



DIGITAL DOMAIN HOLDINGS LIMITED

數字王國集團有限公司

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

INTERIM REPORT 2025

THE FACES OF **FUTURE**



The board of directors (the “Directors” and the “Board” respectively) of Digital Domain Holdings Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2025 (the “Review Period”) together with comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	For the six months ended 30 June	
		2025 HK\$'000	2024 HK\$'000
Revenue	4	416,498	264,888
Cost of sales and services rendered		(327,604)	(226,377)
Gross profit		88,894	38,511
Other income and gains or losses		6,699	10,151
Selling and distribution expenses		(122)	(1,767)
Administrative expenses and other net operating expenses		(153,451)	(164,669)
Finance costs	5	(16,214)	(14,524)
Fair value (loss)/gain on financial assets measured at fair value through profit or loss, net	11	(15,997)	13,150
Gain on disposal of financial assets		-	8,526
Impairment loss on trade receivables		-	(1,556)
Impairment loss on amounts due from associates		(970)	(1,121)
Loss before taxation	6	(91,161)	(113,299)
Taxation	7	(71)	(1,712)
Loss for the period		(91,232)	(115,011)
Loss attributable to:			
Owners of the Company		(88,242)	(109,428)
Non-controlling interests		(2,990)	(5,583)
		(91,232)	(115,011)
Loss per share attributable to the owners of the Company:			
Basic and diluted	8	HK cents (1.106)	HK cents (1.378)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	For the six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Loss for the period	(91,232)	(115,011)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	19,610	1,827
Share of other comprehensive income of associates	6	–
Other comprehensive income for the period, net of tax	19,616	1,827
Total comprehensive income for the period	(71,616)	(113,184)
Total comprehensive income attributable to:		
Owners of the Company	(67,540)	(108,484)
Non-controlling interests	(4,076)	(4,700)
	(71,616)	(113,184)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

		Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment		15,728	18,312
Right-of-use assets		53,622	46,823
Goodwill and intangible assets	9	352,416	348,271
Interests in associates		16,663	16,929
Interests in joint ventures		-	-
Loan to a joint venture	10	-	911
Financial assets measured at fair value through other comprehensive income ("FVTOCI")		18,055	-
Financial assets measured at fair value through profit or loss ("FVTPL")	11	119,481	120,170
Deposits	13	8,672	8,319
Deferred tax assets		1,539	1,596
		586,176	561,331
Current assets			
Trade receivables, other receivables and prepayments	13	119,752	98,385
Financial assets measured at FVTPL	11	18,694	-
Contract assets		48,476	6,475
Loan to a joint venture	10	921	-
Cash and cash equivalents and other bank balances	14	355,703	400,120
		543,546	504,980
Current liabilities			
Trade payables, other payables and accruals	15	249,157	175,556
Lease liabilities		29,629	31,067
Contract liabilities		51,031	21,368
Borrowings		130,508	108,982
Tax payable		4,360	4,954
		464,685	341,927
Net current assets		78,861	163,053
Total assets less current liabilities		665,037	724,384

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2025

		Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
	Note		
Non-current liabilities			
Borrowings		273,302	271,112
Lease liabilities		36,850	31,262
		310,152	302,374
NET ASSETS		354,885	422,010
Capital and reserves			
Share capital	16	79,792	79,792
Reserves		360,081	423,130
Equity attributable to owners of the Company		439,873	502,922
Non-controlling interests		(84,988)	(80,912)
TOTAL EQUITY		354,885	422,010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to owners of the Company									Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	FVOCI reserve HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
As at 1 January 2025	79,792	902,373	(196,213)	984,302	170,134	(28,104)	3,868	(1,413,230)	502,922	(80,912)	422,010
Transfer of share premium to contributed surplus	-	(902,373)	-	902,373	-	-	-	-	-	-	-
Set-off contributed surplus against accumulated losses	-	-	-	(902,373)	-	-	-	902,373	-	-	-
Recognition of equity-settled share-based payment expenses (Note 17)	-	-	-	-	4,491	-	-	-	4,491	-	4,491
Lapse of share options	-	-	-	-	(36,115)	-	-	36,115	-	-	-
Loss for the period	-	-	-	-	-	-	-	(88,242)	(88,242)	(2,990)	(91,232)
Share of reserve of associates	-	-	-	-	-	6	-	-	6	-	6
Currency translation differences	-	-	-	-	-	20,696	-	-	20,696	(1,086)	19,610
Total comprehensive income for the period	-	-	-	-	-	20,702	-	(88,242)	(67,540)	(4,076)	(71,616)
As at 30 June 2025	79,792	-	(196,213)	984,302	138,510	(7,402)	3,868	(562,984)	439,873	(84,988)	354,885

	Attributable to owners of the Company									Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	FVOCI reserve HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total 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	6,000	118,132	-	-	-	-	-	-	124,132	-	124,132
Lapse of share options	-	-	-	-	(40,583)	-	-	40,583	-	-	-
Deregistration of a subsidiary	-	-	-	-	-	(1,238)	-	1,238	-	893	893
Loss for the period	-	-	-	-	-	-	-	(109,428)	(109,428)	(5,583)	(115,011)
Currency translation differences	-	-	-	-	-	944	-	-	944	883	1,827
Total comprehensive income for the period	-	-	-	-	-	944	-	(109,428)	(108,484)	(4,700)	(113,184)
As at 30 June 2024	79,792	902,373	(196,213)	984,302	143,271	(9,127)	3,868	(1,221,145)	687,121	(167,947)	519,174

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

– UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Cash flows from operating activities		
Loss before taxation	(91,161)	(113,299)
Adjustments for:		
Depreciation of property, plant and equipment	5,100	10,843
Depreciation of right-of-use assets	15,699	17,535
Amortisation of intangible assets	15,935	15,307
Loss on deregistration of a subsidiary	-	893
Gain on disposal of financial assets	-	(8,526)
Equity-settled share-based payment expenses	4,491	-
Net exchange (gain)/losses	(2,721)	3,790
Impairment loss on trade receivables	-	1,556
Impairment loss on amounts due from associates	970	1,121
Fair value loss/(gain) on financial assets measured at FVTPL, net	15,997	(13,150)
Interest income	(5,055)	(8,378)
Finance costs	16,214	14,524
Operating loss before working capital changes	(24,531)	(77,784)
Increase in inventories	-	(14,295)
Increase in trade receivables, other receivables and prepayments	(22,823)	(6,099)
(Increase)/decrease in contract assets	(42,001)	3,531
Increase/(decrease) in trade payables, other payables and accruals	68,358	(15,190)
Increase/(decrease) in contract liabilities	29,663	(26,537)
Cash generated from/(used in) operations	8,666	(136,374)
Income tax paid	(41)	(690)
Interest paid	(8,392)	(6,513)
Net cash generated from/(used in) operating activities	233	(143,577)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

– UNAUDITED (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Cash flows from investing activities		
Interest received	5,084	8,088
Purchases of property, plant and equipment	(2,144)	(751)
Additions to intangible assets	(16,793)	(20,002)
Advance to associates	(501)	(492)
Advance to a joint venture	(1)	(2)
Investment in financial asset measured at FVTOCI	(17,892)	–
Investment in financial assets measured at FVTPL	(15,989)	(78,024)
Placement of pledged bank deposits	(23,377)	(70,372)
Net cash used in investing activities	(71,613)	(161,555)
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issuing expenses	–	124,132
New bank borrowings	23,377	81,905
Repayment of bank borrowings	(3,081)	(8,649)
Repayment of other loans	–	(45,335)
Repayment of principal portion of lease liabilities	(18,456)	(19,481)
Repayment of interest portion of lease liabilities	(2,655)	(4,105)
Net cash (used in)/generated from financing activities	(815)	128,467
Net decrease in cash and cash equivalents	(72,195)	(176,665)
Effect of foreign exchange rate changes	1,616	(749)
Cash and cash equivalents at 1 January	150,959	464,038
Cash and cash equivalents at 30 June	80,380	286,624
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	80,380	286,624

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 – "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair value.

These unaudited condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2024 annual consolidated financial statements. Details of any changes in accounting policies are set out in note 2. The adoption of the amended HKFRS Accounting Standards had no material effect on these unaudited condensed consolidated interim financial statements.

