource Group's (PRG) VP of Production Services, Mr. Jeroen HALLAERT, to present a keynote at ***Scena Jutra 2024*** on the topic of real-time content and its impact on how consumers experience content.

2 Head of CG, Mr. Bob WHITE, attended ***FMX 2024***, where he participated in a presentation and panel discussion. Mr. WHITE's presentation, "V-Ray, Solaris, and Multishot Workflows: A Peek Behind the Curtain at Digital Domain" highlighted the studio's rendering process and how we're harnessing the power of V-Ray and Solaris in our ever-evolving multishot workflow. His panel discussion "Bridging the Gap: Pre-viz and post into the LED stage production era" provided insight on LED production and the impact on visual effects.

3 Head of Visualisation, Mr. Matthew MCCLURG, had a successful live presentation at Gnomon College in Los Angeles, where he highlighted Digital Domain's impressive visualisation work, as well as his background and career path for students and VFX enthusiasts.

The Greater China Region:

- In March 2024, our former Chief Executive Officer, Mr Daniel Ang SEAH ("Daniel") discussed how generative artificial intelligence is revolutionising the creation of landscape, through ***Caixin Weekly's March Edition***.

- In April 2024, ***the 13th Southern Digital Economy Governance Seminar*** was held by Southern Metropolis Daily. Mr. Allen CHEN, Digital Domain Deputy General Manager, China, delved into the topic of "Artificial intelligence is bringing the dead 'back to life'".

4 In July 2024, Digital Domain held ***"The Next Frontier in Travel" Press Conference*** at Taiwan Taoyuan International Airport, announcing that a collaboration consensus has been reached with Mr. Song Hoi See,

founder and the CEO of Plaza Premium Group ("PPG"). Both parties would establish a joint venture to offer a range of highly personalised and interactive intelligent services. This collaboration aims to set new industry standards by combining Digital Domain's cutting-edge real-time virtual human technologies with Mr. Song's extensive expertise in global hospitality and airport services through PPG, which operates in over 80 airports with over 250 locations. At the press conference, there was also an airport VIP lounge equipped with intelligent kiosks for guests to experience the dedicated AI virtual human solutions that can meet the demand of travellers for refreshing experience.

6 In August 2024, in order to prepare for ***HKSAR's Chief Executive Mr. John KC Lee, GBM, SBS, PDSM, PMSM***, to deliver the ***Policy Address*** in October, Chief Executive uploaded a promotional video to seek for opinion on social media platforms, showing the results achieved through competing for talents and enterprises. Digital Domain is one of the enterprises in the video that have set up businesses in Hong Kong. Daniel said in the interview that we aimed to attract talents to the Group, promote technological development and achieve business expansion on the international scale by leveraging on the geographic advantages and the industrial agglomeration effect of Hong Kong.

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5 In July 2024, the Group held the ***"Digital Domain Lands in Hong Kong Science and Technology Park ("HKSTP")"*** launching ceremony in HKSTP Both parties announced the establishment of a best-in-class international innovation, research and development centre for the purposes of leading innovation and transformation of the entertainment industry by leveraging on the Group's AI virtual human technology, and promoting practical application of artificial intelligence in different industries. The Group was honoured to have ***Professor Dong Sun, JP, the Secretary for Innovation, Technology and Industry***, Mr. Albert Wong, the chief executive officer of HKSTP and Daniel of Digital Domain, attended the ceremony as guests of honour.

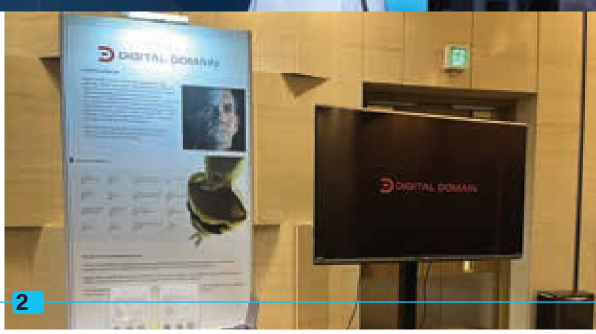
7 In August 2024, Digital Domain held an alliance press conference with ***XPG***, an esports brand under ***Adata***, announcing the Group's award of distribution right for the sales of XPG products in Greater China and the Americas. With their respective strengths combined, both parties would usher in new milestones for the gaming, fashion, film and television, entertainment and other industries. The AI Virtual Human Mera, the brand ambassador jointly developed by both parties, debuted and engaged in real-time interaction with audiences in the conference. Ms. Ruby Lin, an iconic producer, and Mr. Wang Wei-zhong of Gin Star Cultural Creation (金星文創) showed their support by attending the conference as special guests.

1 In August 2024, Daniel delivered a keynote speech at the UAiTED Innovation Competition Grand Final upon the invitation of the ***University Alliance in Talent Education Development (UAiTED)***, to share with students and academia from places such as Hong Kong, Singapore, Malaysia and Taiwan his journey and experience as the helmsman of Digital Domain, the way of expanding global presence out of adversities, the development and application of innovative technology, and shared innovation and success.

2 In August 2024, Digital Domain participated in the ***"Talent in Action"*** summer talent event organised by ***HKSTP***. During the closing ceremony of the Summer Talent Summit, Digital Domain showcased advanced technology products with the aim of attracting global and local talents.

- In September 2024, Daniel was invited as a guest speaker at the ***University of Hong Kong***. Daniel shared with students the Group's proprietary technology in developing AI Virtual Humans. The applications of AI Virtual Humans have unlocked new business and social opportunities. Virtual Human Teresa Teng also joined the class and interacted with the students, surprising and exciting everyone.

- In September 2024, Daniel sat down with ***Caijing***, indicating that digital asset is the new oil amid the era of artificial intelligence.



3 In September 2024, Daniel was interviewed by ***Invest Hong Kong (InvestHK)***, stating that Digital Domain would establish an international innovation, research and development centre in Hong Kong, to vigorously advance the frontier development of the digital entertainment industry through integrating advanced AI virtual humans and practical application of AI technology in visual effects and 3D video production. Daniel also expressed his gratitude to InvestHK for its all-along support and the additional opportunities it brings, and hoped to maintain their partnership for the continued technological development in the creative sector.

4 In October 2024, ***the 1st Conference on Creation of High-Quality-Product in Radio and Television of China***, co-hosted by the National Radio and Television Administration and the People's Government of Beijing Municipality, landed in Beijing. Mr. Allen CHEN, Deputy General Manager, China, was invited to the forum on Generative Artificial Intelligence: A Game-Changer for the Film and Television Industry, and revealed Digital Domain's artificial intelligence push towards business race.

5 In October 2024, Daniel, was invited by the ***CTF Education Group's*** School Leadership Academy as guest speaker to attend the ***Future-Focused School Leadership Summit 2024***, at which he exchanged views with educational leaders from the Greater Bay Area of China and shared with them the technological development of artificial intelligence and strategies for exploring the future.

- In October 2024, Key Executives, an internationally-renowned medium, unveiled the list of ***The Top 25 Media Executive of 2024***. Daniel was named as one of the awardees for the outstanding leadership and pioneering spirit he displayed in navigating the Group to embrace the wave of artificial intelligence. He was also highly praised for his perseverance in technological reform and commitment to promoting the integration between technology and art, by which to break the silos of virtual human, visual effects and visualisation applications and provide infinite possibilities in the course of commercialisation.

6 In November 2024, the Group was honoured to attend the ***OASES Partnership Signing Ceremony*** held by the ***Office for Attracting Strategic Enterprises of the Hong Kong Special Administrative Region*** ("HKSAR") Government. In the presence of the ***Financial Secretary, Mr. Paul Chan, GBM, GBS, MH, JP***, the Group signed an agreement with the HKSAR Government for its official establishment and expansion of business in Hong Kong. By capitalising on the unique advantages of Hong Kong and the symbiotic partnership with the HKSAR Government, and by setting up a best-in-class international innovation, research and development centre in HKSTP, the Group is set to lead the innovation and transformation of the entertainment industry using AI and virtual human technologies, and boost practical AI application in different industries, in order to help promote robust development of Hong Kong's innovation and technology ecosystem.

- In November 2024, Daniel was invited to attend the ***Yahoo! Finance Invest Asia*** conference, which was themed as "Virtual Human: Expanding Applications from Film to Finance". During the conference, Daniel spoke about the technology boom that has been promoted by the technological development of artificial intelligence, and expressed his thoughts on how to unlock business opportunities with enormous potential arising from capturing investment opportunities through fintech integration.

1 In November 2024, the Vice President of Business Development, Mr. Charlie Pai, participated in the ***Industry Nite 2024*** sharing talk organised by the School of Creative Media at the ***City University of Hong Kong***. He shared his experience and insights in the innovative media field.

2 In November 2024, Digital Domain participated in the inaugural AI Symposium 2024, organised by the ***French Chamber of Commerce and Industry in Hong Kong***. During the forum discussion titled ***"Unleashing the Creativity of AI in Retail and Entertainment"***, we engaged with industry leaders to explore how artificial intelligence is transforming business operations and shaping the future of innovation.

- On 2 December 2024, Digital Domain attended the ***InvestHK Annual Reception***, showcasing their latest advancements in digital technology. The event emphasised Hong Kong's investment opportunities, with Digital Domain engaging in valuable networking with industry leaders, exploring new collaborations, and reinforcing Hong Kong's position as a global hub for innovation and growth.

- On 3 December 2024, Digital Domain took part in the ***HKSTP EduTech Solution Day***, where we presented our Virtual Human for training and educational purposes to attendees from various schools in Hong Kong and Macau.

- In December 2024, we were invited by the ***Hong Kong Design Institute ("HKDI")*** to participate in the performance of HKDI's virtual human with a Korean virtual idol named "Eternity". It showcased virtual human applications in the entertainment industry. We will continue to explore more opportunities to work with HKDI on project collaboration, technical exchange and student internship in 2025.

- In December 2024, Digital Domain became an industry partner of the Inclusive Employment project led by the ***Centre for Civil Society and Governance of The University of Hong Kong*** and signed a Memorandum of Understanding. This partnership aims to facilitate inclusive employment through leveraging the possibilities brought by information and technology, and increase persons with disabilities' employability and improve the quality of life.

- In December 2024, ***POWERHOUSE***, one of the flagship channels of Jiemian, conducted a conversation with Daniel. They explored the sweet point among virtual humans, visual effects, visualisation and artificial-intelligence-driven technologies.

3 In December 2024, Mr. Allen CHEN, Deputy General Manager, China, joined the ***Fresh Look Icons Talk 2024*** held by Caijing where he shared the insights on "Technology and Art: Unleashing the Power of Artificial Intelligence in Business".

D CO-PRODUCTIONS

Feature Films:

James CAMERON, a director, writer, and producer, is known for his iconic film 4 ***"Titanic"***. The film won 11 Oscars and is famous for its romantic storyline. In 2023, the film celebrated its 25th anniversary. In honour of this milestone, the remastered 4K 3D version of the film was released on 10 February 2023. This new version includes updated technology, such as variable-frame-rate and high-frame-rate capabilities, making the viewing experience even more immersive than the previous version released in 2017.

The film ***"Ender's Game"*** was released in November 2013 in the US. The film is based on a best-selling and award-winning novel. It features an all-star cast including Harrison Ford, Asa Butterfield, Hailee Steinfeld, Viola Davis, Abigail Breslin and Ben Kingsley. The film is an epic adventure that continues to generate income from non-box office channels both within and outside the US. Summit Entertainment distributed the film in association with OddLot Entertainment and is a Chartoff Productions/Taleswapper/OddLot Entertainment/K/O Paper Products/DD3I.

The Group partnered with Mr. Lucas FOSTER, a renowned film producer responsible for producing blockbuster films like "Ford v Ferrari", "Mr. & Mrs. Smith", "Man on Fire" and

more. Together, we produce the film titled 5 ***"Children of the Corn"***. Filming for the film took place in Australia despite the pandemic in 2020. The film was later released in March 2023, followed by a worldwide release. In December 2024, the Group disposed the intermediate holding group which hold the interests in this film project.

The profit sharing from participation rights in "Titanic", "Children of the Corn" and "Ender's Game" were recognised under "Other income and gains" in the Company's consolidated income statement.

E DDCP AND INVESTMENTS IN EUROPE

Formation of DDCP

Digital Domain Capital Partners S.à r.l. ("DDCP"), an indirect wholly-owned subsidiary of the Company, was incorporated in the Grand Duchy of Luxembourg in 2021.

Investment in asknet

On 3 February 2021, DDCP as the purchaser entered into a sale and purchase agreement with a seller pursuant to which DDCP agreed to purchase and the seller agreed to sell 248,431 common shares ("asknet Sale Shares") of asknet Solutions AG ("asknet"), a publicly traded German e-commerce company, the shares of which are traded on the Frankfurt Stock Exchange (ticker code: ASKN) for an aggregate consideration of approximately EUR3,709,000 (approximately HK$34,586,000), i.e. amounting to approximately EUR14.93 (approximately HK$140.79) per asknet Sale Share. The asknet Sale Shares represented approximately 19% of the total issued common shares of asknet on 3 February 2021. Founded in 1995, asknet is an established procurement, e-commerce and payment specialist in the German-speaking academic market providing access to software solutions and IT services with a focus on academic and educational sectors. On 30 May 2022, asknet announced that its executive board with the approval of the supervisory board decided to delist its shares on the Frankfurt Stock Exchange with effect from 31 August 2022 because the economic benefit of the inclusion of its shares in the Regulated Unofficial Market of the Frankfurt Stock Exchange no longer justifies the associated expenses. By order of the Karlsruhe District Court, insolvency proceedings were opened against asknet's assets on 1 December 2023 due to asknet's application for insolvency. The insolvency proceedings are still in progress.

As at 31 December 2023, the asknet Sale Shares represented approximately 7.6% of the total issued common shares of asknet. The investment has already been fully impaired. In June 2024, the Group sold its shares in asknet and other debt securities held for sale, in return for 4,000,000 bearer shares of Youngtimers AG ("YTME"), a publicly traded Swiss special situation investment firm focused on the international media, e-commerce and lifestyle goods sectors, the shares of which are traded on the Swiss Stock Exchange (ticker code: YTME.SW).

Investment in HLEE

During the first half of 2021, DDCP as the purchaser entered into two sale and purchase agreements with a seller pursuant to which DDCP agreed to purchase and the seller agreed to sell a total of 265,000 bearer shares ("HLEE Sale Shares") of Highlight Event and Entertainment AG ("HLEE"), a publicly traded Swiss media and sports marketing company, the shares of which are traded on the Swiss Stock Exchange (ticker code: HLEE.SW) for an aggregate consideration of EUR7,214,000 (approximately HK$67,808,000), i.e. amounting to approximately EUR27.22 (approximately HK$255.88) per HLEE Sale Share. The HLEE Sale Shares represented approximately 3.01% of the total issued bearer shares of HLEE on 6 May 2021. HLEE announced on 24 October 2023 the publication of the prospectus for the capital increase by means of subscription rights offer and further announced on 2 November 2023, 3,500,000 new bearer shares were subscribed. Its share capital therefore increased from 9,460,000 bearer shares to 12,960,000 bearer shares with a nominal value of CHF9.00 each. As at 31 December 2024, the HLEE Sale Shares represented approximately 2.04% of the total number of bearer shares of HLEE in issue. HLEE carries its business in segments of film, sport- and event- marketing and sport events through its subsidiaries and affiliates in Europe.

Investment in YTME

During the year under review, DDCP as the investor entered into an investment and subscription agreement with YTME pursuant to which DDCP agreed to subscribe a total of 10,000,000 bearer shares of YTME, for an aggregate consideration of USD7,000,000 (approximately HK$54,571,000). On 30 October 2024, YTME announced it successfully completed the capital increase from 62,013,566 bearer shares to 72,013,566 bearer shares by issuing 10,000,000 new bearer shares with a nominal value of CHF0.42 each. As at 31 December 2024, the YTME shares held by the Group represented approximately 19.441% (14,000,000 shares) of the total issued bearer shares of YTME.

TRADING SEGMENT

2023 has been a groundbreaking year for Generative AI (Artificial Intelligence) across various fields. The Group has been focusing on Generative AI related to our VH and VFX businesses and also the overall AI ecosystem. With the tech industry steadfastly focused on AI, advanced AI chips have continued to be rolled out leading to significant enhancements in processing speeds. This advancement is set in turn to drive growth in DRAM (Dynamic Random Access Memory) across various AI applications, including smartphones, servers and notebooks. DRAM is a type of random-access semiconductor memory that stores each bit of data in a memory cell, usually consisting of a tiny capacitor and transistor, both typically based on a MOS (metal-oxide-semiconductor) technology.

In 2023, having identified and secured suitable business partners (suppliers and purchasers, the Group resumed its trading capabilities and started the trading DRAM to generate supplemental income for the Group given the continued challenging operating environment. The results of such trading operations are reported in the Group's trading segment.

Continuing Connected Transactions in relation to Distributor Agreement

Further to the business development efforts for DRAM trading in 2023 and first half of 2024, on 25 October 2024, Digital Domain Gaming Media Limited ("DD Gaming Media"), a wholly-owned subsidiary of the Company, and ADATA Technology Co., Ltd. ("ADATA"), a substantial Shareholder and a connected person of the Company, entered into a distributor agreement ("Distribution Agreement"), pursuant to which DD Gaming Media has been appointed as the exclusive general distributor of ADATA to promote, market, sell and distribute the XPG products (all existing and future products under the XPG (Xtreme Performance Gear) brand, including but not limited to computer memory, storage devices, computer and gaming peripherals and accessories, laptops, lifestyle gears and other similar or associated products and ancillary services) ("XPG Products") to third party customers in the Greater China and Americas ("Territories"). Under the Distribution Agreement only DD Gaming Media or its affiliates may distribute such products as general distributor in the Territories. The term of the Distributor Agreement, commenced on 11 November 2024 ("Effective Date"), being the date on which the independent Shareholders approved the Distribution

Agreement and the continuing connected transactions (including the proposed annual caps ("Proposed Annual Caps")) ("CCT") as required by the Listing Rules, and will end on 31 December 2026, unless earlier terminated. DD Gaming Media is required to pay an annual license fee of US$500,000 per calendar year, or a pro-rated amount, to ADATA for the exclusive distributorship, which rate is to continue to apply upon the first renewal of the initial term. The Proposed Annual Caps for the CCT for the period ending 31 December 2024, 2025 and 2026 are US$13,583,333, US$76,500,000 and US$103,500,000, respectively.

For the purposes of carrying on the distribution business, DD Gaming Media shall purchase the XPG Products from ADATA from time to time for sale and distribution to third party customers in the Territories. All such supplies and purchases shall be carried out in accordance with the principal terms of the Distributor Agreement while the specific terms of the purchases, such as product model, quantity, price and other terms and conditions of delivery of the relevant products shall be specified in the product contract(s), such as purchase order(s) or sales contract(s), and subject to acceptance and confirmation by ADATA from time to time.

For further details, please refer to the announcements for this transaction dated 25 October 2024 and 11 November 2024 and circular for this transaction dated 26 October 2024.

The trading segment recorded a turnover of approximately HK$84,775,000 (2023: HK$26,768,000) and the loss of this segment is HK$693,000 (2023: profit of HK$3,297,000), mainly attributable to the increased operating costs for the ramping up operations in this segment in connection with, amongst other things, the Distribution Agreement to generate revenue that follows. The annual purchase from ADATA in financial year 2024 amounted to US$2,345,000 (approximately HK$18,238,000 within the Proposed Annual Cap for the year under the CCT. We believe that the results of this segment will improve as the Group achieves growth in sales of XPG and others products on the back of its expanded operations. The Group's business strategy for the trading segment is to seek steady growth while optimising the economic benefits for the Group.

INTERESTS IN ASSOCIATES

The Group invested in several associates and the review of the significant associates are summarised as below. The Group will continue to monitor the development and opportunities in this challenging operating environment with respect to the Group's other associates.

VIRTUAL HUMAN TERESA TENG

In 2014, Digital Domain Media (HK) Limited ("DDM"), (originally an indirect wholly-owned subsidiary of the Company but became an associate of the Company since 1 February 2019), and TNT Production Limited ("TNT") entered into a cooperation framework agreement for the formation of a joint venture company to engage in the production and utilisation of 3D hologram technology relating to the music works of the deceased Taiwanese pop diva, Miss Teresa Teng ("Virtual Human Teresa Teng"). The joint venture company, DD & TT Company Limited ("DDTT"), was formed in 2015. DDTT's business focuses on the production of a series of Virtual Human Teresa Teng events and activities, targeting audiences in Chinese communities arounvd the world. The latest 3D hologram technology can be widely applied in the entertainment business, including but not limited to concerts, albums, movies and advertisements.

- In the first half of 2024, the Virtual Human Teresa Teng's holographic concert continued to be staged at the ***Hongyadong*** in Chongqing. As a landmark attraction of Hongyadong, it has attracted a large number of tourists to come and watch.

- 1 In October 2024, the ***Artificial Intelligence Night*** held by ***People's Daily*** gathered more than 200 big names under one roof, include Virtual Human Teresa Teng, who staged a grand finale comeback with "The Moon Represents My Heart". In the embrace of the 23rd day of the ninth lunar month, Digital Domain utilised the artificial-intelligence-driven creation solution to deliver an immersive and experimental experience, featuring the Last Quarter Moon as the central motif of the digital environment for her performance.

- In December 2024, Virtual Human Teresa Teng graced 2 ***Caijing's Fresh Look Icons Talk 2024*** with "Ye Lai Xiang". Digital Domain crafted a digital environment through the artificial-intelligence-driven creation solution, enhancing a concert-like experience with the split-screen display.

Connected Transaction and Formation of JV with SPLHL (Interests in an associate)

On 6 June 2024, Tower Talent Holdings Limited ("Tower Talent"), an indirect wholly-owned subsidiary of the Company, entered into an joint venture agreement ("Joint Venture Agreement") with Star Odyssey Limited, ("SPLHL Shareholder"), an indirect wholly-owned subsidiary of Star Plus Legend Holdings Limited ("SPLHL"), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 6683) in relation to the formation of the Star Plus Domain Limited, a limited liability company incorporated under the laws of British Virgin Islands ("Joint Venture Company"). The Joint Venture Company is as to 40% by Tower Talent, 40% by SPLHL Shareholder and 20% by a company established by the representatives of the management of the Company and SPLHL, being Daniel and Ms. Ma Hsin-Ting, the chairperson and an executive director of SPLHL ("Management Team Company"). The Joint Venture Agreement did not require shareholders' approval under the Listing Rules.

The business of the Joint Venture Company is to develop and commercialise an AI-driven digital rights library for film, television and media and entertainment industry with joint contribution by its shareholder groups. The Joint Venture Company is to become the exclusive agent for SPLHL's digital content production and Artificial Intelligence Generated Content in the globe and SPLHL's digital content distribution business in the globe excluding Greater China and the Middle East. The Joint Venture Company is also to assist in digitising both newly created and licensed IP, as well as commercialising them globally. The digital content production services are expected to be primarily procured from the Group which services will not be exclusive to the Joint Venture Company.

For further details, please refer to the announcement for this transaction dated 6 June 2024.

GOODWILL AND INTANGIBLE ASSETS OF THE GROUP

As at 31 December 2024, the Group had intangible assets of approximately HK$348,271,000 (being approximately 33% of the Group's total assets as at the same date). Such intangible assets comprised goodwill of approximately HK$249,912,000 that has been allocated to two cash generating units (or "CGUs") of our media entertainment segment, namely the CGUs for (i) visual effects production ("VE CGU") and (ii) post-production ("PP CGU").

For the purposes of impairment testing, the recoverable amounts of the CGUs have been determined by the Directors on the basis of value-in-use calculations with reference to professional valuation reports issued by Knight Frank Asset Appraisal Limited, an independent firm of professional qualified valuers. The recoverable amount of each CGU, the period of cashflow projections, the key assumptions used for the value-in-use calculations (including the average growth rate and pre-tax discount rate) for each CGU as at 31 December 2024 are set out in Note 15 to the financial statements included in this report.

The pre-tax discount rate, corporate income tax rate, post-tax weighted average cost of capital, market rate of return and levered equity beta and terminal rates adopted in the valuations as at 31 December 2024 were determined on a basis consistent with that which was applied in the value-in-use calculations of the same CGUs as at 31 December 2023, with the absolute values of each rate varying by reference to the market data of the jurisdiction(s) in which the relevant CGU operates.

The average growth rate of each CGU was determined based on the projected revenue for the financial year ending 31 December 2025 that the Company expects to be derived from (i) projected work supported by signed contracts ("Committed Work"), (ii) budgeted engagements based on prospective identified projects and subject to negotiations (discounted for likelihood of success ("Success Discount"), based on management assessment by reference to historical success rate as well relationships with the counterparty) ("Likely Work") and (iii) other projects that are not under negotiation at the time of forecast but may become available during the year, based on the prior year's operating experience ("Possible Work"), while cost projections were based largely on historical rates with adjustment for inflation. This approach is consistent with that adopted in prior years.

The Group's revenues are generally project based and the projects are often the subject of competitive tender, so it is not possible to make predictions with certainty. Shareholders should note that in addition to the goodwill and intangible assets of the Group that are subject to impairment review or are amortised over the years, certain research and development costs of technology being developed in-house are also expensed and charged to the income statement in the year of incurrence (instead of being capitalised) contributing to the Group's losses in the media entertainment segment over the years.

VE CGU

As at 31 December 2024, the goodwill allocated to the VE CGU was approximately HK$209,472,000 (2023: HK$209,013,000) with headroom of approximately HK$272,106,000 (2023: HK$510,327,000) based on the value-in-use ascribed to this CGU. Key assumptions for the value-in-use calculations for this CGU included an average growth rate within the 5 years budget period of 14.4% (2023: 14.4%) and a pre-tax discount rate of 16.4% (2023: 18.7%). Based on a sensitivity analysis carried out by the independent valuer, the headroom attributable to the VE CGU would adequately cover a +/-0.5% change in the weighted average cost of capital and a +/- 0.5% change on the terminal growth rate. As the average growth rate is (as explained above) based on reasonable projections by management with reference to information currently available to them, any material changes in this CGU's market or operating environment that reduce its cash inflow or gross profit margin could have an adverse impact on the recoverable amount of this CGU.

Please see the sections titled "Visual Effects Production and Post-Production Business – Digital Domain North America (USA and Canada)" and "Prospect" for a further discussion of the projects and prospects for this CGU.

PP CGU

As at 31 December 2024, the goodwill allocated to the PP CGU was approximately HK$40,440,000 (2023: HK$40,440,000) headroom of approximately HK$5,319,000 (2023: HK$ Nil) based on the value-in-use ascribed to this CGU. Key assumptions for the value-in-use calculations for this CGU included an average growth rate within the 5 years budget period of 5.8% (2023: 3.6%) due to a greater amount of Likely Work and Possible Work that could be generated by a re-hired sales staff that has an established customer network and a pre-tax discount rate of 12.4% (2023: 13.9%) respectively.

Based on a sensitivity analysis carried out by the independent valuer, the headroom attributable to the PP CGU would adequately cover a +/-0.5% change in the weighted average cost of capital and a +/- 0.5% change on the terminal growth rate. As the average growth rate is (as explained above) based on reasonable projections by management with reference to information currently available to them, any material changes in this CGU's market or operating environment that reduce its cash inflow or gross profit margin could have an adverse impact on the recoverable amount of this CGU.

Please see the sections titled "Visual Effects Production and Post-Production Business – Digital Domain China" and "Prospect" for a further discussion of the projects and prospects for this CGU.

CAPITAL

SHARES

As at 31 December 2024, the total number of the Company shares of HK$0.01 each in issue (the "Shares") was 7,979,248,625 Shares.

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 19 October 2023, the Company entered into the subscription agreement with Whole Share Capital Inc. ("Whole Share"). Pursuant to the subscription agreement, the Company conditionally agreed to allot and issue 600,000,000 shares to Whole Share at the subscription price of HK$0.207 per subscription share (the "Subscription"). The market price per share on the date of the subscription agreement (i.e. 19 October 2023) was HK$0.196. The Subscription of such new shares under specific mandate was approved by the shareholders of the Company at the special general meeting held on 1 December 2023. The Subscription was completed on 24 January 2024. The Subscription shares were allotted and issued pursuant to the specific mandate of the Company. The Subscription shares represent approximately 9.62% of the issued share capital of the Company of 6,233,798,625 shares as at the date of announcement of Subscription (i.e. 19 October 2023) and approximately 7.52% of the issued share capital of the Company of 7,979,248,625 shares as enlarged by the Subscription.

The gross proceeds and net proceeds from the Subscription are approximately HK$124,200,000 and approximately HK$124,100,000 respectively, and are intended to be applied towards the continued development of the research projects of DD Lab and general working capital of the Group. For details, please refer to the Company's announcement dated 19 October 2023 and circular dated 14 November 2023.

SHARE OPTIONS

The share option scheme of the Company was adopted on 27 April 2012 and amended on 3 April 2014 (the "2012 Option Scheme"). The 2012 Option Scheme was effective for a period of 10 years and expired on 27 April 2022. The adoption of the 2022 Option Scheme was approved by the shareholders of the Company at the special general meeting held on 16 June 2022. The 2022 Option Scheme is valid and effective for a period of 10 years commencing on 16 June 2022. For illustrative purpose, the exercise price and the number of the share options under the 2012 Option Scheme have been adjusted for the effect of capital reorganisation effective on 11 October 2021.

On 28 May 2014, a total of 98,006,000 share options were granted under the 2012 Option Scheme to the grantees. The share options entitle the grantees to subscribe for up to a total of 98,006,000 new Shares at an exercise price of HK$0.98 per Share. For details, please refer to the Company's announcements dated 28 May 2014 and 23 July 2014, and the circular dated 2 July 2014. During the year under review, no share option was exercised and the remaining 79,273,000 share options were cancelled or have lapsed. 4,657,000 share options were exercised and 93,349,000 share options were cancelled or have lapsed since the grant-date (28 May 2014) to 27 May 2024.

On 6 May 2015, a total of 7,800,000 share options were granted under the 2012 Option Scheme to the grantees. The share options entitle the grantees to subscribe for up to a total of 7,800,000 new Shares at an exercise price of HK$13.20 per Share. For details, please refer to the Company's announcement dated 6 May 2015. During the year under review, no share option was exercised, cancelled or has lapsed. 1,000 share options were exercised and 300,000 share options were cancelled or have lapsed since the grant-date (6 May 2015).

