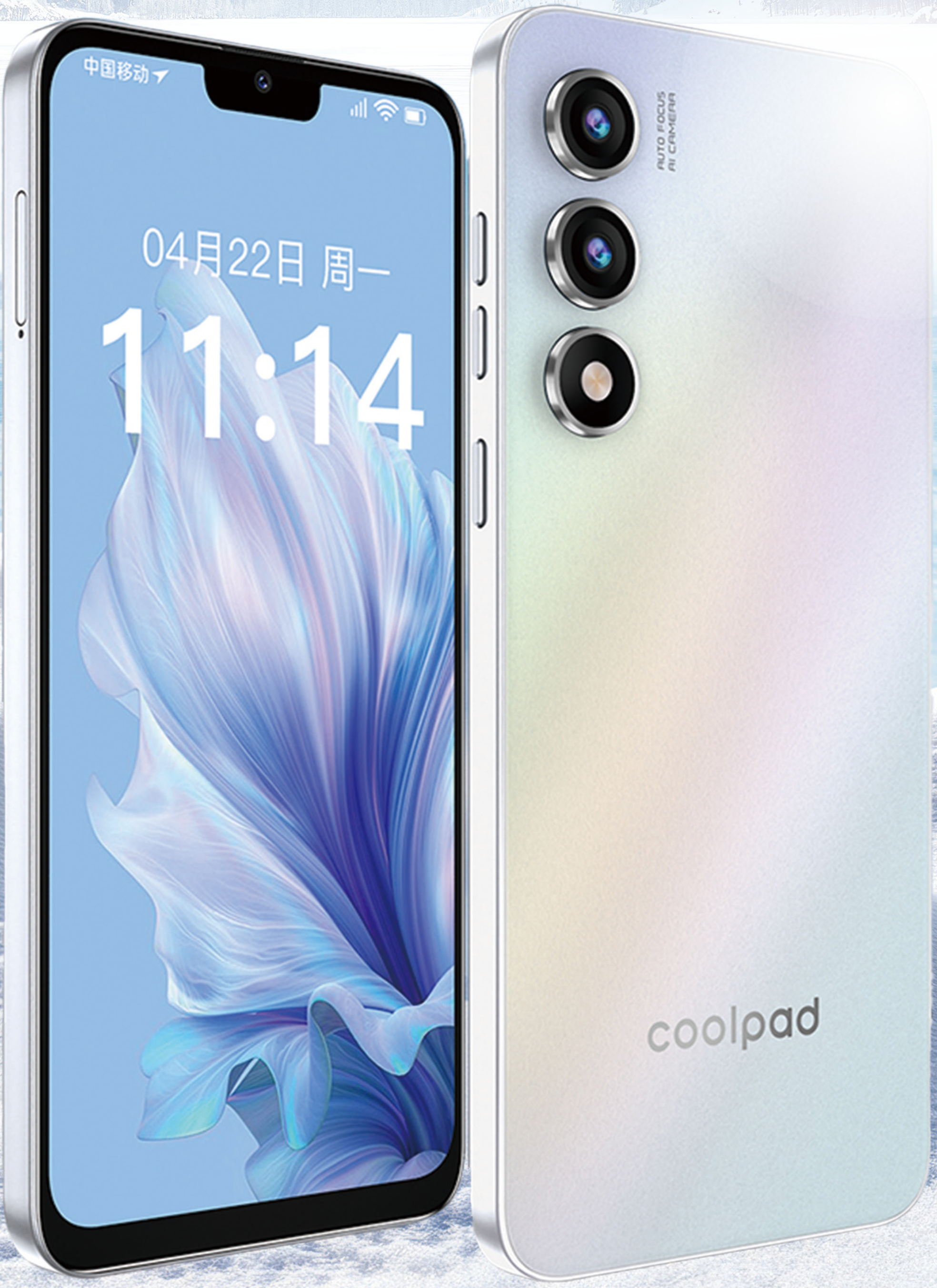
coolpad 酷派

COOLPAD GROUP LIMITED
酷 派 集 團 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2369)

2024
ANNUAL REPORT

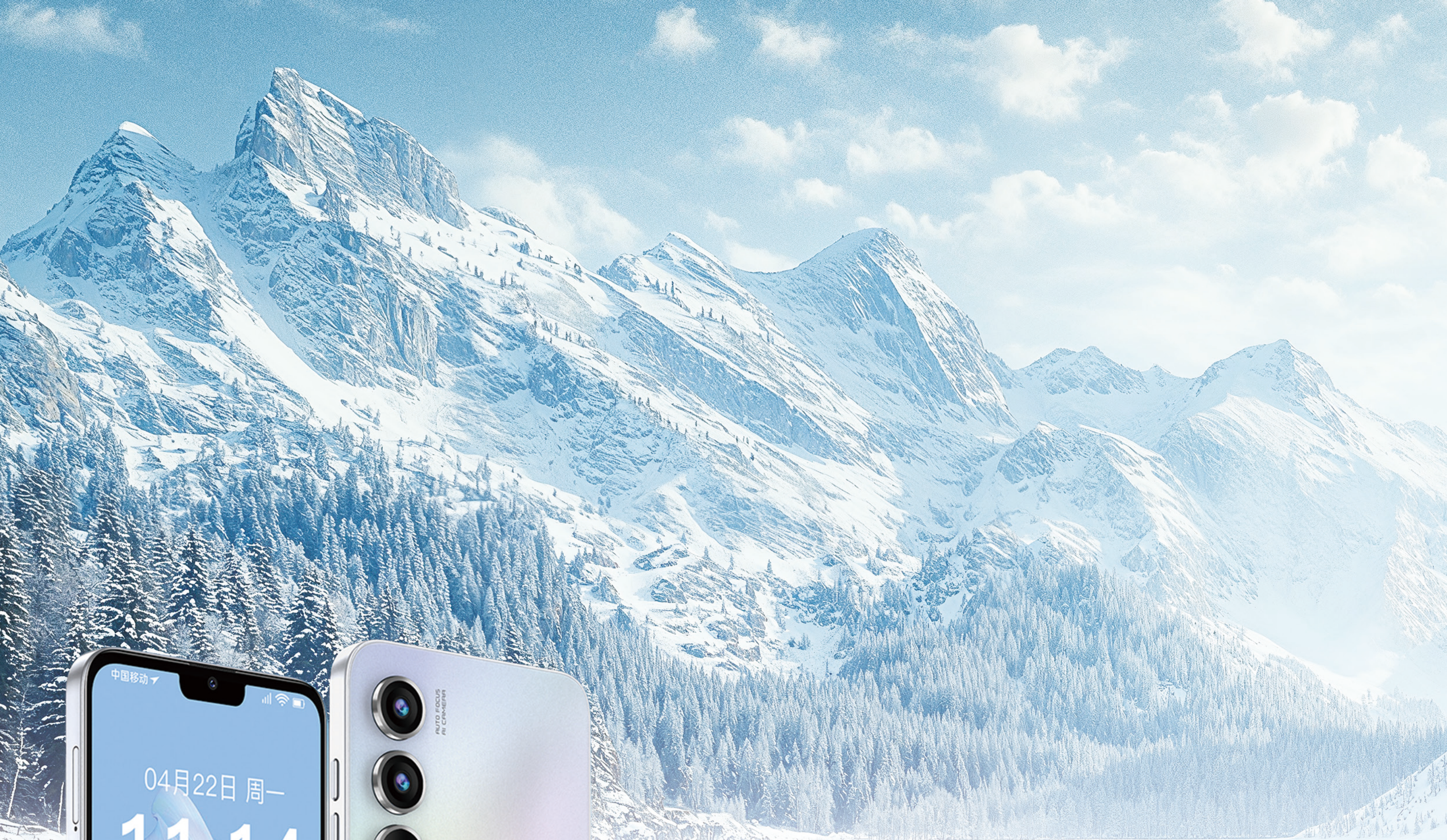


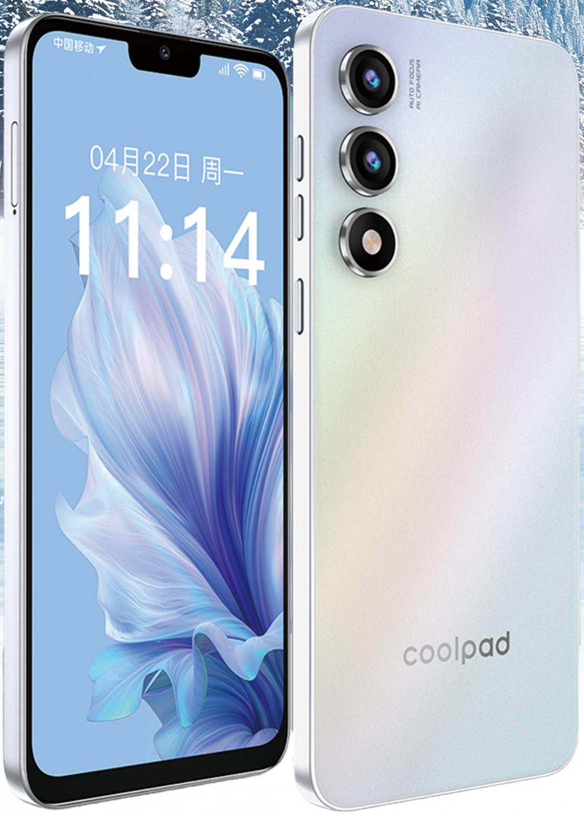
CORPORATE PROFILE

Coolpad Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 11 June 2002. The shares of the Company (the "**Shares**") were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 December 2004 (Stock Code: 2369).

The Company and its subsidiaries (collectively, the "**Group**") are committed to be a leading smartphone developer and manufacturer in the People's Republic of China ("**PRC**"). In the last decade, capitalizing on the development of wireless telecommunications technological know-how in wireless telecommunications across multiple wireless telecommunications network standards including TD-LTE, FDD-LTE, TD-SCDMA, CDMA-EVDO, WCDMA, GSM, and CDMA1X networks, the Group has developed a large number of proprietary technologies and patents in mobile operating systems, radio frequency, protocols and wireless data decomposed transmission technology, etc, and is one of the standard-setters in the communications industry. The Group never stops enhancing its research and development ("**R&D**") ability and is striving to be an important participant and a leader in the latest field of 5G and Artificial Intelligence. In addition, the Group is engaged in the leases of properties. Starting from the second half of 2023, the Group has actively pursued opportunities in Web 3.0 digital currency business.

Contributing to advancing technological innovations and striving along those with endeavours is the vision and mission of the Group. Relying on strong independent research and development strength and innovative market layout, the Group will lead the industry innovation in the digital era and provide consumers with continuously upgraded products and ecological services.





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CORPORATE INFORMATION

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head Office and Principal Place of Business in the PRC

Coolpad Information Harbor
No. 8 of Gaoxin North 1st Road
Hi-Tech Industry Park (Northern)
Nanshan District
Shenzhen

Principal Place of Business in Hong Kong

Room 1506, 15/F., Wing On Centre
111 Connaught Road Central
Hong Kong

Company Secretary

Mr. MA Fei

Audit Committee and Remuneration Committee

Mr. CHEUK Ho Kan *(Chairperson)*
(appointed on 8 January 2024)
Mr. CHIU Sin Nang Kenny *(former Chairperson)*
(resigned on 8 January 2024)
Ms. WANG Guan
Mr. GUO Jinghui

Nomination Committee

Mr. CHEN Jiajun *(Chairperson)*
Mr. CHEUK Ho Kan
(appointed on 8 January 2024)
Mr. CHIU Sin Nang Kenny
(resigned on 8 January 2024)
Ms. WANG Guan

Authorised Representatives

Mr. MA Fei
Mr. CHEN Jiajun

Contact Information for Investor Relations

Tel: +86 755 8626 0086
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Auditor

Zhonghui Anda CPA Limited ("**Zhonghui Anda**")
Certified Public Accountants
Registered Public Interest Entity Auditor
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Enterprise Square Five
38 Wang Chiu Road
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Hong Kong

Legal Advisers to the Company as to Hong Kong Law

Baker & McKenzie
14th Floor
One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Legal Advisers to the Company as to Cayman Islands Law

Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman, KY1-1100
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–16
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

CMB Wing Lung Bank Limited
Bank of China Limited
China Construction Bank Corporation

Company Website

www.coolpad.com.hk

Stock Code

2369

FINANCIAL HIGHLIGHTS

The financial data below are extracted from the Group's audited financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

Results

	Year ended 31 December (HK$'000)				
	2024	2023	2022 (restated)	2021	2020
Revenue	**499,332**	307,363	299,208	665,380	811,757
Loss before tax	**(250,514)**	(234,015)	(629,430)	(556,009)	(299,063)
Income tax (expense)/credit	**(1,644)**	13,023	3,782	(16,367)	(45,965)
Loss for the year*	**(252,158)**	(220,992)	(625,648)	(572,376)	(393,828)

* Included discontinued operation results, if any

Financial Position

	As at 31 December (HK$'000)				
	2024	2023	2022	2021	2020
Non-current assets	**3,969,875**	3,992,460	3,816,929	3,762,172	3,233,696
Current assets	**445,871**	443,493	456,258	1,362,838	1,087,820
Non-current liabilities	**1,512,446**	790,458	377,148	418,948	383,479
Current liabilities	**1,103,367**	1,553,821	1,659,562	2,161,950	2,619,184
Net assets	**1,799,933**	2,091,674	2,236,477	2,544,112	1,318,853

CHAIRMAN OF THE BOARD'S STATEMENT

In 2024, the global smartphone market experienced a moderate recovery. According to the statistics of Canalys, annual shipments reached 1.22 billion units in 2024, representing a 7% year-on-year increase, ending two consecutive years of decline. This rebound reflects structural adjustments within the industry.

Despite lingering global economic uncertainties and supply chain pressures, technological innovation and demand from emerging markets became the primary growth drivers. Strong demand for mid-to-low-end cost-effective models in emerging markets such as Asia-Pacific, Latin America, and Africa supported market growth.

To align with domestic market needs, in 2024, the Group collaborated with China Mobile to launch the Coolpad Y70Lite and Daguan 3 Series smartphones. The Daguan 3 features naked-eye 3D technology, and we jointly established the Naked-Eye 3D Industry Alliance and the Terminal Intelligence Alliance to accelerate technology applications. During the same period, we introduced the Cool50 and Cool60 models on e-commerce platforms while maintaining leadership in the feature phone market by offering high-cost-performance products based on our technological expertise.

In overseas markets, the Group accelerated expansion, achieving significant growth. Focusing on high-growth markets globally, we deployed mid-to-low-end products and deepened customization demands under our own brand. Our channel strategy centered on offline agents while simultaneously expanding cross-border e-commerce. By the end of 2024, we had covered over 20 countries and regions, including the Middle East, Africa, Eastern Europe, Asia, and Latin America, and were present on more than ten cross-border platforms such as SHEIN, TikTok, AliExpress, and TEMU, with steady market expansion.

To further diversify our product portfolio and meet varied market demands, in 2024, the Group expanded its ecosystem product line to include cloud tablets, mobile accessories, smart wearables, intelligent health devices, smart security systems, earphones, in-car devices, smart dictionary pens, walkie-talkies, and network terminal equipment (such as mobile WiFi and 5G CPE), totaling over ten categories. This move provided consumers with more choices.

CHAIRMAN OF THE BOARD'S STATEMENT

Leveraging our deep technical expertise, this year, the Group launched 5G devices supporting 3D video and real-time translation, as well as naked-eye 3D smartphones. We actively contributed to the OpenHarmony community, submitting over 400,000 lines of code, with products spanning mobile and financial sectors. By integrating OpenHarmony into COOLOS, we significantly improved user experience in terms of boot speed, system optimization, and loading efficiency.

In property management, the Group primarily holds two properties: Coolpad Information Harbor in Shenzhen and Coolpad Technology Ecological Park* (酷派科技生態園) in Dongguan Songshan Lake. The Coolpad Information Harbor Phase III Project was structurally topped out in 2024 and the Phase II Project achieved the same milestone in early 2025. Currently, rental income is generated from Phase I of Coolpad Infopark (Coolpad Building) and the Dongguan Songshan Lake facility. Despite pressure in the leasing market, occupancy rates have remained stable.

Since the second half of 2023, the Group has expanded into overseas markets, covering Web 3.0, smartphones, mobile internet, and entering the digital currency sector. By the end of 2024, we had deployed servers in North America, achieving an effective computing power of 1,504,800 TH/s and accumulating approximately 187.32 BTC. Additionally, we invested in U.S.-listed crypto-asset securities.

In 2025, with the rapid development of domestic artificial intelligence ("**AI**") technologies like DeepSeek, the smartphone market is undergoing significant changes. The Group will seize opportunities to focus on R&D for both domestic and international markets, further integrating AI technologies to enhance system stability and optimize user experience.

The Group plans to expand domestic channels, strengthen cooperation with operators and e-commerce platforms, optimize product lines, and increase ecosystem partnerships. Focusing on AI+5G technologies, the Group will extend into smart wearables, smart education, home security, and healthcare, integrating AI, Internet of things ("**IoT**"), and cloud computing to transition from single product to a diversified ecosystem, providing users with smarter and more efficient digital lifestyles.

In February 2025, the Group completed integration with the "DeepSeek" AI model, upgrading the COOLOS system via Over-The-Air. This enhanced intelligence and user experience, strengthened technological leadership, and increased competitiveness, particularly in emerging markets. It also accelerated AI application adoption, driving the development of AI-powered smartphones and AIoT ecosystems, offering users smarter living experiences.

In overseas markets, the Group will continue advancing product iterations, expanding into smart devices, deepening presence in key markets, broadening e-commerce and operator channels, strengthening cooperation with e-commerce platforms, adopting a dual-brand and original design manufacturer-driven strategy, and increasing marketing support to enhance brand influence and market penetration.

For property leasing, the Group will adopt innovative strategies to explore new markets and customers, optimize existing properties to ensure stable rental income and occupancy rates, and adjust rental pricing opportunistically to maintain competitive advantage and secure a leading market position.

* *For identification purposes only*

CHAIRMAN OF THE BOARD'S STATEMENT

Regarding digital currencies, to strengthen our presence in this field and achieve vertical integration, the Group plans to acquire a company specializing in cryptocurrency mining hosting services in 2025. This target company provides highly efficient power supply, secure optimized facilities, and data center services, boasting advantages in energy efficiency, safety, reliability, and scalability. Additionally, its infrastructure supports AI and Internet Data Center ("**IDC**") businesses, bolstering our future expansion in intelligent technology.

The Group remains committed to science and technology innovation guided by market demand, actively expanding globally, especially in high-potential emerging markets. We closely monitor advancements in AI and blockchain technologies, integrating them into our products to unlock new opportunities. Moving forward, we will proceed steadily, seizing every opportunity for sustainable and healthy profit growth while promoting industry progress and societal development.

Chen Jiajun
Chairman of the Board

Hong Kong, 28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

The financial data below are extracted from the Group's financial statements prepared under HKFRSs. The following discussion and analysis should be read in conjunction with the Group's audited financial statements.