The preparation of these unaudited condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These unaudited condensed consolidated interim financial statements are presented in Hong Kong Dollars ("HK\$"), unless otherwise stated. These unaudited condensed consolidated interim financial statements contain unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual consolidated financial statements. These unaudited condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRS Accounting Standards and should be read in conjunction with the 2024 annual consolidated financial statements.

2. CHANGES IN HKFRS ACCOUNTING STANDARDS

The HKICPA has issued a number of amended HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 21

Lack of Exchangeability

The Group has adopted all the amended HKFRS Accounting Standards that are relevant to its operations and effective for the current accounting period of the Group. The adoption of the amended HKFRS Accounting Standards that are effective from 1 January 2025 did not have any significant impact on the Group's accounting policy.

2. CHANGES IN HKFRS ACCOUNTING STANDARDS (continued)

The Group has not early adopted the following amended HKFRS Accounting Standards that have been issued, potentially relevant to the Group's operations but are not yet effective. The Group is in the process of making an assessment of the potential impact of these amended HKFRS Accounting Standards. The Group is not yet in a position to state whether these amended HKFRS Accounting Standards will result in substantial changes to the Group's accounting policies and financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual improvements to HKFRS Accounting Standards – Volume 11 ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKAS 1	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2027

³ 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

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2024 annual consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

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")

4. REVENUE AND SEGMENT REPORTING (continued)

Reportable segment (continued)

(a) An analysis of the Group's revenue from its principal activities for the period is as follows:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Provision of		
– visual effects production and post production services	320,580	200,696
– virtual human services	53,453	7,583
Sales of goods		
– sales of semiconductor memory chips	–	56,609
– sales of esports products	40,907	–
Commission income	1,558	–
	416,498	264,888

(b) Disaggregation of revenue from contracts with customers

	Media entertainment		Trading		Consolidated	
			For the six months ended 30 June			
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Types of goods or services						
Provision of						
– visual effects production and post production services	320,580	200,696	–	–	320,580	200,696
– virtual human services	53,453	7,583	–	–	53,453	7,583
Sales of goods						
– Sales of semiconductor memory chips	–	–	–	56,609	–	56,609
– Sales of esports products	–	–	40,907	–	40,907	–
Commission income	–	–	1,558	–	1,558	–
Total revenue from contracts with customers	374,033	208,279	42,465	56,609	416,498	264,888

4. REVENUE AND SEGMENT REPORTING (continued)

Reportable segment (continued)

(b) Disaggregation of revenue from contracts with customers (continued)

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Geographical markets		
Hong Kong	1,630	56,609
The People's Republic of China	26,370	26,229
The United States of America	156,405	85,650
Canada	181,897	87,958
United Kingdom	9,022	-
India	-	8,132
Other regions of North America	40,907	-
Other regions of Asia	267	310
Total revenue from contracts with customers	416,498	264,888
Timing of revenue recognition		
A point in time	44,484	56,973
Over time	372,014	207,915
Total revenue from contracts with customers	416,498	264,888

(c) Analysis of the Group's revenue and results for the period and assets and liabilities by business segment are as follows:

	Media entertainment		Trading		Consolidated	
			For the six months ended 30 June			
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	374,033	208,279	42,465	56,609	416,498	264,888
Reportable segment (loss)/gains	(25,223)	(79,879)	213	3,389	(25,010)	(76,490)

	Media entertainment		Trading		Consolidated	
	As at	As at	As at	As at	As at	As at
	30 June	31 December	30 June	31 December	30 June	31 December
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	579,090	543,707	81,548	40,354	660,638	584,061
Reportable segment liabilities	262,493	186,381	39,170	18,242	301,663	204,623

4. REVENUE AND SEGMENT REPORTING (continued)

Reportable segment (continued)

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

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Loss before taxation		
Segment loss	(25,010)	(76,490)
Impairment loss on amounts due from associates	(970)	(1,121)
Fair value (loss)/gain on financial assets measured at FVTPL, net	(15,997)	13,150
Gain on disposal on financial assets	-	8,526
Auditor's remuneration	(1,606)	(1,480)
Depreciation of unallocated property, plant and equipment, and depreciation of unallocated right-of-use assets	(1,074)	(1,086)
Professional fees	(16,885)	(19,268)
Equity-settled share-based payment expenses	(4,491)	-
Unallocated finance costs	(13,612)	(10,566)
Unallocated short-term lease expenses	(80)	(80)
Unallocated other income and gains	5,174	9,140
Other unallocated corporate expenses*	(16,610)	(34,024)
Consolidated loss before taxation	(91,161)	(113,299)

* 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.

	As at	
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	660,638	584,061
Interests in associates	16,663	16,929
Loan to a joint venture	921	911
Financial assets measured at FVTOCI	18,055	-
Financial assets measured at FVTPL	138,175	120,170
Unallocated cash and cash equivalents and other bank balances	290,220	323,251
Unallocated corporate assets	5,050	20,989
Consolidated total assets	1,129,722	1,066,311

4. REVENUE AND SEGMENT REPORTING (continued)

Reportable segment (continued)

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

	As at	
	30 June 2025	31 December 2024
	HK\$'000	HK\$'000
Liabilities		
Reportable segment liabilities	301,663	204,623
Tax payable	4,360	4,954
Borrowings	403,810	380,094
Unallocated corporate liabilities	65,004	54,630
Consolidated total liabilities	774,837	644,301

(e) Revenue

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

	As at	
	30 June 2025	31 December 2024
	HK\$'000	HK\$'000
Trade receivables	88,646	61,226
Contract assets	48,476	6,475
Contract liabilities	51,031	21,368

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.

5. FINANCE COSTS

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Imputed interest on lease liabilities	2,655	4,105
Interest on borrowings	13,559	10,419
	16,214	14,524

6. LOSS BEFORE TAXATION

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
This is arrived at after crediting/charging:		
<i>Crediting:</i>		
Interest income	5,055	8,378
<i>Charging:</i>		
Staff costs (including directors' remuneration)	294,095	200,618
Depreciation of property, plant and equipment	5,100	10,843
Depreciation of right-of-use assets	15,699	17,535
Amortisation of intangible assets	15,935	15,307
Loss on deregistration of a subsidiary	-	893
Short-term lease expenses	127	221

7. TAXATION

Taxation credited to the unaudited condensed consolidated income statement represents:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current taxation – Hong Kong profits tax	-	-
Current taxation – Overseas tax		
– provision for the period	-	1,347
– under-provision in respect of prior years	-	259
Deferred taxation	71	106
	71	1,712

Hong Kong profits tax is calculated at applicable tax rate on the estimated assessable profits for both periods. No provision for Hong Kong profits tax has been made for both periods as the Group has estimated tax losses brought forward to offset against the estimated assessable profits. Taxation on overseas profits had been calculated on the estimated assessable profits for the six months ended 30 June 2024 at the rates of taxation prevailing in the countries in which the Group operates. No provision for overseas profits tax has been made as the Group has no assessable profits for the six months ended 30 June 2025.

8. LOSS PER SHARE

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

	For the six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Loss for the period attributable to the owners of the Company	(88,242)	(109,428)

	For the six months ended 30 June	
	2025 Number of shares	2024 Number of shares
Weighted average number of ordinary shares for the purposes of basic loss per share, adjusted (<i>Note</i>)	7,979,248,625	7,940,726,146

Note: The weighted average number of ordinary shares for the six months ended 30 June 2024 for the purpose of basic loss per share has been adjusted for the bonus elements in the issue of shares through share subscriptions during the six months ended 30 June 2024.

Diluted loss per share

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 share during the current and prior periods. Therefore, the basic and diluted loss per share in the current and prior periods are equal.

9. GOODWILL AND INTANGIBLE ASSETS

	Goodwill HK\$'000	Trademarks HK\$'000	Proprietary software HK\$'000	Participation rights HK\$'000	Patents HK\$'000	Total HK\$'000
COST						
As at 1 January 2025	311,860	19,422	310,615	322,562	778	965,237
Additions	–	–	16,793	–	–	16,793
Exchange realignment	(239)	203	9,121	2,709	–	11,794
As at 30 June 2025	311,621	19,625	336,529	325,271	778	993,824
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS						
As at 1 January 2025	61,948	–	232,105	322,135	778	616,966
Amortisation for the period	–	–	15,913	22	–	15,935
Exchange realignment	–	–	5,798	2,709	–	8,507
As at 30 June 2025	61,948	–	253,816	324,866	778	641,408
CARRYING AMOUNT						
As at 30 June 2025	249,673	19,625	82,713	405	–	352,416
As at 31 December 2024	249,912	19,422	78,510	427	–	348,271

10. LOAN TO A JOINT VENTURE

During the year ended 31 December 2023, the Group granted a loan to Digital Eve Technology Limited ("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\$2,883,000 (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\$921,000) as at 30 June 2025 and (equivalent to HK\$911,000) as at 31 December 2024.