On 29 January 2016, a total of 37,950,000 share options were granted under the 2012 Option Scheme to the grantees. The share options entitle the grantees to subscribe for up to a total of 37,950,000 new Shares at an exercise price of HK$4.13 per Share. For details, please refer to the Company's announcements dated 29 January 2016 and 7 June 2016, and the circular dated 30 April 2016. During the year under review, no share option was exercised, cancelled or has lapsed. No share option was exercised and 2,566,669 share options were cancelled or have lapsed since the grant-date (29 January 2016).

On 22 June 2016, a total of 10,000,000 share options were granted under the 2012 Option Scheme to a grantee. The share options entitle the grantee to subscribe for up to a total of 10,000,000 new Shares at an exercise price of HK$4.95 per Share. For details, please refer to the Company's announcement dated 22 June 2016. During the year under review and since the grant-date (22 June 2016), no share option was exercised, cancelled or has lapsed.

On 29 July 2016, a total of 5,000,000 share options were granted under the 2012 Option Scheme to the grantees. The share options entitle the grantees to subscribe for up to a total of 5,000,000 new Shares at an exercise price of HK$5.66 per Share. For details, please refer to the Company's announcement dated 29 July 2016. During the year under review, no share option was exercised, cancelled or has lapsed. No share option was exercised and 1,320,007 share options were cancelled or have lapsed since the grant-date (29 July 2016).

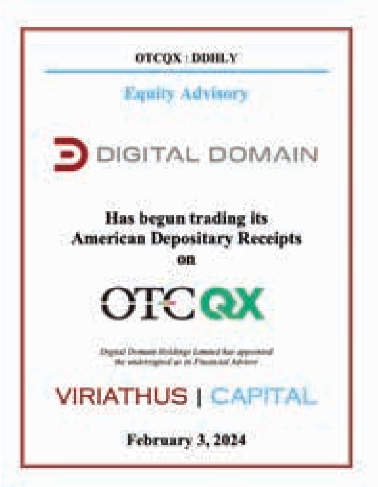
On 13 February 2017, a total of 30,000,000 share options were granted under the 2012 Option Scheme to a grantee. The share options entitle the grantee to subscribe for up to a total of 30,000,000 new Shares at an exercise price of HK$4.69 per Share. For details, please refer to the Company's announcements dated 13 February 2017 and 1 June 2017, and the circular dated 27 April 2017. During the year under review and since the grant-date (13 February 2017), no share option was exercised, cancelled or has lapsed.

On 24 April 2019, a total of 13,000,000 share options were granted under the 2012 Option Scheme to the grantees. The share options entitle the grantees to subscribe for up to a total of 13,000,000 new Shares at an exercise price of HK$1.30 per Share. For details, please refer to the Company's announcement dated 24 April 2019. During the year under review and since the grant-date (24 April 2019), no share option was exercised, cancelled or has lapsed.

On 21 May 2020, a total of 47,800,000 share options were granted under the 2012 Option Scheme to the grantees. The share options entitle the grantees to subscribe for up to a total of 47,800,000 new Shares at an exercise price of HK$0.46 per Share. For details, please refer to the Company's announcement dated 21 May 2020. During the year under review, no share option was exercised, cancelled or has lapsed. 170,000 share options were exercised and 2,000,000 share options were cancelled or have lapsed since the grant-date (21 May 2020).

On 26 July 2024, a total of 220,000,000 share options were granted under the 2022 Option Scheme to the grantees. The share options entitle the grantees to subscribe for up to a total of 220,000,000 new Shares at an exercise price of HK$0.245 per Share. For details, please refer to the Company's announcement dated 26 July 2024. During the year under review and since the grant-date (26 July 2024), no share option was exercised, cancelled or has lapsed.

On 1 November 2024, a total of 40,000,000 share options were granted under the 2022 Option Scheme to a grantee. The share options entitle the grantee to subscribe for up to a total of 40,000,000 new Shares at an exercise price of HK$0.49 per Share. For details, please refer to the Company's announcement dated 1 November 2024. During the year under review and since the grant-date (1 November 2024), no share option was exercised, cancelled or has lapsed.



SHARE TRADING ON OTCQX

In November 2024, the Company announced that it established a sponsored Level 1 American Depositary Receipt ("ADR") Programme ("Programme") with the Bank of New York Mellon. An ADR is a negotiable receipt, resembling a stock certificate that is issued by a United States of America depositary bank appointed by the Company to evidence one or more American Depositary Shares ("ADSs"), each of which represents 500 ordinary shares of the Company. The number of ADSs registered by the Company under the Programme is 300,000,000 ADSs.

Under the Programme adopted by the Company, the ADRs can be issued against ordinary shares trading on the Main Board of the Stock Exchange that have been deposited with a custodian bank under the Programme. The owners and holders of ADSs have the same rights to dividends and distributions and voting powers as the holders of ordinary shares of the Company subject, however, to enforcement procedures provided in the deposit agreement entered into by and among the Bank of New York Mellon, as the depositary, the Company and the owners and holders of ADSs. It currently can be traded on OTCQX Market under the symbol "DDHLY". The establishment of the Programme by the Company is not a new offering of shares and the ADRs are based on the shares of the Company currently in issue. Therefore, the Company receives no proceeds from the establishment of the Programme.

The main purpose and benefit of the Programme is to increase liquidity of the Company's shares in the US and to provide an access to the US capital market. For details, please refer to the Company's announcement dated 11 November 2024.

USE OF PROCEEDS FOR EQUITY FUNDRAISING ACTIVITIES

Date of announcement and/or circular	Fundraising activity	Net proceeds raised	Proposed use of proceeds	Actual use of the net proceeds up to 31 December 2024
12 June 2023 and 20 June 2023	Issue of 1,038,966,000 Shares	Approximately HK$232,500,000	(1) Development of the Group's media entertainment segment (2) General working capital of the Group	(1) Development of the Group's media entertainment segment (of which HK$13,300,000 has been used for the development and integration of generative artificial intelligence technology into the Group's business and production process): approximately HK$175,000,000: and (2) General working capital of the Group (including but not limited to salary and rental): approximately HK$57,500,000. The net proceeds have been fully utilised in accordance with the proposed use.
19 October 2023 and 14 November 2023	Issue of 1,745,450,000 Shares	Approximately HK$360,900,000	(1) the continued development of the research projects of DD Lab, including research and development expenses, data acquisition costs, hardware and software investments, salaries for research personnel, and collaborative partnerships with external institutions[1] (2) General working capital of the Group	There has been utilised as to approximately HK$85,373,000 towards the continued development of the research projects of DD Lab; approximately HK$79,014,000 towards the cost of research personnel and support staff (including the cost of collaborative partnerships with external institutions); approximately HK$3,716,000 towards intellectual property rights related investments (such as data acquisition costs, Research and Development expenses and patent applications costs); approximately HK$688,000 for hardware and software investments and approximately HK$1,955,000 for rental expenses for additional facilities and research space and other sundry expenses. The remaining amount of proceeds (of approximately HK$226,627,000) is expected to be used on or before 31 December 2026 based on current plans of DD Lab. The HK$48,900,000 allocated for use as general working capital of the Group have been fully utilised.

1. *Of this amount, approximately HK$312,000,000 is allocated towards the continued development of the research projects of DD Lab, with approximately HK$252,180,000 being earmarked towards the cost of research personnel and support staff (including the cost of collaborative partnerships with external institutions);approximately HK$27,300,000 towards intellectual property rights related investments (such as data acquisition costs, Research and Development expenses and patent applications costs); approximately HK$24,330,000 for hardware and software investments and approximately HK$8,190,000 for rental expenses for additional facilities and research space and other sundry expenses; and the remainder of approximately HK$48,900,000 towards the general working capital of the Group.*

LIQUIDITY, FINANCIAL RESOURCES, CHARGES ON GROUP ASSETS AND GEARING RATIO

The Group has diverse sources of financing, including internal funds generated from the Group's business operations, general banking facilities on a secured basis or an unsecured basis, non-bank loans on a secured or an unsecured basis and non-regular contributions (such as placement of shares, issuance of convertible notes or financing through shareholder loans) from shareholders and other potential investors. The Group continues to adopt conservative funding and treasury policies.

In 2024, the Group had banking facilities from two banks in the United States amounting to US$19,000,000 (approximately HK$147,607,000) and these banking facilities were fully utilised during the year. Among the above mentioned US$19,000,000 facilities, utilised facilities of US$13,000,000 (approximately HK$100,994,000) has been successfully refinanced for another 3 years (to 2027). These banking facilities were secured by time deposits of the Group. The Group had banking facilities from banks in Hong Kong in the amount of US$20,000,000 (approximately HK$155,376,000) with US$13,000,000 (approximately HK$100,994,000) being utilised and was secured by time deposits of the Group. The Group had banking facilities from a bank in Canada in amount of CAD6,900,000 (approximately HK$37,266,000) and the utilised portion of these banking facilities were CAD570,000 (approximately HK$3,078,000). These CAD banking facilities were secured by corporate guarantees provided by several subsidiaries.

During the year ended 31 December 2024, the loan granted under emergencies loan schemes for COVID-19 is in amount of CAD60,000 (approximately HK$354,000) which was unsecured and early repaid CAD40,000 (approximately HK$237,000) and remaining CAD20,000 (approximately HK$117,000) had been forgiven by Canada Authority in January 2024.

In addition to the banking facilities mentioned above, an indirectly-owned subsidiary of the Group in the entertainment media segment, which was discontinued at the end of December 2010, obtained a banking facility amounting to HK$6,000,000 from a bank in Hong Kong in 2009 which consisted of a 5-year instalment loan ("Five Year Loan"). This facility was granted under the Special Loan Guarantee Scheme of the Government of the Hong Kong Special Administrative Region (the "Government"), pursuant to which the Government provided an 80% guarantee to the bank. A corporate guarantee was provided to the bank by an intermediate subsidiary of the Company which held the aforesaid indirectly-owned subsidiary. On 20 December 2010, the Company announced that it would not provide further financial assistance to the entertainment media segment. As a result, the operation of the aforesaid subsidiary has been discontinued since the end of December 2010. The Five Year Loan has been fully classified as a current liability.

As at 31 December 2024, the Group also had lease liabilities of HK$62,329,000, which were determined at the present value of the lease payments that are payable at that date. The amount included in lease liabilities of HK$99,000 related to office equipment (leased assets) secured by the lessor's charge over the leased assets. The terms of payments were 60 months. Payments were on a fixed payment basis and the underlying interest rates were fixed at respective contract dates. No arrangements were entered into for contingent rental payments.

The Group had other loans of approximately HK$123,505,000 as at 31 December 2024. One indirect wholly-owned subsidiary has a loan in amount of US$3,500,000 (approximately HK$27,065,000) which is unsecured, interest-free and is not repayable within 13 months from 31 December 2024. One indirect wholly-owned subsidiary had other loan in amount of US$429,000 (approximately HK$3,333,000), which is unsecured and with a fixed interest rate was being disposed of upon disposal of subsidiaries. One indirect wholly-owned subsidiary also had a term loan facility of US$10,000,000 (approximately HK$77,688,000) and HK$80,000,000, with a guarantee provided by the Company. The subsidiary drew down the facility in 2015 and 2018. The outstanding balance of these loans as at 31 December 2024 were US$8,000,000 (approximately HK$62,150,000) and HK$34,290,000. These loans are unsecured, with a floating interest rate (prime rate quoted by a bank in Hong Kong) and are not repayable within 13 months from 31 December 2024. During the year ended 31 December 2024, there was an other loan with principal amount of US$5,800,000 (approximately HK$45,297,000) early repaid in January 2024. This other loan was unsecured with a fixed interest rate.

The total cash and bank balance as at 31 December 2024 was approximately HK$400,120,000. As at 31 December 2024, the Group had banking facilities of approximately HK$340,249,000. Utilised portions of these bank facilities were set at a floating interest rate of these bank loans, loans amounting to approximately HK$248,601,000 are denominated in United States dollars and loans amounting to approximately HK$3,078,000 are denominated in Canadian dollars. During the year under review, all of the Group's bank loans (except the Five Years Loan was classified as current liabilities) were classified as either current liabilities or non-current liabilities according to the agreed scheduled repayment dates. According to the agreed scheduled repayment dates, the maturity profile of the Group's bank borrowings (excluded the Five Years Loan) as at 31 December 2024 was spread over a period of three years, with approximately 41% repayable within one year and 19% repayable between one and two years and 40% repayable between two to three years.

The Group's current assets were approximately HK$504,980,000 while the current liabilities were approximately HK$341,927,000 as at 31 December 2024. As at 31 December 2024, the Group's current ratio was 1.5 (as at 31 December 2023: 1.8).

As at 31 December 2024, the Group's gearing ratio, representing the Group's financial liabilities (i.e. bank loans, other loans and lease liabilities) divided by the equity attributable to owners of the Company was 88% (as at 31 December 2023: 67%).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's revenue, expenses, assets and liabilities were mainly denominated in Hong Kong dollars ("HKD"), United States dollars ("USD"), Canadian dollars ("CAD"), Renminbi ("RMB"), Indian Rupees ("INR") and Euro ("EUR"). The exchange rates for the USD against the HKD remained relatively stable during the year under review. As some of the financial statements for the business operations in North America, Mainland of China, India and Europe were reported in CAD, RMB, INR and EUR, respectively, if the CAD or RMB or INR or EUR were to depreciate relative to the HKD, the reported earnings/expenses for the Canadian portion, Mainland of China portion, Indian portion or European portion would decrease.

At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations involving RMB, CAD, INR and/or EUR. However, the Group will constantly review the economic situation, the development of each business segment and the overall foreign exchange risk profile, and will consider appropriate hedging measures in future when necessary.

CONTINGENT LIABILITIES

Save as disclosed under "Possible Indemnification" of the Media Entertainment Segment above, as at 31 December 2024, the Group did not have any material contingent liabilities.

EMPLOYEES OF THE GROUP AND REMUNERATION POLICY

As at 31 December 2024, the total headcount of the Group was 896. The Group believes that its employees play an important role in its success. Under the Group's remuneration policy, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Other benefits include discretionary bonuses, a share option scheme and retirement schemes.

PROSPECT

During the year under review, the global economy continued to face sustained pressures stemming from high interest rates, international trade conflicts, and various geopolitical risks. While the Federal Reserve may implement a gradual reduction of interest rates during the current year and some steps are being taken towards resolving certain geopolitical issues, trade and other policies that have been or may be implemented by the new U.S. administration introduce uncertainties on how they may affect the Group's operating costs and those of its customers and consumer sentiment. The demand dynamics for our media and entertainment products and services are largely driven by client perceptions of consumer demand for their offerings that are often targeted at more than one market in the world. Therefore, U.S. or global economic can fluctuations directly influence the budgets and release schedules for feature films, advertising budgets and campaign timelines, advertising budgets and campaign timelines, while tariffs and sanctions can impact costs of trading operations.

In addition, the Hollywood industry is still dealing with the repercussions of the guild-led strike in 2023 and the wildfires in Los Angeles that occurred in early 2025, which led to significant production delays for our clients during 2024 and the first quarter of 2025. Additionally, the collapse of Technicolor, a historic visual effects studio, on 24 February 2025, has caused considerable disruption within the VFX industry. Despite these setbacks, most of the Group's media and entertainment segment clients in Hollywood have expressed their intention to accelerate production schedules throughout 2025. Additionally, following the Group's successful completion of a project co-produced by our DDNA and DD India studios for a local Indian client in August 2024, the Group will continue to leverage its over 30 year's of industry experience and continue to grow its U.S. projects while exploring more potential partnerships for projects in Europe and India, to further strengthen the Group's position in the global VFX market.

In relation to the virtual human business, the Group will continue to enhance current product and service offerings and explore new services and products (such as AI function, multi-language function, SaaS products, etc.) with strategic business partners and/or investors. In particular, we are continuously working to enhance the interactivity between virtual humans and the audience in social networking platforms, entertainment businesses, and other environments such as financial, hospitality/customer services, education training, and/or medical sectors.

Despite the uncertainties in the global trading environment for the current year, we are cautiously optimistic about the growth of sales of the Group's DRAM products which can be used by businesses that serve the gaming and/or AI-related industries, as related the Group settles into its expanded operating infrastructure.

Given the unstable business environment and challenges the Group is facing, we are adopting a cautious approach to our business strategies, which include cost control, adjusting our business direction, and modifying our product mix. At the same time, we remain open to seeking new opportunities.

Our "Objective" is to promote business and prosperity by leveraging our unique diversity among markets, shareholders, directors, and staff. This serves as the guiding principle for our strategy as we focus on developing our VFX and virtual human (VH) businesses and capabilities. Despite the intense competition in our markets, we will continue to assess development opportunities to enhance our competitive advantages and distinctive market position, which includes a combination of VH technology, AI technology, and advanced VFX skills. Management will nevertheless adopt a prudent approach in pursuing potential mergers and acquisitions, business integration, and expansion in order to sustain the growth of the Group.

Alongside most advanced technology companies, we will continue to deploy substantial financial and human resources in ongoing research and development (R&D) in new technologies (a research lab for Artificial Intelligence Generated Content (AIGC) was set up). We will seek to recruit and retain appropriate global talent to support the Group's future development. To strengthen our business ecosystem and support our R&D requirements, we will continue actively to seek financing and collaboration opportunities, especially in the AI area, with strategic partners, investors, and universities in the US and Asia.

Finally, we want to assure you that we will remain vigilant in keeping a close eye on external factors to ensure that we create a balanced approach between opportunities and risks. As management, it is important for us to act in the best interests of shareholders while expressing our gratitude for the trust you have placed in us and for your continued support of the Group. We are confident in our ability to create long-term, sustainable value for all our stakeholders – clients, shareholders, staff, and management. We take this opportunity to express our appreciation to all our management and colleagues for their valuable contribution to the Group.

SPECIAL APPRECIATION

I would like to take this opportunity to express our sincere thanks to Mr. Daniel SEAH, our former Chief Executive Officer, for his tremendous contributions to Digital Domain. During his leadership, Digital Domain transformed into a technology company (such as: AI VH, virtual reality ("VR")) from a purely VFX studio. Our geographical locations (for production-business operations and major clients' locations) expanded from North America to Asia and Europe.

We wish him all the best in his future development and we look forward to opportunities to continue mutually fruitful collaboration with him.

William Cheung Lok WONG
Chief Executive Officer
Hong Kong, 28 March 2025

The Company is committed to maintaining good corporate governance standard and practices with an emphasis on integrity, transparency and independence. The board of directors of the Company (the "Directors" and the "Board" respectively) believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

During the financial year of 2024, the Company was in compliance with the Code Provisions set out in the CG Code except for the following:

There is no separation of the roles of the chairman and the chief executive officer or chief executive during the year. Mr. Seah Ang, the executive Director and chief executive officer of the Company ("CEO"), was appointed as the acting chairman of the Board in June 2020 and the chairman of the Board in September 2024 respectively. The Board believed that at the time of vesting of the roles of chairman and CEO in Mr. Seah Ang is beneficial to the operation and management of the Group due to his in-depth knowledge in the Group's operation and his extensive business network and connections. Since Mr. Seah Ang resigned from all positions of the Company on 13 January 2025, Mr. Hooi Hing Lee, the non-executive Director, was appointed as the acting chairman of the Board while Mr. Wong Cheung Lok, the chief financial officer, was appointed as an executive Director and the CEO. Accordingly, the roles of the chairman and CEO are separate and is not performed by the same individual;

During the year, the Company held two regular board meetings instead of at least four regular board meetings as required. In addition to two regular board meetings, there were three board meetings held for addressing ad hoc issues. The Board considered that sufficient meetings had been held during the year and business operation and development of the Group had been communicated on the Board;

The chairman of the Board is not subject to retirement by rotation pursuant to bye-law 87(1) of the Company's bye-laws (the "Bye-laws"). Mr. Seah Ang has entered into a service agreement for no fixed term but his appointment is terminable by either party by giving three months' prior notice; and

During the year, the Company held the annual general meeting and a special general meeting on 17 May 2024 and 11 November 2024 respectively. Mr. Li Weiqiang, Mr. Cui Hao and Ms. Alla Y Alenikova, the non-executive Directors, and Ms. Lau Cheong, the independent non-executive Director were unable to attend the above annual general meeting while Ms. Alla Y Alenikova was unable to attend the above special general meeting.

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the CG Code. The key corporate governance principles and practices of the Company are summarised in this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

To the specific enquiry by the Company, all Directors have confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the risk management and internal control systems of the Group. It has carried out an annual review of the existing implemented systems and procedures, including control measures of financial, operational and compliance and risk management functions of the Group. Since the Group's corporate and operation structure is simple for diverting resources to establish a separate internal audit department, during the year, the Company engaged external independent consultants to conduct a review on revenue and cost budgeting cycle, purchase and payment cycle, financial reporting cycle and payroll cycle of DDI Visuals Private Limited ("DDI") during the year ended 31 December 2024. DDI is a subsidiary of the Company and principally engaged in the provision of visual effects services. Based on the assessment, weakness and potential risk on internal control and risk management have been identified in revenue and cost budgeting cycle and payroll cycle. The Board has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function as well as those relating to ESG performance and considered they are adequate. The Board were not aware of any material internal control defects, and considered such systems effective and adequate.

The risk management and internal control systems are intended to manage rather than eliminate the risk of failure to achieve business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established policy for handling and disseminating its inside information to ensure such information is disseminated to the public in equal and timely manner in accordance with the requirements of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the Listing Rules. The Group ensures that such inside information remains confidential until it is publicly disclosed.

THE BOARD

Responsibilities

The Board is responsible for overseeing the overall development of the Company's businesses with the objective of enhancing shareholders' value including setting and approving the Company's strategic implementation, considering substantial investments, reviewing the Group's financial performance half-yearly and developing and reviewing the Group's policies and practices on corporate governance while delegating the day-to-day operations of the Company to the executive Directors or the management of every business segment. The Board is committed to making decisions in the best interests of both the Company and its shareholders ("Shareholders").

The Board acknowledges its responsibility for preparing the consolidated financial statements of the Company and the Group which give a true and fair view of the Group's affairs in accordance with statutory requirements and applicable accounting standards. The statement by the independent auditor of the Company about its reporting responsibilities for the consolidated financial statements of the Company is set out on pages 76 to 80 in the independent auditor's report.

All Directors have full and timely access to all relevant information as well as the advice and service of the company secretary of the Company ("Company Secretary") to ensure Board procedures and all applicable rules and regulations are followed.

THE BOARD (CONTINUED)

Composition

The Board has in its composition a balance of skills, experience and diversity of perspectives necessary for independent decision making and fulfilling its business needs.

The Board currently comprised eight members, including two executive Directors, two non-executive Directors and four independent non-executive Directors, as follows:

Executive Directors

Mr. WONG Cheung Lok *(Chief Executive Officer ("CEO"))*
(appointed as executive Director and CEO on 13 January 2025)
Dr. SUN Ta-Chien

Non-executive Directors

Mr. HOOI Hing Lee *(Acting Chairman)*
(appointed as non-executive Director on 1 November 2024 and appointed as Acting Chairman on 13 January 2025)
Ms. Alla Y ALENIKOVA

Independent Non-executive Directors

Mr. DUAN Xiongfei
Ms. LAU Cheong
Dr. Elizabeth Monk DALEY
Mr. WOO King Hang

Biographical details of the current Directors are set out in the directors' report on pages 57 to 60. Save as disclosed in the aforesaid biographical details of the Directors, none of the Directors has any financial, business, family or other material/relevant relationships between the board members.

The Company has established mechanisms to ensure independent views and input are available to the Board. During the year, the Board has reviewed the implementation and effectiveness of the mechanisms below on annual basis. The Board comprises four independent non-executive Directors which exceeds the requirement of the Listing Rules that is at least one-third of the board members being independent non-executive directors. Prior to the appointment or re-election of an independent non-executive Director, assessment will be conducted according to the Company's nomination policy and the independent assessment criteria as set out in the Listing Rules. The independent non-executive Directors will confirm their independence annually which will also be assessed according to the independent assessment criteria as set out in the Listing Rules. The Company will provide the Directors with sufficient resources to perform their duties including seeking independent professional advice, if necessary, at the Company's expenses. Any Director shall not vote or be counted in the quorum on any board resolutions approving any contract or arrangement in which such Director has a material interest.

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive directors represented at least one-third of the board.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors (including Mr. Duan Xiongfei and Ms. Lau Cheong who have served as independent non-executive Directors for more than 9 years) to be independent in accordance with the independence guidelines set out in the Listing Rules.

THE BOARD (CONTINUED)

Composition (continued)

Mr. Hooi Hing Lee was appointed as a non-executive Director on 1 November 2024 while Mr. Wong Cheung Lok, the chief financial officer, was appointed as an executive Director on 13 January 2025. Mr. Hooi and Mr. Wong had obtained legal advice as required by the Listing Rules on 31 October 2024 and 7 January 2025 respectively and confirmed that they understood their obligations as a director of a listed issuer.

The Bye-laws require that one-third (if the number is not a multiple of three, the number nearest to but not less than one-third) of the Directors (including executive and non-executive Directors) shall retire by rotation at each annual general meeting. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election and those of the other Directors who have been longest in office since their last re-election or appointment. A retiring Director is eligible for re-election. Any Director appointed by the Board to fill a casual vacancy and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting and be eligible for re-election. Any Director appointed pursuant to the aforesaid Bye-law shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Board Meetings and General Meetings

During the year ended 31 December 2024, five board meetings, the annual general meeting ("AGM") for the year 2024 and a special general meeting ("SGM") of the Company were held with details of the Directors' attendance set out below:

	Attendance/Number of Meetings		
Directors	**Board Meetings**	**AGM**	**SGM**
Executive Directors			
Mr. SEAH Ang *(Chairman and CEO)*	5/5	1/1	1/1
Dr. SUN Ta-Chien	5/5	1/1	1/1
Non-executive Directors			
Mr. LI Weiqiang *(retired as non-executive Director on 17 May 2024)*	0/1	0/1	N/A
Mr. CUI Hao *(retired as non-executive Director on 17 May 2024)*	1/1	0/1	N/A
Ms. Alla Y ALENIKOVA	5/5	0/1	0/1
Mr. Brian Thomas MCCONVILLE *(resigned as non-executive Director on 1 November 2024)*	4/5	1/1	N/A
Mr. HOOI Hing Lee *(appointed as non-executive Director on 1 November 2024)*	N/A	N/A	1/1
Independent Non-executive Directors			
Mr. DUAN Xiongfei	5/5	1/1	1/1
Ms. LAU Cheong	5/5	0/1	1/1
Dr. Elizabeth Monk DALEY	3/5	1/1	1/1
Mr. WOO King Hang	5/5	1/1	1/1

THE BOARD (CONTINUED)

Directors' Training

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company ensures that each of the proposed directors has obtained before his appointment becomes effective the legal advice as required by the Listing Rules together with a comprehensive induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company and the Guide on Directors' Duties issued by the Companies Registry in Hong Kong to ensure that he understood his obligations as a director of a listed issuer.

The Company Secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices, business ethics and anti-corruption aspects and other regulatory regime, where applicable, to the Directors with written materials.

During the year of 2024, the Directors participated in the continuous professional development as follows:

	Corporate Governance/ Rules and Regulations/ Accounting and Financial	
Directors	**Reading materials**	**Watching training webcasts**
Executive Directors		
Mr. SEAH Ang *(Chairman and CEO)*	✓	✓
Dr. SUN Ta-Chien	✓	✓
Non-executive Directors		
Mr. HOOI Hing Lee	✓	✓
Ms. Alla Y ALENIKOVA	✓	✓
Independent Non-executive Directors		
Mr. DUAN Xiongfei	✓	✓
Ms. LAU Cheong	✓	✓
Dr. Elizabeth Monk DALEY	✓	✓
Mr. WOO King Hang	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is no separation of the roles of the chairman and the chief executive officer or chief executive during the year. Mr. Seah Ang, the executive Director and CEO, was appointed as the acting chairman of the Board in June 2020 and the chairman of the Board in September 2024 respectively. The Board believed that at the time of vesting of the roles of chairman and CEO in Mr. Seah Ang is beneficial to the operation and management of the Group due to his in-depth knowledge in the Group's operation and his extensive business network and connections. Since Mr. Seah Ang resigned from all positions of the Company on 13 January 2025. Mr. Hooi Hing Lee, the non-executive Director, was appointed as the acting chairman of the Board while Mr. Wong Cheung Lok, the chief financial officer, was appointed as an executive Director and the CEO. Accordingly, the roles of the chairman and CEO are separate and is not performed by the same individual.

DELEGATION BY THE BOARD

The Directors are aware of their collective and individual responsibilities to the Shareholders for the well-being and success of the Company.

To enhance the effectiveness of the management of the Company, the Board has established four committees, namely, the Executive Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee to oversee corresponding aspects of the Company's affairs. All board committees of the Company have defined written terms of reference.

BOARD COMMITTEES

Executive Committee

The Executive Committee currently comprises the executive Directors and the management and it assists the Board in discharging its duties and dealing with routine business of the Company and enhances the effectiveness and efficiency of day-to-day operation of the Company. There is no minimum meeting requirement and this Committee shall meet as and when necessary for proper discharge of its duties.

Audit Committee

The Audit Committee currently consists of Mr. Duan Xiongfei (Chairman), Ms. Lau Cheong and Mr. Woo King Hang, the independent non-executive Directors.

The main duties of the Audit Committee are to consider the appointment, re-appointment and removal of the external auditor, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process and to discuss with the external auditor the nature and scope of the audit. It is also responsible for reviewing: (i) the interim and annual financial statements before submission to the Board and (ii) the Company's financial control, risk management and internal control systems and the internal audit programme (where appropriate). It also needs to discuss problems and reservations arising from the interim and final audits and to consider the major findings of internal investigations and management's response.

The Audit Committee shall meet at least twice a year according to its terms of reference. There were three meetings held during the year under review, details of attendance are set out below:

Audit Committee Members	Attendance/Number of Meetings
Mr. DUAN Xiongfei *(Chairman)*	3/3
Ms. LAU Cheong	3/3
Mr. WOO King Hang	3/3

During the year under review, the Audit Committee had considered, reviewed and discussed any areas of concerns during the audit process, the compliance of company policy, the internal control procedures, the corporate governance of the Group, re-appointment of independent auditor and annual audit planning and had approved the annual audited consolidated financial statements and the interim financial statements respectively.