	Year ended 31 December HK$ million		
	2024	2023 (Restated)	**Variance (%)**
REVENUE			
Sale of mobile phones and related accessories	**275.14**	181.32	51.7
Wireless application service income	**36.66**	27.11	35.2
Revenue from cryptocurrencies business	**97.68**	8.54	1,043.8
Rental income from investment properties operating leases	**89.85**	90.39	-0.6
Total revenue	**499.33**	307.36	62.5
Cost of sales	**(427.01)**	(199.95)	113.6
Gross profit/(loss)	**72.32**	107.42	-32.7
Other income and gains	**60.40**	95.85	-37.0
Selling and distribution expenses	**(30.17)**	(35.70)	-15.5
Administrative and other operating expenses	**(299.84)**	(273.23)	9.7
Finance costs	**(40.80)**	(8.00)	410.0
Share of losses of associates and a joint venture	**(13.42)**	(120.35)	-88.8
LOSS BEFORE TAX	**(250.51)**	(234.02)	7.0
Income tax (expense)/credit	**(1.64)**	13.02	-112.6
LOSS FOR THE YEAR	**(252.15)**	(220.99)	14.1

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue Analysis by Product Segments

A comparative breakdown of the consolidated revenue streams attributable to the various product segments are set forth in the following table for the years indicated:

	Year ended 31 December			
	2024		2023	
	Revenue HK$ million	**% of revenue**	Revenue HK$ million	% of revenue
Sale of mobile phones and related accessories	**275.14**	**55.10**	181.32	58.99
Wireless application service income	**36.66**	**7.34**	27.11	8.82
Revenue from cryptocurrencies business	**97.68**	**19.56**	8.54	2.78
Rental income from investment properties operating leases	**89.85**	**18.00**	90.39	29.41
Total	**499.33**	**100.00**	307.36	100.00

The Group recorded consolidated revenue for the year ended 31 December 2024 (the "**Year**") of approximately HK$499.33 million, representing an increase of 62.46% as compared with the amount of approximately HK$307.36 million for the year ended 31 December 2023. The increase in revenue was primarily attributable to the expansion of the cryptocurrencies business and the increased sales in the mobile phone business.

Gross Profit

	Year ended 31 December			
	2024		2023 (Restated)	
	Gross profit HK$ million	**Gross profit margin (%)**	Gross loss HK$ million	Gross loss margin (%)
Total	**72.32**	**14.48**	107.42	34.95

The Group recorded a gross profit of approximately HK$72.32 million for the Year as compared with a gross profit of approximately HK$107.42 million for the previous year ended 31 December 2023. The Group's overall gross profit margin for the Year was 14.48%, as compared with 34.95% of gross profit margin for the year ended 31 December 2023. The decrease of gross profit was primarily attributable to the fact that certain products in the mobile phone business were in the clearance phase in 2024 and low-margin hardware products contributed to a reduction in gross profit.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

	Year ended 31 December	
	2024	2023
Selling and distribution expenses (HK$ million)	**30.17**	35.70
Selling and distribution expenses/revenue (%)	**6.04**	11.62

Selling and distribution expenses of the Group during the Year decreased to approximately HK$30.17 million, representing a decrease of 15.49%, as compared with approximately HK$35.70 million for the year ended 31 December 2023. The decrease in selling and distribution expenses was primarily attributable to the decrease in marketing expense.

Administrative and Other Operating Expenses

	Year ended 31 December	
	2024	2023 (Restated)
Administrative and other operating expenses (HK$ million)	**298.84**	273.23
Administrative and other operating expenses/revenue (%)	**59.85**	88.89

Administrative and other operating expenses increased by 9.37% from approximately HK$273.23 million for the year ended 31 December 2023 to approximately HK$298.84 million for the Year. Administrative and other operating expenses as a percentage of total revenue decreased to 59.85% in 2024 from 88.89% in 2023. The increase in the amount of administrative and other operating expenses was primarily due to the increased fair value losses on financial assets at fair value through profit or loss for the Year.

Income Tax Expense

During the Year, the Group recorded a loss before tax of approximately HK$250.51 million, as compared with approximately HK$234.02 million for the year ended 31 December 2023, and the Group recorded an income tax expense of approximately HK$1.64 million for the Year as compared with an income tax credit approximately HK$13.02 million for the year ended 31 December 2023. The turning of income tax credit to income tax expense was primarily attributable to the deferred tax impacts resulting from fair value gain on investment properties for the Year as compared with fair value loss on investment properties in last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resource and Capital Structure

For the Year, the Group's operating capital was mainly generated from cash from its daily operation of its businesses, equity funding, interest-bearing loan and other borrowings. The Group's cash requirements related primarily to production and operating activities, repayment of due liabilities, capital expenditure, interest and other unforeseeable cash requirements. The Group had a gearing ratio of 54% as at 31 December 2024 (2023: 47%). The gearing ratio is equal to net debt divided by the sum of capital and net debt.

Cash and cash equivalents of the Group as at 31 December 2024 amounted to approximately HK$65.15 million, while it was HK$63.55 million as at 31 December 2023.

As at 31 December 2024, the Group had total debts (i.e., total borrowings) of approximately HK$1,197.24 million, which were all denominated in RMB. HK$21.29 million of the Group's borrowings are due in 2025 with a rate of 3.15% to 5.5% per annum and HK$1,175.95 million of the Group's borrowings are due in 2038 to 2039 with a rate of 3.15% to 5.5% per annum.

As at 31 December 2024, the Company had 16,381,007,955 Shares of par value HK$0.01 each in issue.

Contingencies

Litigations with suppliers

The Group received several civil complaints in 2024 from suppliers demanding the Group to immediately repay the overdue accounts payable balance of RMB4,368,000 (equivalent to HK$4,648,000) (2023: HK$4,500,000). The arbitration procedures of the civil complaints were still in progress as at the date of approval of the consolidated financial statements.

Pledge of Assets

(a) As at 31 December 2024, the Group's time deposits of approximately HK$53.21 million were used as a performance guarantee and a letter of credit (2023: HK$59.75 million).

(b) As at 31 December 2024, the Group's bank borrowings are:

(i) secured by certain property, plant and equipment, investment properties and right-of-use assets of the Group with a carrying value of HK$155,170,000 (2023: HK$70,697,000), HK$3,151,325,000 (2023: HK$1,558,893,000) and HK$9,194,000 (2023: HK$14,001,000);

(ii) secured by 75% shareholding interests of Dongguan Yulong Telecommunication Tech Co., Ltd (2023: 75%);

(iii) secured by the rights to receive the rental income of Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. ("**Yulong Shenzhen**"). The amount of the secured receivable as at 31 December 2024 is HK$7,587,000 (2023: Nil); and

(iv) guaranteed by Mr. CHEN Jiajun and Yulong Shenzhen jointly and severally.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the Year, the Group recorded a turnover of approximately HK$499.33 million, representing an increase of 62.46% as compared with approximately HK$307.36 million for the year ended 31 December 2023. The increase in revenue was primarily attributable to the expansion of the cryptocurrencies business and the increased sales in the mobile phone business. The Group recorded a gross profit of approximately HK$72.32 million for the Year as compared with approximately HK$107.42 million for the previous year ended 31 December 2023. The Group's overall gross profit margin for the Year was 14.48%, as compared with 34.95% for the year ended 31 December 2023. The decrease of gross profit margin was primarily attributable to the fact that certain products in the mobile phone business were in the clearance phase in 2024 and low-margin hardware products contributed to a reduction in gross profit.

The selling and distribution expenses of the Group during the Year decreased to approximately HK$30.17 million, representing a decrease of 15.49%, as compared with approximately HK$35.70 million for the year ended 31 December 2023. The decrease in selling and distribution expenses was primarily attributable to the decrease in marketing expense. The administrative and other operating expenses increased by 9.37% from approximately HK$273.23 million for the year ended 31 December 2023 to approximately HK$298.84 million for the Year. Administrative and other operating expenses as a percentage of total revenue decreased to 59.85% in 2024 from 88.89% in 2023. The increase in the amount of administrative and other operating expenses was primarily due to the increased fair value losses on financial assets at fair value through profit or loss for the Year.

For the Year, the Group recorded a loss before tax of approximately HK$250.51 million, as compared with approximately HK$234.02 million for the year ended 31 December 2023, and the Group recorded an income tax expense of approximately HK$1.64 million for the Year as compared with income tax credit of approximately HK$13.02 million for the year ended 31 December 2023. The turning point of income tax credit to income tax expense was primarily attributable to the deferred tax impacts resulting from fair value gain on investment properties for the Year as compared with fair value loss on investment properties in last year.

Capital Support

The Company has not conducted any equity fund raising activities during the Year, and the Company has not formed any detailed plans for material investment and capital asset in the coming year. The details of the proceeds raised from the various equity fundraising from previous years and the usage of the net proceeds are as follows.

1. 2021 Share and Warrant Subscription

The details of use of proceeds in connection with the share subscription agreements and warrant subscription agreement entered into by the Company on 4 October 2021 are as follows. For details, please refer to the announcements of the Company dated 4 October 2021, 9 December 2021, 24 December 2021, 14 January 2022, 28 January 2022 and 7 September 2022, and the circular of the Company dated 23 November 2021.

Date of Completion	Event	The name of the allottee(s)	Price of the Company's listed shares concerned on the date on which the terms of the issue were fixed *HK$ per Share*	Proceeds raised *(approximately)*	Intended use of proceeds	Original allocation of the net proceeds *(approximately)*	Original allocation of the unutilised net proceeds as at 31 August 2022	Change in use of the unutilised net proceeds as at 7 September 2022	Revised allocation of the unutilised net proceeds as at 7 September 2022	Proceeds brought forward as at 1 January 2024 *(approximately)*	Actual use of proceeds during the Year and expected timeline for unutilised net proceeds
28 January 2022	Issue and allotment of 600,000,000 new ordinary shares at a subscription price of HK$0.28 per share	Great Fortune Global Investment Limited	0.340	HK$168 million	(i) Expansion of the Group's mobile business in the PRC during the two years ending 31 December 2022 and six months ending 30 June 2023: (a) The establishment of new business channels and expansion of both online and offline business channels in the PRC: (1) establishment of new business channels for the mobile phone business in the Mainland China, i.e. the establishment of channels of authorized service stores and (2) among other things, improve the expansion of self-operated e-commerce channels and traditional distributor channels (b) Sales and marketing of the mobile phone business (ii) General working capital of the Group	(i) 90%, or HK$788.9 million (a) (1) 60%, or HK$525.9 million and (2) 10%, or HK$87.7 million (b) 20%, or HK$175.3 million (ii) 10%, or HK$87.7 million	(i) HK$466.1 million (a) HK$465.2 million (b) HK$0.9 million	(i) (a) The establishment of new business channels and expansion of both online and offline business channels in the PRC (b) Sales and marketing of the mobile phone business (ii) General working capital of the Group (iii) Product manufacturing and development of operating system in respect of the Group's mobile phone business	(i) (a) HK$165.2 million (b) HK$100.9 million (ii) – (iii) HK$200 million	HK$32.0 million	Approximately HK$32.0 million of the proceeds has been utilised as intended during the Year for the establishment of new business channels and expansion of both online and offline business channels in the PRC. As at 31 December 2024, all of the proceeds has been fully utilised as intended and disclosed in the announcement of the Company dated 7 September 2022.
14 January 2022	Issue and allotment of 300,000,000 new ordinary shares at a subscription price of HK$0.28 per share	Sharp Ally International Limited	0.340	HK$84 million							
14 January 2022	Issue and allotment of 800,000,000 new ordinary shares at a subscription price of HK$0.28 per share	Elite Mobile Limited	0.340	HK$224 million							
30 December 2021	Issue and allotment of 150,000,000 new ordinary shares at a subscription price of HK$0.28 per share	Allove Group LIMITED	0.340	HK$42 million							
23 December 2021	Issue and allotment of 350,000,000 new ordinary shares at a subscription price of HK$0.28 per share	YH Fund SPC –YH01 SP I	0.340	HK$98 million							
17 December 2021	(i) Issue and allotment of 800,000,000 new ordinary shares at a subscription price of HK$0.28 per share (ii) Issuance of 800,000,000 warrants shares	SAI Growth Fund I, LLLP	0.340	HK$269.1 million							

2. 2023 Share Subscription

The details of use of proceeds in connection with the subscription agreements entered into by the Company on 27 August 2023 as follows. For details, please refer to the announcements of the Company dated 27 August 2023 and 10 October 2023.

Date of Completion	Event	The name of the allottee(s)	Price of the Company's listed shares concerned on the date on which the terms of the issue were fixed *HK$ per Share*	Proceeds raised *(approximately)*	Intended use of proceeds	Original allocation of the net proceeds *(approximately)*	Proceeds brought forward as at 1 January 2024 *(approximately)*	Actual use of proceeds during the Year and expected timeline for unutilised net proceeds
21 September 2023	Allotment and issue of 455,000,000 new ordinary shares at a subscription price of HK$0.033 per share	Beyond Merchant Limited	0.038	HK$27.0 million	(i) approximately HK$80.0 million (or approximately 89.9%) for the new supply chain procurement demand due to the expansion of the Group's mobile business in the PRC, which is expected to be fully utilised before 30 June 2024; (ii) approximately HK$9.0 million (or approximately 10.1%) for the general working capital of the Group, which is expected to be fully utilised before 30 June 2024	(i) HK$80.0 million (ii) HK$9.0 million	HK$8.7 million	Approximately HK$8.7 million of the proceeds have been utilised as intended during the Year, amongst which (i) approximately HK$4.7 million was utilised for the new supply chain procurement demand due to the expansion of the Group's mobile business in the PRC and (b) approximately HK$4.0 million was utilised for the general working capital of the Group. As at 31 December 2024, all of the proceeds have been fully utilised as intended and disclosed in the announcement of the Company dated 27 August 2023.
26 September 2023	Allotment and issue of 818,000,000 new ordinary shares at a subscription price of HK$0.033 per share	Saints Aura Investment Holdings Limited	0.038	HK$9.8 million				
21 September 2023	Allotment and issue of 297,000,000 new ordinary shares at a subscription price of HK$0.033 per share	Fly Smart Limited	0.038	HK$5.3 million				
10 October 2023	Allotment and issue of160,000,000 new ordinary shares at a subscription price of HK$0.033 per share	Xinyang Asia Limited	0.038	HK$20.0 million				
21 September 2023	Allotment and issue of 606,000,000 new ordinary shares at a subscription price of HK$0.033 per share	Mr. Li Guanwen	0.038	HK$10.0 million				
21 September 2023	Allotment and issue of 303,000,000 new ordinary shares at a subscription price of HK$0.033 per share	Mr. Du Tianzhao	0.038	HK$3.0 million				
10 October 2023	Allotment and issue of 91,000,000 new ordinary shares at a subscription price of HK$0.033 per share	Ms. Lam Ka Ying	0.038	HK$15.0 million				

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2024, the global smartphone shipment market showed signs of moderate recovery. According to the statistics of Canalys, the shipment of the global smartphone market reached 1.22 billion units in 2024, representing a yearly growth rate of 7%. These statistics demonstrated a rebound of the global smartphone market after its decline for two consecutive years, and also reflected that the industry is undergoing significant reformation and adjustment.

Despite global uncertainty and supply chain pressure consistently posing challenges to the market, technological innovations and emerging new markets have become the key drivers for the market growth. Particularly, in the emerging markets namely the Asia Pacific region, Latin America and Africa, consumers have strong demand for mid-to-low end smartphones with high cost-performance ratio, which has paved a solid foundation for the growth of the overall market.

In 2024, the Group joined forces with an operator, China Mobile, to launch the Coolpad Y70Lite and the Daguan 3 Series. Notably, Daguan 3 Series supports autostereoscopic technology (裸眼3D技術). Autostereoscopic Industry Alliance (裸眼3D產業聯盟) and the Terminal Intelligence Alliance (終端智能體聯盟) were jointly established by the Group and China Mobile to promote the development and market application of autostereoscopic technology. Besides, the Group also released Cool50 and Cool60 new smartphones on the e-commerce platform. In the feature phone segment, the Group maintained its industry leading position with its technologies and market experience accumulated over the years, enabling it to provide consumers with high quality products with high cost-performance ratio.

In terms of overseas market, in 2024, the Group accelerated overseas expansion, gathering a strong growth momentum in the overall operating results. The Group focused on high-growth global markets, offering products covering mid-to-low price segments, and further exploring customized demand markets under its own brand. The Group utilised offline agents as the core distribution channels while concurrently developing cross-border e-commerce distribution customers. As of 31 December 2024, the Group successfully accessed over 20 countries or regions including Middle East, Africa, Eastern Europe, Asia and Latin America, and also expanded its distribution customers on cross-border e-commerce platforms such as SHEIN, TikTok, AliExpress, TEMU, Lazada, etc., maintaining a stable market expansion trend.

For ecological chain and industry products, in 2024, the Group focused on the diversified development of ecological products. It developed over ten kinds of products covering a wide variety of areas, such as cloud tablets, mobile phone accessories, smart wearable devices (including smart watches and kid watches), smart healthcare products (such as smart blood pressure monitor), smart security (such as CCTV), smart earphones, in-vehicle equipment, smart dictionary pens, intercoms and network terminal equipment (such as mobile WiFi and 5G CPE). The Group has been actively promoting the development of ecological chain and industry products to provide consumers with more diverse choices.

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of research and development, the Group has a profound technical background and has accumulated substantial technical expertise and patent licenses. In 2024, we were dedicated to product differentiation, with a key focus on the application development of artificial intelligence and 3D technologies. We cooperated with domestic operators to develop new 5G calls incorporating features such as 3D video calls and real-time translation, and we launched several models of mobile phone products supporting autostereoscopic technology. In addition, the Group actively supported the development of OpenHarmony community, participating in the building of ecological chain, contributing over 40,000 core codes, and developing products covering many industries including mobile phone and financial industries. The Group consistently optimized mobile phone systems and integrated the advantages of OpenHarmony into COOLOS, delivering better experience in terms of boot acceleration, system streamlining, loading warm-up, etc..

Regarding real estate property, as of 31 December 2024, the Group owned properties including Coolpad Information Harbor in Shenzhen and Coolpad Technology Ecological Park* (酷派科技生態園) in Dongguan Songshan Lake. The main structure of Coolpad Information Harbor Phase III Project was topped out, while the topping-out of the main structure for Phase II project was also completed in early 2025. Currently, the Group's properties that have generated rental income include Shenzhen Coolpad Information Harbor Phase I (Coolpad Building) and Coolpad Technology Ecological Park in Dongguan Songshan Lake. Despite the current pressure on the leasing market, the Group's occupancy rate remains stable.

For the digital currency sector, since the second half of 2023, the Group has been actively pursuing business opportunities in Web 3.0 with smartphones and mobile internet in overseas markets to enter into the digital currency sector. As of 31 December 2024, in light of the atmosphere, market trend and prospects of blockchain technology and cryptocurrency, the Group continued to increase its investment in the digital currency sector. To this end, the Group procured electronic computing servers for the cryptocurrencies business, which were deployed in North America. As of 31 December 2024, the Group had an effective computing power of 1,504,800 TH/S, and accumulated approximately 187.32 BTC. Furthermore, the Group invested in securities that are listed in the United States and related to the crypto asset industry through open market transactions.