11. FINANCIAL ASSETS MEASURED AT FVTPL

- (a) On 3 February 2021, the Group acquired 248,431 common 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) 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 11(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 2024 and 30 June 2025, the shares held by the Group was diluted which represented approximately 2.04% of the total issued bearer shares of HLEE.

11. FINANCIAL ASSETS MEASURED AT FVTPL (continued)

- (c) In June 2024, Digital Domain Capital Partner S.à r.l. ("DDCP"), a wholly owned subsidiary of the Company, 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. ("Nobias"), 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 30 June 2025, the YTME shares held by the Group represented approximately 19.44% (14,000,000 shares) of the total issued bearer shares of YTME.

- (d) In January 2025, DDCP as purchaser entered into a bond purchase agreement with a seller, pursuant to which DDCP agreed to purchase and the seller agreed to sell 1,000 notes ("Nobias Notes") in total principal amount of EUR1,000,000 issued by Nobias at cash consideration of EUR1,000,000 (equivalent to approximately HK\$8,140,000). The Nobias Notes are unlisted, bearing coupon interest at the fixed rate of 5.0% per annum payable semi-annually with maturity date on 25 July 2026. The bond purchase was completed in February 2025.
- (e) In May 2025, DDCP entered into a bond purchase agreement with Nobias, to acquire another 1,000 Nobias Notes in total principal amount of EUR1,000,000 at cash consideration of US\$1,000,000 (equivalent to approximately HK\$7,849,000). The Nobias Notes are unlisted, bearing coupon interest at the fixed rate of 5.0% per annum payable semi-annually with maturity date on 25 July 2026. The bond purchase was completed in June 2025.

The seller granted DDCP an irrevocable and unconditional right to sell the Nobias Notes back to the seller (the "Put Option") at the Put Option purchase price of US\$1,000,000 (equivalent to approximately HK\$7,849,000). The Put Option is exercisable by DDCP within the period from 27 October 2025 to 31 October 2025. In the opinion of the Directors, the fair value of the Put Option is HK\$Nil as at 30 June 2025.

The fair value of the listed equity securities are determined based on the quoted market closing prices available on the relevant stock exchanges at the end of the reporting period.

The movements of the listed equity securities outside Hong Kong, at fair value were as follows:

	HK\$'000
As at 1 January 2024	31,719
Additions	82,742
Fair value gain recognised in profit or loss	12,424
Exchange realignment	(6,715)
As at 31 December 2024 and 1 January 2025	120,170
Fair value loss recognised in profit or loss	(17,272)
Exchange realignment	16,583
As at 30 June 2025	119,481

The above investments are classified as non-current assets because the management expects to realise these financial assets after twelve months after the reporting period.

11. FINANCIAL ASSETS MEASURED AT FVTPL (continued)

The fair value of the unlisted corporate bonds are determined based on discounted cash flow method at the end of the reporting period.

The movements of the unlisted corporate bonds, at fair value were as follows:

	HK\$'000
As at 1 January 2024	-
Additions	23,453
Fair value loss recognised in profit or loss	(6,393)
Disposals	(16,995)
Exchange realignment	(65)
As at 31 December 2024 and 1 January 2025	-
Additions	15,989
Fair value gain recognised in profit or loss	1,275
Exchange realignment	1,430
As at 30 June 2025	18,694

The above investments are classified as current assets as management has determined to hold these unlisted corporate bonds for trading.

12. FAIR VALUE

a. Carrying amount versus fair value

The Group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

- i. Trade receivables, other receivables and deposits
- ii. Trade payables, other payables and accruals
- iii. Bank balances and cash
- iv. Lease liabilities
- v. Borrowings

12. FAIR VALUE (continued)

b. Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- i. Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- ii. 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)
- iii. Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Financial assets measured at FVTPL			Total
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
As at 30 June 2025				
Listed equity investments	119,481	–	–	119,481
Unlisted corporate bonds	–	–	18,694	18,694
As at 31 December 2024				
Listed equity investments	120,170	–	–	120,170

During the six months ended 30 June 2025, 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.

13. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Non-current portion:		
Deposits	8,672	8,319
Current portion:		
Trade receivables	88,646	61,226
Consideration receivables	–	15,538
Other receivables	11,926	10,931
Deposits	967	1,311
Prepayments	18,213	9,379
	119,752	98,385
Total trade receivables, other receivables and prepayments	128,424	106,704

13. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (continued)

The Group normally allows an average credit period of 30 to 45 days (as at 31 December 2024: 30 to 45 days) to trade customers. The ageing analysis of the Group's trade receivables, net of allowance for impairment losses, based on the invoice date, is as follows:

	As at	
	30 June 2025 HK\$'000	31 December 2024 HK\$'000
0 to 30 days	74,486	44,914
31 to 60 days	6,098	6,747
61 to 90 days	709	2,217
91 to 365 days	4,598	6,583
Over 365 days	2,755	765
	88,646	61,226

No interest is charged on trade receivables.

14. CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES

	As at	
	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Cash and cash equivalents	80,380	150,959
Pledged bank deposits	274,748	248,602
Restricted bank balance	575	559
	355,703	400,120

15. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at	
	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Trade payables	83,282	38,086
Other payables	66,193	55,744
Interest payables	45,424	37,720
Accruals	54,258	44,006
Total trade payables, other payables and accruals	249,157	175,556

15. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (continued)

The ageing analysis of the Group's trade payables, based on invoice date, is as follows:

	As at	
	30 June 2025 HK\$'000	31 December 2024 HK\$'000
0 to 30 days	34,711	19,548
31 to 60 days	21,917	10,110
61 to 90 days	11,030	1,865
91 to 365 days	10,870	1,904
Over 365 days	4,754	4,659
	83,282	38,086

16. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 31 December 2024 and 30 June 2025	75,000,000,000	750,000
Issued and fully paid:		
As at 31 December 2024 and 30 June 2025	7,979,248,625	79,792

17. SHARE-BASED PAYMENT TRANSACTIONS

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. Following to the Company's capital reorganisation completed during 2021, the exercise price was adjusted to HK\$0.46 per share with effective from 11 October 2021.

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.

17. SHARE-BASED PAYMENT TRANSACTIONS (continued)

On 26 July 2024, 220,000,000 share options were granted to employees and a director of the Group under the 2022 Option Scheme. 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 a director of the Group under the 2022 Option Scheme. 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\$0.49 per Share, being the closing price of the Company's ordinary shares on 1 November 2024.

During the six months ended 30 June 2025, 7,499,000 Options (six months ended 30 June 2024: 79,273,000 Options) under the 2012 Option Scheme were lapsed and no Options (six months ended 30 June 2024: Nil) were exercised, the average remaining contractual life is 6.86 years (as at 31 December 2024: 7.22 years).

The Group recognised a share option expense in connection to all share options granted of approximately HK\$4,491,000 during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

18. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at	
	30 June 2025	31 December 2024
	HK\$'000	HK\$'000
Contracted, but not provided for:		
Investment in an associate	3,140	3,108
Investment in a financial asset measured at FVTOCI	18,055	–
	21,195	3,108

19. SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no material events after the end of reporting period.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (2024: Nil).