BOARD COMMITTEES (CONTINUED)

Nomination Committee

The Nomination Committee currently consists of Mr. Duan Xiongfei (Chairman), Ms. Lau Cheong and Mr. Woo King Hang, the independent non-executive Directors and Mr. Wong Cheung Lok, the executive Director.

The main duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to identify individuals suitably qualified to become board members. It is also responsible for assessing the independence of independent non-executive Directors and making recommendations to the Board on relevant matters relating to the appointment or re-election of Directors and succession planning for Directors. The recommendations of the Nomination Committee are then put forward for consideration and adoption, where appropriate, by the Board.

The Nomination Committee shall meet at least once per year according to its terms of reference. Two Nomination Committee meetings were held during the year under review, details of attendance are set out below:

Nomination Committee Members	Attendance/Number of Meetings
Mr. DUAN Xiongfei *(Chairman)*	2/2
Ms. LAU Cheong	2/2
Mr. WOO King Hang	2/2
Mr. SEAH Ang	2/2

During the year under review, the Nomination Committee had reviewed the structure, size and composition of the Board, the assessment of the independence of the independent non-executive Directors and the retirement and re-election arrangement of the Directors, and approved the nomination of the chairman of the Board.

Remuneration Committee

The Remuneration Committee currently consists of Mr. Duan Xiongfei (Chairman), Ms. Lau Cheong and Mr. Woo King Hang, the independent non-executive Directors and Mr. Wong Cheung Lok, the executive Director.

The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior executives of the Company. The Committee shall determine, with delegated responsibility, the individual remuneration package of each executive Director (including the Chairman) and senior management including benefits in kind and pension rights (including allocation of share options, annual bonus plans) and compensation payments (including any compensation payable for loss or termination of their office or appointment) subject to the contractual terms, if any. When determining remuneration packages of the executive Directors and senior management of the Company, the Remuneration Committee takes into consideration factors such as market forces and remuneration packages of executive directors of similar companies in comparable industries both in Hong Kong and overseas.

The Remuneration Committee shall meet at least once per year according to its terms of reference. Three Remuneration Committee meetings were held during the year under review, details of attendance are set out below:

Remuneration Committee Members	Attendance/Number of Meetings
Mr. DUAN Xiongfei *(Chairman)*	3/3
Ms. LAU Cheong	3/3
Mr. WOO King Hang	3/3
Mr. Brian Thomas MCCONVILLE *(resigned on 1 November 2024)*	2/3
Mr. SEAH Ang	3/3

During the year under review, the Remuneration Committee had reviewed the existing remuneration policy of the Company and the remuneration structure for the Directors, the grant of share options and the adjustment in directors' fees of three independent non-executive Directors.

NOMINATION POLICY

The Board has adopted a nomination policy which set out the selection criteria, procedure and process for the nomination of a candidate for directorship.

Nomination Criteria

The factors listed below, which are not exhaustive and the Board has discretion if it considers appropriate, would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for the appointment of Director or re-election of any existing Director:

(i) gender, age, cultural and educational background, professional experience, skills and knowledge of the candidate;

(ii) effect on the Board's composition and diversity;

(iii) commitment of the candidate in respect of available time for carrying out his/her duties effectively;

(iv) conflicts of interest that may arise if the candidate is selected;

(v) compliance with the criteria of independence, in case for the appointment of an independent non-executive Director, as prescribed under Rule 3.13 of the Listing Rules; and

(vi) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time as appropriate.

Nomination Procedures and Process

(i) the Nomination Committee identifies or selects candidates recommended pursuant to the above criteria.

(ii) the Nomination Committee may use any process it deems appropriate to evaluate the candidates, which may include interviews, written submissions by the candidates, third party references and background checks.

(iii) the Nomination Committee will consider the matter at the meeting or by circulating a resolution in writing to the members of the Nomination Committee and provide to the Board with all the information required in relation to the candidates. The Nomination Committee shall make recommendation to the Board for consideration and approval.

(iv) in case of re-election of an existing Director, the Nomination Committee will hold a meeting to consider the re-election based on the above criteria and, if such Director is an independent non-executive Director and has served the Board for more than 9 years, to assess whether he/she has remained independent. The Nomination Committee shall make recommendations to the Board for its consideration and recommendation for the proposed candidate to stand for re-election at a general meeting.

(v) pursuant to Rule 13.74 of the Listing Rules, where shareholders are required to vote on re-electing a director, the circular accompanying the notice of the relevant general meeting should contain all the information of the candidates required under Rule 13.51(2) of the Listing Rules and, if applicable, Code Provision B.3.4 of Part 2 of the CG Code.

(vi) the Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity on the Board.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board has set measurable objectives and selection of candidates for Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and review this policy, as appropriate, to ensure its effectiveness from time to time.

As at the date of the annual report, the Board consists of three female members and five male members, biographical details of the current Directors are set out in the directors' report on pages 57 to 60. The Nomination Committee considered that the Board was sufficiently diverse in terms of gender and involved in extensive experience, skills and knowledge in financial and business management, and media entertainment, it can enable the Company to maintain a high standard of operation. As at 31 December 2024, the ratio of male and female in the workforce (including the executive directors of the Company and its significant subsidiaries) is 77% and 23%, respectively.

The Board has performed an annual review of the implementation and effectiveness of the Board Diversity Policy and considered it to be effective.

The Board will continue to maintain a diverse Board and engage more resources in employing female management and employee of the Group.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

(i) to develop and review the Group's policies and practices on corporate governance and make recommendations;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and

(v) to review the Group's compliance with the CG Code and disclosure requirements in the corporate governance report.

During the year under review, the Board reviewed and approved the corporate governance report contained in the annual report of the Company for the year 2023.

WHISTLEBLOWING POLICY

The Board has adopted the procedures for reporting the improprieties in order to strengthen corporate governance and prevent the occurrence of improprieties. It provides guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person.

ANTI-CORRUPTION POLICY

The Company has established policies and system that provide guidance including code of conduct, travel, meals, gifts in order to promote and support anti-corruption laws and regulations.

INDEPENDENT AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

The remuneration paid and payable to the external auditor and the nature of services for the year ended 31 December 2024 are set out as follows:

Type of services	HK$'000
Audit services:	
Audit of annual financial statements	2,605
Non-audit services:	
Agreed upon procedures	268

COMPANY SECRETARY

The Company Secretary has complied with Rule 3.29 of the Listing Rules in relation to professional training during the year under review.

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted a shareholders communication policy to enhance the corporate communication effectively between the Shareholders and the Board and the management of the Company through various official channels so that the Shareholders can access the Company's public information equally in a timely manner.

To promote effective communication, the Company maintains its website at www.digitaldomain.com where corporate and business information and press release are updated for public access. Latest information on the Group including annual and interim reports, circulars, announcements are available on the websites of the Company and the Stock Exchange (www.hkexnews.hk).

The general meetings of the Company provide an opportunity for communication between the Board and the Shareholders. In addition, the Company's branch share registrar serves the Shareholders relating to their shareholding enquiries, change of shareholders' particulars and related matters.

The Board has conducted a review of the implementation and effectiveness of the shareholders communication policy during the year and considered that it was effective.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy") setting out the guidelines in deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution.

The Board shall consider the following factors, among others, before declaring or recommending dividends:

(i) the operation and financial performance of the Group;

(ii) economic conditions;

(iii) the liquidity position, capital requirements and future funding needs of the Group;

(iv) the Shareholders' interests;

(v) contractual restrictions on payment of dividends by the Company to its shareholders or by the Company's subsidiaries to the Company;

(vi) any restrictions under the Companies Act 1981 of Bermuda, the Listing Rules, the Bye-laws and any applicable laws, rules and regulations; and

(vii) any other factors that the Board deems appropriate.

The recommendation of the payment of dividend is subject to the absolute discretion of the Board, and any declaration of annual dividend for the year will be subject to the approval of the Shareholders. The Board will review the Dividend Policy from time to time.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting by Shareholders

Pursuant to Bye-law 58 of the Bye-laws, a special general meeting may be convened by the Board upon requisition by any Shareholder holding not less than one-tenth of the paid up capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The Shareholder shall make a written requisition to the Board or the Company Secretary at the head office address of the Company in Hong Kong, specifying the shareholding information and contact details of the Shareholder and the proposal regarding any specified transaction/ business and its supporting documents.

The Board shall arrange to hold such general meeting within 2 months after the receipt of such written requisition. Pursuant to Bye-law 59 of the Bye-laws, the Company shall serve requisite notice of the general meeting, including the time and date of the general meeting; save for an electronic meeting, the place of the general meeting and if there is more than one meeting location as determined by the Board, the principal place of the general meeting; if the general meeting is to be a hybrid meeting or a electronic meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the general meeting or where such details will be made available by the Company prior to the general meeting; and particulars of resolutions to be considered at the general meeting.

If within 21 days of the receipt of such written requisition, the Board fails to proceed to convene such general meeting, the Shareholder shall do so pursuant to the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

SHAREHOLDERS' RIGHTS (CONTINUED)

Putting Forward Proposals at General Meetings

A Shareholder shall make a written requisition to the Board or the Company Secretary at the head office address of the Company in Hong Kong, specifying the shareholding information and contact details of the Shareholder and the proposal the Shareholder intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

Making Enquiry to the Board

Shareholders may send written enquiries, either by post, by facsimile or by email, together with their shareholding information and contact details, such as postal address, email address or facsimile number, addressing to the head office of the Company in Hong Kong at the following address or facsimile number or via email:

Suite 2005, 20/F.,
West Tower, Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

Fax: (852) 2907 9898
Email: ir@ddhl.com

All enquiries shall be collected by the Company Secretary who shall report to the executive Directors periodically on the enquiries collected. The executive Directors shall review the enquiries and assign different kinds of enquiries to appropriate division head/manager for answering. After receiving the answers of all enquiries from the relevant division head/manager, the Company Secretary will collect the answers for the executive Directors' review and approval. The Company Secretary shall then be authorised by the executive Directors to reply all enquiries in writing.

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the media entertainment business and trading business.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Company and of the Group as at 31 December 2024 are set out in the consolidated financial statements and their accompanying notes on pages 81 to 169. No interim dividend was paid or declared in respect of the year ended 31 December 2024 (2023: Nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 26 to the consolidated financial statements respectively.

In view of the losses sustained by the Company, distributable reserves of the Company as at 31 December 2024 amounted to HK$984,302,000 solely comprised of contributed surplus.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2024 are set out in note 29 to the consolidated financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results, assets and liabilities of the Group for the last five financial years is set out in the section headed "Five Years Financial Summary" on page 170 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and of the Company during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's issued share capital and share options during the year and outstanding as at 31 December 2024 are set out in notes 25 and 27 to the consolidated financial statements respectively.

DIRECTORS

The Directors who were in office during the year and those as at the date of this report are:

Executive Directors

WONG Cheung Lok (appointed on 13 January 2025)
SUN Ta-Chien
SEAH Ang (resigned on 13 January 2025)

Non-executive Directors

HOOI Hing Lee (appointed on 1 November 2024)
Alla Y ALENIKOVA
Brian Thomas MCCONVILLE (resigned on 1 November 2024)
LI Weiqiang (retired on 17 May 2024)
CUI Hao (retired on 17 May 2024)

Independent Non-executive Directors

DUAN Xiongfei
LAU Cheong
Elizabeth Monk DALEY
WOO King Hang

Mr. Hooi Hing Lee was appointed as non-executive Director with effect from 1 November 2024 while Mr. Wong Cheung Lok was appointed as executive Director with effect from 13 January 2025. In accordance with Bye-law 86(2) of the Bye-laws, any Director appointed by the Board to fill a casual vacancy and any Director appointed by the Board as addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In this connection, Mr. Hooi Hing Lee and Mr. Wong Cheung Lok will retire and, being eligible, to offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with Bye-law 87(1) of the Bye-laws, Dr. Sun Ta-Chien and Ms. Lau Cheong will retire and, being eligible, to offer themselves for re-election at the forthcoming annual general meeting of the Company.

None of the Directors, including those Directors who are proposed for re-election at the forthcoming annual general meeting of the Company, has an unexpired service contract with the Company, which is not determinable within one year without payment of compensation, other than statutory compensation.

The non-executive Directors and independent non-executive Directors have no specific term of office but their service contracts have a termination notice requirement of at least one month. They are subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company in accordance with the Bye-laws.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are as shown below:

Executive Directors

Wong Cheung Lok, aged 53, was appointed as executive Director and the chief executive officer of the Company on 13 January 2025. He was also appointed as a member and the chairman of the executive committee, a member of each of the nomination committee and the remuneration committee and the authorised representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Mr. Wong joined the Group in 2008 as its chief financial officer. In addition to that role, he is the president of Greater China Region (the "Region"), overseeing the development of the Group's virtual human operations, VFX business, artificial intelligence research and development projects in the Region and trading operations in the Americas and the Region. He has also overseen the Group's trading and property investment businesses in the early years of his service with the Group. He is also a director of an associated company and an officer of certain subsidiaries of the Company.

Prior to joining the Group, Mr. Wong has had extensive experience in accounting, taxation, management and financial planning roles in organisations headquartered in Canada, Hong Kong and Mainland China that operated in different industries, including companies operating in the financial/investment, trading, manufacturing, wholesale and distribution of fresh and live foodstuffs, office furniture and Mainland Chinese property industry respectively, some of which were members of Hong Kong listed groups at the time and a not-for-profit organisation.

Mr. Wong holds a Master's Degree in Business Administration from the University of South Australia and a Bachelor's Degree of Arts with Honors in International Business Studies (major in China Trade) from the City University of Hong Kong. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants (HKICPA), the American Institute of Certified Public Accountants (AICPA), the Chartered Professional Accountants of Canada (CPA Canada) and a fellow member of The Chartered Governance Institute (CGI, formerly known as The Institute of Chartered Secretaries and Administrators (ICSA)). He holds a Certified Public Accountant license of Washington State of the USA and a Chartered Global Management Accountant (CGMA) designation that awarded by AICPA and the Chartered Institute of Management Accountants (CIMA) of the United Kingdom. Mr. Wong is a member and Chartered Tax Advisor (CTA) of the Taxation Institute of Hong Kong (TIHK). He is also a member and a holder of Certified In Management (C.I.M.) of Canadian Institute of Management.

SUN Ta-Chien, aged 55, was appointed as an executive director and a member of the executive committee of the Company on 24 December 2022. Dr. Sun is a professor of the Graduate School of Financial Management of CTBC Business School as well as a consultant of General Chamber of Commerce of the Republic of China and the director of Blockchain Application and Development Institute. He was a former member of the Legislative Yuan of Taiwan for over 10 years. Dr. Sun is experienced in financial technology and blockchain application and development.

Dr. Sun holds a Bachelor's Degree of Chemical Engineering from National Taiwan University. He also has a Master's Degree of Arts in International Relations and a Ph.D. Degree in Materials Science and Engineering both from The Ohio State University.

BIOGRAPHICAL DETAILS OF DIRECTORS (continued)

Non-executive Directors

HOOI Hing Lee, aged 58, was appointed as a non-executive director and the chief strategic advisor of the Company on 1 November 2024 and the acting chairman of the board of directors of the Company on 13 January 2025. He is also a director of a subsidiary of the Company.

Mr. Hooi has over 31 years of experience in the finance industry. He was employed by National Australia Bank Limited in a variety of roles in Australia and Hong Kong from January 1988 to June 2006 with his last position as the head of corporate banking, North Asia. Mr. Hooi also served as chief operating officer in Cushman & Wakefield Capital Asia Limited from July 2006 to October 2008. For the period between 5 March 2008 to 6 October 2008, Mr. Hooi was a responsible officer for regulated activities Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of Cushman & Wakefield Capital Asia (HK) Limited. He also served as a country chief risk officer of Standard Chartered Bank (Taiwan) Limited from August 2010 to June 2013. In the year of 2013, Mr. Hooi founded a private equity company, pH Capital Limited, where he currently acts as the director.

Mr. Hooi obtained his Bachelor of Commerce degree from the University of Western Australia in 1990. He was admitted as a member of the Certified Practising Accountants of Australia in 1990 and a fellow of The Hong Kong Institute of Directors in 2006.

Mr. Hooi is currently an independent non-executive director, and a member of the audit and risk, nomination and remuneration committees of Frontier Services Group Limited (Stock code: 500), the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was appointed an independent non-executive director, chairman of the audit committee and a member of each of the nomination committee and remuneration committee of Volcano Spring International Holdings Limited (Stock code: 1715), the shares of which are listed on the main board of the Stock Exchange, from June 2018 to May 2024. In addition, Mr. Hooi was the deputy representative of Greater Bay Area, China Liaison Office of Malaysia-China Business Council.

Alla Y ALENIKOVA, aged 49, was appointed as a non-executive director of the Company on 9 November 2022. She has more than 20 years of experience in the financial sector. Ms. Alenikova worked for top institutions in various jurisdictions devising and implementing strategies and organising the livelihoods of ultra-high-net-worth individuals (UHNWIs) and their families. Ms. Alenikova is currently the chief executive officer and a board member of GS Finances AG, a multi-family office (MFO) based in Switzerland. She was appointed as a member of the board of managers of Digital Domain Capital Partners S.à r.l., the first subsidiary of the Company established in Europe, between January 2021 to October 2021. Ms. Alenikova's earlier experiences included high-level positions at UBS Wealth Management and Citi Private Bank (New York). Ms. Alenikova is currently a director and ultimate beneficial owner of Wisteria Heights Advisory AG. She holds a Bachelor's Degree in Foreign Service from Georgetown University in 1998 and a Master's Degree from the London School of Economics and Political Science in 1999.

BIOGRAPHICAL DETAILS OF DIRECTORS (continued)

Independent Non-executive Directors

DUAN Xiongfei, aged 56, was appointed as an independent non-executive director of the Company on 21 July 2009 and is presently the chairman of the audit committee, the nomination committee and the remuneration committee of the Company. He was an independent non-executive director, the chairman of the nomination and corporate governance committee, and a member of the audit committee and remuneration committee of Huobi Technology Holdings Limited (now known as Sinohope Technology Holdings Limited), the shares of which are listed on the main board of the Stock Exchange (stock code: 1611), from October 2018 to April 2022. Mr. Duan holds a Master's Degree in Economics from Renmin University of China and a Master's Degree in Business Administration from The University of Chicago. He has over 20 years of experience in securities trading and the investment industry. Mr. Duan is currently the investment manager of MIE Holdings Corporation, a company listed on the Stock Exchange (stock code: 1555). He joined Atlantis Investment Management as Fund Manager in 2010 and registered as a Commodity Trading Advisor (CTA) in the National Futures Association (NFA) and the Commodity Futures Trading Commission (CFTC) in 2004.

LAU Cheong, aged 41, was appointed as an independent non-executive director of the Company on 21 July 2009 and is presently a member of the audit committee, the nomination committee and the remuneration committee of the Company. Ms. Lau holds a Master's Degree in Public Policy and Management and a Bachelor's Degree in Business Administration from University of Southern California. She obtained three broker qualifications in the United States of America and previously worked in Morgan Stanley & Co. Incorporated. She is currently the vice chair of Sino Jet Management Limited, the president of Ponticello International Group Incorporated and the chairperson of Asian Business Aviation Association (AsBAA).

Elizabeth Monk DALEY, aged 82, was appointed as an independent non-executive director of the Company on 20 July 2020. Dr. Daley has been the dean of the School of Cinematic Arts at the University of Southern California ("USC") since 1991. She is the inaugural holder of the Steven J. Ross/Time Warner Dean's Chair. Dr. Daley was also the founding executive director of the USC Annenberg Center for Communication from 1994 to 2005 and serves as the executive director of the USC Institute for Multimedia Literacy.

Before joining USC in 1989 as chair of the Film and Television Production Program, Dr. Daley had engaged in various positions in the entertainment industry, ranging from film and television producer to media consultant. She had also served on the board of the World Economic Forum's Global Agenda Council on Media, Entertainment and Information. Dr. Daley is an independent director and a member of the nominating and governance committee and the compensation committee of Avid Technology, Inc., the shares of which ceased trading prior to the opening of trading on 7 November 2023 and were delisted on The Nasdaq Global Select Market under symbol "AVID". In addition, she is a member of both the Directors Guild of America and the Academy of Motion Picture Arts and Sciences.

Dr. Daley has been honored by American Women in Radio and Television and was twice nominated for a Los Angeles Area Emmy Award. She has received a CINE (Council on International Non-Theatrical Events) Golden Eagle and the Barbara Jordan Award, as well as the California Governor's Award for her work with programming about the handicapped.

Dr. Daley obtained a Ph.D. Degree from the University of Wisconsin-Madison and Bachelor's and Master's Degrees from Tulane University and Newcomb College. In 2016, she was awarded a Degree of Doctor of Letters, honoris causa, from Hong Kong Baptist University.

BIOGRAPHICAL DETAILS OF DIRECTORS (continued)

Independent Non-executive Directors (continued)

WOO King Hang, J.P., aged 63, was appointed as an independent non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee of the Company on 28 June 2021. He has extensive experience in financial and business management. Mr. Woo is currently an independent non-executive director, the chairman of audit committee and a member of corporate governance committee and remuneration committee of MOS House Group Limited ("MOS") and an independent non-executive director, a member of audit committee and nomination committee of Crocodile Garments Limited ("Crocodile") and a senior advisor of a certified accountant's firm. Mr. Woo was the vice chairman of the board of directors and a non-executive director of Centenary United Holdings Limited ("Centenary United") from May 2020 to May 2024.

Mr. Woo is a Justice of the Peace appointed by the Chief Executive of the HKSAR and an adjunct professor at the Department of Public and International Affairs, City University of Hong Kong. He also received Secretary for Home and Youth Affairs' commendation.

Mr. Woo is a fellow member of each of the Institute of the Chartered Accountants in England and Wales, the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Certified Public Accountants. He holds a Master's Degree of Business Administration from Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Bachelor's Degree of Laws from Peking University and a Master's Degree of Laws from the City University of Hong Kong.

Mr. Woo is an honorary officer of the Auxiliary Medical Service, an advisor of School of Chinese Medicine of the Chinese University of Hong Kong and a member of each of the Hospital Governing Committee, the Queen Elizabeth Hospital and Hong Kong Advisory Council on AIDS. He serves as a member of each of Advisory Committee on Admission of Quality Migrants and Professionals and Kwun Tong District Fight Crime Committee. He is a director of Hong Kong PHAB Association and the chairman of each of Kwun Tong District Senior Police Call Honorary President Council, Police Education and Welfare Trust Management Committee and Police Children's Education Trust Management Committee.

Mr. Woo was a project controller of NWS Service Management Limited from January 2019 to April 2019, and served as a financial controller and an executive director of Hip Hing Construction Company Limited from February 2006 to June 2010 and from July 2010 to December 2018 respectively, both companies being wholly-owned subsidiaries of CTF Services Limited ("CTFSL", formerly known as NWS Holdings Limited). He was also a director of Bell Tea Overseas Limited ("BTO", formerly known as Hip Hing Overseas Limited) from 2 July 2010 to 18 October 2018. BTO was a wholly-owned subsidiary of CTFSL and incorporated in Hong Kong on 13 April 1993 and was principally engaged in the business of construction overseas. On 19 September 2018, a winding up order (the "Order") was granted by the High Court of Hong Kong (the "High Court") on BTO. On 5 July 2021, the High Court ordered that BTO be dissolved. Mr. Woo confirmed that the Order was in relation to the non-payment for a sum arising from an arbitration case involving contractual dispute relating to the construction works of a building in Dubai which commenced in or about 2007 and was completed in or about 2011 between the petitioner of the Order and a joint venture entity (the "BTO JV") in which BTO had 30% interests. An award (the "Award") was granted by an arbitration institution in Dubai in favor of the said petitioner, which then enforced the whole amount of the Award in the High Court against, among others, BTO. Mr. Woo further confirmed that he was not involved in any of the matters concerning the operations of the BTO JV, the construction works or the said arbitration or matters leading to the granting of the Order.

The shares of each of MOS (stock code: 1653), Crocodile (stock code: 122), Centenary United (stock code: 1959) and CTFSL (stock code: 659) are listed on the main board of the Stock Exchange.

SHARE OPTION SCHEME

The share option scheme of the Company was adopted on 27 April 2012 and amended on 3 April 2014 (the "2012 Option Scheme"). It was effective for a period of 10 years and expired on 27 April 2022. A new share option scheme of the Company was adopted on 16 June 2022 and is valid and effective for a period of 10 years (the "2022 Option Scheme"). Pursuant to the 2022 Option Scheme, the Directors are authorised to grant options to any Directors, any employees and those persons of the Group who have contributed or will contribute to the Group as incentive schemes and rewards. Apart from the aforesaid share option schemes, the Company did not have any other share option scheme.

(1) Purpose

The purpose of the 2022 Option Scheme is to reward participants who have contributed or will contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

(2) Participants

Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Company or another member of the Group and service providers (as defined below) who the Board considers, in its sole discretion, to have contributed or will contribute to the Group. The aforesaid service providers are the persons, including but not limited to consultants and advisors, who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group.

(3) The total number of Shares available for issue

The total number of Shares which may be issued upon exercise of options to be granted under the 2022 Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, exceed 172,902,762 Shares, representing approximately 2.17% of the Shares in issue as at the date of this annual report.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2022 Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time. No options may be granted under the 2022 Option Scheme and any other share option schemes of the Company if this will exceed the aforesaid 30% limit.

(4) The maximum entitlement of each participant under the 2022 Option Scheme

The total number of Shares issued and to be issued upon exercise of the options granted to each participant of the 2022 Option Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue.

Any further grant of options would result in the Shares issued and to be issued upon exercise in excess of this 1% limit shall be subject to the approval of the Shareholders in general meeting with such grantee and his close associates (or his associates if such grantee is a connected person) abstaining from voting and the requirements prescribed under the Listing Rules from time to time.

SHARE OPTION SCHEME (continued)

(5) The period within which the Shares must be taken up under an option

An option may be exercised in accordance with the terms of the 2022 Option Scheme at any time during the 10-year period from the date of grant.

(6) The minimum period for which an option must be held before it can be exercised

The Board is empowered to impose, at its discretion, any minimum period that an option must be held at the time of granting any option.

(7) The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

Acceptance of the option must be made within 28 days from the date of grant and HK$1.00 must be paid as a consideration for the grant of option.

(8) The basis of determining the exercise price

The exercise price of the option shall be such price determined by the Board in its absolute discretion and notified to the participant in the offer but shall be no less than the highest of:

(a) The closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;

(b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and

(c) the nominal value of the Shares.

(9) The remaining life of the 2022 Option Scheme

The 2022 Option Scheme is valid and effective for a period of 10 years commencing on the date of its adoption.

SHARE OPTION SCHEME (continued)

(i) 2012 Option Scheme

The following table discloses movements in the Company's options (the "Options") granted under the 2012 Option Scheme during the year:

Name and category of participants	Number of Options					Date of grant	Exercise period	Exercise price per Share (HK$)
	At 1 January 2024	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	At 31 December 2024			
Director								
Seah Ang	10,000,000 *(Notes 2 and 3)*	–	–	(10,000,000)	–	28/05/2014	28/05/2017 to 27/05/2024	0.98
Employees of the Group								
Zhou Jian	15,000,000 *(Notes 2 and 3)*	–	–	(15,000,000)	–	28/05/2014	28/05/2017 to 27/05/2024	0.98
Fan Lei	15,000,000 *(Notes 2 and 3)*	–	–	(15,000,000)	–	28/05/2014	28/05/2017 to 27/05/2024	0.98
Other employees, in aggregate	34,473,000 *(Note 2)*	–	–	(34,473,000)	–	28/05/2014	28/05/2017 to 27/05/2024	0.98
	2,099,000 *(Note 4)*	–	–	–	2,099,000	06/05/2015	06/05/2015 to 05/05/2025	13.20
	2,000,000 *(Note 4)*	–	–	–	2,000,000	06/05/2015	06/05/2016 to 05/05/2025	13.20
	1,900,000 *(Note 4)*	–	–	–	1,900,000	06/05/2015	06/05/2017 to 05/05/2025	13.20
	9,150,006 *(Note 5)*	–	–	–	9,150,006	29/01/2016	29/01/2016 to 28/01/2026	4.13
	8,149,998 *(Note 5)*	–	–	–	8,149,998	29/01/2016	29/01/2017 to 28/01/2026	4.13
	7,583,327 *(Note 5)*	–	–	–	7,583,327	29/01/2016	29/01/2018 to 28/01/2026	4.13
	5,000,000 *(Note 7)*	–	–	–	5,000,000	22/06/2016	22/06/2017 to 21/06/2026	4.95
	5,000,000 *(Note 7)*	–	–	–	5,000,000	22/06/2016	22/06/2018 to 21/06/2026	4.95
	1,666,671 *(Note 8)*	–	–	–	1,666,671	29/07/2016	29/07/2016 to 28/07/2026	5.66
	1,169,998 *(Note 8)*	–	–	–	1,169,998	29/07/2016	29/07/2017 to 28/07/2026	5.66
	843,324 *(Note 8)*	–	–	–	843,324	29/07/2016	29/07/2018 to 28/07/2026	5.66

SHARE OPTION SCHEME (continued)

(i) 2012 Option Scheme (continued)

Name and category of participants	Number of Options					Date of grant	Exercise period	Exercise price per Share (HK$)
	At 1 January 2024	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	At 31 December 2024			
Employees of the Group (continued)								
Other employees, in aggregate (continued)	10,999,999 *(Note 10)*	–	–	–	10,999,999	24/04/2019	24/04/2019 to 23/04/2029	1.30
	666,667 *(Note 10)*	–	–	–	666,667	24/04/2019	29/02/2020 to 23/04/2029	1.30
	333,333 *(Note 10)*	–	–	–	333,333	24/04/2019	24/04/2020 to 23/04/2029	1.30
	666,667 *(Note 10)*	–	–	–	666,667	24/04/2019	28/02/2021 to 23/04/2029	1.30
	333,334 *(Note 10)*	–	–	–	333,334	24/04/2019	24/04/2021 to 23/04/2029	1.30
	29,050,000 *(Note 11)*	–	–	–	29,050,000	21/05/2020	21/05/2020 to 20/05/2030	0.46
	9,220,000 *(Note 11)*	–	–	–	9,220,000	21/05/2020	21/05/2021 to 20/05/2030	0.46
	7,360,000 *(Note 11)*	–	–	–	7,360,000	21/05/2020	21/05/2022 to 20/05/2030	0.46
Others								
Amit Chopra	4,800,000 *(Note 2)*	–	–	(4,800,000)	-	28/05/2014	28/05/2017 to 27/05/2024	0.98
	500,000 *(Note 4)*	–	–	–	500,000	06/05/2015	06/05/2015 to 05/05/2025	13.20
	500,000 *(Note 4)*	–	–	–	500,000	06/05/2015	06/05/2016 to 05/05/2025	13.20
	500,000 *(Note 4)*	–	–	–	500,000	06/05/2015	06/05/2017 to 05/05/2025	13.20
	3,333,334 *(Notes 5 and 6)*	–	–	–	3,333,334	29/01/2016	29/01/2016 to 28/01/2026	4.13
	3,333,333 *(Notes 5 and 6)*	–	–	–	3,333,333	29/01/2016	29/01/2017 to 28/01/2026	4.13
	3,333,333 *(Notes 5 and 6)*	–	–	–	3,333,333	29/01/2016	29/01/2018 to 28/01/2026	4.13

SHARE OPTION SCHEME (continued)

(i) 2012 Option Scheme (continued)

Name and category of participants	Number of Options: At 1 January 2024	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	At 31 December 2024	Date of grant	Exercise period	Exercise price per Share (HK$)
Others (continued)								
Wang Wei-Chung	166,667 *(Note 5)*	–	–	–	166,667	29/01/2016	29/01/2016 to 28/01/2026	4.13
	166,667 *(Note 5)*	–	–	–	166,667	29/01/2016	29/01/2017 to 28/01/2026	4.13
	166,666 *(Note 5)*	–	–	–	166,666	29/01/2016	29/01/2018 to 28/01/2026	4.13
Wei Ming	30,000,000 *(Note 9)*	–	–	–	30,000,000	13/02/2017	13/02/2017 to 12/02/2027	4.69
Total	224,465,324	–	–	(79,273,000)	145,192,324			

Notes:

1. Options are valid for 10 years from the date of grant.

2. Options granted on 28 May 2014 were exercisable with effect from the 3rd anniversary of the date of grant. The closing price of the shares immediately before the date on which such Options were granted was HK$0.99 per share. Such outstanding Options lapsed on 28 May 2024.