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

Business Outlook

In 2025, with the rapid development of domestic AI technology represented by DeepSeek, the mobile phone market is experiencing major changes. The Group will seize the opportunity and strive to break through. We will continue to focus on the research and development of smartphones for both domestic and overseas markets, further integrating AI technology into the product portfolio, while improving system stability and optimizing user experience.

In the domestic market, the Group plans to continue expanding its channels, strengthening cooperation with operators while promoting cooperation with e-commerce platforms. At the same time, it will optimize existing product lines, increase ecological cooperation categories, promote the development of brand licensing business, and further enhance market competitiveness. The Group is committed to expanding its product line with the focus on AI+5G technology, covering smart wearable devices (including smart watches), smart education, smart home, security and healthcare by integrating AI, IoT and cloud computing technologies. By realizing a comprehensive transformation from a single product to a diversified ecosystem, we are building a more intelligent, efficient and convenient digital life for users.

In February 2025, the Group completed deep integration with the top AI model DeepSeek. The new primary intelligent system COOLOS equipped with the full-powered version of DeepSeek will soon be launched and upgraded via Over-The-Air updates. This deep integration not only improves the intelligence level of products and user experience, but also enhances the Group's technological leadership and market competitiveness, particularly in emerging markets. Through this technological integration, the Group can accelerate the popularization of AI scenario applications, lower the technical threshold, promote the rapid development of AI mobile phones and AIoT ecosystem, and help users enjoy a more efficient and smarter technological life.

In respect of overseas markets, the Group will continue to promote product iteration and actively expand its product lines from smartphone business to smart tablets, smart watches and other smart device businesses. For regional expansion, we will explore deeply into the key regional markets, expand and strengthen the core production areas so as to lay a solid foundation for the development of overseas business. Meanwhile, the Group will continue to explore the expansion of cross-border e-commerce and regional operator markets, broaden online and offline sales channels, and achieve mutual synergy and promotion effects to improve profitability. We will strengthen our cooperation with e-commerce platforms to further expand our market share. Regarding market strategies, we adopt a dual-driven model of brand and original design manufacturer for on-going exploration of new markets and new customers. In addition, we will devote more effort in marketing support for key markets, achieve online and offline resonance effects through traffic investment and reinforcing brand promotion, and enhance brand influence and market penetration.

In terms of real estate property leasing, the Group will explore new markets and attract new customers through innovative thinking and tactics. We will optimize existing properties, stabilize rental income, and ensure the stability of project occupancy rates. At the same time, we will adjust the rental price level in a timely manner to improve market competitiveness and ensure that the project is in a dominant position in the market.

MANAGEMENT DISCUSSION AND ANALYSIS

In order to strengthen its layout in the digital currency field and achieve vertical integration, the Group plans to conduct upstream acquisition in 2025. The target company is mainly engaged in cryptocurrency mining and depository services, providing highly efficient power supply, security optimization facilities and data center services, and has competitive advantages such as energy efficiency, security, reliability and scalability. Through this acquisition, the Group will control key mining infrastructure, improve operational efficiency, reduce costs, and expand its business scope. This will not only help enhance its own mining business, but also provide depository services to other companies, generating new sources of income and enhancing competitiveness in the cryptocurrency industry. In addition, the target company's infrastructure can also support AI and IDC businesses, providing solid support for the Group's future expansion in the field of smart technology.

The Group will persistently adhere to the core principle of technological innovation and market demand-oriented, actively expand and deepen the global market layout, especially targeting on emerging markets with high potential for strategic development. We closely follow the leading-edge developments in AI and blockchain technology, and are committed to exploring new opportunities brought about by these technological innovations and striving to achieve seamless integration into our full range of products. Looking ahead to the future, we will face every challenge with a steady and confident pace, seize every development opportunity, strive to achieve the goal of sustained and healthy profit growth, and at the same time promote the progress of the industry and the development of society.

CORPORATE GOVERNANCE REPORT

Application of Corporate Governance Principles

The board (the "**Board**") of directors (the "**Directors**") of the Company is committed to enhancing the Group's corporate governance standards by improving corporate transparency through effective channels of information disclosure.

The Board believes that good corporate governance is beneficial for maintaining close and trustful relationships with its employees, business partners, shareholders and investors.

The Company has adopted and complied with the Code Provisions under the Corporate Governance Code (the "**Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the Year, save for the following deviation:

Under Code Provision B.2.2 of the Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The annual general meeting of the Company had not been held during the Year due to delay in completion of the audit of the annual results of the Group for the year ended 31 December 2023. Therefore, no Directors have been subject to retirement and re-election by the shareholders of the Company ("**Shareholders**") at the annual general meeting. An annual general meeting of the Company will be arranged in due course, for the retirement and re-election of Directors.

Under Code Provision F.2.2 of the Code, the chairman of the Board should attend the annual general meeting, and invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) to attend. The annual general meeting of the Company had not been held during the Year due to delay in completion of the audit of the annual results of the Group for the year ended 31 December 2023. An annual general meeting of the Company will be arranged in due course.

Save as disclosed above and in the section headed "Chairman and Chief Executive Officer" below, none of the Directors is aware of any information which would reasonably indicate that the Company has not met the requirements under the Code during the Year.

Board of Directors

It is the duty of the Board to create value to the Shareholders, establish the Company's strategic direction, set the Company's objectives and plan in accordance therewith, and provide leadership and ensure availability of resources in the attainment of such objectives. The Board endeavours to manage the Company in a responsible and effective manner, and strive to ensure that each of the Directors carries out his or her duty in good faith and in compliance with the memorandum and articles of association of the Company (the "**Articles of Association**"), the applicable laws and regulations, and acts in the best interests of the Company and the Shareholders at all times.

The Board and management of the Company (the "**Management**") have clearly defined responsibilities under various internal control and checks-and-balances mechanism. The Board has delegated certain responsibilities to the Management, including implementation of decisions of the Board and organization and direction of the day-to-day operation and the Management in accordance with the management strategies and plans approved by the Board; preparation and monitoring of annual business plans and operating budget; and control, supervision and monitoring of capital, technical and human resources. The Board will review these arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

CORPORATE GOVERNANCE REPORT

Board Composition

The Board currently comprises nine Directors, three of whom are executive Directors, three of whom are non-executive Directors and three of whom are independent non-executive Directors ("**INEDs**"). The composition of the Board is set out as follows:

Executive Directors

Mr. CHEN Jiajun
Mr. MA Fei
Ms. LIU Juan (appointed on 2 August 2024)

Non-executive Directors

Mr. LIANG Rui
Mr. NG Wai Hung
Mr. XU Yibo

Independent Non-executive Directors

Mr. GUO Jinghui
Ms. WANG Guan
Mr. CHIU Sin Nang Kenny (resigned on 8 January 2024)
Mr. CHEUK Ho Kan (appointed on 8 January 2024)

The biographies of the Directors are set out in the "Directors and Senior Management" on pages 31 to 34 of this report.

Mr. CHEUK Ho Kan, who was appointed as an independent non-executive Director on 8 January 2024, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 8 January 2024. Ms. LIU Juan, who was appointed as an executive Director on 2 August 2024, received the legal advice referred to in Rule 3.09D of the Listing Rules on 2 August 2024. Mr. CHEUK Ho Kan and Ms. LIU Juan confirmed their understanding of their obligations as directors of a listed issuer.

To the best knowledge of the Company, none of the Directors has any relationship (including financial, business, family or other material or relevant relationship) with any other Director or chief executive.

The Company has arranged for appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate affairs. The insurance coverage is reviewed annually.

Chairman and Chief Executive Officer

Under Code Provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Currently, Mr. Chen Jiajun is the chairman of the Board and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the Management and believes that this structure enables the Group to make and implement decision promptly and efficiently.

CORPORATE GOVERNANCE REPORT

Non-executive Directors

The non-executive Directors provide various expertise and experiences and maintain balance of interest to safeguard the interests of the Group and the Shareholders. They participate in Board meetings and committee meetings and make independent judgements on issues related to the Group's strategies, performance, interest conflicts and management process so as to ensure the interests of all Shareholders are properly considered. Currently, the non-executive Directors are appointed for a period of three years.

Independent Non-executive Directors

The INEDs have the same duties of care, skill and fiduciary duties as the executive Directors. They are expressly identified as such in all corporate communications that disclose the names of the Directors. The INEDs have expertise in respective areas of accounting, business management and possess in-depth industry knowledge. With their professional knowledge and experience, the INEDs have advised the Company on its operation and management; participated in the meetings of the audit committee of the Company (the "**Audit Committee**"), the meetings of the remuneration committee of the Company (the "**Remuneration Committee**") and the meetings of the nomination committee of the Company (the "**Nomination Committee**"). The INEDs have contributed to provide checks and balances to protect the interests of the Company and the Shareholders as a whole, and to promote the development of the Company.

The Company has received an annual confirmation of independence from each of the INEDs pursuant to Rule 3.13 of the Listing Rules and on this basis, considers that all INEDs are independent as at the date of this report.

Currently, each of the INEDs is appointed for a period of three years subject to renewal and retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

Board Operation

During the Year, four Board meetings were held. The annual general meeting of the Company had not been held during the Year due to delay in completion of the audit of the annual results of the Group for the year ended 31 December 2023.

Attendance of individual Directors at the Board meetings in 2024 is as follows:

Name of Directors	**Board Meetings**
Executive Directors	
Mr. CHEN Jiajun	4/4
Mr. MA Fei	4/4
Ms. LIU Juan (appointed on 2 August 2024)	1/1
Non-executive Directors	
Mr. LIANG Rui	4/4
Mr. NG Wai Hung	4/4
Mr. XU Yibo	4/4
Independent Non-executive Directors	
Mr. GUO Jinghui	4/4
Mr. CHIU Sin Nang Kenny (resigned on 8 January 2024)	1/1
Ms. WANG Guan	4/4
Mr. CHEUK Ho Kan (appointed on 8 January 2024)	3/3

During the Year, pursuant to Code Provision C.2.7 of the Code, the chairman held one meeting with the INEDs without the presence of other Directors.

Corporate Governance Functions

The Board also assumes the corporate governance functions and is responsible for: developing and reviewing the Company's policies and practices on corporate governance; reviewing and monitoring training and continuous professional development of Directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the Company's code of conduct; and reviewing the Company's compliance with the Code and disclosure in this Corporate Governance Report. Besides, the Company has set up three committees including the Nomination Committee, the Remuneration Committee and the Audit Committee. Each committee has its specific terms of reference with reference to the Code.

Remuneration Committee

The written terms of reference of the Remuneration Committee are in compliance with the Code. The primary duties of the Remuneration Committee include (without limitation):

(a) to make recommendations to the Board on policies and structure for remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; and

(b) to determine with delegated responsibility, the remuneration packages for executive Directors and senior management, and to make recommendations to the Board on the remuneration of non-executive Directors.

During the Year, the Remuneration Committee is made up of all of the INEDs, namely, Mr. CHEUK Ho Kan (Chairperson) (appointed on 8 January 2024), Mr. CHIU Sin Nang Kenny (former Chairperson) (resigned on 8 January 2024), Mr. GUO Jinghui and Ms. WANG Guan.

During the Year, the Remuneration Committee assessed the performance and remuneration of Directors and senior management, approved the terms of Directors' service contracts, reviewed the share option scheme and reviewed the remuneration policy and structure of the Company. The Remuneration Committee had two meetings during the Year which were attended by all the members of the Remuneration Committee, to review the remuneration packages of Directors and senior management of the Group. The attendance record of each member of the Remuneration Committee is set out below:

Name	**Number of meeting attended**
Mr. CHEUK Ho Kan *(Chairperson)* (appointed on 8 January 2024)	1/1
Mr. CHIU Sin Nang Kenny *(former Chairperson)* (resigned on 8 January 2024)	1/1
Mr. GUO Jinghui	2/2
Ms. WANG Guan	2/2

CORPORATE GOVERNANCE REPORT

No Director took part in any discussion about his or her own remuneration.

Pursuant to Code Provision E.1.5 of the Code, the remuneration of the members of the senior management by band for the Year is set out below:

Remuneration bands (HK$)	Number of persons
1 to 1,000,000	3
1,000,001 to 2,000,000	2
Total	5

Audit Committee

The major responsibility of the Audit Committee is to conduct independent and objective audit of the truth and accuracy of the Group's economic operation and financial activities, financial policies, financial procedures, risk management, internal control, external audit, internal audit, financial information reporting and financial data and assist the Board in discharging its relevant duties.

During the Year, the Audit Committee, comprising all of the INEDs, namely, Mr. CHEUK Ho Kan (Chairperson) (appointed on 8 January 2024), Mr. CHIU Sin Nang Kenny (former Chairperson) (resigned on 8 January 2024), Mr. GUO Jinghui and Ms. WANG Guan has reviewed the accounting principles and practices adopted by the Company and has discussed risk management, the auditing, internal control systems and financial reporting matters.

During the Year, the Audit Committee held three meetings. The attendance record of each member of the Audit Committee is set out below:

Name	Number of meetings attended
Mr. CHEUK Ho Kan *(Chairperson)* (appointed on 8 January 2024)	–
Mr. CHIU Sin Nang Kenny *(former Chairperson)* (resigned on 8 January 2024)	3/3
Mr. GUO Jinghui	3/3
Ms. WANG Guan	3/3

The Audit Committee has carefully reviewed and discussed the Company's half-yearly and annual results for the Year and system of internal control and has made recommendations for improvement. The Audit Committee has carried out and discharged its duties set out in Code.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for nomination and appointment of Directors and senior management, making recommendations to the Board on the appointment and succession planning of Directors and senior management, and assessment of the independence of the INEDs.

During the Year, the Nomination Committee comprises one executive Director and two INEDs, namely Mr. CHEN Jiajun (Chairperson), Mr. CHIU Sin Nang Kenny (resigned on 8 January 2024), Mr. CHEUK Ho Kan (appointed on 8 January 2024) and Ms. WANG Guan as members.

The Nomination Committee carries out the process of selecting and recommending candidates for directorship and senior management by making reference to the skills, experience, professional knowledge, personal integrity and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary. The Nomination Committee held two meetings during the Year. The attendance record of the Nomination Committee meeting is set out below:

Name	Number of meeting attended
Mr. CHEN Jiajun *(Chairperson)*	2/2
Mr. CHEUK Ho Kan (appointed on 8 January 2024)	1/1
Mr. CHIU Sin Nang Kenny (resigned on 8 January 2024)	1/1
Ms. WANG Guan	2/2

The Nomination Committee recommended the re-appointment of the Directors standing for re-election at the next forthcoming annual general meeting of the Company.

Provision of Information to Directors

To assist the Directors in the discharge of their respective duties, the Company will provide every Director with a comprehensive induction program on the first occasion of his or her appointment, in which the Director will be provided with information on the Company's organisation and business, including the membership, duties and responsibilities of the Board, the various Board committees and the Management; corporate governance practices and procedures; and the latest financial information of the Company. Such information shall be supplemented with visits to the Company's key plant sites and meetings with key members of the Management.

Throughout their tenure, the Directors will be provided with updates on the business of the Company, latest developments of the Listing Rules and other applicable legal and regulatory requirements, corporate social responsibility matters and other changes affecting the Company from time to time.

CORPORATE GOVERNANCE REPORT

Mechanisms to Ensure Independent Views

The Company ensures independent views and input are available to the Board via the below mechanisms:

(1) The Board composition and the independence of the INEDs should be reviewed by the Nomination Committee on an annual basis, in particular the portion of the INEDs and the independence of the independent non-executive director who has served for more than nine years;

(2) A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the INEDs in relation to his or her independence to the Company. The Company considers all its INEDs to be independent;

(3) In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the controlling shareholders and/or its associates;

(4) The chairman of the Board shall meet with the INEDs at least once annually without the presence of other Directors; and

(5) All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy.

The Board reviews the mechanisms for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of the INEDs, and their contribution and access to external independent professional advice.

CORPORATE GOVERNANCE REPORT

Continuous Professional Development

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged in-house trainings for Directors in the form of seminar and provision of training materials. A summary of training received by Directors during the Year according to the records provided by the Directors is as follows:

Name of Directors	Training on corporate governance, Directors' responsibilities and other relevant topics
Executive Directors	
Mr. CHEN Jiajun	√
Mr. MA Fei	√
Ms. LIU Juan (appointed on 2 August 2024)	√
Non-executive Directors	
Mr. LIANG Rui	√
Mr. NG Wai Hung	√
Mr. XU Yibo	√
Independent Non-executive Directors	
Mr. GUO Jinghui	√
Ms. WANG Guan	√
Mr. CHIU Sin Nang Kenny (resigned on 8 January 2024)	–
Mr. CHEUK Ho Kan (appointed on 8 January 2024)	√

Securities Transactions by Directors

The Company has adopted a code of conduct for securities transactions and dealings (the "**Code of Conduct**") based on the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**"). The terms of the Code of Conduct are no less exacting than the standards in the Model Code, and the Code of Conduct applies to all relevant persons as defined in the Model Code, including all the Directors, all other employees of the Company, and director and employees of a subsidiary or holding company of the Company who, because of such office or employment, are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. Specific enquiry has been made of all the Directors who have confirmed in writing their compliance with the required standards set out in the Model Code and the Code of Conduct during the Year.

To supplement the Model Code, the Company has also put in place a disclosure of information policy for the handling and disclosure of inside information. The policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiries. Further, control procedures have been implemented to ensure that the unauthorized access and use of inside information is strictly prohibited.

CORPORATE GOVERNANCE REPORT

Corporate Accountability and Internal Control

The Board is responsible for the Group's risk management and internal control system and has the responsibility for reviewing its effectiveness. Such system is designed to manage rather than eliminate the foreign exchange exposure of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors are responsible for the preparation of the financial statements of the Group. In the preparation of financial statements, HKFRSs have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the Shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to Code Provision D.1.1 of the Code, Management would provide sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

Procedures have been designed for safeguarding assets against unauthorised use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publications and the compliance of applicable laws, rules and regulations.

The Directors conducted an annual review of the overall effectiveness of the internal control system of the Group for the Year. A risk control department has been established to perform regular reviews and conduct audit of the Company and its subsidiaries and reported to the Board on any material issues and make recommendations to the Board. The work carried out by the risk control department will ensure the internal controls are in place and functioning properly as intended.

An external professional adviser was engaged by the Company to conduct an independent internal control review for the Year and to assist the management to improve the internal control system of the Group.

The Board also reviews, at least annually, the adequacy of resources, staff qualifications and experience of the Group's accounting and financial reporting function, internal audit function, risk management functions, ESG performance and reporting, and their training programmes and budget. The Board has also received a confirmation from the Management on the effectiveness of the Company's risk management and internal control systems.

Overall, the Board and the Audit Committee consider that the risk management and internal control systems of the Group are effective and adequate, save for the deficiencies disclosed in the announcement of the Company dated 11 February 2025. As disclosed in the aforementioned announcement, the Board is of the view that (a) the internal control deficiencies identified have been fully addressed with appropriate rectification recommendations, (b) the remedial measures implemented by the Company are adequate and sufficient and (c) the Company has in place adequate and reliable governance, internal control and financial reporting systems and procedures to fulfill its obligations under the Listing Rules.