FINANCIAL AND BUSINESS REVIEW

During the six months ended 30 June 2025, the Group achieved a revenue of HK\$416,498,000 (2024: HK\$264,888,000), showing an increase of approximately 57% compared to that of the previous corresponding period. The gross profit of the Group amounted to HK\$88,894,000 (2024: HK\$38,511,000) during the Review Period, showing an increase of approximately 131%. The change in turnover and gross profit were attributable to the media entertainment segment. As at 30 June 2025, the total assets of the Group amounted to HK\$1,129,722,000 (as at 31 December 2024: HK\$1,066,311,000). The loss attributable to the owners of the Company for the Review Period was HK\$88,242,000 (2024: HK\$109,428,000). The loss for the Review Period amounted to HK\$91,232,000 (2024: HK\$115,011,000) and it was mainly caused by:

- (i) the recognition of non-cash outflow expenses, including:
 - (a) equity-settled share-based payment expenses amounted to HK\$4,491,000 (2024: Nil) for the share options granted during the year 2024;
 - (b) amortisation and depreciation expenses excluding depreciation related to right-of-use assets amounted to the value of HK\$21,035,000 (2024: HK\$26,150,000); and
 - (c) fair value loss on financial assets measured at fair value through profit or loss of HK\$15,997,000 (2024: gain of HK\$13,150,000);
- (ii) administrative and other project expenses; and
- (iii) operating losses from the media entertainment segment.

MEDIA ENTERTAINMENT SEGMENT

During the Review Period, this segment recorded a revenue of approximately HK\$374,033,000 (2024: HK\$208,279,000) and incurred a loss of approximately HK\$25,223,000 (2024: HK\$79,879,000). The loss included research and development costs incurred during the Review Period relating to virtual human technology.

"The earnings before interest, tax, depreciation and amortisation (EBITDA)" of the media entertainment segment for the six months ended 30 June 2025 was a profit of HK\$13,038,000 (2024: loss of HK\$33,322,000). 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 period 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).

FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

A. Visual Effects Production and Post-Production Business

This segment provides visual effects ("VFX") production and post-production services which include visualisation, previsualisation, postvisualisation, 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.

Digital Domain North America ("DDNA") – The United States of America and Canada:

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

AUSTRALIAN EFFECTS & ANIMATION FESTIVAL (AEAF) AWARDS

Digital Domain has been named a finalist in several categories at the upcoming AEAF Awards, recognising the outstanding work of our teams across film and television. In the Feature Film Sequence category, our work on **"Captain America: Brave New World"** ("The Dogfight" sequence) and **"A Minecraft Movie"** ("Piglins vs The Iron Golems" sequence) received nominations. Additionally, **"The Electric State"** was recognised in the Feature Films VFX category, and **"Agatha All Along"** was named a finalist in the TV Series category.

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

- VFX Supervisor, Mr. Joel BEHRENS has completed work alongside production VFX Supervisor, Mr. Matthew BUTLER on the Russo Brothers' and Netflix film, **"The Electric State"**.
- VFX Supervisor, Mr. Hanzhi TANG and his team completed work on the Marvel film, **"Captain America: Brave New World"** which is currently among the top 10 highest-grossing films of 2025. For the film, the Digital Domain team created a new Cloud Shader, a task that took nearly three months to perfect, enabling them to produce stylised clouds that matched the film's look and feel.
- VFX Supervisor, Mr. Nikos KALAITZIDIS and his team completed work on the Chinese film **"Creation of the Gods II: Demon Force"** one of the most successful releases during the Lunar New Year. In addition, Mr. KALAITZIDIS and his team also contributed to Marvel Studios' **"Thunderbolts"**, another box office success and fan favourite that the Digital Domain team has worked on this year.
- VFX Supervisor, Mr. Jay BARTON and his team completed work on Apple Original Film's and Skydance Media's **"Fountain of Youth"**, which became a streaming success on AppleTV+.
- VFX Supervisor, Mr. Jan Philip CRAMER and his team completed work on the Marvel Studios' highly anticipated film, **"Fantastic Four: First Steps"**, which was released globally in theatres on 25 July 2025.
- VFX Supervisor, Mr. Alexandre MILLET and his team recently finished work on **"The Conjuring: Last Rites"**, the final film in the Conjuring series produced by New Line Cinema and Warner Bros. Mr. MILLET and his team collaborated closely with Digital Domain VFX Supervisor Mr. Scott EDELSTEIN, who served as the overall VFX Supervisor on the film.

FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

A. Visual Effects Production and Post-Production Business (continued)

- VFX Supervisor, Mr. Dave HODGINS and his team have completed work on Apple Original Film's and Skydance Media's *"Way of the Warrior Kid"*. The film is scheduled for release in 2025.
- The Digital Domain team is also collaborating on several unreleased projects with partners including Skydance, Marvel Studios, Universal/Amblin, and Warner Bros.

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

- VFX Supervisors Mr. Nikos KALAITZIDIS and Mr. Mitch DRAIN, along with their team, completed work on the upcoming HBO Original Series *"IT: Welcome to Derry"*, a prequel to the hit *"IT"* horror films.

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

- Warner Bros.' *"The Conjuring: Last Rites"*
- Warner Bros.' *"Godzilla x Kong: Supernova"*
- Lionsgate's *"Now You See Me: Now You Don't"*
- An upcoming Marvel Studios film
- 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 *"Marvel 1943: Rise of Hydra"* in collaboration with Skydance Games
- A new game in collaboration with a Japanese game developer
- An upcoming Universal/Amblin film
- Several game projects with AAA game companies

We provided VFX services for advertisements, special venue projects and games. Work completed in first half of 2025 includes:

- On 7 January 2025, Digital Domain was proud to have created and delivered visuals that captivate and inspire for the first CES keynote ever hosted at the **Las Vegas Sphere**, for **Delta Air Lines**, honouring the airline's legacy of innovation over the past century while looking ahead to the company's vision for the future. For this project, the Digital Domain team created several immersive scenes, including the runway take-off, airplane cockpit, airplane landing, Earth visuals, and fireworks.

FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

A. *Visual Effects Production and Post-Production Business (continued)*

- Digital Domain collaborated with **EOS IT Solutions** to create a film for **the U.S. Conference of Mayors' 93rd Annual Meeting**, illustrating the impact of hurricane-induced flooding and how Miami's first responders and city infrastructure would react to such an extreme weather event. To bring these visuals to life, we leveraged our generative AI artists and technology to depict what severe flooding could look like if it were to occur in the city.
- Digital Domain is proud to be contributing to *"The Wizard of Oz"* at **Sphere**, a groundbreaking immersive experience of the iconic 1939 film for the Sphere's one-of-a-kind environment. In collaboration with Warner Bros. Discovery, Google, and Magnopus, the Digital Domain team is helping bring the reimagining of this classic to life.

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.

FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

A. *Visual Effects Production and Post-Production Business (continued)*

Possible Indemnification (continued)

Claimant has initiated an appeal of the decision concerning only the Picture to the United States Court of Appeal for the Ninth Circuit, which is now pending. On 4 June 2025, this appellate court heard oral argument on the appeal and will issue its written decision on the appeal in due course.

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. The court will issue its decision on US Subsidiary's Client's motion to dismiss in due course. Until the 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.

FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

A. Visual Effects Production and Post-Production Business (continued)

Digital Domain China:

With the establishment of Digital Domain China ("DD China"), the Group had 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.

Visual effects and colour grading services delivered for feature films and episodic this year include *"Ling Cage II"*.

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: **A2, Aptamil, BYD, CLEAR, Dragon TV, ELIXIR, Estée Lauder, HONOR, HUAWEI, La Mer, Li Auto, Little Dream Garden, L'Oréal Paris, McDonald's, MediaTek, Nexxus, Paper Animation, Roborock, Singapore Changi Airport, Sprite, Tencent Games "Strongest NBA", Tencent Games "The Hidden Ones", Transsion, vivo, and YANGWANG.**

Digital Domain India:

In the first half of 2025, Digital Domain India ("DD India") continues to be a key contributor to the global VFX operations of Digital Domain, with a primary focus on supporting Digital Domain North America. The team successfully delivered high-quality visual effects (VFX) services for major theatrical releases including *"The Fantastic Four: First Steps"*, *"Captain America: Brave New World"*, *"A Minecraft Movie"* and *"Fountain of Youth"*.

In alignment with the revised global strategy, DD India is actively aligning its business development efforts across local and broader Asian markets. The studio aims to promote Digital Domain's diverse service offerings and technical capabilities to attract a wider client base. These external initiatives will complement DD India's continuing role in servicing internal (insourced) workstreams and contribute to its long-term growth objectives.