3. The Options conditionally granted to Mr. Zhou Jian, Mr. Fan Lei and Mr. Seah Ang on 28 May 2014 (i.e. the date of grant) were approved by the Shareholders at the special general meeting of the Company held on 23 July 2014. Mr. Seah Ang resigned as executive Director on 13 January 2025.

4. Each of one third of the Options granted to the grantees on 6 May 2015 are exercisable from the date of grant, the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively. The closing price of the shares immediately before the date on which such Options were granted was HK$13.90 per share.

5. Each of one third of the Options granted to the grantees on 29 January 2016 are exercisable from the date of grant, the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively. The closing price of the shares immediately before the date on which such Options were granted was HK$4.00 per share.

6. The Options conditionally granted to Mr. Amit Chopra on 29 January 2016 (i.e. the date of grant) were approved by the Shareholders at the annual general meeting of the Company held on 7 June 2016.

7. 5,000,000 Options granted on 22 June 2016 are exercisable from each of the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively. The closing price of the shares immediately before the date on which such Options were granted was HK$4.95 per share.

8. Each of one third of the Options granted to the grantees on 29 July 2016 are exercisable from the date of grant, the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively. The closing price of the shares immediately before the date on which such Options were granted was HK$5.50 per share.

SHARE OPTION SCHEME (continued)

(i) 2012 Option Scheme (continued)

Notes: (continued)

9. The Options conditionally granted to Mr. Wei Ming on 13 February 2017 (i.e. the date of grant) were approved by the Shareholders at the annual general meeting of the Company held on 1 June 2017 and are exercisable from the date of grant. The closing price of the shares immediately before the date on which such Options were granted was HK$4.65 per share.

10. 13,000,000 Options granted to the grantees on 24 April 2019, 10,999,999 Options, 333,333 Options and 333,334 Options of which are exercisable from the date of grant, the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively; 666,667 Options and 666,667 Options of which are exercisable from 29 February 2020 and 28 February 2021 respectively. The closing price of the shares immediately before the date on which such Options were granted was HK$1.28 per share.

11. 47,800,000 Options granted to the grantees on 21 May 2020, 29,220,000 Options, 9,220,000 Options and 9,360,000 Options of which are exercisable from the date of grant, the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively. The closing price of the shares immediately before the date on which such Options were granted was HK$0.47 per share.

12. Shareholders approved at the special general meeting held on 6 October 2021 that ten (10) issued existing shares be consolidated into one (1) consolidated share which became effective on 11 October 2021 and therefore, the exercise price and the number of the Options have been adjusted pursuant to the terms of the 2012 Option Scheme. Please refer to the Company's announcements dated 21 July 2021, 6 September 2021, 9 September 2021, 6 October 2021, 11 October 2021 and 12 October 2021 and circular dated 13 September 2021 for details.

(ii) 2022 Option Scheme

The following table discloses movements in the Company's Options granted under the 2022 Option Scheme during the year:

	Number of Options							
Name and category of participants	At 1 January 2024	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	At 31 December 2024	Date of grant	Exercise period	Exercise price per Share (HK$)
Directors								
Elizabeth Monk Daley	–	2,000,000 *(Note 2)*	–	–	2,000,000	26/07/2024	26/07/2024 to 25/07/2034	0.245
Hooi Hing Lee	–	40,000,000 *(Note 3)*	–	–	40,000,000	01/11/2024	01/11/2025 to 31/10/2034	0.490
Employees of the Group								
Other employees, in aggregate	–	218,000,000 *(Note 2)*	–	–	218,000,000	26/07/2024	26/07/2024 to 25/07/2034	0.245
Total		260,000,000	–	–	260,000,000			

SHARE OPTION SCHEME (continued)

(ii) 2022 Option Scheme (continued)

Notes:

1. Options are valid for 10 years from the date of grant.

2. Option granted on 26 July 2024 are exercisable with effect from the date of grant. The closing price of the shares immediately before the date on which such Options were granted was HK$0.25 per share.

3. Options granted on 1 November 2024 will be exercisable with effect from the 1st anniversary of the date of grant. The closing price of the shares immediately before the date on which such Options were granted was HK$0.45 per share.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying Shares (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (a) as recorded in the register required to be kept under Section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

Interests and short positions in the Shares and underlying Shares

Name of Directors	Capacity	Number of Shares held	Number of underlying Shares held	Total Interests (Long/short positions)	Approximate percentage of the issued share capital
Seah Ang	Interest of controlled corporation *(Note 1)*	200,853,132	–	200,853,132 (Long position)	2.52%
	Interest of controlled corporation *(Note 1)*	50,213,479	–	50,213,479 (Short position)	0.63%
Elizabeth Monk Daley	Beneficial Owner *(Note 2)*	–	2,000,000	2,000,000 (Long position)	0.03%
Hooi Hing Lee	Beneficial Owner *(Note 3)*	–	40,000,000	40,000,000 (Long position)	0.50%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS (continued)

Interests and short positions in the Shares and underlying Shares (continued)

Notes:

1. Global Domain Investments Limited was deemed to be interested in 200,853,132 Shares by holding 50,213,479 Shares and taking a deemed interest in 150,639,653 Shares under section 317 of the SFO. Mr. Seah Ang was deemed to be interested in the above Shares (long and short positions) by virtue of his 100% shareholding interest in Global Domain Investments Limited. Mr. Seah Ang resigned as executive Director on 13 January 2025.

2. Dr. Elizabeth Monk Daley holds 2,000,000 Options granted under the 2022 Option Scheme, particulars of which are set out in the above section headed "Share Option Scheme".

3. Mr. Hooi Hing Lee holds 40,000,000 Options granted under the 2022 Option Scheme, particulars of which are set out in the above section headed "Share Option Scheme".

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules.

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 December 2024, which may also constitute connected transactions under the Listing Rules, are disclosed in note 35 to the consolidated financial statements.

During the year, the above-mentioned connected transactions, if applicable, have been complied with the disclosure requirement in accordance with Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTION

The Company had the following continuing connected transactions ("CCTs") (as defined by the Listing Rules) during the year, brief particulars of which are as follows:

The Company announced on 25 October 2024 that Digital Domain Gaming Media Limited ("DD Gaming Media"), a wholly-owned subsidiary of the Company and ADATA Technology Co., Ltd. ("ADATA"), a substantial Shareholder and a connected person of the Company on that day entered into a distributor agreement (the "Distributor Agreement"), pursuant to which DD Gaming Media had been appointed as the exclusive general distributor of ADATA to promote, market, sell and distribute all existing and future products under the "XPG" (Xtreme Performance Gear) brand, including but not limited to computer memory, storage devices, computer and gaming peripherals and accessories, laptops, lifestyle gears and other similar or associated products and ancillary services ("XPG Products") to third party customers in Greater China and the Americas (the "Territories").

For the purposes of carrying on the distribution business, DD Gaming Media shall purchase the XPG Products from ADATA from time to time for sale and distribution to third party customers in the Territories. All such supplies and purchases shall be carried out in accordance with the principal terms of the Distributor Agreement while the specific terms of the purchases, such as product model, quantity, price and other terms and conditions of delivery of the relevant products shall be specified in the relevant purchase order(s) or sale contract(s) to be concluded or entered into between DD Gaming Media and ADATA and subject to acceptance and confirmation by ADATA from time to time.

The initial term of the Distributor Agreement commenced on 11 November 2024, being the date on which the independent Shareholders approved the Distributor Agreement and the CCTs (including the annual caps), and will end on 31 December 2026.

DD Gaming Media is required to pay an annual license fee of US$500,000 (equivalent to approximately HK$3,900,000) per calendar year, or a pro-rated amount based on (as elaborated in a supplemental agreement subsequently signed) the lower of actual sales volume as a percentage of the annual cap described below and/or the periods of less than one calendar year to ADATA for the exclusive distributorship, which rate is to continue to apply upon the first renewal of the initial term.

The Company has set the following annual caps for the CCTs for the period ending 31 December 2026:

	For the period from 11 November 2024 to 31 December 2024 (US$)	For the year ending 31 December 2025 (US$)	For the year ending 31 December 2026 (US$)
Purchase Amount	13,500,000	76,000,000	103,000,000
Licence Fee	83,333	500,000	500,000
Total	13,583,333	76,500,000	103,500,000

Details of the CCTs are set out in the announcement dated 25 October 2024 and circular dated 26 October 2024. For the period ended 31 December 2024, the purchase amount and license fee were US$2,345,000 (equivalent to approximately HK$18,238,000) and approximately US$70,000 (equivalent to approximately HK$545,000).

As ADATA and its subsidiary were interested in 1,547,940,000 Shares, representing approximately 19.40% of the total issued share capital of the Company. Accordingly, ADATA is a substantial Shareholder and a connected person of the Company, and the Distributor Agreement and the transactions contemplated thereunder constitute CCTs of the Company under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTION (continued)

The CCTs listed above have been reviewed and confirmed by the independent non-executive Directors that the transactions had been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms after arm's length negotiations between the parties; and

(c) are on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

BDO Limited ("BDO"), Certified Public Accountants, the Company's independent auditor, was engaged to report on the Company's CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. BDO has issued a letter in respect of the CCTs to the Board in accordance with Rule 14A.56 of the Listing Rules and confirming that nothing has come to their attention that causes them to believe that the CCTs disclosed above:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(iii) have exceeded the annual cap as set by the Company.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 December 2024, so far as is known to any Director or chief executive of the Company, the following persons who had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Interests and short positions in the Shares and underlying Shares

Name	Capacity	Number of Shares held	Number of underlying Shares held	Total interests (Long/short positions)	Approximate percentage of the issued share capital
Poly Culture Group Corporation Limited	Beneficiary of a trust (other than a discretionary interest)	532,360,000	–	532,360,000 (Long position)	6.67%
Jade Link Holdings Limited	Beneficial owner *(Note 1)*	503,720,000	–	503,720,000 (Long position)	6.31%
Tang Elaine Yilin	Interest of controlled corporation *(Note 1)*	503,720,000		503,720,000 (Long position)	6.31%
Allied Talent Global Limited	Beneficial owner *(Note 2)*	528,966,000	–	528,966,000 (Long position)	6.63%
Huang Chi-Cheng	Interest of controlled corporation *(Note 2)*	528,966,000	–	528,966,000 (Long position)	6.63%
Delight On Group Limited	Beneficial owner *(Note 3)*	435,670,000	–	435,670,000 (Long position)	5.46%
Ding Jiann-Shing	Interest of controlled corporation *(Note 3)*	435,670,000	–	435,670,000 (Long position)	5.46%
ADATA Technology Co., Ltd.	Beneficial owner and interest of controlled corporation *(Note 4)*	1,547,940,000	–	1,547,940,000 (Long position)	19.40%
Wang Xiaohu	Beneficial owner	530,000,000	–	530,000,000 (Long position)	6.64%
Bright Brother Global Limited	Beneficial owner *(Note 5)*	761,430,000	–	761,430,000 (Long position)	9.54%
Song Hoi See	Interest of controlled corporation *(Note 5)*	761,430,000	–	761,430,000 (Long position)	9.54%

Notes:

1. Jade Link Holdings Limited is wholly-owned by Tang Elaine Yilin. Tang Elaine Yilin was deemed to be interested in 503,720,000 Shares held by Jade Link Holdings Limited.

2. Allied Talent Global Limited is wholly-owned by Mr. Huang Chi-Cheng. Mr. Huang Chi-Cheng was deemed to be interested in 528,966,000 Shares held by Allied Talent Global Limited.

3. Delight On Group Limited is wholly-owned by Mr. Ding Jiann-Shing. Mr. Ding Jiann-Shing was deemed to be interested in 435,670,000 Shares held by Delight On Group Limited.

4. Adata Technology Co., Ltd. beneficially holds 1,287,940,000 Shares and was deemed to be interested in 260,000,000 Shares held by Zhao-Xing Investment Co., Ltd. Such 260,000,000 Shares were owned by Zhao-Xing Investment Co., Ltd. which in turn is wholly-owned by Adata Technology Co., Ltd.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (continued)

Interests and short positions in the Shares and underlying Shares (continued)

Notes: (continued)

5. Bright Brother Global Limited is wholly-owned by Mr. Song Hoi See. Mr Song Hoi See was deemed to be interested in 761,430,000 Shares held by Bright Brother Global Limited.

6. The percentage of the issued share capital of the Company has been complied based on the total number of issued Shares as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Company had not been notified of any other interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	10%
– five largest suppliers combined	21%
Sales	
– the largest customer	21%
– five largest customers combined	52%

None of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's number of issued share) had an interest in the major suppliers or customers noted above.

DISCLOSURE PURSUANT TO PARAGRAPH 13.21 OF CHAPTER 13 OF THE LISTING RULES

There was a banking facility (the "Facility") with the principal amount of HK$6,000,000 provided by a bank in Hong Kong to an indirectly-owned subsidiary of the Company (the "Subsidiary"), among the entertainment media segment which was discontinued by the end of December 2010, and imposed certain specific performance obligations on the Company, pursuant to which, the Company should not (i) hold less than 51% of the Subsidiary's equity interests effectively and (ii) hold less than 100% of equity interests in an intermediate wholly-owned subsidiary of the Company which held the Subsidiary ("Intermediate Holding Company"). The bank had the right to demand for repayment of all outstanding amounts due by the Subsidiary under the Facility, unless otherwise approved by the bank, if there is any breach of the aforesaid conditions. As at 31 December 2024, the outstanding loan principal of this Facility amounted to approximately HK$4,909,000 and the original last monthly instalment repayment should be in the year 2014.

On 20 December 2010, the Company announced that it would not provide further financial assistance to the entertainment media segment. As a result, the operation of the Subsidiary was discontinued by the end of December 2010. The aforesaid bank took legal action against the Subsidiary and the Intermediate Holding Company in respect of the Facility. A provisional liquidator and two joint and several liquidators were appointed for the Subsidiary on 11 July 2012 and 23 July 2013, respectively. However, there was no corporate guarantee for the Facility issued by the Company and other subsidiaries of the Company in favour of the Subsidiary and the Intermediate Holding Company.

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 year.

PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out on pages 43 to 54 of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws or the laws of Bermuda.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible corporation, the Group plays an important role in protecting our environment and is committed to minimise our impact on the environment and natural resources.

The Company adopted effective environmental protection by introducing e-communication with our Shareholders and non-registered holders. The Company encourages investors to read the Company's corporate communication published on the websites of the Company and the Stock Exchange so as to reduce paper consumption.

The Group installed video conference and telephone conference facilities for convening board meetings, committee meetings and management meetings. It encourages attendees to attend the meetings without frequent travelling so as to reduce the energy consumption.

The Group encourages and educates staff to save energy and reduce of paper use. It also encourages environmental practices such as utilising emails for internal and external communication, adopting e-filing in server, double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off lightings and electrical appliances when not in use.

For further details, please refer to Environmental, Social and Governance Report which will be published as a separate report on the Company's website at www.digitaldomain.com and the website of the Stock Exchange at www.hkexnews.hk.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements. The Group is committed to safeguarding Shareholders' rights and enhancing corporate governance standard by establishing the audit committee, nomination committee and remuneration committee of the Company.

The Group has registered or is registering its intellectual property, including but not limited to trademarks, patents and copyright in the Greater China region, USA, Canada and other relevant jurisdictions and takes all appropriate actions to protect and enforce its intellectual property rights.

As far as the Board is aware, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

For further details, please refer to Environmental, Social and Governance Report which will be published as a separate report on the Company's website at www.digitaldomain.com and the website of the Stock Exchange at www.hkexnews.hk.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 is set out in the sections headed "Chairman's Statement" on page 4 and "Chief Executive Officer's Review" on pages 6 to 42 of this annual report. An analysis of each of the Group's capital risk management and financial risk management is provided in notes 39 and 40 to the consolidated financial statements.

The Company believes that employees are the valuable assets. The Group provides competitive remuneration package, benefit and opportunities for promotion to attract and motivate the employees.

The Group also understands that it is important to maintain good relationship with business partners, suppliers and customers. The management has kept good communication and exchanged ideas with them so as to achieve its long-term goals.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the Group's businesses during the year.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors in writing an annual confirmation of his/her independence for the year pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors (including Mr. Duan Xiongfei and Ms. Lau Cheong who have served as an independent non-executive Director for more than 9 years) to be independent.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director shall be entitled to be indemnified out of the assets and profits of the Company from and against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Group has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

EMOLUMENT POLICY

The employees of the Group are remunerated on a performance-related basis.

The emoluments of the executive Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market standards.

The Company has adopted a share option scheme as incentive and rewards to encourage participants (including directors and employees). Details of the Option Scheme are set out under "Share Option Scheme" of this report and in note 27 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the sub-sections headed "Shares" and "Share Options" under "Chief Executive Officer's Review", the section headed "Share Option Scheme" above and note 27 to the consolidated financial statements, no equity-linked agreement was entered into by the Company during the financial year or subsisted at the end of the financial year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CHANGE IN DIRECTOR'S INFORMATION

Pursuant to Rules 13.51B of the Listing Rules, changes in the Director's information since the disclosure made in the interim report of the Company for the six months ended 30 June 2024 are set out follows:

(1) Mr. Hooi Hing Lee, the acting chairman of the Board, non-executive Director and the chief strategic advisor of the Company relinquished the position of deputy representative of Greater Bay Area, China Liaison Office of Malaysia-China Business Council on 31 December 2024 by mutual agreement; and

(2) The director's fee of each of Mr. Duan Xiongfei, Ms. Lau Cheong and Mr. Woo King Hang, the independent non-executive Directors, has been adjusted to HK$192,000 per annum with effect from 1 September 2024.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited consolidated financial statements for the year.

INDEPENDENT AUDITOR

The consolidated financial statements for the year have been audited by BDO Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as the independent auditor of the Company.

On behalf of the Board

Wong Cheung Lok
Executive Director and Chief Executive Officer

Hong Kong, 28 March 2025

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TO THE SHAREHOLDERS OF DIGITAL DOMAIN HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Digital Domain Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 81 to 169, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2024, 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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of non-financial assets

As at 31 December 2024, the carrying amount of the Group's property, plant and equipment, right-of-use assets and goodwill and intangible assets amounted to HK$18,312,000, HK$46,823,000 and HK$348,271,000 (collectively "non-financial assets"). The Group sustained a loss for the year ended 31 December 2024 and accordingly, management considered that there was indicator of impairment of the Group's non-financial assets.

Goodwill and indefinite life intangible assets are required to be tested for impairment annually.

For the purpose of assessing impairment, these assets were allocated to respective cash generating units ("CGUs"). Impairment loss is recognised by which the carrying amount of a CGU exceeds its recoverable amount. Recoverable amount of each CGU is the higher of its fair value less costs of disposal and value-in-use. In measuring the CGUs' recoverable amounts, management, to their best estimate, had prepared cash flow projections with assumptions. Significant management judgement on assumptions with respect to the discount rate, revenue growth rates, forecasting periods was used. Management has concluded that there is no impairment in respect of the Group's non-financial assets.

We focused on this area and identified it as the key audit matter because of the significance of non-financial assets to the Group and the level of the subjectivity associated with the judgement and assumptions used in estimating the value-in-use of the CGUs.

Refer to "Impairment of non-financial assets" in summary of accounting policies in note 4, critical accounting estimates and judgements in note 5 and disclosures of goodwill and intangible assets in note 15 to the consolidated financial statements.

Our response:

Our audit procedures in relation to management's impairment assessment included:

- Understood and evaluated management's impairment assessment through discussion with the management and its external valuation specialist;

- Obtained the discounted cash flow analysis of the relevant CGUs prepared by the management and its external valuation specialist;

- Evaluated the competence and objectivity of the management's external valuation specialist;

- Discussed with the management's external valuation specialist to understand and evaluate the appropriateness of their valuation methodology;

- Engaged our internal valuation specialist to assist us in evaluating the management's impairment assessment methodology, the appropriateness of the discount rates used, the key assumptions applied and calculations contained;

- Assessed our internal valuation specialist's qualifications, experience and expertise and considered their objectivity and independence;

- Evaluated the historical accuracy of the discounted cash flow analysis made by the management and its external valuation specialist by comparing the historical analysis made against the actual performance of the Group; and

- Performed sensitivity analysis of the key assumptions adopted in the discounted cash flow forecasts and assessing the impact of changes in the key assumptions.

Expected credit losses on amounts due from associates and other receivables

As at 31 December 2024, the Group had carrying amounts of amounts due from associates of HK$16,929,000 and other receivables of HK$36,099,000, respectively, net of accumulated allowance of expected credit losses of HK$209,140,000 and HK$88,127,000, respectively, which were significant to the Group's consolidated financial statements.

Assessing impairment of these balances is a subjective area as it requires application of judgement and uses of estimates. Judgement is applied in assessing the risk of default of the underlying borrowers, which include assessment on creditworthiness, repayment history and days past due information of the underlying borrowers, and expected loss rates.

We have identified impairment assessment of these balances as a key audit matter because of the significance of these balances and considerable amount of judgement being required and high level of estimation uncertainty involved in conducting impairment assessment as mentioned in the foregoing paragraph.

Refer to "Impairment loss on financial assets and contract assets" in summary of accounting policies in note 4, critical accounting estimates and judgements in note 5 and disclosures of interests in associates and trade receivables, other receivables and prepayments in note 16, note 20 respectively and disclosures of credit risk management in note 40(a) to the consolidated financial statements.

Our response:

Our audit procedures in relation to management's impairment assessment included:

- Obtained an understanding of and evaluated the Group's credit policies;
- Evaluated the competence and objectivity of the management's external valuation specialist;
- Evaluated the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standards;
- Assessed, on sample basis, whether the amounts due from associates and other receivables were categorised in the appropriate ageing bracket by comparing individual items therein with relevant underlying documentation;
- Engaged our internal valuation specialist to assist us in assessing the methodologies and assumptions used by the management to calculate expected credit losses;
- Assessed our internal valuation specialist's qualifications, experience and expertise and considered their objectivity and independence;
- Evaluated management's impairment assessment on the default risk of these balances by challenging management's views of probability of default events of amounts outstanding;
- Challenged management's view of risk of default and loss given default of these balances by:
  - evaluated evidences including financial information, day past due information and credit rating of the underlying debtors available;
  - inquired and understood management's knowledge of future conditions that may impact expected receipts from the underlying debtors;
- Assessed the disclosures of the quantitative and qualitative considerations in relation to credit risks on these balances, by comparing these disclosures to our understanding of the matter; and
- Evaluated whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the Directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Chan Tsz Hung
Practising Certificate number: P06693

Hong Kong, 28 March 2025

	Notes	2024 HK$'000	2023 HK$'000
Revenue	6	625,830	736,501
Cost of sales and services rendered		(498,393)	(616,310)
Gross profit		127,437	120,191
Other income and gains	7	35,388	43,550
Selling and distribution expenses		(6,591)	(6,805)
Administrative expenses and other net operating expenses		(390,422)	(434,370)
Finance costs	9	(29,781)	(35,335)
Fair value gain/(loss) on financial assets measured at fair value through profit or loss	19	6,031	(8,318)
Fair value loss on investment properties		–	(3,841)
(Loss)/gain on disposal of subsidiaries	36	(35,390)	2,456
Impairment loss on goodwill	15	–	(44,746)
Impairment loss on intangible assets	15	–	(104,423)
Recognition of impairment loss on trade receivables and contract assets	40(a)	(1,938)	(2,422)
(Recognition)/reversal of impairment loss on other receivables	40(a)	(4,512)	6,824
Impairment loss on amounts due from associates, net	16, 40(a)	(12,305)	(3,248)
Share of losses of associates	16	–	(2)
Share of losses of a joint venture		–	(8)
Loss before taxation	8	(312,083)	(470,497)
Taxation	11(a)	(1,216)	(5,279)
Loss for the year		(313,299)	(475,776)
Loss attributable to:			
– Owners of the Company		(300,275)	(394,571)
– Non-controlling interests	30	(13,024)	(81,205)
		(313,299)	(475,776)
Loss per share attributable to the owners of the Company:	12	HK cents	HK cents
Basic and diluted		(3.77)	(6.48)

	Notes	2024 HK$'000	2023 HK$'000
Loss for the year		(313,299)	(475,776)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		1,253	7,343
Reclassification of exchange differences on disposal of subsidiaries	*36*	(18,090)	–
Other comprehensive income for the year		(16,837)	7,343
Total comprehensive income for the year		(330,136)	(468,433)
Total comprehensive income attributable to:			
– Owners of the Company		(319,546)	(387,031)
– Non-controlling interests	*30*	(10,590)	(81,402)
		(330,136)	(468,433)

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	13	18,312	34,562
Right-of-use assets	14	46,823	76,711
Goodwill and intangible assets	15	348,271	340,857
Interests in associates	16	16,929	28,406
Interests in joint ventures	17	–	–
Loan to a joint venture	18	911	916
Financial assets measured at fair value through profit or loss	19	120,170	31,719
Deposits and consideration receivable	20	8,319	18,279
Deferred tax assets	11(b)	1,596	1,746
		561,331	533,196
Current assets			
Trade receivables, other receivables and prepayments	20	98,385	76,958
Contract assets	21(a)	6,475	7,915
Cash and cash equivalents and other bank balances	22	400,120	635,854
		504,980	720,727
Current liabilities			
Trade payables, other payables and accruals	23	175,556	198,521
Lease liabilities	14	31,067	38,797
Contract liabilities	21(b)	21,368	51,668
Borrowings	24	108,982	104,719
Tax payable		4,954	4,229
		341,927	397,934
Net current assets		163,053	322,793
Total assets less current liabilities		724,384	855,989
Non-current liabilities			
Borrowings	24	271,112	246,019
Lease liabilities	14	31,262	58,159
Deferred tax liabilities	11(b)	–	44,478
		302,374	348,656
NET ASSETS		422,010	507,333

	Notes	2024 HK$'000	2023 HK$'000
Capital and reserves			
Share capital	25	79,792	73,792
Reserves		423,130	597,681
Equity attributable to owners of the Company		502,922	671,473
Non-controlling interests	30	(80,912)	(164,140)
TOTAL EQUITY		422,010	507,333

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

Wong Cheung Lok
DIRECTOR

Duan Xiongfei
DIRECTOR

		Attributable to owners of the Company										
	Note	Share capital HK$'000 *(Note 25)*	Share premium HK$'000 *(Note 26(i))*	FVOCI reserve HK$'000 *(Note 26(ii))*	Contributed surplus HK$'000 *(Note 26(iii))*	Share options reserve HK$'000 *(Note 26(iv))*	Exchange fluctuation reserve HK$'000 *(Note 26(v))*	Other reserve HK$'000 *(Note 26(vi))*	Accumulated losses HK$'000	Total HK$'000	Non-Controlling interests HK$'000	Total equity HK$'000
As at 1 January 2023		43,290	131,996	(196,213)	984,302	183,854	(16,373)	3,868	(758,967)	375,757	(82,738)	293,019
Issue of shares on subscriptions, net of expenses	*25(a)*	30,502	652,245	–	–	–	–	–	–	682,747	–	682,747
Total comprehensive income:												
Loss for the year		–	–	–	–	–	–	–	(394,571)	(394,571)	(81,205)	(475,776)
Currency translation differences		–	–	–	–	–	7,540	–	–	7,540	(197)	7,343
Total comprehensive income for the year		–	–	–	–	–	7,540	–	(394,571)	(387,031)	(81,402)	(468,433)
As at 31 December 2023		73,792	784,241	(196,213)	984,302	183,854	(8,833)	3,868	(1,153,538)	671,473	(164,140)	507,333