The Board will continue to monitor the effectiveness of the Company's internal control systems and procedures so as to meet its obligations under the Listing Rules and ensure reasonable and adequate internal control policies and procedures are in place and commensurate with its business operations.

Procedures for Identifying, Assessing and Managing Material Risks

The Company has set up procedures to identify, assess and manage material risks based on assessment basis, assessment dimension, risk rating and dispersion.

Firstly, the Company grades risks from aspects of assessment basis, assessment dimension, risk rating and dispersion:

In respect of assessment basis: risks will be graded by reference to the risks currently controlled by the Company (without taking into account the risks that may be controlled by the Company in the future).

In respect of assessment dimension: each risk will be graded according to the possibility of their occurrence and their impacts. The possibility represents the probability that a risk may occur, the impact represents the economic, operating, reputation and other losses that the risk may incur, and both adopt five-mark systems. Value at risk = probability × impacts, and as a result, value at risk ranges from 1–25 and the higher the value at risk, the greater the risks.

In respect of risk rating: risks are classified into three levels, namely high, medium and low in accordance with risk assessment standard based on the value at risk calculated.

Through identifying and assessing risks, the risks faced by the Company are categorized into 5 primary risks including strategic risk, financial risk, operational risk, legal risk and environmental, social, and governance risk and several secondary risks.

Secondly, the Company calculates the final assessment results of each risk after considering the grade of each assessment, pursuant to which the material risks faced by the Company during the Year are assessed.

Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the Year. The Directors' responsibilities for preparing the financial statements of the Company for the Year are set out in the Report of the Directors on page 50 of this report.

Board Diversity Policy

The Board has adopted a Board Diversity Policy in relation to the nomination and appointment of new Directors, which sets out: the selection of board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

Pursuant to Rule 13.92 of the Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. As a transitional arrangement, issuers with a single gender board will have to appoint at least a director of a different gender on the board no later than 31 December 2024.

The above measurements were also reviewed annually by the Board when the Nomination Committee reviewed the composition of the Board. After assessing the suitability of the Directors' gender, skills and experience to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured. As at 31 December 2024, the Board had seven male Directors and two female Directors. The gender diversity of Board was achieved.

CORPORATE GOVERNANCE REPORT

In order to achieve gender diversity among employees, the Group has formulated a human resources policy to encourage recruitment without considering the gender, nationality, race, religious belief and cultural background of employees, and to select the best candidates based on objective factors such as their skills and qualifications in a fair and open competition.

As at 31 December 2024, the Group had 135 male employees (including senior management), accounting for approximately 61.9% of the total number of employees (including senior management), and 83 female employees (including senior management), accounting for approximately 38.1% of the total number of employees (including senior management). Currently, the gender diversity of employees was achieved.

Company Secretary

All Directors have access to the advice and services of the company secretary. The company secretary reports to the Board, and is responsible for ensuring that Board procedures are followed and for facilitating information flows and communications among Directors as well as with Shareholders and the Management.

Mr. Ma Fei, who possesses the qualifications and experience of company secretary as required under Rule 3.28 of the Listing Rules, acts as the sole company secretary of the Company. He has complied with the 15 hours training requirements under Rule 3.29 of the Listing Rules.

External Auditor

Given Ernst & Young ("**EY**") was unable to estimate an audit timetable for the completion of audit of the Company's financial statements for the year ended 31 December 2023 and the additional fees incurred due to significant outstanding matters, the Board considered that it would be appropriate to recommend EY to resign as the auditor of the Company. Upon the recommendation of the Company, EY has resigned as the auditor of the Company with effect from 28 March 2024.

With the recommendation from the Audit Committee, Zhonghui Anda CPA Limited ("**Zhonghui Anda**") was appointed as the new external auditor of the Company with effect from 16 April 2024 to fill the casual vacancy following the resignation of EY and to hold office until the conclusion of the next annual general meeting of the Company.

During the Year, HK$2.30 million and HK$0.33 million (2023: HK$2.42 million and HK$Nil million) was incurred as remuneration to Zhonghui Anda for the provision of audit services and non-audit services to the Group. The responsibilities of the external auditor with respect to financial reporting are set out in the section headed "Independent Auditor's Report" on page 55 of this report.

Effective Communication with Shareholders and Shareholders' Rights

The Company recognizes the importance of effective communication with all Shareholders and investors. The Company's annual general meeting is a valuable forum for the Board to communicate directly with the Shareholders. The Company provides information relating to the Company and its business in its annual and interim reports and also disseminates such information electronically through its website www.coolpad.com.hk and the website of the Stock Exchange. All Shareholders are given a minimum of 21 days' notice of the date and venue of such annual general meeting. The Company supports the Code's principle to encourage Shareholders' participation and has reviewed its shareholders communication policy regularly to promote and ensure effective communication between the Company and Shareholders. The policy sets out various communication channels for the Shareholders to communicate their views on various matters affecting the Company, as well as steps taken to solicit and understand the views of the Shareholders.

Pursuant to Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The Group values feedback from the Shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed. To promote effective communication, specific enquiries and suggestions by Shareholders can be sent in writing to the Board or the company secretary at the Company's registered address or by e-mail to the Company's email address at ir@coolpad.com. Shareholders may put forward proposals to be discussed at general meetings. Shareholders who wish to do so shall send a written requisition to the Board or company secretary of the Company by post to the principal place of business of the Company in Hong Kong at Room 1506, 15/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

Having reviewed the implementation and effectiveness of the shareholders communication policy, including the multiple communication channels for Shareholders in place, the Company considers that the shareholders communication policy has been properly implemented and effective.

The Company is committed to maintaining a stable and sustainable dividend policy. The dividend policy is based on the principle of balancing Shareholders' expectations and maintaining the Company's sustainable development, with consideration of various factors, such as the current business position, future operations and income, and the financial position of the Company, current and future macroeconomic environment and development, capital needs and capital reserves, future major investment or acquisition plans, external financing environment, adjustment to relevant tax rates, adjustments to industry policies, all relevant legal and regulatory restrictions, continuity of past dividend policies and other factors as considered relevant by the Board. The Board will review and monitor the implementation of said policy from time to time to ensure its effectiveness and application.

Anti-corruption Policy

In line with the attitude of being responsible to Shareholders, investors and employees, the Company attaches great importance to anti-corruption and governance. The Company has a risk control department to conduct regular compliance reviews on its business and management.

The Company adopts a zero-tolerance principle in the fight against corruption and related non-compliances. Upholding business ethics, it formulated the "Employee Manual" and other relevant rules, which are revised, explained and reviewed annually by the Risk Control Department, and relevant training is arranged.

During the Year, the Company was not involved in any corruption litigation against the Company or its staff.

CORPORATE GOVERNANCE REPORT

Whistleblowing Policy

The Company is committed to maintaining high standards of integrity and ethical business practices and understands that a system of controls and balances requires a channel for employees, business partners, suppliers and other third parties to raise their concerns to senior management and the whistleblowing policy is therefore established. Whistleblowers and reported parties include employees at all levels and other stakeholders, including suppliers, who may be affected by employees' misconduct behaviors. Whistleblowers can report misconduct, malpractice, and violations directly to the Company via email, mail and phone. The Company guarantees that whistleblowers will not be retaliated against and that the name of the whistleblower will be kept strictly confidential. The Company's whistleblowing policy sets out clear review and processing procedures, recording requirements and corresponding follow-up actions for all reported cases. If a reported case is substantiated and is considered serious, it will be reported to the Audit Committee and, if there is reasonable suspicion that the reported case involves a criminal offense, it will be reported to the local law enforcement agency. If the reported case can avoid significant financial loss to the Company, the whistleblower will be rewarded.

Constitutional Documents

During the Year, the Company has not made any changes to its Memorandum and Articles of Association. An updated version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Group as at the date of this report, are set out below:

Directors

Executive Directors

Mr. CHEN Jiajun

Mr. Chen, aged 33, is an executive Director, the chief executive officer and chairman of the board of the Group. Mr. Chen has extensive investment experience and currently has a wide variety of investments in different industry sectors. Mr. Chen holds a master's degree in Science of Finance from the University of Southern California ("**USC**"). Mr. Chen joined the Group in 2019. Before joining the Group, Mr. Chen served at Shenzhen Kingkey Banner Commercial Management Ltd. (深圳市京基百納商業管理有限公司) as vice-president from May 2015 to May 2018 and president from May 2018 to January 2019. Mr. Chen currently also serves as a Director of USC South China Alumni Club. Mr. Chen has been appointed as (i) a non- independent director of Shenzhen Kingkey Smart Agriculture Times Co., Ltd. (深圳市京基智農時代股份有限公司), the shares of which are listed on Shenzhen Stock Exchange (stock code: 000048.SZ), from 23 June 2020 to 27 October 2022; (ii) an executive director of Kingkey Financial International (Holdings) Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1468.HK) from August 2020 to March 2024; and (iii) an executive director and the chairman of the Allegro Culture Limited (formerly known as Kingkey Intelligence Culture Holdings Limited), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00550.HK) from August 2023 to May 2024. As at the date of this report, Mr. Chen is the director of 21 subsidiaries of the Company and the general manager of 4 subsidiaries of the Company.

Mr. MA Fei

Mr. Ma, aged 42, has been the executive Director of the Group since 29 October 2019. Currently, he is the chief financial officer and company secretary of the Group. Mr. Ma obtained a bachelor's degree in accounting from Xi'an Jiaotong University. Mr. Ma is primarily responsible for the finance and investor relations of the Group. Mr. Ma has more than 10 years of experience in accounting and finance. Mr. Ma joined the Group in 2006, and has served successively as financial manager, vice director of investor relations department. From 2018 to 2019, Mr. Ma won the Shenzhen Innovation Talent Award for two consecutive years. Furthermore, he has been appointed as a non-executive director of the Allegro Culture Limited (formerly known as Kingkey Intelligence Culture Holdings Limited) (stock code: 00550.HK) from September 2023 to July 2024. As at the date of this report, Mr. Ma is the director of 21 subsidiaries of the Company, the supervisor of 3 subsidiaries of the Company and the general manager of 1 subsidiary of the Company.

Ms. LIU Juan

Ms. Liu, aged 42, has been an executive Director of the Group since 2 August 2024. She obtained a degree of Bachelor of Engineering from Soochow University and a degree of Master of Business Administration from the Chinese University of Hong Kong. Ms. Liu has more than 17 years of experience in the finance industry in China and overseas. She has worked on structuring, cross-border investment and finance and mergers and acquisitions for a long time and is familiar with both China and Hong Kong markets. She has extensive professional experience in analysing markets and identifying opportunities. Ms. Liu previously served as vice president of New Faith Capital Limited* (新信資本有限公司) and general manager of the direct investment department of China Huarong International Holdings Limited. Ms. Liu also served as the head of the business department at the Shenzhen branches of two banks. She has been appointed as an independent non-executive director of the CNQC International Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1240.HK) since 12 December 2024.

* *For identification purposes only*

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. NG Wai Hung

Mr. Ng, aged 61, has been a non-executive Director of the Group since 19 January 2018. Currently, he is a practicing solicitor and a partner in Iu, Lai & Li, a Hong Kong firm of solicitors and notaries. Mr. Ng has extensive experience in the areas of securities law, corporate law and commercial law in Hong Kong and China trades and has been involved in initial public offerings of securities in Hong Kong as well as corporate restructuring, mergers and acquisitions and takeovers of listed companies in Hong Kong. Mr. Ng is currently an independent non-executive director of four companies listed on the Stock Exchange, namely Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited) (stock code: 8172.HK), MediNet Group Limited (stock code: 8161.HK), New Sparkle Roll International Group Limited (stock code: 970.HK) and Xinyi Electric Storage Holdings Limited (stock code: 8328.HK) since March 2015, July 2024, June 2024 and November 2016, respectively. Furthermore, he has been a non-executive director of Allegro Culture Limited (formerly known as Kingkey Intelligence Culture Holdings Limited) (stock code: 550.HK) from 24 September 2023 to 8 July 2024, an independent non-executive director of 1957 & Co. (Hospitality) Limited (stock code: 8495.HK) from 6 November 2017 to 19 August 2022 and an independent non-executive director of Winshine Science Company Limited (stock code: 209.HK) from 21 May 2019 to 16 June 2023, the shares of each of these companies are listed on the Stock Exchange.

Mr. LIANG Rui

Mr. Liang, aged 49, is a non-executive Director of the Group. He has been a Director of the Group since 19 January 2018. Mr. Liang is currently a president of Shenzhen Shuibei Jewelry Group. Mr. Liang obtained a doctoral degree of Technical Economics and Management from the School of Economics and Business Administration of Chongqing University in 2007 and a postdoctoral degree in Applied Economics from the School of Economics and Finance of Xi'an Jiaotong University in 2009. From January 2000 to October 2014, he worked in the Shenzhen Luohu District People's Government, serving as an officer in the Education Bureau, deputy director- general of the State Bureau for Letters and Calls, director-level deputy director of the district (governmental) committee office, and director of the Bureau of Civil Administration. From September 2014 to November 2017, he served as Secretary and director of the Shenzhen Nanhu Sub-district Office. Mr. Liang has been appointed as an executive director and Chief Executive Officer of Carrianna Group Holdings Company Limited* (佳寧娜集團控股有限公司), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0126.HK) since 2 January 2021.

Mr. XU Yibo

Mr. Xu, aged 50, is a non-executive Director of the Group. He has been a Director of the Group since 29 October 2019. Mr. Xu obtained a bachelor's degree in electromagnetic field from Xidian University* (西安電子科技大學). Mr. Xu joined the Group in July 1998 and has about more than 15 years of experience in mobile communication, terminal security, cloud computing and mega data technology field, making contribution in standard work in more than 10 international and domestic standards organizations, such as 3GPP, IETF, IEEE, IMI-2020 (5G) Promotion Group, etc. Mr. Xu participated in the research and development of dual-standby technique which led to win the second prize of National Science and Technology Progress which is the highest award in the terminal field. As at the date of this report, Mr. Xu is the director of 5 subsidiaries of the Company and the general manager of 2 subsidiaries of the Company.

* *For identification purposes only*

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. GUO Jinghui

Mr. Guo, aged 53, has been an independent non-executive Director of the Group since 29 October 2019. He obtained a bachelor's degree in radio technology (無線電技術) from Taiyuan University of Technology. From November 2007 to August 2009, he served as the supervisor of Shenzhen Guangming New District Administration Human Resources Office* (深圳市光明新區人力資源管理辦公室主任). From August 2009 to April 2013, he served as a member of the Party Working Committee and the head of the Organization and Personnel Bureau of Shenzhen Guangming New District* (深圳市光明新區黨工委委員、組織人事局局長). From April 2013 to May 2014, he served as a standing committee member and the head of the Organization Department of the Shenzhen Nanshan District committee* (深圳市南山區委常委、組織部長). From May 2014 to February 2018, he served as the deputy secretary of the party committee (黨委副書記) of Guosen Securities Company Limited.

Ms. WANG Guan

Ms. Wang, aged 38, has been an independent non-executive Director of the Group since 11 October 2023. Currently, she is also a partner of Jingtian & Gongcheng. Ms. Wang graduated from Beijing Normal University with dual Bachelor degrees in Laws and Economics and obtained her Master of Law degree from New York University. Ms. Wang was admitted to the New York Bar Association in 2010 and was qualified to practice law in the People's Republic of China in 2013. In 2016, Ms. Wang obtained the China Securities Investment Fund Industry Practitioner Certificate. In 2022, she obtained the Qualification Certificate for Independent Directors of Listed Companies of Shenzhen Stock Exchange. Ms. Wang provides professional advice to national think tanks, including China Academy of Social Management and China Institute of Education and Social Development. Ms. Wang serves as the inaugural director of the Institute of Securities Law of Shenzhen Law Society, a member of the Securities Committee of the Shenzhen Lawyers Association, and a part-time arbitrator at the Shenzhen Labor and Personnel Dispute Arbitration Committee. Ms. Wang also teaches "Corporate Law and Commercial Law" course for postgraduates at The Chinese University of Hong Kong (Shenzhen). Ms. Wang has been serving as an independent director of Hynar Water Group Co Ltd. (stock code: 300961) and OFILM Group Co., Ltd. (stock code: 002456), both of which are listed on the Shenzhen Stock Exchange, since 14 October 2022 and 4 August 2023, respectively.

Mr. CHEUK Ho Kan

Mr. Cheuk, aged 37, has been an independent non-executive Director of the Group since 8 January 2024. He obtained a degree of Bachelor of Commerce (Honours) in Accountancy from Hong Kong Baptist University in 2010. Mr. Cheuk has more than 10 years of experience in various areas including accounting, auditing, financial management, taxation, financing and corporate management. Mr. Cheuk is a member of the Hong Kong Institute of Certified Public Accountants and he is also a practicing accountant in Hong Kong. In 2013, he worked in the assurance department of BDO Limited. From 2013 to 2016, he worked in the assurance practice of PricewaterhouseCoopers Limited. From 2016 to 2018, Mr. Cheuk was a financial analyst at Merrill Corporation Hong Kong Limited (currently known as TOPPAN NEXUS LIMITED). Mr. Cheuk served as Senior Manager of Finance Department at Huarong Rongde (Hong Kong) Investment Management Company Limited from 2018 to 2019 and Vice President of Finance Department at China Huarong International Holdings Limited from 2020 to 2021.

* *For identification purposes only*

DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. CHEN Zhihui

Mr. Chen, aged 46, joined Coolpad in 2005 and is currently the general manager of the sales and service center. He is responsible for the management and operation of the marketing, sales and service system. Mr. Chen graduated from China University of Geosciences, Wuhan with a bachelor's degree in business administration. Mr. Chen has more than 20 years of experience in sales management. Prior to joining the Group, Mr. Chen served at some well-known multinational companies such as Sony Ericsson Mobile Communications AB* (索尼愛立信移動通訊公司), Beijing Putian Taili Communication Technology Co., Ltd* (北京普天太力通信科技有限公司) and Procter & Gamble (China) Co., Limited* (寶潔(中國)有限公司), responsible for the sales and marketing.

Mr. LIU Chaohui

Mr. Liu, aged 50, joined Coolpad in March 2019 and is currently the group vice president. He is responsible for the design, engineering, cost, investment attraction and operation of the industrial park. In 1996, he graduated from Southeast University, majoring in building management engineering, with a bachelor's degree. Mr. Liu has obtained the title of senior engineer and the qualification of national registered cost engineer. From July 2020 to October 2013, Mr. Liu served as Shenzhen Regional Cost Control Director of Shenzhen Zhenye Group Co., Ltd. He was responsible for the cost of company's real estate project and bidding and purchasing management. From November 2013 to March 2014, Mr. Liu served as the Deputy General Manager of the Cost Management Center of Shenzhen Yitian Group Co. He was responsible for the cost of company's real estate project and bidding and purchasing management. From March 2014 to February 2019, Mr. Liu served as the general manager and vice president of Shenzhen Kingkey Real Estate Co., Ltd. He was responsible for the cost management of the company's real estate project.