DD India provides comprehensive VFX services across multiple platforms, including feature films, television, digital/web, and over-the-top (OTT) media. Data security remains a core operational priority. The studio maintains Trusted Partner Network (TPN) certification—established by the Motion Picture Association (MPA) and the Content Delivery & Security Association (CDSA)—underscoring its commitment to industry-leading content protection standards. Additionally, DD India holds content security certifications from both Walt Disney Studios Motion Pictures and Marvel Studios, LLC.

B. New Media and Experiential 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's Virtual Human Group ("VHG") in North America – research and development aided multiple projects and resulted in new developments in the first half of 2025:

- **Masquerade3:** Digital Domain's "Masquerade3", a groundbreaking markerless facial capture system, was used extensively on Marvel Studios' *"The Fantastic Four: First Steps"*, further revolutionising the facial capture process for the film.

FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

B. New Media and Experiential and Virtual Human Business (continued)

North America Region: (continued)

Digital Domain's Virtual Human Group ("VHG") in North America – research and development aided multiple projects and resulted in new developments in the first half of 2025: (continued)

- **ML-Cloth:** Our VES-nominated ML-Cloth tool was deployed at scale on Marvel Studios' *"Captain America: Brave New World"*.
- **Charlatan:** The face-swapping tool, Charlatan, *"Thunderbolts"* marked the first time the technology was used to assist in replacing an actor's body, including hair and costume, pushing the technology beyond facial replacement and into full-body digital performance blending.

VHG of the North America region participated in several events, including:

- VHG Software Developer, Mr. Jose SERRA, had his **SIGGRAPH** submission accepted. During the talk, Mr. SERRA discussed how Digital Domain's video-driven animation transfer technique was improved by introducing automatic corrections as a post-process optimisation. Using this approach, we minimise the difference between our face swap model output (extended for light invariance) and predict animation parameters in a differentiable pipeline. The method is now being integrated into Digital Domain's facial capture workflow.

The Greater China Region:

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

- At the 2025 Smart City Summit and Expo, Digital Domain debuted its **AI Smart Bartender**, showcasing how **Momentum Cloud** integrates speech recognition, recommendation logic, and device control to enable virtual human-led smart retail experiences. The demo featured a voice-driven cocktail scenario, guiding users from conversation and personalised recommendations to real-time beverage preparation.

Co-developed with **Ennoconn Technology** and **Limbot Technology**, the project combined Ennoconn's IPC, Limbot's automated cocktail dispenser, and Digital Domain's virtual human interface. The collaboration delivered an end-to-end solution linking semantic understanding, process flow, and device coordination.

Built for flexibility, **Momentum Cloud** supports modular deployment, real-time voice integration, and high-fidelity rendering. It can operate as a standalone solution or integrate with POS and automation systems, highlighting Digital Domain's strength in integrating voice and device technologies for deployable, scalable retail solutions with strong brand and channel collaboration potential.

- From 20 to 23 May 2025, **COMPUTEX 2025** was held in Taipei. This year, Digital Domain once again partnered with ADATA Technology—one of the world's top memory module brands—to create a fresh brand video for its gaming brand, XPG, using next-gen virtual human technology.

The collaboration centres on **XPG's brand ambassador "Mera"** brought to life through high-fidelity virtual character rendering that vividly showcases her distinct visual style and personality. This enhances both brand recognition and emotional resonance. The video was showcased on-site at the exhibition, allowing attendees to experience the futuristic energy and brand spirit in a tangible way.

This application demonstrates the potential of virtual human technology in brand content creation and interactive experiences. It not only elevates audience engagement but also offers a richer and more imaginative approach to shaping brand identities in the gaming and tech industries.



FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

B. *New Media and Experiential and Virtual Human Business (continued)*

The Greater China Region: (continued)

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

- Digital Domain participated in the **AI Culinary Culture Innovation Expo**, presenting its **AI Smart Bartender** as a use case for virtual human adoption in the F&B sector. Co-hosted by Ennoconn Technology and Wowprime Corp., the event focused on merging food culture with AI to accelerate smarter, more personalised dining experiences. Through voice interaction and contextual recommendations, the virtual human guided guests through product discovery and enhanced brand storytelling.

This AI Smart Bartender interaction system, co-developed by Digital Domain, Ennoconn Technology, and Limbot Technology, demonstrated the feasibility and practicality of integrating AI into restaurant services. The showcase not only aligned with Ennoconn's strategy of merging AI with local culture but also underscored Digital Domain's strength in smart dining integration and its potential for broader market collaboration.

- At the **HPE × NVIDIA Private Cloud Conference 2025**, Digital Domain showcased its AI Virtual Human solution and shared insights into how Momentum Cloud is enabling enterprise applications. The demo featured a reception scenario, emphasising the strategic role of virtual humans as the front-end interface for digital services, and how they integrate voice interaction with backend systems to improve service efficiency and user experience.

Charlie PAI, Vice President of Business Development, delivered a keynote presentation on global trends in AI avatar adoption. He outlined how Momentum Cloud is now being deployed across domains such as customer service, healthcare, finance, gaming, and smart retail, supporting enterprises in optimising frontline experiences and accelerating digital transformation.

This showcase also marked a key step in the ongoing collaboration between Digital Domain and HPE. The two companies are jointly evaluating system integration between virtual humans and high-performance computing platforms, with the goal of developing scalable enterprise solutions. Built with private and hybrid cloud flexibility in mind, Digital Domain's Momentum Cloud lays a strong foundation for real-world implementation and future business collaboration.

- From 11 to 13 June 2025, Digital Domain supported its partner **ReadSpeaker**, a global leader in AI voice solutions, in presenting an intelligent service solution at Interop Tokyo in Tokyo, Japan. The showcase featured a virtual customer service assistant for public institutions, combining natural voice synthesis with virtual humans. Enabling remote reception and real-time dialogue, the system guided users through administrative procedures and attracted strong on-site engagement, highlighting new opportunities for AI-driven automation in public services.
- In 2025, **V2 Indonesia** showcased its **Virtual Human Vivi**, developed with Digital Domain's Momentum Cloud, at several major events in Indonesia. Appearing in various outfits and identities, and deployed through kiosks and hologram devices, Vivi demonstrated interactive use cases in marketing and public engagement at events such as the XLSMART Planning Session, Forum Satu Data, and APMF in Bali.
- Vivi was also featured in concept proposals for a range of sectors including commercial real estate, public transportation, and banking, highlighting how virtual humans can enhance everyday services and bring AI closer to the public in both commercial and civic settings.

FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

C. Digital Domain staff from the global studio participated in several events:

North America Region:

- VFX Supervisor, Mr. Hanzhi TANG, participated in the **Disney/Marvel VES** screening of *“Captain America: Brave New World”* at the Harmony Gold Theatre. He also joined a Q&A session alongside members of the local LA team who worked on the film. Mr. Alessandro ONGARO, the Production Visual Effects Supervisor, was also in attendance.
- The Advertising Experiences team hosted Digital Domain’s inaugural **Brews & Views** event, an evening of conversation and networking designed to connect with production company owners, directors, and agency producers. The event was a great success, drawing over 40 attendees who had the opportunity to meet our supervisors, including Mr. Matt DOUGAN, Mr. Mitch DRAIN, Mr. Matt MCCLURG, Mr. Piotr KARWAS, Mr. Andrew ZEKO, and Mr. Nikos KALAITZIDIS; explore our capabilities; and learn more about Digital Domain’s growing slate of creative offerings.
- VFX Supervisor, Mr. Nikos KALAITZIDIS, participated in the **VES screening and panel Q&A** for *“Thunderbolts**”*, which was streamed across Los Angeles, Vancouver, Montreal, and Atlanta. During the panel, Nikos represented Digital Domain and highlighted the team’s contributions to the film, including the use of Digital Domain’s proprietary face-swapping tool, Charlatan, which played a key role in seamlessly stitching characters from different plates.
- In April 2025, our software partner, **Autodesk**, held a special event where Senior Animation Supervisor Ms. Elizabeth “Liz” BERNARD was invited as the guest speaker. Liz delivered an insightful presentation to an audience of Autodesk clients, students, and industry professionals, offering a deep dive into character development and performance in *“The Electric State”*.
- Following her successful presentation with Autodesk, Ms. Elizabeth “Liz” BERNARD was invited to speak as part of their **Speaker Series** at **SIGGRAPH**. In her talk, she examined the critical role that animation and visual effects play in enhancing narrative structure, highlighting the collaborative nature of storytelling throughout *“The Electric State”*.
- As part of a presentation hosted in collaboration with **Foundry** and **Gnomon**, Digital Domain Asset Supervisor Mr. Nick COSMI shared how our texture team developed a unique workflow in Mari to bring the robot cast of *“The Electric State”* to life with realism, texture fidelity, and creativity. Held at Gnomon in Los Angeles, the presentation was delivered to students and VFX enthusiasts and was also live-streamed on YouTube.
- VFX Supervisor, Mr. Hanzhi TANG, participated in a panel hosted by **Syracuse University’s LA Extension** at the **Skirball Centre** for their film students, discussing *“Captain America”* and conducting a Q&A alongside one of the show’s writers.

FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

C. *Digital Domain staff from the global studio participated in several events: (continued)*

The Greater China Region:

- On 11 March 2025, Mr. Henry HOOI, the Acting Chairman, and Mr. William WONG, the Chief Executive Officer (CEO) of Digital Domain, was invited to the Launch of the UGC HKTEA AI Community of Practice on **"Enriching Future-Ready Education with GenAI and Beyond"**. Kicked off with speeches from Professor ZHANG Xiang, President and Vice Chancellor of University of Hong Kong (HKU), Henry also shared insights on how Generative AI is transforming education and shaping the future. And guests experienced real-time interaction with our Virtual Human technology which showcased the future of AI-powered engagement.
- On 13 March 2025, Digital Domain joined HPE to showcase our virtual human technology at the **"AI Partners Executives Catchup in HPE AI Lab"** to the senior executives from HPE APAC. During the event, Mr. Charlie PAI, the Vice President of Business Development, presented and shared our insights of AI virtual human technology.
- On 19 March 2025, Mr. William WONG, CEO of Digital Domain, was invited to attend the **"Century Symposium 2025"**, co-organised by the Asia Pacific Taiwan Federation of Industry and Commerce and the Bay Area Hong Kong Centre. Mr. WONG delivered a keynote speech titled **"AI Creates a New Future: How Innovation and Technology Drive Industry Transformation"**, sharing Digital Domain's commitment to innovative technologies and how it drives development amid rapid technological change. While also moderating the "Smart Manufacturing" panel discussion alongside industry experts to explore key trends and the future of smart manufacturing.
- In March 2025, Mr. Michael FU, Visual Effects Supervisor was invited to join the jury of **2025 Golden Lion Awards**.
- In March 2025, Digital Domain unveiled its **"AI Smart Bartender"** Virtual Human application for the first time at the 2025 Smart City Summit and Expo. In collaboration with **Ennoconn** and **Limbot Technology**, the AI Smart Bartender is able to provide an end-to-end service that integrates real-time interactive ordering, personalised recommendations, and professional crafted cocktail. This initiative demonstrates smart retail innovation and aims to extend its application across diverse service scenarios in the future.
- In April 2025, as the flagship series of **South** (established by the Nanfang Media Group and formerly known as **"GDToday"**), **Hong Kong Stories** is dedicated to in-depth discussions with individuals who have made significant contributions or have a strong influence in innovation and technology. Mr. William WONG, CEO of Digital Domain, was invited as a guest for Season II to further explore Digital Domain's strategic deployment on how artificial intelligence is fuelling virtual humans, visual effects, and virtualisation.
- In May 2025, Mr. William WONG, CEO of Digital Domain, and Mr. Allen CHEN, Deputy General Manager, China, sat down with **Global People** to unveil the behind-the-scenes story of **Virtual Human Teresa Teng**, as well as the opportunities and challenges in the artificial intelligence era.
- To support employment for persons with disabilities (PWDs) and promote inclusivity, The **Hong Kong Jockey Club Charities Trust** is supporting the **"Jockey Club Collaborative Project for Inclusive Employment"**, and Digital Domain is proud to be one of the supporters to join this program. In May 2025, Mr. William WONG, CEO of Digital Domain attended the kick-off ceremony and participated in the Market Fair 2025.

FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

C. *Digital Domain staff from the global studio participated in several events: (continued)*

The Greater China Region: (continued)

- On 19 May 2025, Digital Domain showcased its AI Virtual Human solution, highlighting its application in reception scenarios at the **"HPE x NVIDIA Private Cloud Conference 2025"**, as part of the ongoing collaboration between Digital Domain and HPE. Mr. Charlie PAI, Vice President of Business Development, was also invited to deliver a keynote speech on global trends in AI Virtual Human applications, and their impact on user experience and digital transformation.
- On 19 May 2025, Digital Domain was invited to participate in the **"AI Culinary Culture Innovation Expo"**, co-hosted by **Ennoconn Technology** and **Wowprime Group**. Digital Domain showcased its **AI Smart Bartender** as a use case demonstrating the business potential of virtual humans in the F&B sector, and to highlight Digital Domain's integrated capabilities and innovation in smart dining and F&B applications.
- Invited by the **Faculty of Medicine, The Chinese University of Hong Kong**, Digital Domain showcased our AI mental health solutions at the **Asia Summit on Global Health** on 26 May 2025. Professor Connie CHONG (Assistant Professor at The Nethersole School of Nursing, Founder and CEO of ACTuWISE Limited) shared her insight of using technology to support and advance the delivery of Acceptance and Commitment Therapy, she also emphasised that Digital Domain's virtual human solution may help in establishing an AI-driven training platform for ACT-based mental health advisory system.
- In May 2025, in the podcast series launched by the **China Computer Federation** (and its Technical Committee on CAD/CG), Mr. Michael FU, Visual Effects Supervisor, discussed how artificial intelligence is reshaping the creative landscape.
- On 30 May 2025, Digital Domain joined the **Ingram Micro x Hewlett Packard Enterprise: AI Ecosystem Partner Event**. In the session of **"Beyond Avatars: Scaling AI Virtual Humans for Seamless Interaction"**, our representative shared our views with AI ISV partners and IT infrastructure leaders, on how AI-driven virtual humans can transform engagement across industries.
- On 9 June 2025, Digital Domain participated in the **"Mobility & Logistics Innovations Matching Day"**, hosted by the Hong Kong Science & Technology Parks Corporation (HKSTP). This event brought together industry leaders and tech innovators to discuss cutting-edge advancements in mobility and logistics. Our team showcased Digital Domain's Virtual Human technology, and shared insights on how immersive digital solutions can transform the future of the sector.
- On 20 June 2025, Digital Domain joined HKSTP to pitch our Virtual Human solution to the **Hospital Authority's Executive Leadership Program**. There are around 40 visionary future leaders from the Hospital Authority in attendance, including Chief of Service, Consultant Doctors, and Nursing Managers. During the event, we showcased our innovative technology and explained how it can revolutionise the healthcare landscape and make a profound impact on patient care.



FINANCIAL AND BUSINESS REVIEW (continued)

MEDIA ENTERTAINMENT SEGMENT (continued)

D. 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 HLEE

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). HLEE carries its business in segments of film, sport and event-marketing and sport events through its subsidiaries and affiliates in Europe. As at 30 June 2025, DDCP holds 265,000 HLEE shares represented approximately 2.04% of the total number of bearer shares of HLEE in issue.

Investment in YTME

Youngtimers AG ("YTME") is 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). As at 30 June 2025, DDCP holds 14,000,000 YTME shares represented approximately 19.44% of the total issued bearer shares of YTME.

TRADING SEGMENT

In 2023, having identified and secured suitable business partners (suppliers and purchasers), the Group resumed its trading capabilities 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 (Dynamic Random Access Memory) 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 ("Distributor 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) to third party customers in the Greater China and the Americas. 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\$42,465,000 (2024: HK\$56,609,000). The decrease in turnover was attributable to the Group's accounting policy for its trading segment, whereby transaction income of approximately HK\$181,810,000 had been netted off against purchase cost and was recorded as commission income under trading arrangements rather than being presented as turnover.

The profit of this segment is HK\$213,000 (2024: HK\$3,389,000), the decrease in profit was mainly attributable to the increased purchase cost and operating costs for ramping up operations in this segment in connection with, amongst other things, the Distributor Agreement to generate revenue subsequently. We believe that the results of this segment will improve as the Group increases in sales of XPG and other products on the back of its expanded operations. The Group's business strategy for the trading segment is to seek steady growth under the challenging global business-economic environment.