		Attributable to owners of the Company										
	Notes	Share capital HK$'000 *(Note 25)*	Share premium HK$'000 *(Note 26(i))*	FVOCI reserve HK$'000 *(Note 26(ii))*	Contributed surplus HK$'000 *(Note 26(iii))*	Share options reserve HK$'000 *(Note 26(iv))*	Exchange fluctuation reserve HK$'000 *(Note 26(v))*	Other reserve HK$'000 *(Note 26(vi))*	Accumulated losses HK$'000	Total HK$'000	Non-Controlling interests HK$'000	Total equity HK$'000
As at 1 January 2024		73,792	784,241	(196,213)	984,302	183,854	(8,833)	3,868	(1,153,538)	671,473	(164,140)	507,333
Issue of shares on subscription, net of expenses	*25(a)*	6,000	118,132	–	–	–	–	–	–	124,132	–	124,132
Recognition of equity-settled share-based payment expenses	*27*	–	–	–	–	26,863	–	–	–	26,863	–	26,863
Lapse of share options	*27*	–	–	–	–	(40,583)	–	–	40,583	–	–	–
Disposal of subsidiaries	*36*	–	–	–	–	–	–	–	–	–	93,818	93,818
Total comprehensive income:												
Loss for the year		–	–	–	–	–	–	–	(300,275)	(300,275)	(13,024)	(313,299)
Currency translation differences		–	–	–	–	–	(1,181)	–	–	(1,181)	2,434	1,253
Reclassification of exchange differences on disposal of subsidiaries	*36*	–	–	–	–	–	(18,090)	–	–	(18,090)	–	(18,090)
Total comprehensive income for the year		–	–	–	–	–	(19,271)	–	(300,275)	(319,546)	(10,590)	(330,136)
As at 31 December 2024		79,792	902,373	(196,213)	984,302	170,134	(28,104)	3,868	(1,413,230)	502,922	(80,912)	422,010

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Loss before taxation		(312,083)	(470,497)
Adjustments for:			
Depreciation of property, plant and equipment	*8*	18,616	25,453
Depreciation of right-of-use assets	*8*	33,294	42,508
Amortisation of intangible assets	*8*	29,004	63,607
(Gain)/loss on disposal of property, plant and equipment, net	*8*	(5)	26
Loss/(gain) on disposal of subsidiaries	*36*	35,390	(2,456)
Gain on disposal of financial assets measured at fair value through profit or loss	*7*	(11,177)	–
Effect of lease modification	*7*	(610)	(318)
Equity-settled share-based payment expenses	*27*	26,863	–
Net exchange losses		10,278	7,018
Share of losses of associates	*16*	–	2
Share of losses of a joint venture		–	8
Impairment loss on goodwill	*15*	–	44,746
Impairment loss on intangible assets	*15*	–	104,423
Recognition of impairment loss on trade receivables and contract assets, net	*40(a)*	1,938	2,422
Recognition/(reversal) of impairment loss on other receivables	*40(a)*	4,512	(6,824)
Impairment loss on amounts due from associates, net	*40(a)*	12,305	3,248
Fair value (gain)/loss on financial assets measured at fair value through profit or loss	*19*	(6,031)	8,318
Fair value loss of investment properties		–	3,841
Interest income	*7*	(14,020)	(6,835)
Finance costs	*9*	29,781	35,335
Operating loss before working capital changes		(141,945)	(145,975)
(Increase)/decrease in trade receivables, other receivables and prepayments		(25,027)	42,867
Decrease/(increase) in contract assets		1,441	(5,426)
Decrease in trade payables, other payables and accruals		(28,294)	(1,082)
Decrease in contract liabilities		(30,300)	(1,956)
Cash used in operations		(224,125)	(111,572)
Income tax paid		(689)	(1,872)
Interest paid		(13,608)	(17,107)
Net cash used in operating activities		(238,422)	(130,551)

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from investing activities			
Interest received		14,115	6,296
Purchases of property, plant and equipment		(3,013)	(9,129)
Proceeds from disposal of property, plant and equipment		7	41
Additions to intangible assets		(39,803)	(30,289)
Advance to associates		(932)	(2,534)
Repayment from an associate		–	926
Advance to a joint venture		(11)	(22)
Disposal of subsidiaries, net of cash disposed	*36*	25	7,652
Loan to a joint venture	*18*	–	(23,510)
Repayment of loan from a joint venture	*18*	–	22,518
Placement of pledged bank deposits		(124,911)	(173,951)
Proceeds from redemption of pledged bank deposits		46,849	119,208
Purchases of financial assets measured at fair value through profit or loss		(78,023)	(79,298)
Proceeds from disposal of bonds		–	81,731
Placement of restricted bank balance		(559)	–
Net cash used in investing activities		(186,256)	(80,361)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issuing expenses	*25*	124,132	682,747
New bank borrowings	*31*	146,906	70,542
Repayment of bank borrowings	*31*	(66,989)	(21,329)
Repayment of principal portion of lease liabilities	*31*	(37,133)	(40,295)
Repayment of interest portion of lease liabilities	*31*	(7,329)	(11,818)
Repayment of other loans	*31*	(45,335)	(40,705)
Net cash generated from financing activities		114,252	639,142
Net (decrease)/increase in cash and cash equivalents		(310,426)	428,230
Effect of foreign exchange rate changes		(2,653)	(672)
Cash and cash equivalents at beginning of the year		464,038	36,480
Cash and cash equivalents at end of the year	*22*	150,959	464,038
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		150,959	464,038

1. ORGANISATION AND OPERATIONS

Digital Domain Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has its principal place of business at Suite 2005, 20/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries are set out in note 29.

As at 31 December 2024, in the opinions of the directors of the Company ("the Directors"), the Company has no immediate and ultimate holding company or ultimate controlling party.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of amended HKFRS Accounting Standards – effective on 1 January 2024

The HKICPA has issued a number of amended HKFRS Accounting Standards that are first effective for the current accounting period of the Company and its subsidiaries (collectively the "Group"):

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

None of these amended HKFRS Accounting Standards has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

(b) New or amended HKFRS Accounting Standards that have been issued but are not yet effective and not early adopted

The following new or amended HKFRS Accounting Standards have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature–dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual improvements to HKFRS Accounting Standards – Volume II[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKAS 1	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("2027 Amendments")[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (CONTINUED)

(b) New or amended HKFRS Accounting Standards that have been issued but are not yet effective and not early adopted (continued)

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the Group's consolidated financial statements, the application of the new standard is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

Except for the above, these new or amended HKFRS Accounting Standards are preliminary assessed and are not expected to have any significant impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS Accounting Standards") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the same as the functional currency of the Company.

4. SUMMARY OF ACCOUNTING POLICIES

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investors' share in the associates' profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Associates (continued)

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Historical cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss in the period in which it is incurred. In situations where it is probable that future economic benefits of the expenditure will flow to the entity, and the cost of which can be measured reliably, the expenditure is capitalised as an additional cost of the asset or a separate asset.

Depreciation is charged so as to write off the cost of items of property, plant and equipment, except construction in progress, over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The useful lives are as follows:

Furniture, fixtures and equipment	1 to 10 years
Machineries	3 to 5 years

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (Other than goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- intangible assets; and
- interests in associates and joint ventures.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value-in-use.

In assessing value-in-use, the estimated future cash flows expected to be derived from the CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU), except for goodwill, is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets and goodwill

(i) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interest over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired in accordance with accounting policy on "Impairment of non-financial assets".

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant CGUs that are expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Intangible assets and goodwill (continued)

(i) Goodwill (continued)

For goodwill arising on an acquisition in a financial year, the CGU to which allocated goodwill is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit on a pro-rata basis on the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value-in-use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent period.

(ii) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

(iii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed intangible assets (including films) is capitalised if it can be demonstrated that:

- it is technically feasible to develop the asset for it to be sold;
- there is an intention to complete and use or sell the asset;
- the Group is able to sell the asset;
- how the use or sale of the asset will generate probably future economic benefits to the Group is demonstrable;
- adequate resources are available to complete the development;
- sale of the asset will generate future economic benefits; and
- expenditure on the asset can be measured reliably.

Capitalised development costs are amortised over the periods as appropriate. The Group expects to benefit from selling the asset developed. The amortisation expense is recognised in profit or loss and included in cost of services rendered.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Intangible assets and goodwill (continued)

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

The amortisation is charged on a straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets with finite useful lives are ready for use. The amortisation expense is recognised in profit or loss. The estimated useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates of intangible assets with finite useful lives are as follows:

Proprietary software	3 years
Participation rights	3 to 5 years
Patents	10 to 15 years
Licences for intellectual property rights	Over the terms of the relevant licensing agreements
Film rights	refer to note 15(g)

(vi) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL (as defined below), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Fair value through profit or loss ("FVTPL"): Financial assets measured at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Impairment loss on financial assets and contract assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred, including the following observable events: (1) significant financial difficulty of the debtor; (2) a breach of contract, such as a default or being more than 90 days past due; (3) the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; (4) it is probable that the debtor will enter bankruptcy or other financial reorganisation; or (5) the disappearance of an active market for a security because of financial difficulties.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Impairment loss on financial assets and contract assets (continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are long aged, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade payables, other payables and accruals and borrowings, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Leases

The Group as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise leases which are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use assets

The right-of-use asset should be recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use assets are depreciated on a straight-line basis over the lease terms. The lease terms are as follows:

Buildings	2 to 10 years
Equipment	5 years

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use on the underlying assets during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

(i) fixed payments less any lease incentives receivable;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;

(iii) amounts expected to be payable by the lessee under residual value guarantees;

(iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Leases (continued)

Lease liability (continued)

Subsequent to the commencement date, the Group shall measure the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliable estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Employees' benefits

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees rendered the related service.

Retirement benefit scheme

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions, if any.

Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Share-based payments

For equity-settled share-based payment transactions, the Group shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share options reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option lapses (when it is released directly to accumulated losses).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of the goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Services of visual effects production and post production

Revenue from the provision of services of visual effects production and post production is recognised over time, using the input method to measure progress towards complete satisfaction of the service, because (1) the Group's production works enhance assets that the customers control as the assets is enhanced; and (2) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs.

(ii) Virtual human services

Revenue from the provision of virtual human services in connection with film-making is recognised over time, using the input method to measure progress towards complete satisfaction of the service, because the (1) the Group's production works enhance assets that the customers control as the assets is enhanced; and (2) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs.

Revenue from the provision of virtual human services in connection with events or exhibitions is recognised at a point in time when the customer obtain control of the digital products. Factors to determine when the customer obtain control of the digital products include delivery documents and the goods have been delivered to and accepted by the customers.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(iii) Sales of semiconductor memory chips and esports products

Revenue arising from the sales of semiconductor memory chips and esports products is recognised at the point in time when the customer obtain control of the semiconductor memory chips and esports products. Factors to determine when the customer obtain control of the semiconductor memory chips and esports products include delivery documents and the goods have been delivered to and accepted by the customers.

(iv) Commission Income

The Group earns commission income primarily from acting as an agent in the sale of esports products. Commission income is considered earned and recognised at a point in time when the Group satisfies its performance obligation, which typically occurs upon the goods have been delivered to and accepted by the customers.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In addition to information disclosed elsewhere in the Group's consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

Impairment of non-financial assets

In determining whether an item of non-financial assets is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing:

(i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence;

(ii) whether the carrying value of an asset or a CGU can be supported by the recoverable amount of the CGU, which is the higher of fair value less costs of disposal and value-in-use of the CGU. The value-in-use calculation is based on the net present value of future cash flows which are estimated based upon the continued use of the asset or CGU, or derecognition; and

(iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates, revenue growth rate and forecasting periods assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimates and judgements (continued)

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are set out in note 11(b).

Provision for ECLs on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the sectors in which the Group operates the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances. The Group's historical credit loss experience may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 20, 21(a) and 40(a) to the consolidated financial statements.

Impairment of amounts due from associates and other receivables

The loss allowances for amounts due from associates and other receivables are based on assumptions about risk of default of the underlying borrowers, which include assessment of creditworthiness, repayment history and days past due information of the underlying borrowers, and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 40(a).

Incremental borrowing rate on lease agreements

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses incremental borrowing rates ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Useful lives of property, plant and equipment and intangible assets

The Group estimates the useful lives of property, plant and equipment and intangible assets in order to determine the amount of depreciation and amortisation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service outputs of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimates and judgements (continued)

Fair value measurements

A number of assets and liabilities included in the Group's consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period as they occur.

The Group measures fair value of financial assets measured at FVTPL as detailed in note 19.

6. REVENUE AND SEGMENT REPORTING

An analysis of the Group's revenue from its principal activities for the year is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Provision of		
– visual effects production and post production services	518,242	697,167
– virtual human services	22,813	12,566
Sales of goods		
– Sales of semiconductor memory chips	79,563	26,768
– Sales of esports products	4,938	–
Commission income	274	–
	625,830	736,501

6. REVENUE AND SEGMENT REPORTING (continued)

Disaggregation of revenue from contracts with customers

Segment	Media entertainment		Trading		Consolidated	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Types of goods or service						
Provision of						
– visual effects production and post production services	518,242	697,167	–	–	518,242	697,167
– virtual human services	22,813	12,566	–	–	22,813	12,566
Sales of goods						
– Sales of semiconductor memory chips	–	–	79,563	26,768	79,563	26,768
– Sales of esports products	–	–	4,938	–	4,938	–
Commission income	–	–	274	–	274	–
Total revenue from contracts with customers	541,055	709,733	84,775	26,768	625,830	736,501

	2024 HK$'000	2023 HK$'000
Geographical markets		
Hong Kong	80,442	26,768
The People's Republic of China (the "PRC")	45,499	58,380
The United States of America ("USA")	204,249	249,928
Canada	258,361	391,306
United Kingdom ("UK")	2,344	1,837
India	29,696	8,190
Other countries/regions	5,239	92
Total revenue from contracts with customers	625,830	736,501

	2024 HK$'000	2023 HK$'000
Timing of revenue recognition		
A point in time	85,582	28,968
Over time	540,248	707,533
Total revenue from contracts with customers	625,830	736,501

6. REVENUE AND SEGMENT REPORTING (continued)

(a) Reportable segment

The Group determines its operating segment based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The following summary describes the operations in the Group's two reportable segments, media entertainment and trading:

– provision of visual effects production and post production services and virtual human services ("Media entertainment")

– sales of semiconductor memory chips and esports products and commission income ("Trading")

Management monitors the results of its operating segments for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment (loss)/gains, which is a measure of adjusted loss before taxation. The adjusted loss before taxation is measured consistently with the Group's loss before taxation, except that, recognition/(reversal) of impairment loss on other receivables, share of losses of a joint venture, impairment loss on amounts due from associates, fair value gain/(loss) on financial assets measured at FVTPL, fair value loss on investment properties, gain on disposal of financial assets, (loss)/gain on disposal of subsidiaries, share of losses of associates, auditor's remuneration, depreciation of unallocated property, plant and equipment and depreciation of unallocated right-of-use assets, professional fees, unallocated finance costs, equity-settled share-based payment expenses, unallocated short-term lease expenses, unallocated other income and gains (including royalty income, interest income and sundry income), as well as head office and corporate expenses, are excluded from such measurement.

Segment assets exclude interests in associates, interests in joint ventures, loan to a joint venture, financial assets measured at FVTPL, unallocated cash and cash equivalents and other bank balances, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities, borrowings and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6. REVENUE AND SEGMENT REPORTING (continued)

(a) Reportable segment (continued)

	Media entertainment		Trading		Total	
	2024	2023	2024	2023	2024	2023
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers and reportable segment revenue	541,055	709,733	84,775	26,768	625,830	736,501
Reportable segment (loss)/gains	(97,703)	(324,385)	(693)	3,297	(98,396)	(321,088)
Additions to non-current assets	51,791	77,897	–	–	51,791	77,897
Depreciation and amortisation	(78,744)	(129,386)	–	–	(78,744)	(129,386)
Finance costs	(7,084)	(11,401)	–	–	(7,084)	(11,401)
Impairment loss on goodwill	–	(44,746)	–	–	–	(44,746)
Impairment loss on intangible assets	–	(104,423)	–	–	–	(104,423)
Recognition of impairment loss on trade receivables and contract assets	(1,836)	(2,413)	–	–	(1,836)	(2,413)
Recognition of impairment loss on other receivables	(4,512)	(1,226)	–	–	(4,512)	(1,226)
Gain/(loss) on disposal of property, plant and equipment, net	5	(26)	–	–	5	(26)
Taxation charged	(1,176)	(5,238)	–	–	(1,176)	(5,238)
Reportable segment assets	543,707	682,080	40,354	26,827	584,061	708,907
Reportable segment liabilities	186,381	285,263	18,242	11	204,623	285,274

6. REVENUE AND SEGMENT REPORTING (continued)

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	2024 HK$'000	2023 HK$'000
Loss before taxation		
Segment loss	(98,396)	(321,088)
Recognition of impairment loss on trade receivables	(102)	(9)
Reversal of impairment loss on other receivables	–	8,050
Impairment loss on amounts due from associates	(12,305)	(3,248)
Fair value gain/(loss) on financial assets measured at FVTPL	6,031	(8,318)
Fair value loss on investment properties	–	(3,841)
Gain on disposal of financial assets	11,177	–
(Loss)/gain on disposal of subsidiaries	(35,390)	2,456
Share of losses of associates	–	(2)
Share of losses of a joint venture	–	(8)
Auditor's remuneration	(2,873)	(2,442)
Depreciation of unallocated property, plant and equipment and depreciation of unallocated right-of-use assets	(2,170)	(2,182)
Professional fees	(74,945)	(70,246)
Unallocated finance costs	(22,697)	(23,934)
Equity-settled share-based payment expenses	(26,863)	–
Unallocated short-term lease expenses	(160)	(161)
Unallocated other income and gains	15,106	21,351
Other unallocated corporate expenses*	(68,496)	(66,875)
Consolidated loss before taxation	(312,083)	(470,497)

* The balance mainly represented unallocated corporate operating expenses that are not allocated to operating segments, including directors' remuneration, staff cost and other head office expenses.

6. REVENUE AND SEGMENT REPORTING (continued)

(b) Reconciliation of reportable segment profit or loss, assets and liabilities (continued)

	2024 HK$'000	2023 HK$'000
Assets		
Reportable segment assets	584,061	708,907
Interests in associates	16,929	28,406
Loan to a joint venture	911	916
Financial assets measured at FVTPL	120,170	31,719
Unallocated cash and cash equivalents and other bank balances	323,251	460,525
Unallocated corporate assets	20,989	23,450
Consolidated total assets	1,066,311	1,253,923
Liabilities		
Reportable segment liabilities	204,623	285,274
Tax payable	4,954	4,229
Deferred tax liabilities	–	44,478
Borrowings	380,094	350,738
Unallocated corporate liabilities	54,630	61,871
Consolidated total liabilities	644,301	746,590

6. REVENUE AND SEGMENT REPORTING (continued)

(c) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified Non-current Assets").

(i) Revenue from external customers

	2024 HK$'000	2023 HK$'000
Hong Kong	80,442	26,768
The PRC	45,499	58,380
USA	204,249	249,928
Canada	258,361	391,306
UK	2,344	1,837
India	29,696	8,190
Other countries/regions	5,239	92
	625,830	736,501

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

(ii) Specified Non-current Assets

	2024 HK$'000	2023 HK$'000
Hong Kong	19,986	33,055
The PRC	52,690	55,793
Other regions of Asia	7,668	10,553
USA and Canada	349,991	381,135
	430,335	480,536

The information of Specified Non-current Assets from the above is based on the location of assets.

6. REVENUE AND SEGMENT REPORTING (continued)

(d) Major customers

The Group's customer base is diversified and there was one customer (2023: three) from the media entertainment segment with whom transactions have exceeded 10% of the Group's total revenue as follows:

	2024 HK$'000	2023 HK$'000
Customer A	133,157	146,723
Customer B	N/A[1]	105,819
Customer C	N/A[1]	82,209

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective period.

(e) Revenue

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	2024 HK$'000	2023 HK$'000
Trade receivables	61,226	37,397
Contract assets	6,475	7,915
Contract liabilities	21,368	51,668

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on revenue related to the provision of visual effects production and post production services. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customer.

The contract liabilities mainly relate to the advance consideration received from customers.

The Group has applied the practical expedient to its sales contracts for visual effects production and post production services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for visual effects production and post production services that had an original expected duration of one year or less.

7. OTHER INCOME AND GAINS

	2024 HK$'000	2023 HK$'000
Interest income	14,020	6,835
Gain on disposal of financial assets measured at FVTPL	11,177	–
Income arising from broadcasting movies and TV dramas	6,847	34,221
Consultancy income	1,086	409
Effect of lease modification	610	318
Government subsidies (Note)	80	333
Others	1,568	1,434
	35,388	43,550

Note:

There are no unfulfilled conditions or other contingencies attaching to these grants, all government subsidies have been received during the year. The Group did not benefit directly from any other forms of government assistance.

8. LOSS BEFORE TAXATION

	2024 HK$'000	2023 HK$'000
This is arrived at after charging/(crediting):		
Cost of sales and services rendered *(Note)*	498,393	616,310
(Gain)/loss on disposal of property, plant and equipment, net	(5)	26
Exchange differences, net	5,829	12,410
Auditor's remuneration:		
– audit services	2,605	2,239
– non-audit services	268	203
Depreciation of property, plant and equipment *(Note)*	18,616	25,453
Depreciation of right-of-use assets *(Note)*	33,294	42,508
Amortisation of intangible assets *(Note)*	29,004	63,607
Short-term lease expenses	400	615
Staff costs *(Note)*:		
– Directors' remuneration *(Note 10)*	7,907	5,783
– Other staff costs:		
Salaries, wages and other benefits	442,146	602,298
Retirement benefit scheme contributions	9,601	11,235
Equity-settled share-based payment expenses	25,119	–
Total staff costs	484,773	619,316

Note:

Cost of sales and services rendered include HK$342,815,000 (2023: HK$484,023,000) relating to staff costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets, for which the amounts are also included in the respective total amounts disclosed separately above.

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Imputed interest on lease liabilities *(Note 14)*	7,329	11,818
Interest on bank and other loans	22,452	23,517
	29,781	35,335

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration is analysed as follows:

	2024 HK$'000	2023 HK$'000
Fees:		
Executive director	876	918
Independent non-executive directors	864	829
Non-executive directors	391	470
	2,131	2,217
Other emoluments paid to executive directors:		
Salaries and other benefits	4,014	3,548
Retirement benefit scheme contributions	18	18
Equity-settled share-based payment expenses	1,744	–
	5,776	3,566
	7,907	5,783

No directors waived any remuneration in respect of the years ended 31 December 2024 and 2023.

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

	2024 HK$'000	2023 HK$'000
Seah Ang (Resigned on 13 January 2025)		
– Salaries and other benefits	4,014	3,548
– Retirement benefit scheme contribution	18	18
	4,032	3,566
Sun Ta-Chien		
– Fee	876	918
Brian Thomas McConville (Resigned on 1 November 2024)		
– Fee	391	470
Hooi Hing Lee (Appointed on 1 November 2024)		
– Equity-settled share-based payment expenses	1,514	–
Lau Cheong		
– Fee	168	156
Duan Xiongfei		
– Fee	168	156
Woo King Hang		
– Fee	168	156
Elizabeth Monk Daley		
– Fee	360	361
– Equity-settled share-based payment expenses	230	–
	590	361
Cui Hao (Retired on 17 May 2024)		
– Fee	–	–
Li Weiqiang (Retired on 17 May 2024)		
– Fee	–	–
Alla Y Alenikova		
– Fee	–	–

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

Five highest paid employees

The five highest paid individuals of the Group included one Director (2023: one). The remuneration of the remaining four (2023: four) highest paid employees, other than the Directors, is as follows:

	2024 HK$'000	2023 HK$'000
Salaries and other benefits	13,721	15,704
Retirement benefit scheme contributions	36	33
	13,757	15,737

The number of non-director, highest paid employees whose remuneration fell within the following bands, is as follows:

	2024	2023
HK$2,000,001 to HK$2,500,000	2	–
HK$3,000,001 to HK$3,500,000	–	1
HK$3,500,001 to HK$4,000,000	–	1
HK$4,000,001 to HK$4,500,000	1	2
HK$4,500,001 to HK$5,000,000	1	–

11. TAXATION

(a) Taxation charged/(credited) to the consolidated income statement represents:

	Note	2024 HK$'000	2023 HK$'000
Current taxation – Hong Kong profits tax		–	–
Current taxation – Overseas tax			
– provision for the year		209	3,668
– under-provision in respect of prior years		913	1,815
Deferred taxation	*11(b)*	94	(204)
		1,216	5,279

11. TAXATION (continued)

(a) Taxation charged/(credited) to the consolidated income statement represents: (continued)

No provision for Hong Kong profits tax was made for the year ended 31 December 2024 as there is no assessable profits arising in Hong Kong.

During the year ended 31 December 2023, the Group utilised tax loss of HK$707,000 to set off assessable profits arising in Hong Kong.

Taxation on overseas profits has been calculated on the estimated assessable profits for the years at the rates of taxation prevailing in the countries in which the Group operates.

The Group operates in certain jurisdictions where the Pillar Two Rules are enacted but not effective. However, as the Group's consolidated annual revenue is expected to be less than EUR750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

Taxation for the year can be reconciled to accounting loss as follows:

	2024 HK$'000	2023 HK$'000
Loss before taxation	(312,083)	(470,497)
Taxation calculated at applicable rates of Hong Kong profits tax	(51,494)	(77,632)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(7,263)	(17,636)
Tax effect of expenses not deductible for tax purposes	40,895	66,154
Tax effect of income not assessable for tax purposes	(4,637)	(3,300)
Tax effect of utilisation of previously unrecognised tax losses and other deductible temporary differences	–	(126)
Tax effect of unrecognised tax losses and temporary differences	22,802	36,004
Under-provision in respect of prior years	913	1,815
Taxation for the year	1,216	5,279

11. TAXATION (continued)

(b) Deferred taxation

The movements in the components of deferred tax assets/(liabilities) recognised by the Group during the current and prior years are as follows:

	Notes	Accelerated tax depreciation HK$'000	Fair value arising from business combination HK$'000	Total HK$'000
As at 1 January 2023		1,551	(43,450)	(41,899)
Credited to profit or loss for the year	*11(a)*	204	–	204
Exchange realignment		(9)	(1,028)	(1,037)
As at 31 December 2023 and 1 January 2024		1,746	(44,478)	(42,732)
Charged to profit or loss for the year	*11(a)*	(94)	–	(94)
Disposal of subsidiaries	*36*	–	40,744	40,744
Exchange realignment		(56)	3,734	3,678
As at 31 December 2024		1,596	–	1,596

For the purpose of presentation in consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

	2024 HK$'000	2023 HK$'000
Deferred tax liabilities	–	(44,478)
Deferred tax assets	1,596	1,746
	1,596	(42,732)

At the end of reporting period, the Group had unused tax losses of HK$1,523,009,000 (2023: HK$1,772,986,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses (2023: No deferred tax asset has been recognised in respect of such losses) due to the unpredictability of future profit streams. As at 31 December 2024, included in unrecognised tax losses are losses of HK$151,709,000 (2023: HK$195,973,000), HK$4,128,000 (2023: HK$4,128,000) and HK$1,236,186,000 (2023: HK$1,434,588,000) that will expire in 5 years, 17 years and 20 years, respectively, from the respective dates of incurrence; and the remaining balance of HK$130,986,000 (2023: HK$138,297,000) will be available to offset the future profit indefinitely.

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2024 HK$'000	2023 HK$'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	(300,275)	(394,571)

	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share *(Note)*	7,960,092,638	6,092,812,952

Note: The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the bonus elements in the issue of shares through share subscriptions with details set out in note 25(a).

For the years ended 31 December 2024 and 2023, since the share options outstanding had an anti-dilutive effect on the basic loss per share, the exercise of outstanding share options were not assumed in the computation of diluted loss per share.

Except for the above, there is no other dilutive potential ordinary share during the current and prior years. Therefore, the basic and diluted loss per share in the current and prior years are the same.

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK$'000	Machineries HK$'000	Construction in progress HK$'000	Total HK$'000
COST				
As at 1 January 2023	254,231	6,417	932	261,580
Additions	9,129	–	–	9,129
Disposals	(88)	(526)	–	(614)
Transfer	932	–	(932)	–
Exchange realignment	522	(16)	–	506
As at 31 December 2023 and 1 January 2024	264,726	5,875	–	270,601
Additions	3,013	–	–	3,013
Disposals	(3,150)	–	–	(3,150)
Disposals of subsidiaries *(Note 36)*	(1,606)	–	–	(1,606)
Exchange realignment	(8,631)	(209)	–	(8,840)
As at 31 December 2024	254,352	5,666	–	260,018
ACCUMULATED DEPRECIATION				
As at 1 January 2023	204,629	6,032	–	210,661
Depreciation charge for the year	25,303	150	–	25,453
Disposals	(21)	(526)	–	(547)
Exchange realignment	482	(10)	–	472
As at 31 December 2023 and 1 January 2024	230,393	5,646	–	236,039
Depreciation charge for the year	18,473	143	–	18,616
Disposals	(3,148)	–	–	(3,148)
Disposals of subsidiaries *(Note 36)*	(1,564)	–	–	(1,564)
Exchange realignment	(8,032)	(205)	–	(8,237)
As at 31 December 2024	236,122	5,584	–	241,706
NET CARRYING AMOUNT				
As at 31 December 2024	18,230	82	–	18,312
As at 31 December 2023	34,333	229	–	34,562

14. LEASES

Nature of leasing activities (as lessee)

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions property leases the periodic rent is fixed over the lease term.

The Group also leases certain items of equipment. In some contracts for services with distributors, those contracts contain a lease of equipment comprise only fixed payments over the lease terms. Leases of buildings generally have lease terms between 2 and 10 years, while equipment have lease terms of 5 years.

None of the lease contracts entered by the Group contains a variable lease payments scheme.

RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings HK$'000	Equipment HK$'000	Total HK$'000
As at 1 January 2023	81,571	721	82,292
Additions	38,635	–	38,635
Depreciation charge	(41,992)	(516)	(42,508)
Effect of lease modification	(1,724)	–	(1,724)
Exchange realignment	22	(6)	16
As at 31 December 2023 and 1 January 2024	76,512	199	76,711
Additions	9,510	–	9,510
Depreciation charge	(33,186)	(108)	(33,294)
Effect of lease modification	(4,432)	–	(4,432)
Exchange realignment	(1,670)	(2)	(1,672)
As at 31 December 2024	46,734	89	46,823

LEASE LIABILITIES

	2024 HK$000	2023 HK$000
As at 1 January	96,956	100,569
Additions	9,510	38,635
Interest expense *(Note 9)*	7,329	11,818
Lease payments	(44,462)	(52,113)
Effect of lease modification	(5,042)	(2,042)
Exchange realignment	(1,962)	89
As at 31 December	62,329	96,956

14. LEASES (continued)

LEASE LIABILITIES (continued)

Future lease payments are due as follows:

As at 31 December 2024	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Not later than one year	35,279	4,212	31,067
Later than one year and not later than two years	22,135	1,614	20,521
Later than two years and not later than five years	11,170	810	10,360
Later than five years	383	2	381
	68,967	6,638	62,329

As at 31 December 2023	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Not later than one year	46,161	7,364	38,797
Later than one year and not later than two years	36,924	3,884	33,040
Later than two years and not later than five years	25,827	1,727	24,100
Later than five years	1,057	38	1,019
	109,969	13,013	96,956

The present value of future lease payments are analysed as follows:

	2024 HK$'000	2023 HK$'000
Current liabilities	31,067	38,797
Non-current liabilities	31,262	58,159
	62,329	96,956

The total cash outflow for leases for the year ended 31 December 2024 was HK$44,862,000 (2023: HK$52,728,000).

15. GOODWILL AND INTANGIBLE ASSETS

	Goodwill HK$'000 *(Note (a))*	Trademarks HK$'000 *(Note (b))*	Proprietary software HK$'000 *(Note (c))*	Participation rights HK$'000 *(Note (d))*	Patents HK$'000 *(Note(e))*	Licences for intellectual property rights HK$'000 *(Note (f))*	Film rights HK$'000 *(Note (g))*	Total HK$'000
COST								
As at 1 January 2023	690,049	19,516	249,831	382,267	107,922	10,938	128,499	1,589,022
Additions	–	–	28,635	–	–	–	1,654	30,289
Write off	–	–	–	(58,891)	–	(10,938)	–	(69,829)
Exchange realignment	(142)	9	1,762	117	1,424	–	58	3,228
As at 31 December 2023 and 1 January 2024	689,907	19,525	280,228	323,493	109,346	–	130,211	1,552,710
Additions	–	–	39,365	438	–	–	–	39,803
Disposal of subsidiaries *(Note 36)*	(378,506)	–	–	–	(103,389)	–	(129,527)	(611,422)
Exchange realignment	459	(103)	(8,978)	(1,369)	(5,179)	–	(684)	(15,854)
As at 31 December 2024	311,860	19,422	310,615	322,562	778	–	–	965,237
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS								
As at 1 January 2023	395,708	–	170,146	382,267	107,922	10,768	–	1,066,811
Amortisation for the year	–	–	37,331	–	–	170	26,106	63,607
Impairment for the year	44,746	–	–	–	–	–	104,423	149,169
Write off	–	–	–	(58,891)	–	(10,938)	–	(69,829)
Exchange realignment	–	–	872	117	1,424	–	(318)	2,095
As at 31 December 2023 and 1 January 2024	440,454	–	208,349	323,493	109,346	–	130,211	1,211,853
Amortisation for the year	–	–	28,993	11	–	–	–	29,004
Disposal of subsidiaries *(Note 36)*	(378,506)	–	–	–	(103,389)	–	(129,527)	(611,422)
Exchange realignment	–	–	(5,237)	(1,369)	(5,179)	–	(684)	(12,469)
As at 31 December 2024	61,948	–	232,105	322,135	778	–	–	616,966
CARRYING AMOUNT								
As at 31 December 2024	249,912	19,422	78,510	427	–	–	–	348,271
As at 31 December 2023	249,453	19,525	71,879	–	–	–	–	340,857

15. GOODWILL AND INTANGIBLE ASSETS (continued)

Notes:

(a) For the purpose of impairment testing to be performed, the carrying amount of goodwill, before impairment, is allocated to CGUs in the media entertainment segment identified as follows:

	2024 HK$'000	2023 HK$'000
Visual effects production services	209,472	209,013
Post production services	40,440	85,186
	249,912	294,199

In addition to goodwill above, certain intangibles assets (as stated in notes 15(b), 15(c) and 15(e)), property, plant and equipment, right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGUs for the purpose of impairment assessment.

The recoverable amounts of the CGUs have been determined by the Directors on the basis of value-in-use calculations with reference to professional valuation reports issued by Knight Frank Asset Appraisal Limited.

The value-in-use calculations for CGUs used cash flows projections based on latest financial budgets approved by the Group's management covering a period of 5 years, which is consistent with the cash flows projections period in 2023.

The cash flow projections beyond the budget period are extrapolated using a growth rate of 1.5% to 2.5% (2023: 2.0% to 2.5%), which do not exceed the long-term growth rates for the industry in the corresponding countries.

The key assumptions used for the value-in-use calculations are as follows:

2024	Visual effects production services CGU	Post production services CGU
Average revenue growth rate within budget period	14.4%	5.8%
Pre-tax discount rate	16.4%	12.4%
Average gross margin	22.1%	32.1%
Recoverable amount (HK$'000)	387,467	59,729

2023	Visual effects production services CGU	Post production services CGU
Average revenue growth rate within budget period	14.4%	3.6%
Pre-tax discount rate	18.7%	13.9%
Average gross margin	21.5%	47.5%
Recoverable amount (HK$'000)	555,266	81,663

The pre-tax discount rate and other key assumptions for the value-in-use calculation, as disclosed in the above table, relate to the estimation of cash inflows/outflows which include budgeted service revenue and gross margin. Such estimations are based on the CGUs' past performance and the management's expectations for the market development.

15. GOODWILL AND INTANGIBLE ASSETS (continued)

Notes: (continued)

(a) *(continued)*

(i) Visual effects production services CGU

As at 31 December 2024, the recoverable amount for the visual effects production services CGU is HK$387,467,000 (2023: HK$555,266,000). The recoverable amount is significantly above the carrying amount of the visual effects production CGU. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

Sensitivity of value in use to reasonable possible changes in key assumptions:

Key assumptions	*Sensitivity*
Pre-tax discount rate	If the pre-tax discount rate is 0.5% higher/lower, while all other variables were held constant, the recoverable amount would decrease by HK$18,896,000 and increase by HK$20,419,000 (2023: decrease by HK$22,439,000 and increase by HK$23,976,000) respectively.
Long-term growth rate	If the long-term growth rate is 0.5% higher/lower, while all other variables were held constant, the recoverable amount would increase by HK$12,650,000 and decrease by HK$11,774,000 (2023: increase by HK$13,563,000 and decrease by HK$12,753,000) respectively.

(ii) Post production services CGU

As at 31 December 2024, the recoverable amount for the post production services CGU is HK$59,729,000 (2023: HK$81,663,000). As at 31 December 2024, the recoverable amount is above the carrying amount of the post production services CGU. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

During the year ended 31 December 2023, the number of projects from post production services CGU decreased. Management is of the opinion that the possibility for increment of the number of projects to a higher level is remote. Accordingly, impairment loss on the related goodwill of HK$44,746,000 for post production services CGU was recognised in profit or loss during the year ended 31 December 2023.

Sensitivity of value in use to reasonable possible changes in key assumptions:

Key assumptions	*Sensitivity*
Pre-tax discount rate	If the pre-tax discount rate is 0.5% higher/lower, while all other variables were held constant, the recoverable amount would decrease by HK$3,351,000 and increase by HK$3,671,000 (2023: decrease by HK$3,456,000 and increase by HK$3,758,000) respectively.
Long-term growth rate	If the long-term growth rate is 0.5% higher/lower, while all other variables were held constant, the recoverable amount would increase by HK$2,282,000 and decrease by HK$2,082,000 (2023: increase by HK$2,281,000 and decrease by HK$2,097,000) respectively.

15. GOODWILL AND INTANGIBLE ASSETS (continued)

Notes: (continued)

(b) Trademarks were considered as having indefinite useful lives as they are considered renewable at minimal costs.

The Group renewed a trademark during the year ended 31 December 2023. In the opinion of the Directors, the trademark can provide continuing economic benefits to the Group taking into account (i) the long-term expected usage of the trademark by the Group with reference to the history of operations and considering that such trademark could be managed efficiently by another management team; and (ii) the long product life cycles for the trademark.

As at 31 December 2024, the trademark is allocated to the Group's visual effects production services CGU for the purpose of impairment testing.

(c) Proprietary software mainly represented internally developed and purchased software to produce various visual effects.

The proprietary software is allocated to the Group's visual effects production services CGU for the purpose of impairment testing.

(d) Participation rights represented the contractual rights to income arising from broadcasting movies and TV dramas.

The participation rights are tested on asset level for a stand-alone basis in connection with respective movies and TV dramas involved.

(e) Patents mainly represent certain intellectual properties which are licensed including patents, trademarks and software.

(f) Licences for intellectual property rights granted to the Group is a right of development, sale/distribution and promotion of digital articles of merchandise (such as 360 degree video, interactive virtual reality, augmented reality environment experience, and similar immersive media content) incorporating the licensed material, which were tested for impairment on asset level for a stand-alone basis. The licences for intellectual property rights were being written off during the year ended 31 December 2023.

(g) Film rights represent film produced by the Group. The film was internally produced by the Group which is entitled to all retained profit generated from the film right, after sharing with producers and other independent parties of certain percentages specified in the agreements between the Group and those parties.

During the year ended 31 December 2023, the film has been released in the USA and various locations in the world. Accordingly, amortisation of the capitalised production costs associated with the film right commenced over its useful life of 5 years during the year. As at 31 December 2023, based on the lower-than-expected box office results following the release of the film which would have represented the main source of net cash inflow for the film (similar to other theatrically released films), the Directors have determined that it is unlikely that the Group would be able to recover the remainder of the capitalised production costs after amortisation. The Directors have carried out the impairment testing on the film rights. The recoverable amount of this asset has been determined based on the value in use calculation. The calculation uses cash flow projections based on latest revised financial budgets approved covering a 5-year period. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted broadcasting income, such estimation is based on the asset's past performance and management's expectations for the market development. An impairment loss in respect of the film rights of HK$104,423,000 was recognised in profit or loss during the year ended 31 December 2023.

During the year ended 31 December 2024, the film rights are being disposed of upon disposal of subsidiaries, which is detailed in note 36.

16. INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Share of net assets	576	579
Amounts due from associates *(Note)*	225,493	227,020
	226,069	227,599
Less: Accumulated impairment loss on amounts due from associates	(209,140)	(199,193)
	16,929	28,406

Note:

The amounts due from associates are unsecured, interest-free and repayable on demand. In the opinion of the Directors, these amounts due from associates are unlikely to be repaid in the foreseeable future and are considered as long-term interests in associates, which are part of the Group's net investments in the associates. Management reassessed the ECL of amounts due from associates at the reporting date.

The Group's interests in associates are accounted for using the equity method in the consolidated financial statements.

As at 31 December 2024 and 2023, impairment assessment has been performed by the Group. Based on the assessment, the recoverable amount is not higher than the carrying amount of the interests in associates.

Impairment loss on amounts due from associates of HK$12,305,000 (2023: HK$3,248,000) including net share of losses of HK$12,305,000 (2023: net share of losses of HK$4,174,000 and reversal of impairment of HK$926,000) recognised in excess of investment in associates, were recognised for the year ended 31 December 2024. The impairment loss on amounts due from associates comprise of the followings:

(i) During the year ended 31 December 2024, the Group advanced HK$216,000 to (2023: received a repayment of HK$926,000 from) Lead Turbo Group (defined below). Management assessed the ECL of the amount due from Lead Turbo Group and recognised an impairment of HK$216,000 (2023: reversal of impairment of HK$926,000) for the year ended 31 December 2024.

(ii) The Group advanced HK$2,494,000 to Digital Domain Space (Beijing) Media Technology Company Limited ("DD Space (Beijing)") during the year ended 31 December 2023. Management assessed the ECL of the amount due from DD Space (Beijing) and recognised an impairment of HK$2,494,000 for the year ended 31 December 2023.

(iii) The Group recognised share of losses for the year of HK$12,089,000 (2023: HK$1,680,000) on the Group's long-term interest in Digital Domain Virtual Human Group (defined below), in excess of its investment in the associate.

16. INTERESTS IN ASSOCIATES (continued)

Details of the Group's unlisted material associates are as follows.

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Effective equity interest attributable to the Group as at 31 December 2024 and 2023	Principal activity
Lead Turbo Limited	Incorporated	The British Virgin Islands	US$10,356	46.50% (2023: 46.50%)	Investment holdings
VR Technology (HK) Limited	Incorporated	Hong Kong	HK$10,000	46.50% (2023: 46.50%)	Investment holdings
VR Technology Holdings Limited (深圳市虛擬現實技術有限公司)[1,4]	Incorporated	The PRC	RMB158,814	41.86% (2023: 41.86%)	VR hardware and solution services
Shenzhen VR Technology Limited (深圳市虛擬現實科技有限公司)[1,4]	Incorporated	The PRC	RMB10,000,000	41.86% (2023: 41.86%)	VR hardware and solution services
Shenzhen Weier Information Technology Company Limited (深圳市維爾信息科技有限公司)[1,4]	Incorporated	The PRC	RMB20,000,000	41.86% (2023: 41.86%)	Online platform for VR solutions and services
Digital Domain Virtual Human Group Limited	Incorporated	The British Virgin Islands	US$1	30% (2023: 30%)	Investment holdings
Digital Domain (Taiwan) Company Limited[2]	Incorporated	The British Virgin Islands/ Hong Kong	US$1	30% (2023: 30%)	Investment holdings
Digital Domain Media (AM) Company Limited[2]	Incorporated	Hong Kong	HK$1	30% (2023: 30%)	Virtual human business
Xugu Future Technology (Beijing) Company Limited (虛谷未來科技(北京)有限公司)[2,4]	Incorporated	The PRC	RMB4,074,000	30% (2023: 30%)	Virtual human business
DD & TT Company Limited[3]	Incorporated	Hong Kong	HK$55,000,000	18% (2023: 18%)	Holding licence for intellectual property right of a well-known deceased singer
Digital Domain Space (Beijing) Media Technology Company Limited ("DD Space (Beijing)") (數字王國空間(北京)傳媒科技有限公司)[4]	Incorporated	The PRC	RMB5,084,746	34.42% (2023: 34.42%)	VR Theatre
Star Plus Domain Limited	Incorporated	The British Virgin Islands	US$400,000	40% (2023: N/A)	AI driven digital rights library for film and television
Star Plus Domain (HK) Limited[5]	Incorporated	Hong Kong	HK$1,000,000	40% (2023: N/A)	AI driven digital rights library for film and television
Superstar Kingdom (Kunshan) Technology Development Limited 巨星王國(昆山)科技發展有限公司[4,5]	Incorporated	The PRC	RMB10,000,000	40% (2023: N/A)	AI driven digital rights library for film and television

1 90.03% equity interest in these associates are indirectly owned by Lead Turbo Limited and hence the Group's effective equity interest in the associates is 41.86%. Lead Turbo Limited, VR Technology (HK) Limited and these associates are collectively referred to as the Lead Turbo Group.

2 These associates are wholly-owned subsidiaries of Digital Domain Virtual Human Group Limited (collectively the "Digital Domain Virtual Human Group").

3 60% equity interest in this associate is held by Digital Domain Virtual Human Group Limited and hence the Group's effective equity interest in the associate is 18%.

4 The English names of certain companies referred herein represent management's best effort at translating the Chinese names of these companies as no English name has been registered.

5 These associates are wholly-owned subsidiaries of Star Plus Domain Limited

16. INTERESTS IN ASSOCIATES (continued)

(a) The summarised financial information in respect of the Group's material associates below represents amounts shown in the associates' financial statements adjusted by the Group to conform with HKFRS Accounting Standards for equity accounting purposes.

As at 31 December	Lead Turbo Group 2024 HK$'000	Lead Turbo Group 2023 HK$'000	Digital Domain Virtual Human Group 2024 HK$'000	Digital Domain Virtual Human Group 2023 HK$'000	DD Space (Beijing) 2024 HK$'000	DD Space (Beijing) 2023 HK$'000
Non-current assets	29,920	31,567	2,792	8,458	–	–
Current assets	2,773	2,877	3,716	3,971	27,783	27,783
Non-current liabilities	–	–	–	–	–	–
Current liabilities	(59,956)	(61,707)	(135,723)	(135,005)	(95,653)	(95,653)
Net liabilities	(27,263)	(27,263)	(129,215)	(122,576)	(67,870)	(67,870)
Non-controlling interest	2,466	2,466	4,851	1,813	–	–
Net liabilities attributed to owners of the associates	(24,797)	(24,797)	(124,364)	(120,763)	(67,870)	(67,870)
Group's share of net assets, net of impairment	–	–	–	–	–	–
Amounts due from associates, net of impairment	–	–	16,918	28,395	–	–
	–	–	16,918	28,395	–	–
Included in the above amounts are:						
Year ended 31 December						
Revenue	–	–	104	2,186	–	–
Loss for the year	(1,968)	(3,392)	(6,629)	(5,600)	–	–
Other comprehensive income	1,968	–	(10)	–	–	–
Total comprehensive income	–	(3,392)	(6,639)	(5,600)	–	–
Group's share of loss	–	–	–	–	–	–
Group's share of loss recognised as impairment on the Group's long-term interest in associates	(216)	–	(12,089)	(1,680)	–	(2,494)
Group's share of other comprehensive income	–	–	–	–	–	–

16. INTERESTS IN ASSOCIATES (continued)

(b) The summarised financial information in respect of the Group' associate which is considered as immaterial below represents amounts shown in the associate's financial statements adjusted by the Group to conform with HKFRS Accounting Standards for equity accounting purposes.

	2024 HK$'000	2023 HK$'000
As at 31 December		
Aggregated carrying amount of individual immaterial associate in the consolidated financial statements	11	11
Year ended 31 December		
Loss for the year	–	(5)
Other comprehensive income	–	1
Total comprehensive income	–	(4)
Group's share of loss	–	(2)
Group's share of other comprehensive income	–	–

The Group has discontinued recognition of its share of losses of the associates. The amounts of unrecognised share of the associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2024 HK$'000	2023 HK$'000
Accumulated unrecognised share of losses of the associates in prior years	6,779	4,350
Unrecognised share of losses of the associates for the year	863	2,429
	7,642	6,779

17. INTERESTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
Share of net assets	–	–

Particulars of the unlisted joint ventures as at 31 December 2024 are as follows:

Name of joint venture	Place of incorporation/ registration and business	Form of business structure	Percentage of ownership interest attributable to the Group	Principal activity
Digital Domain IPing (Beijing) Media Technology Company Limited	The PRC	Corporation	50% (2023: 50%)	Visual effects production
Digital Eve Technology Limited ("Digital Eve")	The British Virgin Islands	Corporation	10% (2023: 10%)	Investment holdings
Digital Eve Technology Limited (Dissolved on 26 January 2024)	Hong Kong	Corporation	Nil (2023: 10%)	Production of audio-virtual content for blockchain or Web3 platforms

The Group has joint control over the arrangements as unanimous consent is required from all parties to the arrangements for the relevant activities of the aforesaid companies. The contractual arrangement in relation to the aforesaid companies provide the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for the liabilities of the joint arrangements resting primarily with these companies.

The Group has discontinued recognition of its share of losses of the joint ventures. The amounts of unrecognised share of the joint ventures, extracted from the relevant management accounts of the joint ventures, both for the year and cumulatively, are as follows:

	2024 HK$'000	2023 HK$'000
Accumulated unrecognised share of losses of the joint ventures in prior years	(150)	(56)
Unrecognised share of losses of the joint venture for the year	(81)	(94)
	(231)	(150)

18. LOAN TO A JOINT VENTURE

During the year ended 31 December 2023, the Group granted a loan to Digital Eve, a joint venture of the Group amounting to US$3,000,000 (equivalent to HK$23,510,000). The loan to a joint venture is unsecured, interest bearing at 8% to 12% per annum and repayable in three years from grant of the loan. Details of the loan to a joint venture are per the Company's announcement dated 13 February 2023.

Digital Eve early repaid US$2,883,300 (equivalent to HK$22,518,000) to the Group during the year ended 31 December 2023. The outstanding principal amount of loan to a joint venture is US$117,000 (equivalent to HK$911,000) (2023: US$117,000 (equivalent to HK$916,000)) as at 31 December 2024.

19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) On 3 February 2021, the Group acquired 248,431 common shares of asknet Solutions AG ("asknet"), a publicly traded German ecommerce company, the shares of which are traded on the Frankfurt Stock Exchange (ticker code: ASKN) at the consideration of approximately EUR3,709,000 (equivalent to approximately HK$34,586,000). The shares represented approximately 19% of the total issued common shares of asknet on 3 February 2021.

In November 2021, asknet proposed to increase its capital from 1,307,530 shares to 3,268,825 shares. Therefore the shares held by the Group was diluted which represented approximately 7.6% of the total issued common shares of asknet since then.

On 30 May 2022, asknet announced that its Executive Board with the approval of the Supervisory Board decided to delist its shares on the Frankfurt Stock Exchange with effective from 31 August 2022, because the economic benefit of the inclusion of its shares in the Regulated Unofficial Market of the Frankfurt Stock Exchange no longer justifies the associated expenses.

On 31 August 2022, the common shares of asknet were delisted from the Frankfurt Stock Exchange. Immediately before the delist, the fair value of the Group's interests in asknet, based on quoted market price, amounted to HK$881,000. In the opinion of the Directors, upon the delist of asknet the fair value of the Group's interests in asknet becomes minimal and accordingly a further fair value loss of HK$881,000 was recognised in profit or loss during the year ended 31 December 2022.

As at 31 December 2023, asknet remains its delisted status. In the opinion of the Directors, the fair value of the Group's equity interests in asknet remains minimal and there is no changes on fair value of asknet. During the year ended 31 December 2024, the Group disposed of its 248,431 common shares of asknet, for which details are set out in note 19(c).

(b) On 26 February 2021 and 6 May 2021, the Group acquired 260,000 and 5,000, respectively, bearer shares of Highlight Event and Entertainment AG ("HLEE"), a publicly traded Swiss media and sports marketing company, the shares of which are traded on the Swiss Stock Exchange (ticker code: HLEE.SW) at the consideration of approximately EUR7,064,000 (equivalent to approximately HK$66,405,000) and EUR150,000 (equivalent to approximately HK$1,403,000), respectively. The shares represented approximately 2.91% and 0.06% of the total issued bearer shares of HLEE on 26 February 2021 and 6 May 2021, respectively. Upon the completion of these two acquisitions, the total shares represented approximately 3.01% of the total issued bearer shares of HLEE on 6 May 2021.

As at 31 December 2022, the shares held by the Group represented approximately 2.8% of the total issued bearer shares of HLEE.

In November 2023, HLEE increased its capital from 9,460,000 shares to 12,960,000 shares. Since then and as at 31 December 2023 and 31 December 2024, the shares held by the Group was diluted which represented approximately 2.04% of the total issued bearer shares of HLEE.

19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(c) In June 2024, the Group subscribed 10,000,000 bearer shares of Youngtimers AG ("YTME"), a publicly traded Swiss special situation investment firm, the shares of which are traded on the Swiss Stock Exchange (ticker code: YTME.SW) for an aggregate consideration of US$7,000,000 (equivalent to approximately HK$54,570,000).

In February 2024, the Group acquired an unlisted corporate bond issued by Immo Prime S.A., a Luxemburg company independent to the Group, at the purchase price of US$3,000,000 (equivalent to approximately HK$23,453,000) from the original holder, Nobias Media S.à r.l., an independent third party.

In June 2024, the Group disposed of its 248,431 common shares in asknet and the bond at a consideration of share consideration of 4,000,000 bearer shares of YTME. The fair value of the share consideration was EUR3,331,808 (equivalent to approximately HK$28,172,000) and the fair values of the 248,431 common shares and the bond were HK$Nil and HK$16,995,000, respectively, on the completion date of 27 June 2024. A gain on disposal of the financial assets was recognised in profit or loss during the year ended 31 December 2024.

As at 31 December 2024, the YTME shares held by the Group represented approximately 19.441% (14,000,000 shares) of the total issued bearer shares of YTME.

(d) Information of the financial assets measured at FVTPL

	2024 HK$'000	2023 HK$'000
Unlisted equity securities outside Hong Kong, at fair value *(Note 19 (a))*	N/A	–
Listed equity securities outside Hong Kong, at fair value	120,170	31,719
Financial assets measured at FVTPL	120,170	31,719

The movements of the Group's financial assets measured at FVTPL were as follows:

	2024 HK$'000	2023 HK$'000
As at 1 January	31,719	41,349
Additions	106,195	79,298
Fair value gain/(loss) recognised in profit or loss	6,031	(8,318)
Disposals	(16,995)	(81,731)
Exchange realignment	(6,780)	1,121
As at 31 December	120,170	31,719

The above investments are classified as non-current because the management expects to realise these financial assets after twelve months after the reporting period.

The fair value of the listed equity securities is determined based on the quoted market closing prices available on the relevant stock exchanges at the end of the reporting period.

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2024 HK$'000	2023 HK$'000
Non-current portion:		
Consideration receivable (*Notes (i)* and *(iv)*)	–	7,831
Deposits (*Note (i)*)	8,319	10,448
	8,319	18,279
Current portion:		
Trade receivables (*Notes (i)* and *(ii)*)	61,226	37,397
Consideration receivables (*Notes (i)* and *(iv)*)	15,538	7,831
Other receivables (Notes *(i)* and *(iii)*)	10,931	17,627
Deposits (*Note (i)*)	1,311	670
Prepayments	9,379	13,433
	98,385	76,958
Total trade receivables, other receivables and prepayments	106,704	95,237

Notes:

(i) The Directors consider that the carrying amounts of trade receivables, consideration receivable, other receivables, and deposits approximate their fair values as at 31 December 2024 and 2023.

(ii) The Group normally allows an average credit period of 30 to 45 days (2023: 30 days) to trade customers. The ageing analysis of the Group's trade receivables, net of allowance of impairment losses, based on the invoice date as of the end of reporting period, is as follows:

	2024 HK$'000	2023 HK$'000
0 to 30 days	44,914	22,499
31 to 60 days	6,747	933
61 to 90 days	2,217	1,482
91 to 365 days	6,583	9,894
Over 365 days	765	2,589
	61,226	37,397

No interest is charged on trade receivables.

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (continued)

Notes: (continued)

(iii) Other receivables mainly represent advance to third parties and value-added tax recoverable.

(iv) Consideration receivables as at 31 December 2024 comprised:

(a) The second to the fifth instalments of the deferred cash consideration due from an independent third party arising from the disposal of subsidiaries during the year ended 31 December 2023 amounted to US$2,000,000 (equivalent to HK$15,538,000) (2023: US$2,000,000 (equivalent to HK$15,662,000)) (Note 36). The amounts are unsecured, interest-free and repayable as to US$1,000,000 (equivalent to HK$7,831,000) in 2024 and as to US$1,000,000 (equivalent to HK$7,831,000) in 2025. Repayment of US$1,000,000 (equivalent to HK$7,786,000) was received in February 2025.

(b) The second and the third instalments of the deferred consideration from disposal of subsidiaries amounted to HK$68,000,000 in 2020. The amounts are secured by the 22.29% equity interests of the Lead Turbo Group, interest-free and repayable on the first and the second anniversary dates of the completion date of the disposal (i.e. 31 July 2021 and 2022).

The Directors are of the opinion that, after taking into account the overdue status on the debt from the purchaser and the recoverable amount of the pledged equity interests of the Lead Turbo Group, accumulated impairment loss of HK$68,000,000 (2023: HK$68,000,000) has been made at the end of the reporting period.

21. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2024 HK$'000	2023 HK$'000
Contract assets arising from:		
Visual effects production and post production services	6,475	7,915

Typical payment terms which impact on the amount of contract assets are as follows:

Services of visual effects production and post production

The Group's visual effects production and post production includes payment schedules which require stage payments over the production period. These payment schedules prevent the build-up of significant contract assets.

The timing of recovery or settlement for contract assets as at 31 December 2024 and 2023 are expected to be within one year.

The movements in the loss allowance for impairment of contract assets are as follows:

	2024 HK$'000	2023 HK$'000
At beginning of year	34	11
Recognition of impairment losses	–	23
At end of year	34	34

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates for the measurement of the ECLs of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

21. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(a) Contract assets (continued)

Services of visual effects production and post production (continued)

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2024 HK$'000	2023 HK$'000
As at 31 December	6,475	7,915
ECL rate	0. 52%	0.43%

	2024 HK$'000	2023 HK$'000
Gross carrying amount	6,509	7,949
ECLs	(34)	(34)
	6,475	7,915

(b) Contract liabilities

	2024 HK$'000	2023 HK$'000
Contract liabilities arising from:		
Visual effects production and post production services	20,682	50,822
Virtual human services	686	846
	21,368	51,668

Typical payment terms which impact on the amount of contract liabilities are as follows:

Services of visual effects production and post production and virtual human services

The Group received non-cancellable payment in advance from customers for services to be provided. Where discrepancies arise between the payments and the Group's assessment on services performed under the contract, contract liabilities can arise.

21. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities (continued)

Movements in contract liabilities

	2024 HK$'000	2023 HK$'000
Balance as at 1 January	51,668	53,624
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(51,668)	(53,624)
Increase in contract liabilities as a result of billing in advance of visual effects production and post production services and virtual human services	21,368	51,668
Balance at 31 December	21,368	51,668

22. CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES

	2024 HK$'000	2023 HK$'000
Cash and cash equivalents	150,959	464,038
Pledged bank deposits	248,602	171,816
Restricted bank balance *(Note)*	559	–
	400,120	635,854

As at 31 December 2024, included in the cash and cash equivalents of the Group was an amount of HK$10,760,000 (2023: HK$27,968,000) which is denominated in Renminbi ("RMB"). RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Note:

The amount represented the deposit pledged for the Group's application of assets preservation in certain PRC legal proceedings.

23. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2024 HK$'000	2023 HK$'000
Trade payables	38,086	28,955
Other payables	55,744	83,420
Interest payables	37,720	34,038
Accruals	44,006	52,108
Total trade payables, other payables and accruals	175,556	198,521

Trade payables are non-interest bearing and are normally settled within 30-180 days (2023: 30-180 days).

The Directors consider that the carrying amounts of trade payables, other payables and accruals approximate their fair values as at 31 December 2024 and 2023.