Save as disclosed above, as at the date of this report, none of the above Directors or senior management of the Company has any relationship with any Directors, senior management, substantial or controlling shareholders of the Company as defined in the Listing Rules or hold any other position with the Company or any member of the Group.

* *For identification purposes only*

REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the consolidated financial statements of the Group for the Year to the Shareholders.

Principal Activities

The principal activity of the Company is investment holding. The Group is principally engaged in the production and sale of mobile phones and accessories, the provision of wireless application services and leasing of properties. Starting from the second half of 2023, the Group has actively pursued opportunities in Web 3.0 digital currency business. Details of the principal activities of the Company's subsidiaries are set out in note 1 to the financial statements.

Key Risks and Uncertainties

Risks and uncertainties involved in the business operations of the Group may affect the Group's financial conditions or growth prospects. The Group has been focusing on the control of risks and uncertainties with the aim of understanding and addressing the concerns of stakeholders.

Key risk factors and uncertainties affecting the Group include profit risks, the risks of supply chain management and the risks of increased cost. The potential risks of improper marketing competition strategies arise from which the Companies may not be able to fully and correctly understand market trends and customer preferences.

These factors are not exhaustive or comprehensive, and there may be other risks in addition to those shown above which are not known to the Group or which may not be material now but could become material in the future.

Results, Dividends and Distribution

The Group's profit for the Year and the state of affairs of the Company and the Group on that date are set out in the financial statements on pages 56 to 156.

Considering daily operation needs, the Directors do not recommend the payment of any final dividend for the Year.

Annual General Meeting

The date of annual general meeting of the Company will be stated in the notice of annual general meeting which will be dispatched in due course.

REPORT OF THE DIRECTORS

Summary of Financial Information

The following is a published summary of the consolidated financial results and of the consolidated assets and liabilities of the Group for the last five financial years.

Results

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(Restated)		
Continuing Operations:					
Revenue	**499,332**	307,363	299,208	665,380	811,757
Loss before tax	**(250,514)**	(234,015)	(629,430)	(556,009)	(299,063)
Income tax (expense)/credit	**(1,644)**	13,023	3,782	(16,367)	(45,965)
Loss for the year	**(252,158)**	(220,992)	(625,648)	(572,376)	(345,028)
Discontinued Operation:					
Loss for the year from a discontinued operation	**–**	–	–	–	(48,800)
	(252,158)	(220,992)	(625,648)	(572,376)	(393,828)
Attributable to owners of the Company	**(252,158)**	(220,931)	(625,450)	(572,376)	(393,986)

Property, Plant and Equipment

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

Investment Properties

Details of movements in the investment properties of the Group are set out in note 14 to the financial statements.

Share Capital and Share Options

The share option scheme of the Company (the "**Share Option Scheme**") took effect on 23 May 2014 after an ordinary resolution to approve among others, the adoption of the same has been passed by the Shareholders at the annual general meeting of the Company held on the same day.

The Share Option Scheme has a term of ten (10) years and has expired on 22 May 2024. Upon the expiry of the Share Option Scheme, no further share options can be granted thereunder, but its provisions shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted thereunder prior to its expiry which remain outstanding, and the exercise of such share options shall be subject to and in accordance with the terms on which they were granted, the provisions of the Share Option Scheme and the Listing Rules. Summary of the Share Option Scheme is set out in note 29 to the financial statements.

The number of options available for grant under the scheme mandate of the Share Option Scheme at the beginning and the end of the financial year was 37,040,748 and Nil, respectively. As at the date of this report, the total number of securities available for issue under the Share Option Scheme was 557,888,236 Shares (which represented approximately 3.41% of the issued share capital of the Company as at the date of this report) which represented the aggregate of (a) Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme as approved by the Shareholders on 19 June 2020 (the "**Refreshed Scheme Mandate Limit**") and (b) the number of outstanding share options granted under the Share Option Scheme after the Refreshed Scheme Mandate Limit taking effect and as adjusted as a result of the completion of the rights issue on 28 June 2021.

The Company confirms that, among the grantees under the Share Option Scheme, save as disclosed herein: (i) there are no participants with options granted in excess of the 1% individual limit; (ii) there are no employees working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance; and (iii) there are no suppliers of goods or services.

REPORT OF THE DIRECTORS

The following table discloses movements in the Company's share options outstanding during the Year:

Name or category of participant	Number of share options: As at 1 January 2024	Granted during the period	Exercised during the period	Expired/ lapsed during the period	Forfeited/ cancelled during the period	As at 31 December 2024	Date of grant of share options *(Note 1)*	Exercise period of share options	Exercise price of share options HK$ per Share *(Note 5)*	Adjusted exercise price per Share HK$ per Share *(Note 6)*	Closing price of the Company's listed shares immediately before the grant date of options HK$ per Share	The weighted average closing price of the Company's listed shares for the five business days immediately preceding the date of grant HK$ per Share
Employees												
In aggregate – granted on 13 November 2019	163,235,292	–	–	163,235,292	–	–	13 November 2019	14 May 2020 to 13 May 2024 *(Note 3)*	0.2242	0.2060	0.218	0.2242
In aggregate – granted on 13 November 2019	73,384,884	–	–	73,384,884	–	–	13 November 2019	14 November 2020 to 13 November 2024 *(Note 2)*	0.2242	0.2060	0.218	0.2242
In aggregate – granted on 8 April 2021	235,385,298	–	–	–	8,379,414	227,005,884	8 April 2021	9 April 2022 to 8 April 2026 *(Note 2)*	0.510	0.4686	0.490	0.473
In aggregate – granted on 27 December 2023	320,000,000	–	–	–	–	320,000,000	27 December 2023	28 December 2024 to 27 June 2027 *(Note 4)*	0.075	N/A	0.059	0.056
Subtotal	792,005,474	–	–	236,620,176	8,379,414	547,005,884						
Directors												
In aggregate – granted on 13 November 2019												
Mr. Liang Rui	32,647,060	–	–	32,647,060	–	–	13 November 2019	14 May 2020 to 13 May 2024 *(Note 3)*	0.2242	0.2060	0.218	0.2242
Mr. Xu Yibo	13,058,824	–	–	13,058,824	–	–	13 November 2019	14 May 2020 to 13 May 2024 *(Note 3)*	0.2242	0.2060	0.218	0.2242
Mr. Ma Fei	8,705,879	–	–	8,705,879	–	–	13 November 2019	14 May 2020 to 13 May 2024 *(Note 3)*	0.2242	0.2060	0.218	0.2242
Mr. Lam Ting Fung Freeman (resigned on 18 January 2022)	2,285,295	–	–	2,285,295	–	–						
Mr. Ng Wai Hung	3,047,060	–	–	3,047,060	–	–	13 November 2019	14 May 2020 to 13 May 2024 *(Note 3)*	0.2242	0.2060	0.218	0.2242
Dr. Huang Dazhan (resigned on 18 January 2022)	1,958,824	–	–	1,958,824	–	–						
Mr. Xie Weixin (resigned on 21 December 2021)	1,958,824	–	–	1,958,824	–	–						
Mr. Chan King Chung (resigned on 30 June 2022)	1,958,824	–	–	1,958,824	–	–						
Mr. Guo Jinghui	1,958,824	–	–	1,958,824	–	–	13 November 2019	14 May 2020 to 13 May 2024 *(Note 3)*	0.2242	0.2060	0.218	0.2242
Subtotal	67,579,414	–	–	67,579,414	–	–						
In aggregate – granted on 8 April 2021												
Mr. Xu Yibo	6,529,412	–	–	–	–	6,529,412	8 April 2021	9 April 2022 to 8 April 2026 *(Note 2)*	0.510	0.4686	0.490	0.473
Mr. Ma Fei	4,352,940	–	–	–	–	4,352,940	8 April 2021	9 April 2022 to 8 April 2026 *(Note 2)*	0.510	0.4686	0.490	0.473
Subtotal	78,461,766	–	–	67,579,414	–	10,882,352						
Total	870,467,240	–	–	304,199,590	8,379,414	557,888,236						

Notes to the reconciliation of share options outstanding during the Year:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. For options granted with exercisable date determined based on the grant date of options, the first 25% of the total options can be exercised a year after the grant date, and each 25% of the total options will become exercisable in each subsequent year.

3. For options granted with exercisable date determined based on the grant date of options, the first 25% of the total options can be exercised half a year after the grant date, and each 25% of the total options will become exercisable in each subsequent year.

4. For options granted with exercisable date determined based on the grant date of options, the first 25% of the total options can be exercised a year after the grant date, and each 25% of the total options will become exercisable in each six months thereafter.

5. The exercise price of a share option is the amount that the employee is required to pay to obtain each share under the option.

6. The adjusted exercise price of a share option is the amount that the employee is required to pay to obtain each share under the Option adjusted due to the completion of the rights issue on 28 June 2021.

7. The number of shares that may be issued in respect of options and awards granted under all schemes of the issuer during the Year divided by the weighted average number of shares in issue for the Year is 3.41%.

Details of movements in the Company's share capital and share options during the Year are set out in notes 28 and 29 to the financial statements, respectively.

Share Award Plan

On 3 March 2008, the Directors approved the adoption of a share award plan (the "**Share Award Plan**") to recognise and reward the contribution of certain employees to the growth and development of the Group through an award of the Company's shares. The Share Award Plan became effective on 3 March 2008 and will remain in force for 10 years from that date. Accordingly, the Share Award Plan has expired on 10 March 2018. Please refer to the Company's announcement dated 3 March 2008 for further information on the Share Award Plan.

The Group has appointed a trustee (the "**Trustee**") for the purposes of administering the Share Award Plan. The Trustee was notified by the Directors in writing upon making of an award to an eligible employee under the Share Award Plan. Upon the receipt of such notice, the Trustee has set aside the appropriate number of awarded shares out of a pool of shares.

The Trustee purchased in aggregate 19,024,000 shares of the Company at a total cost (including related transaction costs) of approximately HK$3,799,000 during the period from October 2008 to January 2009.

As at the end of the year 2014, the Group had already awarded all the 19,024,000 shares of the Company to its directors or employees pursuant to the Share Award Plan. No Shares was granted by the Company to any employees of the Company or Directors pursuant to the Share Award Plan during the Year. No Shares were held by the Trustee.

Pension Scheme

Particulars of the Group's pension schemes are set out in note 2.4 to the financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's existing Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Permitted Indemnity Provision

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Purchase, Redemption or Sale of Listed Securities of the Company

During the Year, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

Reserves

Details of movements in the reserves of the Company and of the Group during the Year are set out in note 28 to the financial statements and in the consolidated statement of changes in equity, respectively.

REPORT OF THE DIRECTORS

Tax Relief

The Company is not aware of any tax relief available to the Shareholders as a result of their holding of the Shares.

Distributable Reserves

As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Act (2025 Revision) of the Cayman Islands, amounted to HK$1,491,405,000. The Board do not recommend the payment of any final dividend for the Year. The distributable reserves include the Company's share premium account and contributed surplus, amounting to HK$3,517,890,000 in total as at 31 December 2024, which may be distributed provided that immediately following the date on which such reserves are proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Donations

In the Year, the Group has donated a total amount of approximately HK$250,000 (2023: Nil).

Compliance with Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements. Compliance procedures have been enhancing to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

The Group's operations are mainly carried out by the Company's subsidiaries in Mainland China, Hong Kong and United States, while the Company itself was incorporated in the Cayman Islands and listed on the Stock Exchange in Hong Kong. Our establishment and operations accordingly shall comply with relevant laws and regulations in Hong Kong, Cayman Islands and other business operating areas. The Group has established compliance procedures to ensure its compliance with applicable laws, regulations and normative legal documents that are applicable (especially to the main business). If there is any change in the applicable laws, regulations and normative legal documents of the main business, the Group will notify relevant staff and relevant operating teams from time to time.

Save as disclosed in the section headed "Application of Corporate Governance Principles", as far as the Company is aware of, the Group has complied in material respects with the relevant laws and regulations which have a significant impact on the business and operations of the Company during the Year.

Environmental Policies and Performance

The Group considers the importance of environmental affairs and believes business development and environment affairs are highly related. The Group recognizes its corporate responsibility, environmental and social sustainability and has therefore taken the initiatives with a view to reducing energy consumption, food and paper waste. The Group implements green office practices such as duplex-printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances. Through the initiative taken to control electricity consumption by using energy-efficient retrofits and air-conditioning and lighting control measures in workplaces, we have seen continued improvement in reducing the use of electricity. The Group also emphasized the social responsibility of eco-friendly production. Going forward, the Group will continue to promote environmental and social sustainability through various initiatives consistent with its policies and relevant laws and regulations.

For details, please refer to the report of "Environmental, Social and Governance".

REPORT OF THE DIRECTORS

Major Customers and Suppliers

In the Year, sales to the Group's five largest customers accounted for approximately 30.89% of the total sales for the Year and sales to the largest customer included therein amounted to approximately 9.81%. Purchases from the Group's five largest suppliers accounted for approximately 65.74% of the total purchases for the Year and purchases from the largest supplier included therein amounted to approximately 27.84%.

None of the Directors or any of their close associates or any Shareholders which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital had any beneficial interest in the Group's five largest customers and/or suppliers.

Relationships with Customers and Suppliers

The Group understands that it is important to maintain good relationship with its suppliers and customers to fulfil its long-term goals and maintain the leading position in the market. To maintain its core competitiveness and brand dominant status, the Group aims at delivering constantly high standards of quality in the service to its customers.

Management Contracts

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or subsisting during the Year.

Directors

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors

Mr. CHEN Jiajun
Mr. MA Fei
Ms. LIU Juan (appointed on 2 August 2024)

Non-executive Directors

Mr. LIANG Rui
Mr. NG Wai Hung
Mr. XU Yibo

Independent Non-executive Directors

Mr. GUO Jinghui
Mr. CHIU Sin Nang Kenny (resigned on 8 January 2024)
Ms. WANG Guan
Mr. CHEUK Ho Kan (appointed on 8 January 2024)

REPORT OF THE DIRECTORS

Under the provisions of the Articles of Association, one-third of the Directors are subject to retirement by rotation and re-election at each annual general meeting.

In accordance with the Articles of Association, certain Directors will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company. Save for the aforesaid, the other remaining Directors of the Company would continue in office.

The Company has received from each of the INEDs an annual confirmation pursuant to Rule 3.13 of the Listing Rules and the Board still considers each of the INEDs to be independent from the Company.

Directors' and Senior Management's Biographies

Save as disclosed in this report, there are no changes in information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this report. Biographical details of the Directors and the senior management of the Group are set out on pages 31 to 34 of this report.

Directors' Service Contracts

Mr. CHEUK Ho Kan, an independent non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 8 January 2024.

Ms. LIU Juan, an executive Director, has entered into a service agreement with the Company for a term of three years commencing from 2 August 2024.

None of the Directors has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Remuneration

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Company's Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Directors' Interests in Transaction, Arrangement or Contract of Significance

Save as disclosed in note 34 to the financial statements, neither Director nor entity connected with the Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group subsisting at any time during the Year or at the end of the Year to which the Company or any of its subsidiaries was a party.

Controlling Shareholders' Interests in Transaction, Arrangement or Contract of Significance

Save as disclosed in note 34 to the financial statements, no controlling shareholders of the Company had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group subsisting at any time during the Year or at the end of the Year to which the Company or any of its subsidiaries was a party.

Continuing Connected Transactions

On 23 December 2022, Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. ("**Yulong Shenzhen**"), an indirect wholly-owned subsidiary of the Company had entered into the property management services agreement ("**2022 Property Management Services Agreement**") with Shenzhen Kingkey Property Management Co., Ltd ("**Shenzhen Kingkey**") in relation to the provision of property management services in respect of Coolpad Building by Shenzhen Kingkey. For details, please refer to the announcement of the Company dated 23 December 2022.

On 14 July 2023, Dongguan Yulong Telecommunication Tech Co., Ltd. ("**Dongguan Yulong**"), an indirect wholly-owned subsidiary of the Company, and Shenzhen Kingkey entered into the Industrial Park Management Services Agreement ("**Industrial Park Management Services Agreement**") for a term commencing from the delivery of the Industrial Park, which was expected to begin on 1 October 2023, and to end on 31 December 2025 (both dates inclusive). Pursuant to the Industrial Park Management Services Agreement, Shenzhen Kingkey agreed to provide, through itself or its wholly-owned subsidiary, Dongguan Kingkey Property Management Company Limited ("**Dongguan Kingkey**"), to Dongguan Yulong property management services in respect of factory plants and dormitories situated at Industrial West One Road, Songshan Lake, Dongguan, PRC. For details, please refer to the announcement of the Company dated 14 July 2023 and the circular of the Company dated 15 August 2023.

As Shenzhen Kingkey is ultimately controlled by Mr. Chen Hua, who is an immediate family member of Mr. Chen Jiajun, a substantial Shareholder, an executive Director, the chief executive officer and chairman of the Company. Accordingly, Shenzhen Kingkey is an associate of Mr. Chen Jiajun and a connected person of the Company and the transactions contemplated under the 2022 Property Management Services Agreement and the Industrial Park Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company has complied with the annual review and reporting requirements under Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

The Group seeks to engage a professional property management company to provide property management services, which typically include security, cleaning, landscaping, repair and maintenance of common area and shared facilities, in order to ensure the provision of sound property management services and the maintenance of good building conditions and environment to enhance satisfaction of property owners and tenants and enhance property value. Shenzhen Kingkey and Dongguan Kingkey are reputable in the PRC for providing reliable, efficient and satisfactory property management services to property developers in the PRC, as compared to other services providers who are independent third parties. In addition, the Company believes that Shenzhen Kingkey and Dongguan Kingkey generally maintain better and more efficient communication with the Group and have a more thorough understanding of the conditions of the Group's property projects and the requirements of the services needed. The detail information of the continuing connected transactions was as follows:

2022 Property Management Services Agreement

Background:	On 25 March 2020, Yulong Shenzhen entered into a property management services agreement with Shenzhen Kingkey in relation to the provision of property management services in respect of Coolpad Building by Shenzhen Kingkey. The property management services agreement entered into in 2020 expired on 31 December 2022 and on 23 December 2022, Yulong Shenzhen and Shenzhen Kingkey entered into the 2022 Property Management Services Agreement for a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive). Particulars of the 2022 Property Management Services Agreement together with the total consideration for the Year are disclosed below pursuant to the Listing Rules.
Nature of transaction:	Purchase of property management service, including repairs and maintenance of communal areas and facilities, cleaning, traffic safety management, security and greening services, for Coolpad Building from Shenzhen Kingkey.
Terms:	The property management service fees are determined with reference to the rate of RMB25 (tax inclusive) per month per square meter and other extra service expense.
Annual cap (tax inclusive):	RMB18,000,000
Total consideration for the Year (tax inclusive):	RMB13,278,180

Industrial Park Management Services Agreement

Background:	On 14 July 2023, Dongguan Yulong and Shenzhen Kingkey entered into the Industrial Park Management Services Agreement for a term commencing from the delivery of the Industrial Park, which was expected to begin on 1 October 2023, and to end on 31 December 2025 (both dates inclusive). Particulars of the Industrial Park Management Services Agreement together with the total consideration for the Year are disclosed below pursuant to the Listing Rules.
Nature of transaction:	Purchase of property management service in respect of factory plants and dormitories situated at Industrial West One Road, Songshan Lake, Dongguan, PRC, including management, repairs and maintenance of communal areas and facilities, cleaning, parking and traffic safety management, security control and greening and landscape maintenance.
Terms:	The property management service fees are calculated based on the agreed monthly charging rates (tax inclusive) applicable to different types of properties and the gross floor area of the relevant properties to be managed as below:

Types of property	**Monthly charging rate** *(RMB/square meter)*
Phase 1 Factory Plant	3.8
Phase 1 Dormitory	2.5
Phase 2 (幸福樓) Dormitory	3.3
Phase 2 (幸福樓) Amenities	3.8
Phase 3 Factory Plant	6.5

Annual cap (tax inclusive):	RMB22,000,000
Total consideration for the Year (tax inclusive):	RMB11,006,892

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set above for the Year has followed the pricing principles of such continuing connected transactions.