INTERESTS IN ASSOCIATES

The Group invested in several associates and the review of the significant associate is 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 around 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.

- From January to February 2025, the Virtual Human Teresa Teng's holographic concert staged at the Hongyadong in Chongqing. As a landmark attraction of Hongyadong, it has attracted a large number of tourists to come and watch.
- In May 2025, on the 30th anniversary of Teresa Teng's passing, Global People, supervised and sponsored by the People's Daily, launched a cover story centred on Teresa Teng, with a series of precious photos being revealed, including one from her digital avatar. Created by Digital Domain using the artificial intelligence-powered video creation solution, this Virtual Human Teresa Teng serves as a tribute to the legend that never fades.

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 a 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 Mr. Seah Ang 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 Rules Governing the Listing of Securities on the Stock Exchange (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.



CAPITAL

Shares

As at 30 June 2025, the total number of the Company shares of HK\$0.01 each in issue (the "Shares") was 7,979,248,625 Shares.

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 a new share option scheme (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 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 Review Period, no share option was exercised and the remaining 7,499,000 share options were cancelled or have lapsed. 1,000 share options were exercised and 7,799,000 share options were cancelled or have lapsed since the grant-date (6 May 2015) to 5 May 2025.

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 Review Period, 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 Review Period 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 Review Period, 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 Review Period and since the grant-date (13 February 2017), no share option was exercised, cancelled or has lapsed.



CAPITAL (continued)

Share Options (continued)

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 Review Period 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 Review Period, 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 Review Period 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 Review Period and since the grant-date (1 November 2024), no share option was exercised, cancelled or has lapsed.

As at 1 January 2025 and 30 June 2025, 172,902,762 share options were available for grant under the 2022 Option Scheme.

During the Review Period, no share option was granted under the 2022 Option Scheme. As a result, the number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the Review Period divided by the weighted average number of shares of the relevant class in issue for the period was nil.

Share Trading on OTCQX

The Company's American Depositary Shares (ADSs) under a sponsored American Depositary Receipt (ADR) Programme with the Bank of New York Mellon is currently traded on U.S. OTCQX Market under the symbol "DDHLY". For details, please refer to the Company's announcement dated 11 November 2024.



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 2025, the Group had banking facilities from two banks in the United States amounting to US\$19,000,000 (approximately HK\$149,148,000) and these banking facilities were fully utilised during the period. Among the above mentioned US\$19,000,000 facilities, utilised facilities of US\$6,000,000 (approximately HK\$47,099,000) has been successfully refinanced for another 3 years (to 2028). 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\$156,998,000) with US\$16,000,000 (approximately HK\$125,598,000) being utilised and was secured by time deposits of the Group. The Group had banking facilities from a bank in Canada in amount of CAD7,250,000 (approximately HK\$41,818,000), CAD3,666,000 (approximately HK\$21,144,000) was utilised as equipment lease facility loan and CAD3,584,000 (approximately HK\$20,674,000) is unutilised. These banking facilities were secured by corporate guarantees provided by several subsidiaries.

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 30 June 2025, the Group also had lease liabilities of HK\$66,479,000, which were determined at the present value of the lease payments that are payable at that date. The amount included in lease liabilities consisted of HK\$21,224,000 related to leased assets (equipment amounted to CAD3,666,000 (approximately HK\$21,144,000) and HK\$80,000) which are secured by the lessor's charge over the leased assets. Among these leased assets, the terms of payments were 36 months and 60 months respectively. 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\$124,154,000 as at 30 June 2025. 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 30 June 2025. One indirect wholly-owned subsidiary also had a term loan facility of US\$10,000,000 (approximately HK\$78,499,000) 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 30 June 2025 were US\$8,000,000 (approximately HK\$62,799,000) 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 30 June 2025.

LIQUIDITY, FINANCIAL RESOURCES, CHARGES ON GROUP ASSETS AND GEARING RATIO (continued)

The total cash and bank balance as at 30 June 2025 was approximately HK\$355,703,000. As at 30 June 2025, the Group had banking facilities of approximately HK\$347,964,000. Utilised portions of these bank facilities were set at a floating interest rate of these bank loans, loans amounting to approximately HK\$274,746,000 are denominated in United States dollars and equipment lease facility loan amounting to approximately HK\$21,144,000 are denominated in Canadian dollars. During the Review Period, 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 30 June 2025 was spread over a period of five years, with approximately 46% repayable within one year and 54% repayable between two to five years.

The Group's current assets were approximately HK\$543,546,000 while the current liabilities were approximately HK\$464,685,000 as at 30 June 2025. As at 30 June 2025, the Group's current ratio was 1.2 (as at 31 December 2024: 1.5).

As at 30 June 2025, 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 107% (as at 31 December 2024: 88%).

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 Review Period. 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 30 June 2025, the Group did not have any material contingent liabilities.

EMPLOYEES OF THE GROUP AND REMUNERATION POLICY

As at 30 June 2025, the total headcount of the Group was 910. 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

The global market is currently navigating a highly challenging and uncertain operating environment. Geopolitical tensions in Europe, the Middle East, and Southeast Asia, ongoing trade conflicts and uncertainties around interest rates policy in the United States, have created a complex economic landscape for businesses worldwide. All these factors also generate uncertainties around the Group's operating costs, as well as 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, which are often targeted at more than one market globally. Therefore, U.S., Chinese, or global economic fluctuations can directly influence the budgets and release schedules for feature films, advertising budgets, and campaign timelines, while tariffs and sanctions can affect the costs of trading operations.

Artificial intelligence ("AI") technology is transforming the entire process of creating film and television feature content. From script generation and virtual shooting to post-editing and visual effects, AI applications have significantly enhanced efficiency but have also challenged traditional production models. Facing these challenges and opportunities from new technological developments, the Group will continue to leverage its industry experience of more than 30 years and expand its U.S. projects while exploring new ventures, such as Duanju (short drama) projects or commercials, using innovative production methods with AI tools across Asia, Europe, and the United States. This strategy aims to further strengthen the Group's position in the global VFX market.

Regarding the virtual human business, the Group will continue to improve existing products and services and explore new offerings (such as AI functions, multi-language support, SaaS products, etc.) in partnership with strategic partners (including those in Hong Kong SAR, China, Japan, Malaysia, Indonesia, and the United States). Specifically, we are constantly working to improve interactive activities by integrating AI technology between virtual humans and audiences across various business sectors, such as finance, hospitality/customer service, education/in-house training, and healthcare.

Despite the uncertainties in the global trading environment for the current year, we will seek to cautiously grow the Group's sales of DRAM products, which can be used by businesses that serve the gaming and/or AI-related industries, as the Group settles into its expanded operations infrastructure and will keep reviewing the appropriate mix of products to be distributed under our trading segment.

During the Review Period, the Group took a conservative approach to operations due to uncertain market and operating conditions. We maintained strict financial discipline by carefully assessing our investment portfolio and managing operational costs. To enhance our business ecosystem and support research and development efforts, we will continue to actively pursue financing and partnership opportunities, particularly in AI, with strategic partners, investors, and universities across the US and Asia.

Finally, we want to assure you that we will remain vigilant in monitoring external factors to ensure we strike a balanced approach between opportunities and risks. Our "Objective" is to promote business and prosperity by leveraging our unique diversity across markets, shareholders, directors, and staff. As management, we remain focused on the importance for us to act in the best interests of our Company and its shareholders as a whole, and we are grateful for the trust you have placed in us and for your continued support of the Group. We are confident in our ability to generate long-term, sustainable value for all our stakeholders – clients, shareholders, staff, and management. We would like to take this opportunity to express our sincere appreciation to all our management and colleagues for their valuable contributions to the Group.



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.