The ageing analysis of the Group's trade payables based on invoice date as of the end of reporting period is as follows:

	2024 HK$'000	2023 HK$'000
0 to 30 days	19,548	4,585
31 to 60 days	10,110	3,144
61 to 90 days	1,865	1,151
91 to 365 days	1,904	12,925
Over 365 days	4,659	7,150
	38,086	28,955

24. BORROWINGS

	2024 HK$'000	2023 HK$'000
Current		
Bank loans due for repayment within one year (*Notes (i)&(ii)*)	108,982	56,072
Other loans (*Notes (iii)&(v)*)	–	48,647
	108,982	104,719
Non-current		
Bank loans (*Note (i)*)	147,607	122,187
Other loans (*Notes (iv)&(v)*)	123,505	123,832
	271,112	246,019
Total borrowings	380,094	350,738
Representing:		
– Bank loans and bank overdrafts	256,589	178,259
– Other loans	123,505	172,479
	380,094	350,738

24. BORROWINGS (continued)

The Group's borrowings consisted of the following:

(i) As at 31 December 2024, bank loans with principal amount of US$32,000,000 (equivalent to HK$248,602,000) (2023: US$21,600,000 (equivalent to HK$168,692,000)) were secured by bank deposits amounted at HK$248,602,000 (2023: HK$171,816,000) placed in the banks. The balance of US$13,000,000 (equivalent to HK$100,995,000) (2023: US$6,000,000 (equivalent to HK$46,859,000)) is repayable within one year or on demand, while the maturity date for remaining balance of US$6,000,000 (equivalent to HK$46,612,000) (2023: US$10,000,000 (equivalent to HK$78,098,000)) in the second year and US$13,000,000 (equivalent to HK$100,995,000) (2023: US$5,600,000 (equivalent to HK$43,735,000)) within 2 to 3 years respectively.

As at 31 December 2024, there were also utilised facility loans with the principal amount of CAD570,000 (equivalent to HK$3,078,000) (2023: CAD730,000 (equivalent to HK$4,304,000)) guaranteed by the subsidiaries of the Company. The balance is repayable within one year or on demand.

As at 31 December 2023, there was a loan amount of CAD60,000 (equivalent to HK$354,000) granted under emergencies loan schemes from COVID-19. The loan was unsecured, interest bearing at 5% per annum and repayable on 31 December 2025. The loan was early repaid in January 2024.

(ii) As at 31 December 2011, a bank loan has been granted to a then subsidiary of the Company (the "Subsidiary") under the Special Loan Guarantee Scheme (the "SME loan") of the Hong Kong Special Administrative Region Government (the "Government") to the extent of HK$6,000,000. It represented a 5-year instalment loan which was 80% guaranteed by the Government and a corporate guarantee was provided to the bank by the Subsidiary's immediate holding company which is also an indirect wholly-owned subsidiary of the Company since 2013.

According to the Company's announcement dated 20 December 2010, the Group decided not to continue to finance its entertainment media business, and the Subsidiary, as one of the Group companies engaged in the entertainment media business, ceased its operation before 31 December 2010, and ceased the instalment repayment of the SME loan which was due in December 2010. The aforesaid bank had issued a demand letter to the Subsidiary and stated that it might take any legal action against the Subsidiary in respect of the repayment of the SME loan.

During the year ended 31 December 2011, the Subsidiary and its immediate holding company further received a writ of summon from the Court of First Instance and the statement of claim from the legal representative of the plaintiff claiming for (i) outstanding principal amount and related overdue interest and (ii) cost of legal action in respect of the claim on a full indemnity basis to be taxed if not agreed and further or other relief (collectively the "Claim"). The entire outstanding SME loan as at 31 December 2011 was classified under the current liabilities of the Group in the consolidated financial statements.

24. BORROWINGS (continued)

The Group's borrowings consisted of the following: (continued)

(ii) (continued)

During the year ended 31 December 2012, a provisional liquidator was appointed for the Subsidiary by the order of the Official Receiver's Office in July 2012 and thereafter the Company lost control of the Subsidiary which was therefore deconsolidated from the Group on the same date. During the year ended 31 December 2013, two joint and several liquidators were appointed in July 2013. Nevertheless, the obligation under the SME loan and the related accrued interest payable were borne by the immediate holding company of the Subsidiary (as the provider of the corporate guarantee). Accordingly, the SME loan and the related accrued interest payable were recognised as current liabilities by the Group as at the end of the reporting periods.

As at 31 December 2024, the carrying amount of the SME loan and the related accrued interest payable were HK$4,909,000 (2023: HK$4,909,000) and HK$36,393,000 (2023: HK$27,944,000), respectively. The related accrued interest payable has been recognised and was included in the Group's trade payables, other payables and accruals as measured in accordance with the loan agreement and the Claim. In the opinion of the Directors, the related cost of legal action and further or other relief in connection with the Claim cannot be measured reliably and hence no provision has been made as at 31 December 2024 and 2023. No further action has been taken against the Group during the current year.

Up to the date of approval of these consolidated financial statements, the SME loan and the related accrued interest payable have not been settled nor has any negotiation been made with the bank. There was no corporate guarantee issued by the Company in favour of the Subsidiary nor the immediate holding company of the Subsidiary, and the Directors are of the opinion that adequate provisions and disclosures have been made in the preparation of these consolidated financial statements, and the above matter in the non-repayment of the SME loan and the related accrued interest payable has no further material adverse financial impact to the Company or the Group.

(iii) As at 31 December 2023, one other loan with the principal amount of US$429,000 (equivalent to HK$3,350,000)) is unsecured, interest-bearing at 5% per annum and repayable on demand. During the year ended 31 December 2024, the other loan amounting to US$429,000 (equivalent to HK$3,333,000) was being disposed of upon disposal of subsidiaries (Note 36).

24. BORROWINGS (continued)

The Group's borrowings consisted of the following: (continued)

(iv) As at 31 December 2024, two other loans with principal amounts of US$8,000,000 (equivalent to HK$62,150,000) (2023: US$8,000,000 (equivalent to HK$62,478,000)) and HK$34,290,000 (2023: HK$34,290,000), respectively, are unsecured, interest-bearing at interest rate from prime rate quoted by a bank in Hong Kong and not repayable ranging within 13 months from 31 December 2024.

As at 31 December 2024, one of other loans with a principal amount US$3,500,000 (equivalent to HK$27,065,000) (2023: US$3,500,000 (equivalent to HK$27,064,000)) is unsecured, interest-free and not repayable ranging within 13 months from 31 December 2024.

(v) As at 31 December 2023, an other loan with principal amount of US$5,800,000 (equivalent to HK$45,297,000) is interest-bearing at 10% per annum and with HK$45,297,000 repayable within one year). This other loan was fully repaid during the year ended 31 December 2024.

As at 31 December 2024 and 2023, all the loans of the Group are denominated in either HK$, Canadian dollar ("CAD") or United States dollar ("US$").

The bank loans bear floating interest rates at effective rates ranging from 2.50% to 6.45% (2023: 2.50% to 8.20%) per annum. The other loans bear floating interest rates at effective rates ranging from 5.25% to 5.88% (2023: 5.63% to 5.88%) per annum.

The Directors consider that the carrying amounts of the Group's bank borrowings and other loan approximate their fair values as at 31 December 2024 and 2023.

At the end of the reporting period, total bank loans and overdrafts were scheduled to repay as follows:

	2024 HK$'000	2023 HK$'000
On demand or within one year	108,982	56,072
More than one year, but not exceeding two years	46,612	78,452
More than two years, but not exceeding five years	100,995	43,735
	256,589	178,259

At the end of the reporting period, total other loans were scheduled to repay as follows:

	2024 HK$'000	2023 HK$'000
On demand or within one year	–	48,647
More than one year, but not exceeding two years	123,505	123,832
	123,505	172,479

Note:

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause.

24. BORROWINGS (continued)

The Group regularly monitors the compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Company continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 40(b). During the year ended 31 December 2024 and as at 31 December 2024, none of the covenants relating to drawn down facilities had been breached.

25. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2024	2023	2024 HK$'000	2023 HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
As at 1 January 2023, 31 December 2023 and 31 December 2024	75,000,000,000	75,000,000,000	750,000	750,000
Issued and fully paid ordinary shares:				
As at 1 January	7,379,248,625	4,329,027,625	73,792	43,290
Issue of shares on subscriptions *(Note (a))*				
– on 2 February 2023	–	219,375,000	–	2,194
– on 3 May 2023	–	646,430,000	–	6,464
– on 20 June 2023	–	1,038,966,000	–	10,390
– on 29 December 2023	–	1,145,450,000	–	11,454
– on 24 January 2024	600,000,000	–	6,000	–
As at 31 December	7,979,248,625	7,379,248,625	79,792	73,792

Notes:

(a) On 2 February 2023, 219,375,000 new ordinary shares of par value HK$0.01 each were issued at subscription price of HK$0.32 each to independent third parties of the Group at an aggregate consideration of approximately HK$69,906,000 net of issuing expenses, of which approximately HK$2,194,000 was credited to the share capital and the remaining balance of approximately HK$67,712,000 was credited to the share premium account.

On 3 May 2023, 646,430,000 new ordinary shares of par value HK$0.01 each were issued at subscription price of HK$0.222 each to an independent third party of the Group at an aggregate consideration of approximately HK$143,473,000 net of issuing expenses, of which approximately HK$6,464,000 was credited to the share capital and the remaining balance of approximately HK$137,009,000 was credited to the share premium account.

On 20 June 2023, 1,038,966,000 new ordinary shares of par value HK$0.01 each were issued at subscription price of HK$0.224 each to independent third parties of the Group at an aggregate consideration of approximately HK$232,610,000 net of issuing expenses, of which approximately HK$10,390,000 was credited to the share capital and the remaining balance of approximately HK$222,220,000 was credited to the share premium account.

25. SHARE CAPITAL (continued)

Notes: (continued)

(a) (continued)

On 29 December 2023, 1,145,450,000 new ordinary shares of par value HK$0.01 each were issued at subscription price of HK$0.207 each to independent third parties of the Group at an aggregate consideration of approximately HK$236,758,000 net of issuing expenses, of which approximately HK$11,454,000 was credited to the share capital and the remaining balance of approximately HK$225,304,000 was credited to the share premium account.

On 24 January 2024, 600,000,000 new ordinary shares of par value HK$0.01 each were issued at subscription price of HK$0.207 each to independent third parties of the Group at an aggregate consideration of approximately HK$124,132,000 net of issuing expenses, of which approximately HK$6,000,000 was credited to the share capital and the remaining balance of approximately HK$118,132,000 was credited to the share premium account.

The proceeds are raised as its general working capital.

The new shares rank pari-passu with the existing shares in all respects.

(b) No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting year (2023: Nil).

26. RESERVES

Company

	Notes	Share premium HK$'000 *(Note (i))*	Contributed surplus HK$'000 *(Note (iii))*	Share options reserve HK$'000 *(Note (iv))*	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2023		131,996	984,302	183,854	(1,211,639)	88,513
Issue of shares on subscriptions, net of expenses	*25(a)*	652,245	–	–	–	652,245
Loss and total comprehensive income for the year		–	–	–	(476,229)	(476,229)
As at 31 December 2023 and 1 January 2024		784,241	984,302	183,854	(1,687,868)	264,529
Issue of shares on subscription, net of expenses	*25(a)*	118,132	–	–	–	118,132
Recognition of equity-settled share-based payment expenses	*27*	–	–	26,863	–	26,863
Lapse of share options	*27*	–	–	(40,583)	40,583	–
Loss and total comprehensive income for the year		–	–	–	(289,761)	(289,761)
As at 31 December 2024		902,373	984,302	170,134	(1,937,046)	119,763

26. RESERVES (continued)

Notes:

(i) Share premium

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act.

(ii) FVOCI reserve

The FVOCI reserve represents the cumulative net fair value change of equity investment designated at FVOCI under HKFRS 9 that are held at the end of the reporting year.

(iii) Contributed surplus

Contributed surplus of the Group represents the net balance of (i) the credit arising from the capital reorganisation of the Company during the years ended 31 December 2009, 2017 and 2021 which was transferred to the contributed surplus account and; (ii) all amounts standing to the credit of the share premium account of the Company immediately after the capital reorganisation in 2009 and 2017 were cancelled and the credit arising therefrom was transferred to the contributed surplus.

In addition to the retained profits, under the Companies Act of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(iv) Share options reserve

This reserve represents cumulative expenses recognised on the granting of unexercised share options to the participants over the vesting period.

(v) Exchange fluctuation reserve

This reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and share of related reserve of the associates.

(vi) Other reserve

This reserve represents (i) the contributed surplus reserve of an associate established in the PRC, where the change in net assets attributable to the Group in relation to the change in ownership interests in the associate through cash injection by the Group and other investors of the associate; and (ii) the capital contribution to a non-wholly owned subsidiary from a non-controlling shareholder, which was transferred to accumulated losses of the Group upon disposal of the non-wholly owned subsidiary.

27. SHARE-BASED PAYMENT TRANSACTIONS

(i) Share option scheme

On 27 April 2012, a 10-year share option scheme was adopted and amended on 3 April 2014 (the "2012 Option Scheme"). Pursuant to the 2012 Option Scheme, the board is authorised to grant options to any Directors, employees and those persons of the Group who have contributed or will contribute to the Group as incentive schemes and rewards. The 2012 Option Scheme has been expired on 27 April 2022.

On 21 May 2020, 478,000,000 share options ("Options") were conditionally granted to employees of the Group under the 2012 Option Scheme. Out of which, 292,200,000 and 92,200,000 Options were vested on 21 May 2020 and 21 May 2021 respectively, the remaining 93,600,000 Options were vested on 21 May 2022. All Options are exercisable from their respective vesting dates until 20 May 2030. The exercise price of the Options is HK$0.046 per share, being the closing price of the Company's ordinary shares on 21 May 2020.

On 16 June 2022, a new share option scheme was adopted and was valid and effective for a period of 10 years (the "2022 Option Scheme"). Pursuant to the 2022 Option Scheme, the board is authorised to grant options to any Directors, employees and those persons of the Group who have contributed or will contribute to the Group as incentive schemes and rewards.

On 26 July 2024, 220,000,000 share options were granted to employees and a director of the Group. The share options have immediately vested on 26 July 2024 and are exercisable for the period from 26 July 2024 to 25 July 2034. The exercise price of the share options is HK$0.245 per share, being the closing price of the Company's ordinary shares on 26 July 2024.

On 1 November 2024, 40,000,000 share options were conditionally granted to director of the Group. All share options will be vested on 1 November 2025. All share options are exercisable for the period from 1 November 2025 to 31 October 2034. The exercise price of the share options is HK$0.490 per share, being the closing price of the Company's ordinary shares on 1 November 2024.

During the year, 79,273,000 share options under the 2012 Option Scheme were lapsed. Accordingly, the related share options reserve of HK$40,583,000 was released to accumulated losses. No share options (2023: Nil) were forfeited and no share options (2023: Nil) were exercised, the average remaining contractual life is 7.22 years (2023: 2.69 years).

The fair value of services received in return for the grant on the grant date is measured by reference to the fair value of share options granted. The fair value of the share options granted on 26 July 2024 and 1 November 2024 are determined based on binomial option pricing model.

27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(i) Share option scheme (continued)

The key valuation parameters on share options granted on 26 July 2024 and 1 November 2024 are as follows:

Grant date	26 July 2024	1 November 2024
Fair value at grant date	HK$0.115	HK$0.24
Average closing price of the five business days immediately before the date of grant	HK$0.2332	HK$0.443
Share price at grant date	HK$0.245	HK$0.49
Exercise price	HK$0.245	HK$0.49
Expected volatility	50%	50%
Life of the share options	10 years	10 years
Expected dividend yield	0%	0%
Risk-free rate	3.08%	3.09%
Forfeiture rate	5.5%	5.5%
Suboptimal exercise behaviour multiple	2.80x	2.80x

Expected volatility was determined by considering the historical share price movement of the comparable companies. Expected dividend yield was determined from the Company's historical payment of dividends. Risk-free rate was the bond yields on the Hong Kong dollars denominated Hong Kong Government bond maturing in accordance with the life of the options. Forfeiture rate was determined from the Company's historical employee share options exit rate. Suboptimal exercise behaviour multiple was based on the Company's historical employee share options early exercise multiples.

The fair value of equity-settled share options was estimated through the use of option valuation models which require various inputs and assumptions. The value of options was subjective and might be uncertain as it is affected by assumptions applied and with regard to the limitation of the valuation model. Some of the inputs were based on estimates derived from historical information of the Group, such as suboptimal exercise behaviour. In this regard, using different input estimates could produce different option values, which would result in the recognition of a higher or lower expense.

There were no market vesting conditions associated with the share options granted.

The Group recognised a share option expense in connection to all share options granted of approximately HK$26,863,000 during the year ended 31 December 2024 (2023: HK$Nil).

27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(i) Share option scheme (continued)

The following tables disclose movements in the Company's share options during the years ended 31 December 2024 and 2023:

2024

Name and category of participants	As at 1 January 2024	Grant/exercised during the year	Forfeited/lapsed during the year	As at 31 December 2024	Date of grant	Exercise period	Exercise price per share (HK$)
Directors							
Seah Ang							
(Resigned on 13 January 2025)	10,000,000	–	(10,000,000)	–	23 Jul 2014	28 May 2017 to 27 May 2024	0.98
Elizabeth Monk Daley	–	2,000,000	–	2,000,000	26 Jul 2024	26 Jul 2024 to 25 Jul 2034	0.245
Hooi Hing Lee	–	40,000,000	–	40,000,000	1 Nov 2024	1 Nov 2025 to 31 Oct 2034	0.490
Employees, in aggregate							
– 2014	64,473,000	–	(64,473,000)	–	28 May 2014	28 May 2017 to 27 May 2024	0.98
– 2015	2,099,000	–	–	2,099,000	6 May 2015	6 May 2015 to 5 May 2025	13.20
	2,000,000	–	–	2,000,000	6 May 2015	6 May 2016 to 5 May 2025	13.20
	1,900,000	–	–	1,900,000	6 May 2015	6 May 2017 to 5 May 2025	13.20
– 2016	9,150,006	–	–	9,150,006	29 Jan 2016	29 Jan 2016 to 28 Jan 2026	4.13
	8,149,998	–	–	8,149,998	29 Jan 2016	29 Jan 2017 to 28 Jan 2026	4.13
	7,583,327	–	–	7,583,327	29 Jan 2016	29 Jan 2018 to 28 Jan 2026	4.13
	5,000,000	–	–	5,000,000	22 Jun 2016	22 Jun 2017 to 21 Jun 2026	4.95
	5,000,000	–	–	5,000,000	22 Jun 2016	22 Jun 2018 to 21 Jun 2026	4.95
	1,666,671	–	–	1,666,671	29 Jul 2016	29 Jul 2016 to 28 Jul 2026	5.66
	1,169,998	–	–	1,169,998	29 Jul 2016	29 Jul 2017 to 28 Jul 2026	5.66
	843,324	–	–	843,324	29 Jul 2016	29 Jul 2018 to 28 Jul 2026	5.66
– 2019	10,999,999	–	–	10,999,999	24 Apr 2019	24 Apr 2019 to 23 Apr 2029	1.30
	666,667	–	–	666,667	24 Apr 2019	29 Feb 2020 to 23 Apr 2029	1.30
	333,333	–	–	333,333	24 Apr 2019	24 Apr 2020 to 23 Apr 2029	1.30
	666,667	–	–	666,667	24 Apr 2019	28 Feb 2021 to 23 Apr 2029	1.30
	333,334	–	–	333,334	24 Apr 2019	24 Apr 2021 to 23 Apr 2029	1.30
-2020	29,050,000	–	–	29,050,000	21 May 2020	21 May 2020 to 20 May 2030	0.46
	9,220,000	–	–	9,220,000	21 May 2020	21 May 2021 to 20 May 2030	0.46
	7,360,000	–	–	7,360,000	21 May 2020	21 May 2022 to 20 May 2030	0.46
-2024	–	218,000,000	–	218,000,000	26 July 2024	26 July 2024 to 25 July 2034	0.245
Others							
Wang Wei-Chung	166,667	–	–	166,667	29 Jan 2016	29 Jan 2016 to 28 Jan 2026	4.13
	166,667	–	–	166,667	29 Jan 2016	29 Jan 2017 to 28 Jan 2026	4.13
	166,666	–	–	166,666	29 Jan 2016	29 Jan 2018 to 28 Jan 2026	4.13
Amit Chopra	4,800,000	–	(4,800,000)	–	28 May 2014	28 May 2017 to 27 May 2024	0.98
	500,000	–	–	500,000	6 May 2015	6 May 2015 to 5 May 2025	13.20
	500,000	–	–	500,000	6 May 2015	6 May 2016 to 5 May 2025	13.20
	500,000	–	–	500,000	6 May 2015	6 May 2017 to 5 May 2025	13.20
	3,333,334	–	–	3,333,334	7 Jun 2016	29 Jan 2016 to 28 Jan 2026	4.13
	3,333,333	–	–	3,333,333	7 Jun 2016	29 Jan 2017 to 28 Jan 2026	4.13
	3,333,333	–	–	3,333,333	7 Jun 2016	29 Jan 2018 to 28 Jan 2026	4.13
Wei Ming	30,000,000	–	–	30,000,000	1 Jun 2017	13 Feb 2017 to 12 Feb 2027	4.69
	224,465,324	260,000,000	(79,273,000)	405,192,324			
Weighted average exercise price	HK$2.547	HK$0.283	N/A	HK$1.401			

27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(i) Share option scheme (continued)

2023

Name and category of participants	As at 1 January 2023	Grant/exercised during the year	Forfeited/lapsed during the year	As at 31 December 2023	Date of grant	Exercise period	Exercise price per share (HK$)
Director							
Seah Ang (Resigned on 13 January 2025)	10,000,000	–	–	10,000,000	23 July 2014	28 May 2017 to 27 May 2024	0.98
Employees, in aggregate							
– 2014	64,473,000	–	–	64,473,000	28 May 2014	28 May 2017 to 27 May 2024	0.98
– 2015	2,099,000	–	–	2,099,000	6 May 2015	6 May 2015 to 5 May 2025	13.20
	2,000,000	–	–	2,000,000	6 May 2015	6 May 2016 to 5 May 2025	13.20
	1,900,000	–	–	1,900,000	6 May 2015	6 May 2017 to 5 May 2025	13.20
– 2016	9,150,006	–	–	9,150,006	29 Jan 2016	29 Jan 2016 to 28 Jan 2026	4.13
	8,149,998	–	–	8,149,998	29 Jan 2016	29 Jan 2017 to 28 Jan 2026	4.13
	7,583,327	–	–	7,583,327	29 Jan 2016	29 Jan 2018 to 28 Jan 2026	4.13
	5,000,000	–	–	5,000,000	22 Jun 2016	22 Jun 2017 to 21 Jun 2026	4.95
	5,000,000	–	–	5,000,000	22 Jun 2016	22 Jun 2018 to 21 Jun 2026	4.95
	1,666,671	–	–	1,666,671	29 Jul 2016	29 Jul 2016 to 28 Jul 2026	5.66
	1,169,998	–	–	1,169,998	29 Jul 2016	29 Jul 2017 to 28 Jul 2026	5.66
	843,324	–	–	843,324	29 Jul 2016	29 Jul 2018 to 28 Jul 2026	5.66
– 2019	10,999,999	–	–	10,999,999	24 Apr 2019	24 Apr 2019 to 23 Apr 2029	1.30
	666,667	–	–	666,667	24 Apr 2019	29 Feb 2020 to 23 Apr 2029	1.30
	333,333	–	–	333,333	24 Apr 2019	24 Apr 2020 to 23 Apr 2029	1.30
	666,667	–	–	666,667	24 Apr 2019	28 Feb 2021 to 23 Apr 2029	1.30
	333,334	–	–	333,334	24 Apr 2019	24 Apr 2021 to 23 Apr 2029	1.30
–2020	29,050,000	–	–	29,050,000	21 May 2020	21 May 2020 to 20 May 2030	0.46
	9,220,000	–	–	9,220,000	21 May 2020	21 May 2021 to 20 May 2030	0.46
	7,360,000	–	–	7,360,000	21 May 2020	21 May 2022 to 20 May 2030	0.46
Others							
Wang Wei-Chung	166,667	–	–	166,667	29 Jan 2016	29 Jan 2016 to 28 Jan 2026	4.13
	166,667	–	–	166,667	29 Jan 2016	29 Jan 2017 to 28 Jan 2026	4.13
	166,666	–	–	166,666	29 Jan 2016	29 Jan 2018 to 28 Jan 2026	4.13
Amit Chopra	4,800,000	–	–	4,800,000	28 May 2014	28 May 2017 to 27 May 2024	0.98
	500,000	–	–	500,000	6 May 2015	6 May 2015 to 5 May 2025	13.20
	500,000	–	–	500,000	6 May 2015	6 May 2016 to 5 May 2025	13.20
	500,000	–	–	500,000	6 May 2015	6 May 2017 to 5 May 2025	13.20
	3,333,334	–	–	3,333,334	7 Jun 2016	29 Jan 2016 to 28 Jan 2026	4.13
	3,333,333	–	–	3,333,333	7 Jun 2016	29 Jan 2017 to 28 Jan 2026	4.13
	3,333,333	–	–	3,333,333	7 Jun 2016	29 Jan 2018 to 28 Jan 2026	4.13
Wei Ming	30,000,000	–	–	30,000,000	1 Jun 2017	13 Feb 2017 to 12 Feb 2027	4.69
	224,465,324	–	–	224,465,324			
Weighted average exercise price	HK$2.547	N/A	N/A	HK$2.547			

(ii) Option granted under general mandate

No option was granted under general mandate during the year (2023: Nil).

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Interests in subsidiaries		149,070	117,332
Current assets			
Other receivables and prepayments		1,155	1,849
Bank balances and cash		56,948	277,297
		58,103	279,146
Current liabilities			
Other payables and accruals		7,618	12,860
Borrowings		–	45,297
		7,618	58,157
Net current assets		50,485	220,989
Total assets less current liabilities		199,555	338,321
NET ASSETS		199,555	338,321
Capital and reserves			
Share capital	*25*	79,792	73,792
Reserves	*26*	119,763	264,529
TOTAL EQUITY		199,555	338,321

On behalf of the Board

Wong Cheung Lok
Director

On behalf of the Board

Duan Xiongfei
Director

29. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2024 and 2023 are as follows:

Company	Country or place of incorporation and establishment/operation	Issued share capital/paid up capital	Effective equity interest attributable to the Company as at 31 December 2024 and 2023		Nature of business
			Direct	Indirect	
Choice Excel Holdings Limited	The British Virgin Islands	US$100	–	85%	Investment holdings
Chosen Elite Holdings Limited (Struck off on 1 May 2024)	The British Virgin Islands	US$1	– (2023: 100%)	–	Investment holdings
Cosmos Glory Limited	Hong Kong	HK$27,392,698	–	85%	Investment holdings
COTC Productions, Inc. (Disposed on 31 Dec 2024)	USA	US$10	–	– (2023: 51%)	Film investment and production
DD Asset Management (BVI) Limited (Struck off on 1 May 2024)	The British Virgin Islands	US$1	–	– (2023: 100%)	Investment holdings
DD Fengshu Media Limited (Dissolved on 8 Mar 2024)	Hong Kong	HK$1	–	– (2023: 100%)	Dormant
DD Holdings US, LLC	USA	US$35,000,000	–	100%	Investment holdings
DD Licensing (HK) Limited (Dissolved on 7 Jun 2024)	Hong Kong	HK$1	–	– (2023: 100%)	Investment holdings
DD Licensing Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
DD Micoy, Inc. (Disposed on 31 Dec 2024)	USA	US$1	–	– (2023:100%)	Holding assets
DDH Assets Limited	The British Virgin Islands	US$1	100%	–	Investment holdings
DDHU Management Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
DDI Visuals Private Limited	India	INR1,000	–	100%	Visual effects production
DDPO (BVI) Company Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
DDVR, Inc. (Disposed on 31 Dec 2024)	USA	US$1	–	– (2023:100%)	Investment holdings and virtual reality businesses
Digital Domain (International) Limited (Dissolved on 22 Mar 2024)	Hong Kong	HK$1	–	– (2023: 100%)	Investment holdings
Digital Domain 3.0, Inc.	USA	US$50	–	100%	Visual effects production
Digital Domain Assets Limited	Hong Kong	HK$1	–	100%	Investment holdings
Digital Domain Broadcasting (Hong Kong) Limited	Hong Kong	HK$1	–	100%	Investment holdings
Digital Domain Broadcasting Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Digital Domain Capital Partners S.à r.l.	Luxembourg	EUR12,000	–	100%	Development of and investment in media entertainment business in Europe
Digital Domain Consultancy Limited	Hong Kong	HK$1	–	100%	Provision of management services
Digital Domain Content (Hong Kong) Limited	Hong Kong	HK$1	–	100%	Virtual reality content business
Digital Domain Content Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Digital Domain Content Studio, Inc. (Disposed on 31 Dec 2024)	USA	US$1	–	– (2023: 100%)	Investment holdings
Digital Domain Development Limited	The British Virgin Islands	US$1	100%	–	Investment holdings
Digital Domain Development Limited	Hong Kong	HK$1	–	100%	Investment holdings
Digital Domain Distribution (Hong Kong) Limited	Hong Kong	HK$1	–	100%	Dormant
Digital Domain Distribution Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Digital Domain Education (HK) Limited	Hong Kong	HK$1	–	100%	Dormant
Digital Domain Education Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Digital Domain Enterprise Limited	The British Virgin Islands	US$1	100%	–	Investment holdings
Digital Domain Enterprises Group (BVI) Limited	The British Virgin Islands	US$1	100%	–	Investment holdings
Digital Domain Enterprises Group Limited	Hong Kong	HK$1	–	100%	Virtual human business
Digital Domain Entertainment (HK) Limited	Hong Kong	HK$1	–	100%	Investment holdings
Digital Domain Entertainment Limited	The British Virgin Islands	US$1	–	100%	Investment holdings

29. SUBSIDIARIES (CONTINUED)

Particulars of the Company's subsidiaries as at 31 December 2024 and 2023 are as follows: (continued)