REPORT OF THE DIRECTORS

The INEDs have reviewed and confirmed that the continuing connected transactions mentioned above conducted in the Year have been entered into:

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

(b) on normal commercial terms or better; and

(c) according to the relevant agreements governing these transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have confirmed that (1) the continuing connected transactions have been approved by the Board; (2) there is a written agreement in place governing the continuing connected transactions and the transactions have been entered into in accordance with such agreements. No side agreement has been entered into in respect of any transaction; and (3) the aggregate annual values of the continuing connected transactions have not exceeded the annual caps of relevant amount. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Rule 14A.56 of the Listing Rules.

Other Connected Transactions

Save for the related parties transactions disclosed in note 34 to the consolidated financial statements, no related parties transactions disclosed in the consolidated financial statements constitutes a discloseable connected transaction as defined under the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2024, the interests and short positions of the Directors, the chief executive or their respective associates in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in Shares of the Company

Name of director	*Notes*	Directly beneficially owned	Through spouse or minor corporation	Through controlled corporation	Beneficiary of a trust	Founder of a trust	Share Option	Total	Approximate percentage of the Company's issued share capital as at 31 December 2024
Mr. CHEN Jiajun	*1*	–	–	3,131,355,500	–	–	–	3,131,355,500	19.12
Mr. MA Fei	*2*	–	–	–	–	–	4,352,940	4,352,940	0.03
Ms. LIU Juan	*4*	100,000	–	–	–	–	–	–	0.00
Mr. XU Yibo	*2*	4,500,000	–	–	–	–	6,529,412	11,029,412	0.07
Mr. LIANG Rui	*2*	–	–	–	–	–	–	–	–
Mr. NG Wai Hung		–	–	–	–	–	–	–	–
Ms. WANG Guan		–	–	–	–	–	–	–	–
Mr. GUO Jinghui	*2*	–	–	–	–	–	–	–	–
Mr. CHIU Sin Nang Kenny	*3*	–	–	–	–	–	–	–	–
Mr. CHEUK Ho Kan	*3*	–	–	–	–	–	–	–	–

Notes:

1. As at 31 December 2024: (i) 2,331,355,500 Shares were directly held by Great Shine Investment Limited ("**Great Shine**") (formerly known as Kingkey Financial Holdings (Asia) Limited), which is 100% directly held by Great Splendid Holdings Limited. Mr. Chen Jiajun is the director of Great Splendid Holdings Limited and holds 100% shares of Great Splendid Holdings Limited; and (ii) 800,000,000 Shares were directly held by Elite Mobile Limited, which was ultimately controlled by Mr. Chen Jiajun. Therefore, Mr. Chen Jiajun was indirectly interested in 3,131,355,500 Shares, of which 2,331,355,500 Shares were held through Great Shine and 800,000,000 Shares were held through Elite Mobile Limited.

2. The interests of these Directors are in the underlying Shares of the options granted to the relevant Directors by the Company under the Share Option Scheme. For further details, please refer to the section headed "Share Capital and Share Options" of this report.

3. Mr. Chiu Sin Nang Kenny resigned as an independent non-executive Director on 8 January 2024 and Mr. CHEUK Ho Kan was appointed as an independent non-executive Director on 8 January 2024.

4. Ms. LIU Juan was appointed as an executive Director on 2 August 2024.

5. As at 31 December 2024, the total number of issued Shares was 16,381,007,955.

REPORT OF THE DIRECTORS

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares and Debentures

As at 31 December 2024, the following interests and short positions of 5% or more in the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long Positions in Shares of the Company

Name	*Notes*	Number of Shares in which interested	Nature of interest	Total number of Shares interested	Approximate percentage of the Company's issued share capital as at 31 December 2024
Mr. CHEN Jiajun	*1*	3,131,355,500	Interest of controlled corporation	3,131,355,500	19.12
Mr. Jeffrey Steven YASS	*2*	1,066,680,000	Interest of controlled corporation	1,066,680,000	6.51
Mr. LIN Weihao	*3*	1,226,692,000	Interest of controlled corporation	1,226,692,000	7.49
Mr. ZHUO Kun	*4*	881,100,000	Beneficial owner	881,100,000	5.38
Mr. LIU Feng	*5*	920,260,000	Interest of controlled corporation	1,420,260,000	8.67
		500,000,000	Beneficial owner		
Great Shine Investment Limited	*1*	2,331,355,500	Beneficial owner	2,331,355,500	14.23
Elite Mobile Limited	*1*	800,000,000	Beneficial owner	800,000,000	4.88
SAI Growth Fund I, LLLP	*2*	800,000,000	Beneficial owner	1,066,680,000	6.51
		266,680,000	Derivative interest of warrants		
Saints Aura Investment Holdings Limited	*3*	1,226,692,000	Beneficial owner	1,226,692,000	7.49
YH Fund SPC – YH01 SP I	*5*	920,260,000	Beneficial owner	920,260,000	5.62

Notes:

1. As at 31 December 2024: (i) 2,331,355,500 Shares were directly held by Great Shine, which is 100% directly held by Great Splendid Holdings Limited. Mr. Chen Jiajun is the director of Great Splendid Holdings Limited and holds 100% shares of Great Splendid Holdings Limited; and (ii) 800,000,000 Shares were directly held by Elite Mobile Limited, which was ultimately controlled by Mr. Chen Jiajun. Therefore, Mr. Chen Jiajun was indirectly interested in 3,131,355,500 Shares, of which 2,331,355,500 Shares were held through Great Shine and 800,000,000 Shares were held through Elite Mobile Limited.

2. 800,000,000 Shares were directly held by SAI Growth Fund I, LLLP which was ultimately controlled by Mr. Jeffrey Steven Yass. The warrants conferring the rights to subscribe for a maximum number of 800,000,000 warrant shares based on the initial exercise price were issued to SAI Growth Fund I, LLLP by the Company on 17 December 2021. Among these, the 2-year warrants for 266,660,000 warrant shares expired on December 17, 2023 and the 3-year warrants for 266,660,000 warrant shares expired on December 17, 2024. Therefore, Mr. Jeffrey Steven Yass was indirectly interested in 1,066,680,000 Shares.

3. The 1,226,692,000 Shares were directly held by Saints Aura Investment Holdings Limited which was ultimately controlled by Mr. LIN Weihao.

4. The 881,100,000 Shares were directly held by Mr. ZHUO Kun.

5. As at 31 December 2024: (i) 920,260,000 Shares were directly held by YH Fund SPC – YH01 SP I, which was ultimately controlled by Mr. Liu Feng; and (ii) 500,000,000 Shares were directly held Mr. Liu Feng.

6. As at 31 December 2024, the total number of issued Shares was 16,381,007,955.

Save as disclosed above, as at 31 December 2024, so far as the Directors are aware, there are no other persons, other than the Directors and chief executive of the Company, who had interests or short positions in the shares, underlying shares or debentures of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Audit Committee

The Audit Committee, which currently comprises three independent non-executive Directors, has reviewed the accounting principles and practices adopted by the Company and has discussed auditing, internal control and financial reporting matters. The Audit Committee has reviewed the Group's annual results for the Year.

Directors' Interests in a Competing Business

As at 31 December 2024, none of the Directors or any of their respective associates had any interest in any business which competes or likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

REPORT OF THE DIRECTORS

Material Legal Proceedings

Save as disclosed in note 31 to the financial statements, the Company was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Company during the Year as far as the Board was aware of.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the percentage of shares of the Company in public hands is in compliance with the prescribed level of the minimum public float as set out in Rule 8.08 of the Listing Rules.

Foreign Exchange Exposure

The main business operations of the Group during the Year are conducted in Mainland China. Its income, cost and assets are denominated primarily in Renminbi ("**RMB**"), while the Group's consolidated financial statements are expressed in HK$. The exchange rate risk of the Group arises mainly from foreign exchange exposures associated with the sales, purchases and assets settled in currencies other than HK$ and the volatility of exchange rates. The Group has not entered into any derivative contracts to hedge against the risk in the Year.

Interest Rate Risk

The risk in interest rate concerning the Group primarily relates to its short-term bank loans, long-term bank loan and other borrowings. The interests are calculated at fixed and floating rates. Any rise in the current interest rate will increase the interest cost. As at the end of the Year, the Group had not executed any form of interest rate agreement or derivative to hedge against the fluctuation in interest rate.

Employees and Remuneration Policy

During the Year, the Group's staff costs (including Directors' remuneration) amounted to approximately HK$105.35 million (2023: HK$97.33 million). The remuneration of the Group's employees (including the Directors) was commensurate with their responsibilities and market rates, with discretionary bonuses and training given on a merit basis. As of 31 December 2024, the Group had 225 employees (including the Directors) (2023: 299 employees (including the Directors)).

Significant Investments

As at 31 December 2024, the Group had no significant investment with a value of 5% or more of the Group's total assets.

Material Acquisitions and Disposal

The Company and its subsidiaries had no material acquisition and disposal transactions during the Year.

Directors' Responsibilities for the Financial Statements

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the Year. The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

Events after the Year

The Group does not have any important event after the Year that needs to be disclosed.

Auditor

Zhonghui Anda will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Coolpad Group Limited

Chen Jiajun
Executive Director
Chief Executive Officer
Chairman

28 March 2025, Hong Kong

INDEPENDENT AUDITOR'S REPORT

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF COOLPAD GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Coolpad Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 156, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 to the consolidated financial statements which mentions that the Group incurred a loss of HK$252,158,000 for the year ended 31 December 2024 and as at 31 December 2024, the Group had net current liabilities of HK$657,496,000. As stated in note 2.1, these events or conditions, along with other matters as set forth in note 2.1, indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of investment properties

Refer to Note 14 to the consolidated financial statements

The Group measured its investment properties at fair value with the changes in fair value recognised in the consolidated profit or loss. This fair value measurement is significant to our audit because the balance of investment properties of HK$3,151,325,000 as at 31 December 2024 is material to the consolidated financial statements. In addition, the Group's fair value measurement involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

– Assessing the competence, independence and integrity of the external valuer engaged by client;

– Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

– Checking key assumptions and input data in the valuation model to supporting evidence;

– Checking arithmetical accuracy of the valuation model; and

– Assessing the disclosure of the fair value measurement in the consolidated financial statements.

We consider that the Group's fair value measurement of the investment properties is supported by the available evidence.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

Impairment of property, plant and equipment

Refer to Note 13 to the consolidated financial statements

The Group tested the amount of property, plant for impairment. This impairment test is significant to our audit because the balance of property, plant and equipment of HK$493,611,000 as at 31 December 2024 is material to the consolidated financial statements. Management measures the respective recoverable amounts which are the higher of fair value less costs to disposal and their value in use. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures for those using value-in-use calculations included, among others:

– Discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

– Assessing the identification of the related cash generating units;

– Assessing the arithmetical accuracy of the value-in-use calculations;

– Comparing the actual cash flows with the cash flow projections;

– Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates); and

– Checking input data to supporting evidence.

Our audit procedures for those using fair value less costs of disposal included, among others:

– Assessing the competence, independence and integrity of the external valuer engaged by client;

– Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

– Checking key assumptions and input data in the valuation model to supporting evidence;

– Checking arithmetical accuracy of the valuation model; and

– Assessing the disclosure of the fair value measurement in the consolidated financial statements.

We consider that the Group's impairment test for property, plant and equipment is supported by the available evidence.

INDEPENDENT AUDITOR'S REPORT

Other Information

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at: https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre. This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Li Shun Fai
Audit Engagement Director
Practising Certificate Number P05498

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	*5*	**499,332**	307,363
Cost of sales		**(427,013)**	(199,947)
GROSS PROFIT		**72,319**	107,416
Other income and gains	*5*	**60,400**	95,851
Selling and distribution expenses		**(30,166)**	(35,695)
Administrative and other operating expenses		**(298,840)**	(273,229)
Finance costs	*7*	**(40,803)**	(8,004)
Share of losses of associates and a joint venture		**(13,424)**	(120,354)
LOSS BEFORE TAX	*6*	**(250,514)**	(234,015)
Income tax (expense)/credit	*10*	**(1,644)**	13,023
LOSS FOR THE YEAR		**(252,158)**	(220,992)
OTHER COMPREHENSIVE LOSS			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(46,807)**	(20,266)
Release of translation reserve upon disposal of an associate		**–**	2,363
Share of other comprehensive loss of associates and a joint venture		**(4,217)**	(3,986)
		(51,024)	(21,889)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Gain on property revaluation		**2,504**	4,574
Income tax effect on gain on property revaluation	*27*	**(626)**	(1,143)
		1,878	3,431
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(49,146)**	(18,458)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(301,304)**	(239,450)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(252,158)**	(220,931)
Non-controlling interests		**–**	(61)
		(252,158)	(220,992)
Total comprehensive loss attributable to:			
Owners of the Company		**(301,304)**	(239,387)
Non-controlling interests		**–**	(63)
		(301,304)	(239,450)
Loss per share	*12*		
– Basic (HK cents)		**(1.54)**	(1.54)
– Diluted (HK cents)		**(1.54)**	(1.54)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	*13*	**493,611**	375,218
Investment properties	*14*	**3,151,325**	3,263,126
Right-of-use assets	*15(a)*	**49,536**	56,685
Intangible assets	*16*	**–**	–
Investments in associates	*17*	**161,020**	180,149
Financial assets at fair value through profit or loss	*22*	**16,655**	4,747
Other non-current assets	*21*	**97,728**	112,535
Total non-current assets		**3,969,875**	3,992,460
Current assets			
Inventories	*18*	**58,676**	76,494
Cryptocurrencies	*19*	**10,618**	8,539
Trade receivables	*20*	**85,219**	60,088
Prepayments, deposits and other receivables	*21*	**56,742**	91,360
Financial assets at fair value through profit or loss	*22*	**116,260**	83,714
Pledged deposits	*23*	**53,211**	59,751
Bank balances and cash	*23*	**65,145**	63,547
Total current assets		**445,871**	443,493
Current liabilities			
Trade payables	*24*	**140,554**	152,099
Other payables and accruals	*25*	**796,865**	1,154,043
Interest-bearing bank borrowings	*26*	**21,284**	101,568
Lease liabilities	*15(b)*	**–**	2,875
Amounts due to associates	*34*	**29,429**	37,035
Amounts due to related parties	*34*	**15,125**	3,516
Tax payable		**100,110**	102,685
Total current liabilities		**1,103,367**	1,553,821
Net current liabilities		**(657,496)**	(1,110,328)
Total assets less current liabilities		**3,312,379**	2,882,132

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Lease liabilities	*15(b)*	–	2,578
Interest-bearing bank borrowings	*26*	**1,175,953**	441,086
Deferred tax liabilities	*27*	**319,817**	329,319
Other non-current liabilities		**16,676**	17,475
Total non-current liabilities		**1,512,446**	790,458
Net assets		**1,799,933**	2,091,674
Capital and reserves			
Share capital	*28*	**163,810**	163,810
Reserves	*28*	**1,636,123**	1,927,737
Equity attributable to owners of the Company		**1,799,933**	2,091,547
Non-controlling interests		–	127
Total equity		**1,799,933**	2,091,674

Chen Jiajun
Director

Ma Fei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

		Attributable to owners				
	Notes	Share capital HK$'000 *(note 28(a))*	Share premium account HK$'000 *(note 28(b))*	Contributed surplus HK$'000	Asset revaluation reserve HK$'000	Statutory reserve HK$'000 *(note 28(b))*
At 1 January 2024		**163,810**	**3,472,898**	**390**	**916,671**	**201,080**
Loss for the year		–	–	–	–	–
Other comprehensive loss for the year:						
Gain on property revaluation, net of tax		–	–	–	1,878	–
Exchange differences on translation of foreign operations		–	–	–	–	–
Share of other comprehensive loss of associates		–	–	–	–	–
Total comprehensive loss for the year		–	–	–	1,878	–
Deregistration of a non-wholly owned subsidiary		–	–	–	–	–
Equity-settled share option arrangements		–	–	–	–	–
Expiry of share options		–	–	–	–	–
Lapse of warrants	*29 (b)*	–	–	–	–	–
At 31 December 2024		**163,810**	**3,472,898***	**390***	**918,549***	**201,080***

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

of the Company								
Share option reserve HK$'000	Share award reserve HK$'000	Capital redemption reserve HK$'000 *(note 28(b))*	Other reserve HK$'000 *(note 28(b))*	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
213,090	43,564	3,410	1,570,874	(63,169)	(4,431,071)	2,091,547	127	2,091,674
–	–	–	–	–	(252,158)	(252,158)	–	(252,158)
–	–	–	–	–	–	1,878	–	1,878
–	–	–	–	(46,807)	–	(46,807)	–	(46,807)
–	–	–	–	(4,217)	–	(4,217)	–	(4,217)
–	–	–	–	(51,024)	(252,158)	(301,304)	–	(301,304)
–	–	–	–	–	–	–	(127)	(127)
9,690	–	–	–	–	–	9,690	–	9,690
(85,230)	–	–	–	–	85,230	–	–	–
(40,194)	–	–	–	–	40,194	–	–	–
97,356*	43,564*	3,410*	1,570,874*	(114,193)*	(4,557,805)*	1,799,933	–	1,799,933

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

		Attributable to owners				
	Notes	Share capital HK$'000 *(note 28(a))*	Share premium account HK$'000 *(note 28(b))*	Contributed surplus HK$'000	Asset revaluation reserve HK$'000	Statutory reserve HK$'000 *(note 28(b))*
At 1 January 2023		136,510	3,410,593	390	981,194	201,080
Loss for the year		–	–	–	–	–
Other comprehensive loss for the year:						
Gain on property revaluation, net of tax		–	–	–	3,431	–
Release of translation reserve upon disposal of an associate		–	–	–	–	–
Exchange differences on translation of foreign operations		–	–	–	–	–
Share of other comprehensive loss of associates and a joint venture		–	–	–	–	–
Total comprehensive loss for the year		–	–	–	3,431	–
Release of reserve upon disposal of an associate		–	–	–	(67,954)	–
Issue of shares upon private placement	*28*	27,300	62,790	–	–	–
Share issue expenses		–	(485)	–	–	–
Equity-settled share option arrangements		–	–	–	–	–
Lapse of warrants	*29 (b)*	–	–	–	–	–
At 31 December 2023		163,810	3,472,898*	390*	916,671*	201,080*