(i) 2012 Option Scheme

The following table discloses movements in the Company's options (the “Options”) granted under the 2012 Option Scheme during the Review Period:

Name and category of participants	Number of Options					Date of grant	Exercise period	Exercise price per Share (HK\$)
	At 1 January 2025	Granted during the Review Period	Exercised during the Review Period	Cancelled/lapsed during the Review Period	At 30 June 2025			
Director								
Wong Cheung Lok	200,000 (Note 2)	-	-	(200,000)	-	06/05/2015	06/05/2015 to 05/05/2025	13.20
	200,000 (Note 2)	-	-	(200,000)	-	06/05/2015	06/05/2016 to 05/05/2025	13.20
	200,000 (Note 2)	-	-	(200,000)	-	06/05/2015	06/05/2017 to 05/05/2025	13.20
	1,000,000 (Note 3)	-	-	-	1,000,000	29/01/2016	29/01/2016 to 28/01/2026	4.13
	1,000,000 (Note 3)	-	-	-	1,000,000	29/01/2016	29/01/2017 to 28/01/2026	4.13
	1,000,000 (Note 3)	-	-	-	1,000,000	29/01/2016	29/01/2018 to 28/01/2026	4.13
	5,000,000 (Note 8)	-	-	-	5,000,000	24/04/2019	24/04/2019 to 23/04/2029	1.30
Employees of the Group								
Other employees, in aggregate	1,899,000 (Note 2)	-	-	(1,899,000)	-	06/05/2015	06/05/2015 to 05/05/2025	13.20
	1,800,000 (Note 2)	-	-	(1,800,000)	-	06/05/2015	06/05/2016 to 05/05/2025	13.20
	1,700,000 (Note 2)	-	-	(1,700,000)	-	06/05/2015	06/05/2017 to 05/05/2025	13.20
	8,150,006 (Note 3)	-	-	-	8,150,006	29/01/2016	29/01/2016 to 28/01/2026	4.13
	7,149,998 (Note 3)	-	-	-	7,149,998	29/01/2016	29/01/2017 to 28/01/2026	4.13
	6,583,327 (Note 3)	-	-	-	6,583,327	29/01/2016	29/01/2018 to 28/01/2026	4.13
	5,000,000 (Note 5)	-	-	-	5,000,000	22/06/2016	22/06/2017 to 21/06/2026	4.95
	5,000,000 (Note 5)	-	-	-	5,000,000	22/06/2016	22/06/2018 to 21/06/2026	4.95
	1,666,671 (Note 6)	-	-	-	1,666,671	29/07/2016	29/07/2016 to 28/07/2026	5.66
	1,169,998 (Note 6)	-	-	-	1,169,998	29/07/2016	29/07/2017 to 28/07/2026	5.66

SHARE OPTION SCHEME (continued)

(i) 2012 Option Scheme (continued)

Name and category of participants	Number of Options				At 30 June 2025	Date of grant	Exercise period	Exercise price per Share (HK\$)
	At 1 January 2025	Granted during the Review Period	Exercised during the Review Period	Cancelled/lapsed during the Review Period				
Employees of the Group (continued)								
Other employees, in aggregate (continued)	843,324 (Note 6)	-	-	-	843,324	29/07/2016	29/07/2018 to 28/07/2026	5.66
	5,999,999 (Note 8)	-	-	-	5,999,999	24/04/2019	24/04/2019 to 23/04/2029	1.30
	666,667 (Note 8)	-	-	-	666,667	24/04/2019	29/02/2020 to 23/04/2029	1.30
	333,333 (Note 8)	-	-	-	333,333	24/04/2019	24/04/2020 to 23/04/2029	1.30
	666,667 (Note 8)	-	-	-	666,667	24/04/2019	28/02/2021 to 23/04/2029	1.30
	333,334 (Note 8)	-	-	-	333,334	24/04/2019	24/04/2021 to 23/04/2029	1.30
	29,050,000 (Note 9)	-	-	-	29,050,000	21/05/2020	21/05/2020 to 20/05/2030	0.46
	9,220,000 (Note 9)	-	-	-	9,220,000	21/05/2020	21/05/2021 to 20/05/2030	0.46
	7,360,000 (Note 9)	-	-	-	7,360,000	21/05/2020	21/05/2022 to 20/05/2030	0.46
Others								
Amit Chopra	500,000 (Note 2)	-	-	(500,000)	-	06/05/2015	06/05/2015 to 05/05/2025	13.20
	500,000 (Note 2)	-	-	(500,000)	-	06/05/2015	06/05/2016 to 05/05/2025	13.20
	500,000 (Note 2)	-	-	(500,000)	-	06/05/2015	06/05/2017 to 05/05/2025	13.20
	3,333,334 (Notes 3 and 4)	-	-	-	3,333,334	29/01/2016	29/01/2016 to 28/01/2026	4.13
	3,333,333 (Notes 3 and 4)	-	-	-	3,333,333	29/01/2016	29/01/2017 to 28/01/2026	4.13
	3,333,333 (Notes 3 and 4)	-	-	-	3,333,333	29/01/2016	29/01/2018 to 28/01/2026	4.13
Wang Wei-Chung	166,667 (Note 3)	-	-	-	166,667	29/01/2016	29/01/2016 to 28/01/2026	4.13
	166,667 (Note 3)	-	-	-	166,667	29/01/2016	29/01/2017 to 28/01/2026	4.13
	166,666 (Note 3)	-	-	-	166,666	29/01/2016	29/01/2018 to 28/01/2026	4.13
Wei Ming	30,000,000 (Note 7)	-	-	-	30,000,000	13/02/2017	13/02/2017 to 12/02/2027	4.69
Total	145,192,324	-	-	(7,499,000)	137,693,324			

SHARE OPTION SCHEME (continued)

(i) 2012 Option Scheme (continued)

Notes:

- Options are valid for 10 years from the date of grant.
- 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. Such outstanding Options lapsed on 6 May 2025.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

SHARE OPTION SCHEME (continued)

(ii) 2022 Option Scheme

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

Name and category of participants	Number of Options					Date of grant	Exercise period	Exercise price per Share (HK\$)
	At 1 January 2025	Granted during the Review Period	Exercised during the Review Period	Cancelled/lapsed during the Review Period	At 30 June 2025			
Directors								
Wong Cheung Lok	70,000,000 (Note 2)	-	-	-	70,000,000	26/07/2024	26/07/2024 to 25/07/2034	0.245
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	148,000,000 (Note 2)	-	-	-	148,000,000	26/07/2024	26/07/2024 to 25/07/2034	0.245
Total	260,000,000	-	-	-	260,000,000			

Notes:

- Options are valid for 10 years from the date of grant.
- Options 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.
- 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' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2025, 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 Rules Governing the Listing of Securities on the Stock Exchange (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
Wong Cheung Lok	Interest of controlled corporation and beneficial owner (Notes 1 and 2)	7,532,000	78,000,000	85,532,000 (Long position)	1.07%
	Interest of controlled corporation (Note 2)	7,532,000	–	7,532,000 (Short position)	0.09%
Hooi Hing Lee	Beneficial owner (Note 3)	–	40,000,000	40,000,000 (Long position)	0.50%
Elizabeth Monk Daley	Beneficial owner (Note 4)	–	2,000,000	2,000,000 (Long position)	0.03%

Notes:

1. Mr. Wong Cheung Lok holds 8,000,000 Options and 70,000,000 Options granted under the 2012 Option Scheme and the 2022 Option Scheme respectively, particularly of which are set out in the above section headed "Share Option Scheme".
2. Mr. Wong Cheung Lok was deemed to be interested in 7,532,000 Shares (long and short positions) by virtue of his 100% shareholding interest in Elite Man Investments Limited.
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".
4. 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".

Save as disclosed above, as at 30 June 2025, 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.



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30 June 2025, 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%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (continued)

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

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.
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 compiled based on the total number of issued Shares as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, 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.

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 (the "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 30 June 2025, 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 Review Period.

CORPORATE GOVERNANCE

During the Review Period, the Company was in compliance with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules except for the following:

- (a) There is no separation of the roles of the chairman and the chief executive officer ("CEO") or chief executive during the period from 1 January 2025 to 12 January 2025. Mr. Seah Ang assumed the roles of the chairman of the Board and CEO of the Company. The Board of the Company 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 and chief strategic advisor, was appointed as the acting chairman of the Board while Mr. Wong Cheung Lok, the chief financial officer, was appointed as the executive Director and the CEO on the same date respectively. Accordingly, the roles of the chairman and CEO are separate and is not performed by the same individual; and
- (b) The Company held the annual general meeting on 20 June 2025. Ms. Alla Y Alenikova, the non-executive Director, was unable to attend the above annual general meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code throughout the Review Period.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the interim report of the Company for the Review Period.

By Order of the Board
Wong Cheung Lok
Executive Director and Chief Executive Officer

Hong Kong, 28 August 2025