Company	Country or place of incorporation and establishment/operation	Issued share capital/paid up capital	Effective equity interest attributable to the Company as at 31 December 2024 and 2023 Direct	Indirect	Nature of business
Digital Domain International Limited (Struck off on 1 May 2024)	The British Virgin Islands	US$1	– (2023: 100%)	–	Investment holdings
Digital Domain Investments (BVI) Limited	The British Virgin Islands	US$1	100%	–	Investment holdings
Digital Domain Investments Limited	Hong Kong	HK$1	–	100%	Dormant
Digital Domain Management Limited	Hong Kong	HK$100	–	100%	Dormant
Digital Domain Music (HK) Limited	Hong Kong	HK$1	–	100%	Dormant
Digital Domain Music Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Digital Domain Network Technology Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Digital Domain Pictures (HK) Limited	Hong Kong	HK$1	–	100%	Dormant
Digital Domain Pictures Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Digital Domain Production (HK) Limited	Hong Kong	HK$1	–	100%	TV drama investment
Digital Domain Production Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Digital Domain Productions 3.0 (BC), Ltd.	Canada	CAD1	–	100%	Visual effects production
Digital Domain Productions Québec, Ltd.	Canada	CAD100	–	100%	Visual effects production
Digital Domain Resources Limited	Hong Kong	HK$2	–	100%	Provision of management services
Digital Domain Studio (HK) Limited	Hong Kong	HK$1	–	100%	Dormant
Digital Domain Studio Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Digital Domain Technology (US), Inc.	USA	US$1	–	100%	Virtual reality business
Digital Domain Technology Limited	Hong Kong	HK$1	–	100%	Investment holdings
Digital Domain Trading Limited (Dissolved on 5 Apr 2024)	Hong Kong	HK$1	–	– (2023: 100%)	Dormant
Digital Domain Virtual Human (HK) Limited	Hong Kong	HK$1	–	80%	Investment holdings
Digital Domain Virtual Human (US), Inc.	USA	US$1	–	80%	Software development and research
Digital Domain Virtual Human Holdings Limited	The British Virgin Islands	US$2,000,160	–	80%	Investment holdings
Digital Domain Virtual Human Productions (BC), Ltd.	Canada	CAD1	–	80%	Software development and research
Digital Domain Gaming Media Limited (formerly known as "Digital Domain YK (HK) Company Limited")	Hong Kong	HK$1	–	100%	Dormant
Digital Domain YK Company Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Driven Global Holdings Limited	The British Virgin Islands	US$1	100%	–	Investment holdings
Ever Champ Management Limited (Dissolved on 1 Nov 2024)	The British Virgin Islands	US$1	– (2023: 100%)	–	Investment holdings
Ever Ultra Limited	The British Virgin Islands	US$100	–	100%	Investment holdings
Ever Union Medical Services Group Limited	Hong Kong	HK$100	–	100%	Investment holdings
Ever Union Services Development Limited (Dissolved on 17 May 2024)	Hong Kong	HK$100	–	– (2023: 100%)	Investment holdings and provision of consultancy services
Four Pillars Entertainment, Inc. (Disposed on 31 Dec 2024)	USA	US$1	–	– (2023: 51%)	Film investment and production
Four Pillars Media Development, Inc. (Disposed on 31 Dec 2024)	USA	US$1	–	– (2023: 51%)	Film investment and production
Golden Stream Global Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
IM360 Entertainment Inc. (Dissolved on 2 May 2024)	Canada	CAD7,307,647	–	– (2023: 91.71%)	Interactive media technology through 360 degree video
Immersive Licensing, Inc. (Disposed on 31 Dec 2024)	USA	US$1,000	–	– (2023: 83.1%)	Manage intellectual property licences and trademarks

29. SUBSIDIARIES (CONTINUED)

Particulars of the Company's subsidiaries as at 31 December 2024 and 2023 are as follows: (continued)

Company	Country or place of incorporation and establishment/operation	Issued share capital/paid up capital	Effective equity interest attributable to the Company as at 31 December 2024 and 2023		Nature of business
			Direct	Indirect	
Immersive Media Company (Disposed on 31 Dec 2024)	USA	US$15	–	– (2023: 83.1%)	Interactive media technology through 360 degree video
Immersive Ventures Inc. (Disposed on 31 Dec 2024)	Canada	CAD11,108,656	–	– (2023: 83.1%)	Interactive media technology through 360 degree video
Impala 2020 Pty Ltd (Disposed on 31 Dec 2024)	Australia	AUD12	–	– (2023: 51%)	Film investment and production
Lucrative Skill Holdings Limited	The British Virgin Islands	US$100	–	85%	Investment holdings
Mothership Media, Inc.	USA	US$0.01	–	100%	Visual effects production
Post Production Office Limited	Hong Kong	HK$16,993,446	–	85%	Investment holdings
Praya Star Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Rise Honour Development Limited (Disposed on 31 Dec 2024)	Hong Kong	HK$1	–	– (2023: 100%)	Investment holdings
S. I. Travel Group Limited	The British Virgin Islands/Hong Kong	US$1	100%	–	Trading
Sun Innovation International Group Limited	The British Virgin Islands	US$1	100%	–	Investment holdings
Sun Innovation Management Services Limited	Hong Kong	HK$2	100%	–	Provision of management services
Tower Talent Holdings Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
Treasure Well Development Limited	The British Virgin Islands	US$1	100%	–	Investment holdings
Upfield Sky Limited	The British Virgin Islands	US$10,000	–	100%	Investment holdings
Vibrant Global Group Limited	The British Virgin Islands	US$1	100%	–	Investment holdings
Virtue Global Holdings Limited	The British Virgin Islands	US$1	–	100%	Investment holdings
長和技術發展(深圳)有限公司	The PRC	RMB5,493,649	–	100%	Provision of consultancy services
數字王國文霆(北京)文化傳媒有限公司	The PRC	RMB69,700,942	–	85%	Visual effects production and post production
數字王國朝霆(上海)文化傳媒有限公司	The PRC	RMB47,200,307	–	85%	Visual effects production and post production
數字王國(深圳)科技發展有限公司°	The PRC	HK$10,960,000	–	100%	Visual effects production
Digital Human Hospitality Services Limited#	Hong Kong	Issued share capital: HK$5,000,000 Paid up capital: HK$Nil	60% (2023: N/A)	–	Digital human hospitality services

Note:

° The company is a wholly-foreign-owned-enterprise. The entire registered capital amounted to HK$16,100,000, and the remaining balance of registered capital is required to be paid on or before 23 January 2034.

This subsidiary was newly incorporated/established during the year.

All the above are limited liability companies.

Unless otherwise stated, the above subsidiaries' places of operations are the same as their respective places of incorporation/establishment.

None of the subsidiaries had issued any debt securities during the year.

30. NON-CONTROLLING INTERESTS

The following table lists out the information relating to Immersive Ventures Inc., IM360 Entertainment Inc., Four Pillars Entertainment, Inc., Digital Domain Virtual Human Holdings Limited, COTC Productions, Inc. and Lucrative Skill Holdings Limited, subsidiaries of the Company which have material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Immersive Ventures Inc.		IM360 Entertainment Inc.		FourPillars Entertainment, Inc.		Digital Domain Virtual Human Holding Limited		COTC Productions, Inc.		Lucrative Skill Holdings Limited	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
As at 31 December:												
NCI percentage	0%	16.9%	0%	8.281%	0%	49%	20%	20%	0%	51.55%	15%	15%
Non-current assets	–	20,009	–	–	–	151	50,628	50,820	–	–	12,167	15,111
Current assets	–	263	–	30,585	–	122,887	799	674	–	6,696	97,796	130,174
Non-current liabilities	–	(44,478)	–	–	–	–	–	–	–	–	(4,753)	(2,143)
Current liabilities	–	(95,235)	–	(41,786)	–	(148,801)	(191,988)	(167,120)	–	(119,236)	(452,213)	(471,565)
Net liabilities	–	(119,441)	–	(11,201)	–	(25,763)	(140,561)	(115,626)	–	(112,540)	(352,003)	(328,423)
Accumulated NCI *(Note)*	–	(20,186)	–	(928)	–	(12,624)	(28,112)	(23,125)	–	(58,014)	(52,800)	(49,263)
Year ended 31 December:												
Revenue	–	–	–	–	–	–	–	–	–	–	45,470	58,214
Loss for the year	(344)	(306)	–	(167)	(5,091)	(2,335)	(28,570)	(35,301)	(1,601)	(119,886)	(26,220)	(74,223)
Total comprehensive income	4,949	(1,638)	357	(425)	(4,924)	(2,340)	(24,935)	(36,200)	(1,008)	(119,618)	(23,580)	(73,603)
Loss allocated to NCI *(Note)*	(58)	(52)	–	(14)	(2,494)	(1,144)	(5,714)	(7,060)	(825)	(61,801)	(3,933)	(11,134)
Total comprehensive income allocated to NCI *(Note)*	836	(277)	30	(35)	(2,413)	(1,147)	(4,987)	(7,240)	(519)	(61,663)	(3,537)	(11,040)
Dividend paid to NCI	–	–	–	–	–	–	–	–	–	–	–	–
Net cash inflows/(outflows) from operating activities	–	–	–	–	–	(69)	23,778	21,822	–	13,278	(20,622)	17,100
Net cash outflows from investing activities	–	–	–	–	–	–	(23,648)	(21,840)	–	–	(32)	(2,355)
Net cash outflows from financing activities	–	–	–	–	–	–	–	–	–	(14,147)	(123)	23,429

Note: The aggregate NCI as at 31 December 2024 amounted to debit balance of approximately HK$80,912,000 (2023: debit balance of approximately HK$164,140,000) and the aggregate net losses and total comprehensive income allocated to NCI for the year then ended amounted to approximately HK$13,024,000 (2023: HK$81,205,000) and HK$10,590,000 (2023: HK$81,402,000), respectively.

During the year ended 31 December 2024, the Company disposed of its entire equity interest in Rise Honour (Note 36). Accordingly, the Company's indirect equity interests in Immersive Ventures Inc., IM360 Entertainment Inc., Four Pillars Entertainment, Inc. and COTC Productions, Inc. were being disposed of.

31. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Bank borrowings *(Note 24)* HK$'000	Other loans *(Note 24)* HK$'000	Lease liabilities *(Note 14)* HK$'000	Total HK$'000
As at 1 January 2023	128,846	213,016	100,569	442,431
Changes from financing cash flows:				
– New bank borrowings	70,542	–	–	70,542
– Repayment of bank borrowings	(21,329)	–	–	(21,329)
– Repayment of principal portion of lease liabilities	–	–	(40,295)	(40,295)
– Repayment of interest portion of lease liabilities	–	–	(11,818)	(11,818)
– Repayment of other loans	–	(40,705)	–	(40,705)
Total changes from financing cash flows	49,213	(40,705)	(52,113)	(43,605)
Other changes:				
– Additions	–	–	38,635	38,635
– Interest expenses on lease liabilities	–	–	11,818	11,818
– Effect of lease modification	–	–	(2,042)	(2,042)
Exchange realignment	200	168	89	457
Total other changes	200	168	48,500	48,868
As at 31 December 2023 and 1 January 2024	178,259	172,479	96,956	447,694
Changes from financing cash flows:				
– New bank borrowings	146,906	–	–	146,906
– Repayment of bank borrowings	(66,989)	–	–	(66,989)
– Repayment of principal portion of lease liabilities	–	–	(37,133)	(37,133)
– Repayment of interest portion of lease liabilities	–	–	(7,329)	(7,329)
– Repayment of other loans	–	(45,335)	–	(45,335)
Total changes from financing cash flows	79,917	(45,335)	(44,462)	(9,880)
Other changes:				
– Additions	–	–	9,510	9,510
– Interest expenses on lease liabilities	–	–	7,329	7,329
– Effect of lease modification	–	–	(5,042)	(5,042)
– Disposal of subsidiaries *(Note 36)*	–	(3,333)	–	(3,333)
Exchange realignment	(1,587)	(306)	(1,962)	(3,855)
Total other changes	(1,587)	(3,639)	9,835	4,609
As at 31 December 2024	256,589	123,505	62,329	442,423

31. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Major non-cash transactions

As set out in note 19, the Group disposed of its 248,431 common shares in asknet and the bond at a consideration of share consideration of 4,000,000 bearer shares of YTME in June 2024.

32. RETIREMENT BENEFIT SCHEME

(a) Hong Kong Mandatory Provident Fund Ordinance (the "MPF Scheme")

The Group contributes to defined contribution provident funds, including the scheme set up pursuant to the MPF Scheme, which are available to all Hong Kong employees. For the MPF Scheme, both the employees and the employer are required to contribute 5% of the employees' monthly salaries up to a maximum of HK$1,500 (2023: HK$1,500) (the "Mandatory Contribution"). The employees are entitled to 100% of the employer's Mandatory Contributions upon their retirement age of 65 years old, death or total incapacity. The unvested benefits of employees forfeited upon termination of employment can be utilised by the Group to reduce future levels of contributions. During the year, the aggregate amount of employer's contribution net of forfeited contribution made by the Group under the MPF Scheme was HK$474,000 (2023: HK$456,000).

(b) State-managed retirement benefit schemes operated by the local governments in the PRC

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the local governments in the PRC. The Group is required to contribute a specified percentage of the payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions. During the year, the aggregate amount of employer's contribution net of forfeited contribution made by the Group under the state-managed retirement benefit schemes in the PRC was HK$8,569,000 (2023: HK$10,170,000).

33. CREDIT FACILITIES, PLEDGE OF ASSETS AND GUARANTEES

(a) As at 31 December 2024, the Group had aggregate banking facilities of HK$340,249,000 (2023: HK$212,497,000) from banks for guarantees and loans. The Group's bank loan with a carrying amount of approximately HK$248,602,000 (2023: HK$168,692,000) is secured by pledged bank deposits of amounted at HK$248,602,000 (2023: HK$171,816,000) in subsidiaries' bank accounts.

(b) As at 31 December 2024, there are term loan facilities of US$10,000,000 (2023: US$10,000,000) and HK$80,000,000 (2023: HK$80,000,000) from a shareholder of the Company, Wise Sun Holdings Limited. The facilities were granted to a subsidiary of the Company. As at 31 December 2024, the balance of utilised facilities are US$8,000,000 (approximately HK$62,150,000) (2023: US$8,000,000 (approximately HK$62,478,000)) and HK$34,290,000 (2023: HK$34,290,000), respectively. The Company acts as a guarantor of these term loans.

34. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024 HK$'000	2023 HK$'000
Contracted, but not provided for:		
Investment in an associate	3,108	–

35. RELATED PARTY TRANSACTIONS

The significant transactions with related parties were disclosed elsewhere in these consolidated financial statements.

Members of key management personnel during the year comprised only of the executive directors whose remuneration is set out in note 10.

36. DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries during the year ended 31 December 2024

Disposal of Rise Honor Development Limited and its subsidiaries ("Rise Honour")

On 31 December 2024, pursuant to the sales and purchase agreement dated 19 December 2024 entered into between a subsidiary of the Company and an independent third party, the Group agreed to dispose of its entire equity interest in Rise Honour at a consideration of HK$50,000.

The net liabilities of Rise Honour at the date of disposal were as follows:

	HK$'000
Goodwill and intangible assets *(Note 15)*	–
Cash and cash equivalents	25
Property, plant and equipment *(Note 13)*	42
Other receivables and prepayments	7,045
Trade payables, other payables and accruals	(3,323)
Other loan *(Note 24)*	(3,333)
Deferred tax liabilities *(Note 11(b))*	(40,744)
Net liabilities disposed of	(40,288)

36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries during the year ended 31 December 2024 (continued)

Disposal of Rise Honor Development Limited and its subsidiaries ("Rise Honour") (continued)

The loss arising from the disposal recognised in the consolidated income statement is calculated as follows:

	HK$'000
Cash consideration	50
Add: Net liabilities disposed of	40,288
Less: Non-controlling interests	(93,818)
Add: Reclassification adjustment on exchange fluctuation reserve	18,090
Loss on disposal of subsidiaries	(35,390)

Net cash inflow arising on disposal:

	HK$'000
Total cash consideration	50
Less: Cash and cash equivalents disposed of	(25)
	25

Disposal of subsidiaries during the year ended 31 December 2023

Disposal of City Trend International Limited and its subsidiary ("City Trend")

On 20 November 2023, pursuant to the sales and purchase agreement dated 23 October 2023 entered into between a subsidiary of the Company and an independent third party, the Group agreed to disposed of its entire equity interest in City Trend at a consideration of US$3,000,000 (equivalent to HK$23,432,000).

The net assets of City Trend at the date of disposal were as follows:

	HK$'000
Investment properties	20,884
Cash and cash equivalents	118
Other payables and accruals	(26)
Amount due to the Group	(18,093)
Net assets disposed of	2,883

36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries during the year ended 31 December 2023 (continued)

Disposal of City Trend International Limited and its subsidiary ("City Trend") (continued)

The gain arising from the disposal recognised in the consolidated income statement is calculated as follows:

	HK$'000
Cash consideration	23,432
Less: Amount due to the Group	(18,093)
Adjusted consideration	5,339
Less: Net assets disposed of	(2,883)
Gain on disposal of subsidiaries	2,456

Net cash inflow arising on disposal

	HK$'000
Total cash consideration	23,432
Less: Consideration receivable *(Note 20)*	(15,662)
Less: Cash and cash equivalents disposed of	(118)
	7,652

37. CONTINGENT LIABILITIES

(a) A wholly-owned subsidiary of the Company based in the United States (the "US Subsidiary") has been acknowledged by several clients in the USA in connection with the possible indemnification of losses suffered by these clients as a result of their involvements in other lawsuits (the "Other Lawsuits") filed by a claimant (the "Claimant") against these clients. This Claimant had dispute over ownership of certain physical equipment and intellectual property (the "Disputed IP") with the original owner (the "Original Owner") and a court in the USA concluded that the Claimant owns the Disputed IP on 11 August 2017. The Group had used these Disputed IP under a licence from the Original Owner and completed certain visual effect projects for these clients.

The US Subsidiary submitted these indemnity requests to one of its insurance companies that may provide insurance coverage for indemnity claims brought against it. The insurance company believed that coverage was no longer existed under the insurance policy but would continue to negotiate with the US Subsidiary about contributing to the defence of the clients in the Other Lawsuits.

On 20 January 2022, Claimant, US Subsidiary's clients, US Subsidiary and its insurance company commenced a settlement process through a neutral third-party mediator. The insurance company initially acknowledged its obligation to provide a defence for the US Subsidiary's clients, but subsequently communicated to the US Subsidiary that it no longer believed that coverage existed under the insurance policy but would continue to negotiate with the US Subsidiary about contributing to the defence of the clients in the Other Lawsuits.

On 26 August 2024, ruling on a post-trial motion brought by US Subsidiary's client, the trial court decided that the jury did not have sufficient evidence to render a verdict that US Subsidiary's client was liable to Claimant and ruled that the judgment will be entered in favour of US Subsidiary's client and that Claimant would not be entitled any relief. Claimant has initiated an appeal of the decision to the United States Court of Appeal for the Ninth Circuit, which is now pending.

No specific monetary amount has been identified in the indemnity requests by these clients. The insurance company and the US Subsidiary are continuing their discussion with respect to whether, and to what extent the insurance company will pay the defence costs of the US Subsidiary's clients in the Other Lawsuits.

As at 31 December 2024, the litigation of Other Lawsuits is continuing, specifically, an appeal of the court's 26 August 2024 ruling that is described above. All other claims that were brought in the Other Lawsuits have been dismissed.

No provision for the indemnity has been recognised for the year ended 31 December 2024 (2023: Nil) as, in the opinion of the Directors, the Group may or may not require a significant outflow of resource for the indemnification. There is no present obligation of cashflow on this matter as at 31 December 2023 and 2024.

37. CONTINGENT LIABILITIES (CONTINUED)

(b) On 21 April 2022, the Claimant filed a lawsuit against one of the US Subsidiary's clients and its affiliates' copyright infringement against those entities with respect to two films that are not part of the Other Lawsuits (the "New Lawsuit"). However, the US Subsidiary did not use the Disputed IP on either of these films. The court has on four separate motions to dismiss by US Subsidiary's Clients dismissed the New Lawsuit on the grounds that the facts, as pleaded, in the lawsuit did not give rise to legally-actionable claims, but in each instance gave Claimant an opportunity to amend the New Lawsuit to rectify the defects that it has identified. Claimant has now had six opportunities to amend the New Lawsuit in order to state legally-actionable claims. Claimant filed its Fifth Amended Complaint on 24 January 2025. US Subsidiary's clients have again moved to dismiss this latest attempt, which is scheduled for hearing on 22 May 2025. Until court decides whether to dismiss the New Lawsuit, no further action in the New Lawsuit will take place.

No provision for the indemnity has been recognised for the year ended 31 December 2024 (2023: Nil) as, in the opinion of the Directors, the Group may or may not require a significant outflow of resource for the indemnification. There is no present obligation of cashflow on this matter as at 31 December 2023 and 2024.

38. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the end of reporting period.

39. CAPITAL RISK MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of net debt (including the borrowings disclosed in note 24, leases liabilities disclosed in note 14, less cash and cash equivalents and other bank balances in note 22) and total equity.

The Group's risk management reviews the capital structure on a semi-annual basis. The Group will consider both debt financing and equity financing for its capital requirements. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. The gearing ratio at the end of reporting period was as follows:

	2024 HK$'000	2023 HK$'000
Debts	442,423	447,694
Cash and cash equivalents and other bank balances	(400,120)	(635,854)
Net debt	42,303	N/A
Total equity	422,010	507,333
Net debt to equity ratio	10%	N/A

40. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and equity price risk.

(a) Credit risk

The credit risk of the Group's financial assets (which comprise gross trade receivables, other receivables, loan to a joint venture, amounts due from associates, cash and cash equivalents, restricted bank balance and pledged bank deposits and contract assets) arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from associates and contract assets. The credit risk for bank balances is limited because the counter-parties are banks, with high credit rating.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables and contract assets

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the individual customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

Trade receivables are due within 30 to 45 days (2023: 30 days) from the date of billing. Debtors with balances that are more than 2 months past due are normally requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent.

As at 31 December 2024, the Group has a concentration of credit risk as 17% and 50% (2023: 39% and 72%) respectively of the total gross trade receivables were due from the Group's largest customer and the five (2023: five) largest customers respectively.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases which is based on days past due for groupings of various customer segments that have similar loss patterns.

40. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2024 and 2023:

As at 31 December 2024	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.14	42,082	60
1 to 3 months past due	1.75	18,305	321
3 to 6 months past due	6.56	3,460	227
6 to 12 months past due	19.35	3,122	604
More than 1 year past due	82.30	10,985	9,041
		77,954	10,253

As at 31 December 2023	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.42	10,198	43
1 to 3 months past due	1.45	22,666	329
3 to 6 months past due	7.99	5,982	478
6 to 12 months past due	12.86	3,912	503
More than 1 year past due	65.29	11,255	7,348
		54,013	8,701

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The adjustment factors are based on the GDP forecast in each geographical region.

The following table reconciles the loss allowance account in respect of trade receivables and contract assets for the years ended 31 December 2024 and 2023:

	2024 HK$'000	2023 HK$'000
As at 1 January	8,701	7,209
Amounts written off during the year	(102)	(929)
Impairment loss recognised during the year, net	1,938	2,422
Exchange realignment	(284)	(1)
As at 31 December	10,253	8,701

40. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Amounts due from associates and other receivables

For amounts due from associates and other receivables, impairment loss is recognised as 12-month ECL since initial recognition. Subsequently the Group assesses whether there was a significant increase in credit risk. In determining the ECL, the Directors have taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these other receivables occurring within their respective loss assessment time horizon, as well as the loss given default.

The gross carrying amount of other receivables and amounts due from associates by stage are as follows:

	12-month ECLs	Lifetime ECLs		
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	**Total** **HK$'000**
As at 31 December 2024				
Other receivables	36,099	–	88,127	124,226
Amounts due from associates	–	–	226,069	226,069
As at 31 December 2023				
Other receivables	44,407	–	83,708	128,115
Amounts due from associates	–	–	227,599	227,599

The movements in the impairment allowance of amounts due from associates were as follows:

	12-month ECL (Stage 1) HK$'000	Lifetime ECL not credit-impaired (Stage 2) HK$'000	Lifetime ECL credit-impaired (Stage 3) HK$'000	Total **HK$'000**
As at 1 January 2023	–	–	197,648	197,648
Impairment loss recognised during the year	–	–	4,174	4,174
Impairment loss reversed during the year	–	–	(926)	(926)
Exchange realignment	–	–	(1,703)	(1,703)
As at 31 December 2023 and 1 January 2024	–	–	199,193	199,193
Impairment loss recognised during the year	–	–	12,305	12,305
Exchange realignment	–	–	(2,358)	(2,358)
As at 31 December 2024	–	–	209,140	209,140

40. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Amounts due from associates and other receivables (continued)

The movements in the impairment allowance of other receivables were as follows:

	12-month ECL (Stage 1) HK$'000	Lifetime ECL not credit-impaired (Stage 2) HK$'000	Lifetime ECL credit-impaired (Stage 3) HK$'000	Total HK$'000
As at 1 January 2023	–	–	91,758	91,758
Impairment loss recognised during the year	–	–	1,226	1,226
Impairment loss reversed during the year	–	–	(8,050)	(8,050)
Written off during the year	–	–	(1,226)	(1,226)
As at 31 December 2023 and 1 January 2024	–	–	83,708	83,708
Impairment loss recognised during the year	–	–	4,512	4,512
Exchange realignment	–	–	(93)	(93)
As at 31 December 2024	–	–	88,127	88,127

Note: Included in the above allowances for ECL in respect of other receivables is provisions for individually impaired other receivables of HK$68,000,000 (2023: HK$68,000,000) with details as set out in note 20 (iv)(b).

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of reporting period) and the earliest date the Group and the Company can be required to pay.

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (Continued)

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for borrowings is prepared based on the scheduled repayment dates:

Group	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2024						
SME loan	4,909	4,909	4,909	–	–	–
Other bank loans	251,680	265,306	110,650	50,970	103,686	–
Other loans	123,505	128,998	5,063	123,935	–	–
Trade payables, other payables and accruals	172,123	172,123	172,123	–	–	–
Lease liabilities	62,329	68,967	35,279	22,135	11,170	383
	614,546	640,303	328,024	197,040	114,856	383
2023						
SME loan	4,909	4,909	4,909	–	–	–
Other bank loans	173,350	181,728	57,479	80,422	43,827	–
Other loans	172,479	179,534	55,220	124,314	–	–
Trade payables, other payables and accruals	195,078	195,078	195,078	–	–	–
Lease liabilities	96,956	109,969	46,161	36,924	25,827	1,057
	642,772	671,218	358,847	241,660	69,654	1,057

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

The table below summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were different from that disclosed in the "on demand" time band in the maturity analysis contained in above table. Taking into account the Group's financial position, the Directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The Directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
31 December 2024	3,078	3,078	3,078	–	–	–
31 December 2023	4,304	4,304	4,304	–	–	–

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans and other loans. Eight (2023: seven) of bank borrowings and one (2023: one) of the other loans were issued at variable rates which exposed the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out below.

The following table details the interest rate profile of the Group's net borrowings at the end of reporting period:

	2024		2023	
	Effective interest rate%	HK$'000	Effective interest rate%	HK$'000
Variable-rate borrowings				
Bank loans	2.50-6.45	209,977	2.50-8.20	177,905
Other loans	5.25-5.88	96,440	5.63-5.88	96,768
		306,417		274,673
Fixed-rate borrowings				
Bank loans	3.00	46,612	5.00	354
Other loans	N/A	–	5.00-10.00	48,647
		46,612		49,001

Variable-rate borrowings are not subject to concentration risk, as they are sourced from a diverse pool of financial institutions and structured with varied maturity profiles.

40. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk (continued)

The interest rates and terms of repayment of the Group's borrowings are disclosed in note 24.

Sensitivity analysis

As at 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the loss after taxation and increase/decrease accumulated losses of the Group by HK$932,000/HK$932,000 (2023: HK$3,394,000/HK$3,394,000) respectively. Other components of consolidated equity would not be affected by the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next reporting period. The analysis is performed on the same basis for 2023.

(d) Currency risk

Certain transactions and monetary assets and liabilities of the Group are denominated in HK$ which is different from the functional currency of the Group entities, i.e. RMB, US$, CAD, Indian Rupees ("INR") and Euro ("EUR") which expose the Group to currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The management manage its foreign currency risk by monitoring the movements of the foreign currency rates and will consider hedging significant foreign currency exposures should the need arise.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity instruments classified as financial assets at FVTPL. All of these investments are listed.

Sensitivity analysis

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. If the prices of the respective listed equity instruments had been 5% higher/lower, loss for the year would decrease/increase by HK$6,008,000 (2023: HK$1,586,000) and accumulated losses of the Group would decrease/increase by HK$6,008,000 (2023: HK$1,586,000) respectively.

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised as at 31 December 2024 and 2023 may be categorised as follows:

(a) Categories of financial assets and financial liabilities

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets measured at amortised cost (including cash and cash equivalents)	515,285	746,980
Financial assets measured at FVTPL	120,170	31,719
Financial liabilities		
Financial liabilities measured at amortised cost	552,217	545,816
Lease liabilities	62,329	96,956

(b) Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets which are traded on active markets are determined with reference to quoted market bid prices; and
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their fair values.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Financial assets at FVTPL – Listed equity investments			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2024	120,170	–	–	120,170
As at 31 December 2023	31,719	–	–	31,719

During the year, there was no transfer of fair value measurements between level 1 and level 2 and no transfer into or out of level 3 for both financial assets and financial liabilities.

The consolidated results, assets and liabilities of the Group for the last five financial years as extracted from the audited financial statements of the Group are summarised below:

	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Results					
Revenue	625,830	736,501	958,651	864,214	604,323
Loss attributable to owners of the Company	(300,275)	(394,571)	(206,320)	(722,004)	(598,527)
Assets and Liabilities					
Total assets	1,066,311	1,253,923	1,029,703	1,200,099	1,497,250
Total liabilities	(644,301)	(746,590)	(736,684)	(689,313)	(684,379)
	422,010	507,333	293,019	510,786	812,871
Non-controlling interests	80,912	164,140	82,738	75,086	28,560
Equity attributable to owners of the Company	502,922	671,473	375,757	585,872	841,431