* These reserve accounts comprise the consolidated reserves of HK$1,636,123,000 (2023: HK$1,927,737,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

of the Company								
Share option reserve HK$'000	Share award reserve HK$'000	Capital redemption reserve HK$'000 *(note 28(b))*	Other reserve HK$'000 *(note 28(b))*	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
241,982	43,564	3,410	1,570,874	(41,282)	(4,312,028)	2,236,287	190	2,236,477
–	–	–	–	–	(220,931)	(220,931)	(61)	(220,992)
–	–	–	–	–	–	3,431	–	3,431
–	–	–	–	2,363	–	2,363	–	2,363
–	–	–	–	(20,264)	–	(20,264)	(2)	(20,266)
–	–	–	–	(3,986)	–	(3,986)	–	(3,986)
–	–	–	–	(21,887)	(220,931)	(239,387)	(63)	(239,450)
–	–	–	–	–	67,954	–	–	–
–	–	–	–	–	–	90,090	–	90,090
–	–	–	–	–	–	(485)	–	(485)
5,042	–	–	–	–	–	5,042	–	5,042
(33,934)	–	–	–	–	33,934	–	–	–
213,090*	43,564*	3,410*	1,570,874*	(63,169)*	(4,431,071)*	2,091,547	127	2,091,674

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(250,514)**	(234,015)
Adjustments for:			
Bank interest income		**(2,134)**	(1,398)
Finance costs		**40,803**	8,004
Share of losses of associates and a joint venture		**13,424**	120,354
Net gain on disposal/written off of items of property, plant and equipment		**(4)**	(182)
Loss on disposal of an associate		**–**	15,749
Gain on disposal of a joint venture		**–**	(79,316)
Gain on lease modification		**–**	(1,132)
Fair value (gain)/loss of investment properties		**(672)**	49,263
Valuation deficit upon transferral of investment properties from construction in progress		**–**	3,937
Fair value loss on financial assets at fair value through profit or loss		**85,090**	14,646
Depreciation of property, plant and equipment		**34,610**	20,166
Depreciation of right-of-use assets		**1,945**	5,703
Gain on lease termination		**(881)**	–
Provision/(reversal) of impairment of trade receivables, net		**2,064**	(9,123)
Write-down of inventories at net realisable value, net		**2,573**	5,550
Recognition of equity-settled share option expenses		**9,690**	5,042
Loss on deregistration of a non-wholly owned subsidiary		**786**	–
Gain on written off of amount due to associates		**(6,418)**	–
Realised gain on disposal of cryptocurrencies		**(13,657)**	–
Unrealised exchange difference		**8,510**	9,394
Operating loss before working capital changes		**(74,785)**	(67,358)
Decrease/(increase) in other non-current assets		**11,025**	(4,884)
Decrease/(increase) in inventories		**12,835**	(26,969)
Increase in trade receivables		**(28,897)**	(5,095)
Increase in prepayments, deposits and other receivables		**(18,213)**	(26,661)
Increase in cryptocurrencies		**(33,439)**	(8,539)
Decrease in amounts due from associates		**–**	2,756
(Decrease)/increase in trade payables		**(4,758)**	15,237
(Decrease)/increase in other payables and accruals		**(9,653)**	71,190
Increase in an amount due to a related party		**11,977**	2,236
Decrease in other non-current liabilities		**(181)**	(3,404)
Cash used in operations		**(134,089)**	(51,491)
Income tax (paid)/refund		**(6)**	13
Net cash flows used in operating activities		**(134,095)**	(51,478)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for items of property, plant and equipment and investment properties		**(405,089)**	(689,185)
Purchase of financial assets at fair value through profit or loss		**(257,581)**	–
Additional investment in an associate		**(28)**	(33)
Proceeds from disposal of financial assets at fair value through profit or loss		**124,650**	6,634
Proceeds from disposal of an associate		**21,284**	44,438
Cash received from pledged bank deposits		**4,505**	–
Interest received		**2,134**	1,398
Proceeds from disposal of items of property, plant and equipment		**1,082**	182
Proceeds from disposal of a joint venture		**–**	87,182
Cash transferred to pledged bank deposits		**–**	(1,172)
Net cash flows used in investing activities		**(509,043)**	(550,556)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings	*30*	**793,230**	546,331
Repayment of bank borrowings	*30*	**(105,408)**	(176,575)
Interest paid	*30*	**(39,680)**	(23,601)
Repayment of lease liabilities (including principal portion)	*15, 30*	**(1,380)**	(3,750)
Proceeds from issue of shares	*28*	**–**	90,090
Share issue expenses	*28*	**–**	(485)
Net cash flows generated from financing activities		**646,762**	432,010
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,624**	(170,024)
Cash and cash equivalents at beginning of year		**63,547**	234,717
Effect of foreign exchange rate changes, net		**(2,026)**	(1,146)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**65,145**	63,547
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**65,145**	63,547

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1 Corporate and Group Information

Coolpad Group Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Coolpad Information Harbor, No. 8 of Gaoxin North 1st Road, Hi-Tech Industry Park (Northern), Nanshan District, Shenzhen.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the production and sale of mobile phones and accessories, and the provision of wireless application services and leases of properties. Starting from the second half of 2023, the Group has actively pursued opportunities in Web 3.0 digital currency business.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yulong Infotech Inc.	The British Virgin Islands ("BVI")/Mainland China	US$50,000	100	–	Investment holding
Digital Tech Inc.	BVI/Mainland China	US$10	100	–	Investment holding
Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. ("Yulong Shenzhen")**	The People's Republic of China ("PRC")/Mainland China	RMB1,403,000,000	–	100	Sale of mobile phones
Coolpad Software Tech (Shenzhen) Co., Ltd.*	PRC/Mainland China	HK$10,000,000	–	100	Provision of product design and software development for mobile handsets
Dongguan Yulong Telecommunication Tech Co., Ltd.***	PRC/Mainland China	RMB120,000,000	–	100	Manufacture of mobile phones
Coolpad Overseas Limited	Hong Kong	US$1,550,000	–	100	Sale of mobile phones
Coolpad Technologies Inc.	United States	US$2,300,000	–	100	Sale of mobile phones
Shenzhen Coolpad Technologies Co., Ltd. ("SZ Coolpad Technologies")***	PRC/Mainland China	RMB100,000,000	–	100	Provision of product design and software development for mobile handsets
Yulong Technologies (Hong Kong) Co., Ltd.	Hong Kong	US$1,000,000	–	100	Sale of mobile phones

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1 Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
China Wireless Technologies Limited	Cayman Islands	US$1	–	100	Investment holding
China Wireless Technologies Limited	Hong Kong	HK$1,000	–	100	Investment holding
Nanjing Coolpad Software Tech Co., Ltd.***	PRC/Mainland China	RMB100,000,000	–	100	Provision of product design and software development for mobile handsets
Shenzhen Helong Technology Co., Ltd. ("Helong Technology")^	PRC/Mainland China	RMB11,000,000	–	100	Provision of wireless application services
Nanchang Coolpad Zhongying Intelligent Technology Co., Ltd. ("Zhongying Intelligent Technology")^	PRC/Mainland China	RMB11,000,000	–	100	Provision of wireless application services
Coolpad Global Inc.	Cayman Islands	US$1	100	–	Investment holding
Coolpad Global Limited	Hong Kong	US$100	–	100	Investment holding
Xcentz Limited	Hong Kong	US$100,000	–	100	Cryptocurrencies business
Xcentz Inc	United States	US$1	–	100	Investment holding
Coolpad Technologies CA, Inc	Canada	US$10	–	100	Sale of mobile phones
Shenzhen Huihengying Investment Management Co., Ltd.***	PRC/Mainland China	RMB500,000	–	100	Investment holding
Dongguan Yikuaixiu Technology Co., Ltd.*	PRC/Mainland China	RMB10,000,000	–	100	Provision of mobile phone maintenance service
Coolpad International Holding (Shenzhen) Co., Ltd.*	PRC/Mainland China	RMB600,000,000	–	100	Investment holding

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1 Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Jiangxi Coolpad Intelligent Technology Co., Ltd.***	PRC/Mainland China	RMB800,000,000	–	100	Sale of mobile phones
Coolpad Computer Communication Technology (Shenzhen) Co., Ltd.***	PRC/Mainland China	RMB10,000,000	–	100	Provision of product design and software development for mobile handsets
Metro Creative Limited	Hong Kong	HK$1	–	100	Investment holding
Sintime Industrial Limited	Hong Kong	HK$1	–	100	Investment holding
Coolbit Technologies Limited	Cayman Islands	US$100	100	–	Investment holding
Coolbit Mining Holdings Limited	BVI	US$100	–	100	Investment holding
Coolbit Mining PTE. LTD.	Singapore	US$100	–	100	Cryptocurrencies business
Magic Code Inc	Cayman Islands	US$1	–	100	Investment holding

* The subsidiaries were registered as wholly-owned foreign enterprises under PRC law.

** The subsidiaries were registered as co-operative joint ventures under PRC law.

*** The subsidiaries were registered as limited liability companies under PRC law.

^ The entities are consolidated through certain contractual arrangements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain buildings included as property, plant and equipment and equity investments at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

For the year ended 31 December 2024, the Group incurred a net loss of HK$252 million and the Group recorded net current liabilities of HK$657 million as at 31 December 2024. The unrestricted cash and cash equivalent balance amounted to HK$65 million as at 31 December 2024. These circumstances may cast significant doubt on the Group's ability to continue as a going concern.

During the year, the directors have taken various measures with the aim of improving the Group's liquidity position, including but not limited to (i) the implementation of cost saving measures to control the daily operation costs; (ii) existing bank loan facilities of around RMB1.13 billion (equivalent to HK$1.20 billion) being utilized and the bank borrowings are drew down as long term borrowings as existing of 31 December 2024; and (iii) there were expanded stable cash inflow generated from the Group's operation of their investment properties contributing to the Group's working capital. During the year ended 31 December 2024, the Group recorded a rental income of HK$89.8 million (2023: HK$90.4 million).

The directors have prepared a cash flow forecast of the Group for the next twelve months based on the existing situation, future events and commitments of the Group. The directors considered that the Group will have adequate working capital to meet its obligations, and therefore the financial statements of the Group have been prepared on a going concern basis.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.1 Basis of Preparation (Continued)

Going concern basis (Continued)

Measures and estimations have been taken into consideration by the directors, including and not limited to:

(i) Existing unutilised loan facility of RMB480 million (HK$511 million) from Kingkey Group Company Limited, a related party of the Group, with expiry date of 31 December 2025.

(ii) The Group is in progress on obtaining a stand-by facility amounting to RMB420 million (equivalent to HK$447 million) from a bank subject to the final authorization from banks.

(iii) The Group is revisiting its operating strategies taking into account the potential business opportunities expected to arise from the 5th generation wireless system market, and would continue to expand the cooperation with its business partners from various channels. Further measures would be considered by the Group to tighten cost controls over various production costs and expenses with the aim to attain profitable and positive cash flow operations, including scaling down the operation, human resources optimisation and containment of capital expenditures.

(iv) The Group is evaluating the liquidity and market value of its current financial investment portfolio on hand. In the view of the directors, redemption or sale of certain financial investments would be one of their contemplations favoring improvement of the Group's liquidity position and supplement of working capital.

Notwithstanding the above, in consideration of uncertainty and vulnerability of mobile phone industry and the increasingly intense competition in the market, material uncertainties exist as to whether the Group will be able to achieve the targeted growth in business and revive its market presence.

Should the Group fail to realise its plans to grow its business, by adjusting the progress of the construction projects and deferring its capital expenditure, and securing sufficient financial resources to improve its financial position, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the consolidated statement of financial position as at 31 December 2024. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.1 Basis of Preparation (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 16	*Amendments in relation to Lease Liability in a Sale and Leaseback*
HKFRS 7 and HKAS 7	*Amendments in relation to Supplier Finance Arrangements*
HKAS 1	*Amendments in relation to Classification of Liabilities as Current or Non-current*
HKAS 1	*Amendments in relation to Non-current Liabilities with Covenants*
HK-int 5	*Amendments in relation to Amendments to HKAS 1*

The adoption of these revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

2.3 Issued but Not Yet Effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKAS 21	*Lack of Exchangeability*[1]
Amendments to HKFRS 7 and HKFRS 9	*Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 7 and HKFRS 9	*Amendments to Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
Amendments to HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 No mandatory effective date yet determined but available for adoption.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 Material Accounting Policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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2.4 Material Accounting Policies (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, cryptocurrencies, deferred tax assets, financial assets, investment properties, certain buildings included in property, plant and equipment and assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset and other comprehensive income in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

2.4 Material Accounting Policies (Continued)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Company.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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2.4 Material Accounting Policies (Continued)

Property, plant and equipment and depreciation (Continued)

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of the previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.50%
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and equipment	18% to 30%
Motor vehicles	18%
Cryptocurrencies business related assets	18%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 Material Accounting Policies (Continued)

Investment properties

Investment properties are interests in buildings, held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's mobile phone business development is recognised only if all of the following conditions are met:

– An asset is created that can be identified (such as software and new processes);

– It is probable that the asset created will generate future economic benefits; and

– The development cost of the asset can be measured reliably.

NOTES TO FINANCIAL STATEMENTS
31 December 2024

2.4 Material Accounting Policies (Continued)

Research and development costs (Continued)

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment losses. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Patents and licences

Purchased patents and licences are stated at cost less impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 15 years.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	30 to 50 years
Properties	1 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets meet the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

2.4 Material Accounting Policies (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low value assets to leases of office equipment and computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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31 December 2024

2.4 Material Accounting Policies (Continued)

Leases (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

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2.4 Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

– the rights to receive cash flows from the asset have expired; or

– the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

NOTES TO FINANCIAL STATEMENTS

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2.4 Material Accounting Policies (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to associates, an amount due to a joint venture, lease liabilities, amounts due to related parties and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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2.4 Material Accounting Policies (Continued)

Cryptocurrencies

Cryptocurrencies are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and comprises direct value of the cryptocurrencies at initial recognition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of mobile phones and related accessories for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 Material Accounting Policies (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

– when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 Material Accounting Policies (Continued)

Income tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants or subsidies will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of mobile phone products

Revenue from the sale of industrial products including mobile phones and related accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

(b) Wireless application service income

Wireless application service income is recognised at the point in time when the specific installation and activation requirement has been met.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 Material Accounting Policies (Continued)

Revenue recognition (Continued)

Other income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Income from cryptocurrencies business is recognised when the Group's rights to receive cryptocurrencies is established, it is probable that the economic benefits associated with the cryptocurrencies will flow to the Group and the amount of the cryptocurrencies can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Company operates a share option scheme and warrant scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) and a business partner of the Group receive remuneration in the form of share-based payments, whereby employees and a business partner render services in exchange for equity instruments ("equity-settled transactions").

In situations where the share-based payment transactions are with employees of the Group, the cost of equity settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted, taking into account the terms and conditions upon which these equity instruments are granted. In situations where the share-based payment transactions are with non-employees of the Group, the cost of equity settled transactions is measured by reference to the fair value of goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group measures the goods or services received, indirectly, by reference to the fair value of the equity instruments granted.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 Material Accounting Policies (Continued)

Share-based payments (Continued)

The cost of equity-settled transactions is recognised in employee benefit expense and equity-settled expenses in connection with issue of warrants is recognised in administrative expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 Material Accounting Policies (Continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 Material Accounting Policies (Continued)

Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rate prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3 Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Contractual arrangements

The Group exercises control over Helong Technology and Zhongying Intelligent Technology and enjoys the economic benefits from their operation through a series of contractual arrangements.

The Group considers that it controls Helong Technology and Zhongying Intelligent Technology notwithstanding the fact that it does not hold direct equity interests in them, as it has power over the financial and operating policies of them and receives substantially all of the economic benefits from the business activities of them through the contractual arrangements. Accordingly, Helong Technology and Zhongying Intelligent Technology have been accounted for as subsidiaries during the year.

Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that may individually or collectively cast a significant doubt upon the going concern assumption are set out in note 2.1 to the consolidated financial statements.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

3 Significant Accounting Judgements and Estimates (Continued)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Cryptocurrencies

During the year ended 31 December 2024, the Group received and held cryptocurrencies generated from the hashrate capacity for cryptocurrencies business and the cryptocurrencies business related assets. In the process of developing and applying an accounting policy for cryptocurrencies, management of the Group noted that there are no HKFRSs that specifically apply to the accounting treatment for cryptocurrencies held by the Group.

Management has considered the guidance in HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("HKAS 8") concerning how the Group should develop its accounting policy under such circumstances. In accordance with HKAS 8, reference was made to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practice to the extent that these do not conflict with the requirements of the HKFRSs.

Based on literature issued by staff of the International Accounting Standards Board and with reference to HKAS 2 "Inventories", which defines an inventory as an asset held-for-sale in the ordinary course of business, management considers that cryptocurrencies held by the Group satisfy the elements of the definition of an inventory and therefore has determined that cryptocurrencies should be accounted for in the same manner as inventories are accounted for under HKAS 2.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3 Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset of a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The calculation of the fair value less cost of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If there is no binding sale agreement or active market for that asset (or asset group), management will make reference to the best information available to reflect the amount that an entity could obtain at the end of the reporting period. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

During the year ended 31 December 2024, no impairment losses for property, plant and equipment in the mobile phone segment have been recognised (2023: nil). Further details are set out in notes 13 to the consolidated financial statements.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing from the date of issuing invoices for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type and, customer type and rating).

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3 Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (Continued)

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The determination of the written-down amount involves management's judgement and estimates. Where the actual outcome or expectation in future is different from the original estimates, such differences will have an impact on the carrying amounts of inventories and the write-down/write-back in the period in which such estimate has been changed. At 31 December 2024, the carrying amount of inventories was approximately HK$58,676,000 (2023: HK$76,494,000) after netting off the allowance for inventories.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of accumulated unrecognised tax losses at 31 December 2024 was HK$1,957,092,000 (2023: HK$1,777,225,000). Further details are set out in note 27 to the consolidated financial statements.

Provision for compensation to suppliers

The Group provides for the compensation to suppliers regarding the cancellation of orders placed for procurement of raw materials yet to be received. Management estimates the provision at their best efforts for the possible amounts to be claimed by the suppliers based on historical settlement patterns and their negotiation status of each vendor affected. At 31 December 2024, the amount of the provision for compensation to suppliers included in other payables and accruals was approximately HK$26,299,000 (2023: HK$27,269,000).

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2024 was HK$3,151,325,000 (2023: HK$3,263,126,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3 Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (Continued)

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 36 to the consolidated financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2024 was HK$16,655,000 (2023: HK$88,461,000).

Further details are included in note 22 to the consolidated financial statements.

4 Operating Segment Information

For management purposes, the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

(a) the mobile phone segment engages in the research, development, production and sale of mobile phones and related accessories and the provision of wireless application service;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation; and

(c) the cryptocurrencies business segment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, non-lease-related finance costs, share of profits and losses of joint ventures and associates are excluded from such measurement.

Segment assets exclude investments in joint ventures, investments in associates, financial assets at fair value through profit or loss, deferred tax assets, amounts due from associates, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, amounts due to associates, amounts due to related parties, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

4 Operating Segment Information (Continued)

Year ended 31 December 2024

	Cryptocurrencies business HK$'000	Mobile phone HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue *(note 5)*				
Sales to external sources	97,684	311,803	89,845	499,332
Other revenue and gains	13,657	38,191	–	51,848
Total	111,341	349,994	89,845	551,180
Segment results	9,489	(182,789)	53,377	(119,923)
Reconciliation:				
Interest income				2,134
Finance costs (other than interest on lease liabilities)				(40,629)
Share of losses of associates				(13,424)
Gain on written off of amount due to associates				6,418
Fair value losses on financial assets at fair value through profit or loss, net				(85,090)
Loss before tax				(250,514)
Segment assets	246,657	496,831	3,151,325	3,894,813
Reconciliation:				
Investments in associates				161,020
Corporate and other unallocated assets				359,913
Total assets				4,415,746
Segment liabilities	2,056	935,363	16,676	954,095
Reconciliation:				
Interest-bearing bank borrowings				1,197,237
Corporate and other unallocated liabilities				464,481
Total liabilities				2,615,813
Other segment information:				
Provision of impairment of trade receivables, net	–	2,064	–	2,064
Write-down of inventories to net realisable value, net	–	2,573	–	2,573
Fair value gain of investment properties	–	–	(672)	(672)
Depreciation and amortisation	18,048	18,507	–	36,555
Capital expenditure*	125,679	7,210	3,753	136,642

NOTES TO FINANCIAL STATEMENTS

31 December 2024

4 Operating Segment Information (Continued)

Year ended 31 December 2023

	Cryptocurrencies business HK$'000	Mobile phone HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue *(note 5)*				
Sales to external sources	8,539	208,432	90,392	307,363
Other revenue and gains	–	15,137	–	15,137
Total	8,539	223,569	90,392	322,500
Segment results	(1,635)	(190,835)	21,367	(171,103)
Reconciliation:				
Interest income				1,398
Finance costs (other than interest on lease liabilities)				(7,523)
Share of losses of associates and a joint venture				(120,354)
Loss on disposal of an associate				(15,749)
Gain on disposal of a joint venture				79,316
Loss before tax				(234,015)
Segment assets	122,147	480,222	3,322,698	3,925,067
Reconciliation:				
Investments in associates				180,149
Corporate and other unallocated assets				330,737
Total assets				4,435,953
Segment liabilities	–	1,311,595	17,475	1,329,070
Reconciliation:				
Interest-bearing bank borrowings				542,654
Corporate and other unallocated liabilities				472,555
Total liabilities				2,344,279
Other segment information:				
Reversal of impairment of trade receivables, net	–	(9,123)	–	(9,123)
Write-down of inventories to net realisable value, net	–	5,550	–	5,550
Fair value loss of investment properties	–	–	49,263	49,263
Valuation deficit upon transferral of investment properties from construction in progress	–	–	3,937	3,937
Depreciation and amortisation	1,330	24,539	–	25,869
Capital expenditure*	65,700	7,982	501,634	575,316

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets.

4 Operating Segment Information (Continued)

Geographical information

(a) Revenue from external customers and sources

	2024 HK$'000	2023 HK$'000
Mainland China	**388,500**	262,624
Overseas	**110,832**	44,739
	499,332	307,363

The revenue information above is based on the locations of the customers and sources.

(b) Non-current assets

	2024 HK$'000	2023 HK$'000
Mainland China	**3,555,722**	3,692,493
Overseas	**201,170**	64,370
	3,756,892	3,756,863

The non-current asset information above is based on the locations of the assets and excludes financial instruments and investments in associates.

Information about major customers

No customer contributes over 10% of the total revenue of the Group for the year ended 31 December 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5 Revenue, Other Income and Gains

An analysis of revenue is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers		
Sale of mobile phones and related accessories	**275,144**	181,327
Wireless application service income	**36,659**	27,105
	311,803	208,432
Revenue from other sources		
Revenue from cryptocurrencies business	**97,684**	8,539
Rental income from investment properties operating leases	**89,845**	90,392
	187,529	98,931
Total revenue	**499,332**	307,363

Revenue from contracts with customers

(i) Disaggregated revenue information

Mobile phone segment

	2024 HK$'000	2023 HK$'000
Timing of revenue recognition:		
Goods and services transferred at a point of time	**311,803**	208,432

The following table shows the amount of revenue recognised in the current year that was included in the contract liabilities at the beginning of the reporting period:

	2024 HK$'000	2023 HK$'000
Sale of mobile phones and related accessories	**9,772**	9,534

No revenue recognised during the year related to performance obligations that were satisfied in prior years (2023: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5 Revenue, Other Income and Gains (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligation

Information about the Group's performance obligations is summarised below:

Sale of mobile phones and related accessories

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Wireless application service

The performance obligation is satisfied when the specific installation and activation requirement has been met and payment is generally due within 30 days from satisfaction of the performance obligation.

Other income and gains

	2024 HK$'000	2023 HK$'000
Bank interest income	**2,134**	1,398
Government grants and subsidies*	**20,344**	2,699
	22,478	4,097
Gain on disposal of investment in a joint venture	**–**	79,316
Gain on lease modification	**–**	1,132
Gain on termination of lease	**881**	–
Realised gain on disposal of cryptocurrencies	**13,657**	–
Gain on written off of amount due to associates	**6,418**	–
Others	**16,966**	11,306
	60,400	95,851

* Government grants and subsidies represented refunds of VAT received from a tax bureau and grants received from certain finance bureaus to support certain of the Group's research and development activities. There are no unfulfilled conditions or contingencies relating to these grants and subsidies.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

6 Loss before Tax

The Group's loss before tax is arrived at after charging/(crediting):

	2024 HK$'000	2023 HK$'000
Cost of inventories sold	**337,587**	188,699
Depreciation of property, plant and equipment	**34,610**	20,166
Depreciation of right-of-use assets	**1,945**	5,703
Research and development costs*:		
Current year expenditure	**42,327**	49,684
Lease payments not included in the measurement of lease liabilities	**2,921**	886
Auditor's remuneration:		
Audit service	**2,300**	6,202
Non-audit service	**330**	600
	2,630	6,802
Employee benefit expense (including directors' remuneration *(note 8)*):		
Wages and salaries	**82,304**	80,228
Staff welfare expenses	**2,903**	2,586
Pension scheme contributions (defined contribution scheme)	**10,448**	9,474
Equity-settled share option expense	**9,690**	5,042
	105,345	97,330
Impairment of/(reversal of impairment of) trade receivables, net*	**2,064**	(9,123)
Net gain on disposal/written off of items of property, plant and equipment	**(4)**	(182)
Loss on disposal of an associate*	**–**	15,749
Gain on disposal of a joint venture#	**–**	(79,316)
Loss on deregistration of a non-wholly owned subsidiary*	**786**	–
Write-down of inventories to net realisable value, net&	**2,573**	5,550
Direct operating expenses arising on rental-earning investment properties*	**24,317**	20,001
Fair value (gains)/losses on investment properties*	**(672)**	49,263
Valuation deficit upon transferral of investment properties from construction in progress*	**–**	3,937
Fair value losses on financial assets at fair value through profit or loss, net*	**85,090**	14,646

* Included in "Administrative and other operating expenses" in profit or loss

& Included in "Cost of sales" in profit or loss

\# Included in "Other income and gains" in profit or loss

NOTES TO FINANCIAL STATEMENTS

31 December 2024

7 Finance Costs

An analysis of finance costs is as follows:

	2024 HK$'000	2023 HK$'000
Interest on:		
Bank borrowings	**40,629**	14,696
Interest on lease liabilities	**174**	481
	40,803	15,177
Less: capitalised in construction in progress	**–**	(7,173)
	40,803	8,004

8 Director's Remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK$'000	2023 HK$'000
Fees	**850**	1,054
Other emoluments:		
Salaries, allowances and benefits in kind	**7,066**	6,831
Equity-settled share option expense	**222**	1,320
Pension scheme contributions	**159**	165
	7,447	8,316
	8,297	9,370

* Certain executive directors of the Company are entitled to bonus payments which are determined by the performance of the Group and their departments. No such performance related bonuses are incurred and recognised during the years ended 31 December 2024 and 2023.

In prior years, certain directors were granted share options in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in note 29 to the consolidated financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

8 Director's Remuneration (Continued)

(a) Independent non-executive directors

The fees paid to the Group's independent non-executive directors during the year were as follows:

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2024			
Mr. GUO Jinghui	**360**	**–**	**360**
Mr. CHIU Sin Nang Kenny***	**30**	**–**	**30**
Ms. WANG Guan**	**240**	**–**	**240**
Mr. CHEUK Ho Kan****	**220**	**–**	**220**
	850	**–**	**850**
2023			
Mr. CHIU Sin Nang Kenny***	360	–	360
Mr. GUO Jinghui	360	17	377
Mr. NGAI Tsz Hin Michael*	281	–	281
Ms. WANG Guan**	53	17	70
	1,054	34	1,088

* Resigned as an independent non-executive director 11 November 2023.

** Appointed as an independent non-executive director on 11 November 2023.

*** Resigned as an independent non-executive director on 8 January 2024.

**** Appointed as an independent non-executive director on 8 January 2024.

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2024

8 Director's Remuneration (Continued)

(b) Executive directors and non-executive directors

2024

	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Chief executive:				
Mr. CHEN Jiajun	4,398	–	82	4,480
Executive directors:				
Mr. MA Fei	1,040	89	77	1,206
Ms. LIU Juan*	250	–	–	250
	1,290	89	77	1,456
Non-executive directors:				
Mr. XU Yibo	360	133	–	493
Mr. LIANG Rui	658	–	–	658
Mr. NG Wai Hung	360	–	–	360
	1,378	133	–	1,511
	7,066	222	159	7,447

NOTES TO FINANCIAL STATEMENTS

31 December 2024

8 Director's Remuneration (Continued)

(b) Executive directors and non-executive directors (Continued)

2023

	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Chief executive:				
Mr. CHEN Jiajun	4,406	–	84	4,490
Executive directors:				
Mr. MA Fei	1,040	389	81	1,510
Non-executive directors:				
Mr. XU Yibo	360	582	–	942
Mr. LIANG Rui	665	288	–	953
Mr. NG Wai Hung	360	27	–	387
	1,385	897	–	2,282
	6,831	1,286	165	8,282

* Appointed as an executive director on 2 August 2024.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: Nil).

9 Five Highest Paid Employees

The five highest paid employees during the year included two directors (2023: two director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and benefits in kind	**3,672**	3,482
Equity-settled share option expense	**313**	14
Pension scheme contributions	**334**	340
	4,319	3,836

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

	2024	2023
HK$nil – HK$1,000,000	**1**	–
HK$1,000,001–HK$1,500,000	**1**	2
HK$1,500,001–HK$2,000,000	**1**	1
	3	3

During the year, no share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

10 Income Tax Expense/(Credit)

The Company is a tax exempted company registered in the Cayman Islands and conducts substantially all of its businesses through its subsidiaries established in Mainland China (the "PRC Subsidiaries").

No provision for Hong Kong profits tax has been made (2023: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group's subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

	2024 HK$'000	2023 HK$'000
Current		
– corporate income tax – United States	6	(13)
Deferred *(note 27)*	1,638	(13,010)
Total tax expense/(credit) for the year	1,644	(13,023)

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rate for the country in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2024 HK$'000	2023 HK$'000
Loss before tax	(250,514)	(234,015)
Tax at the statutory tax rate	(62,629)	(58,504)
Effect of different tax rates for certain group entities	6,635	5,844
Tax losses utilised from prior periods	(3,329)	(9,491)
Income not taxable and expenses not deductible for tax	23,290	13,133
Additional deduction of research and development expenses	(3,961)	(4,628)
Tax losses not recognised	41,638	40,623
Tax charge at the Group's effective rate	1,644	(13,023)

NOTES TO FINANCIAL STATEMENTS

31 December 2024

10 Income Tax Expense/(Credit) (Continued)

The Group's PRC Subsidiaries are subject to corporate income tax ("CIT") at a rate of 25%. Certain subsidiaries of the Group operating in Mainland China are eligible for certain tax concessions. Major tax concessions applicable to those entities are detailed as follows:

(a) SZ Coolpad Technologies, the Company's wholly-owned subsidiary, was assessed and recognised as a high-technology enterprise in December 2022, and was subject to CIT at a rate of 15% for three years from 2022 to 2024. In this regard, SZ Coolpad Technologies was subject to CIT at a rate of 15% (2023: 15%) for the year ended 31 December 2024.

(b) Nanjing Coolpad Software Tech Co., Ltd., the Company's wholly-owned subsidiary, was assessed and recognised as a high-technology enterprise in December 2023, and is subject to CIT at a rate of 15% for three years from 2023 to 2025. Therefore, Nanjing Coolpad Software Tech Co., Ltd was subject to CIT at a rate of 15% (2023: 15%) for the year ended 31 December 2024.

11 Dividend

The directors did not recommend payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

12 Loss per Share Attributable to Owners of the Company

The calculation of basic loss per share amounts is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of 16,381,007,955 (2023: 14,389,640,832) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share options and warrants outstanding had no dilutive effect on the basic loss per share amount presented.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13 Property, Plant and Equipment

31 December 2024

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Cryptocurrencies business related assets HK$'000	Construction in progress HK$'000	Total HK$'000
Cost or valuation:							
At 1 January 2024	174,143	4,009	175,312	10,057	27,794	167,693	559,008
Additions	722	–	153	6,335	71,882	53,797	132,889
Surplus on revaluation	(12,794)	–	–	–	–	–	(12,794)
Disposal/written off	–	(945)	(4,430)	(833)	–	–	(6,208)
Transfer from construction in progress	–	–	–	–	37,906	(37,906)	–
Transfer from prepayment	–	–	–	–	30,310	–	30,310
Exchange realignment	(5,953)	(80)	(5,315)	(328)	(1,173)	(4,620)	(17,469)
At 31 December 2024	156,118	2,984	165,720	15,231	166,719	178,964	685,736
Accumulated depreciation and impairment:							
At 1 January 2024	–	3,556	170,160	8,744	1,330	–	183,790
Depreciation provided during the year	15,298	73	64	1,127	18,048	–	34,610
Revaluation	(15,298)	–	–	–	–	–	(15,298)
Disposal/written off	–	(525)	(4,430)	(175)	–	–	(5,130)
Exchange realignment	–	(120)	(5,435)	(260)	(32)	–	(5,847)
At 31 December 2024	–	2,984	160,359	9,436	19,346	–	192,125
Net book value:							
At 31 December 2024	156,118	–	5,361	5,795	147,373	178,964	493,611

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13 Property, Plant and Equipment (Continued)

31 December 2023

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Cryptocurrencies business related assets HK$'000	Construction in progress HK$'000	Total HK$'000
Cost or valuation:							
At 1 January 2023	187,526	3,553	175,275	8,719	–	842,088	1,217,161
Additions	774	510	5,226	1,472	27,794	531,959	567,735
Surplus on revaluation	(10,287)	–	–	–	–	–	(10,287)
Disposals	–	–	(2,978)	(11)	–	–	(2,989)
Transfer to investment properties	–	–	–	–	–	(1,190,995)	(1,190,995)
Exchange realignment	(3,870)	(54)	(2,211)	(123)	–	(15,359)	(21,617)
At 31 December 2023	174,143	4,009	175,312	10,057	27,794	167,693	559,008
Accumulated depreciation and impairment:							
At 1 January 2023	–	3,553	171,525	8,719	–	–	183,797
Depreciation provided during the year	14,861	57	3,760	158	1,330	–	20,166
Revaluation	(14,861)	–	–	–	–	–	(14,861)
Disposals	–	–	(2,978)	(11)	–	–	(2,989)
Exchange realignment	–	(54)	(2,147)	(122)	–	–	(2,323)
At 31 December 2023	–	3,556	170,160	8,744	1,330	–	183,790
Net book value:							
At 31 December 2023	174,143	453	5,152	1,313	26,464	167,693	375,218

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13 Property, Plant and Equipment (Continued)

At 31 December 2024, the Group had yet to obtain building ownership certificates for certain buildings with a net book value of approximately HK$23,056,000 (2023: HK$26,575,000).

The Group's buildings in relation to industrial properties and commercial properties were revalued individually at the end of the reporting period by Debenham Tie Leung Limited, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers, at an aggregate open market value of HK$155,169,000 (2023: HK$173,045,000) as at 31 December 2024 based on their existing use. As a result, the Group recorded a surplus on revaluation of HK$2,504,000 credited to other comprehensive income for the current year (2023: revaluation surplus of HK$4,574,000 credited to other comprehensive income).

As at 31 December 2024, certain property, plant and equipment of the Group with a net carrying value of HK$155,169,000 (2023: HK$70,697,000) were pledged as security for the Group's loan from a bank. Further details are set out in note 26 to the consolidated financial statements.

As at 31 December 2024, included in the Group's property, plant and equipment, buildings with a carrying amount of HK$156,118,000 (2023: HK$174,143,000) were stated at fair value using revaluation model. The carrying amount that would have been recognised if the respective buildings had been carried under the cost model was HK$94,372,000 (2023: HK$104,723,000). The remaining property, plant and equipment (including construction in progress) with a carrying amount of HK$337,493,000 (2023: HK$201,075,000) were carried at historical cost.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13 Property, Plant and Equipment (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's buildings stated at revalued amounts:

	Fair value measurement at 31 December 2024 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Industrial properties	**–**	**–**	**91,564**	**91,564**
Commercial properties	**–**	**–**	**63,605**	**63,605**
Others	**–**	**–**	**949**	**949**
	–	**–**	**156,118**	**156,118**

	Fair value measurement at 31 December 2023 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Industrial properties	–	–	102,348	102,348
Commercial properties	–	–	70,697	70,697
Others	–	–	1,098	1,098
	–	–	174,143	174,143

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13 Property, Plant and Equipment (Continued)

Fair value hierarchy (Continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Others	Commercial properties	Industrial properties	Total
		HK$'000	HK$'000	HK$'000
Carrying amount at 1 January 2023	1,233	77,244	109,049	187,526
Depreciation provided during the year	(114)	(3,905)	(10,842)	(14,861)
Addition	–	774	–	774
Revaluation (deficit)/surplus recognised in other comprehensive income	–	(1,091)	5,665	4,574
Exchange realignment	(21)	(2,325)	(1,524)	(3,870)
Carrying amount at 31 December 2023 and 1 January 2024	**1,098**	**70,697**	**102,348**	**174,143**
Depreciation provided during the year	**(112)**	**(3,824)**	**(11,362)**	**(15,298)**
Addition	**–**	**526**	**196**	**722**
Revaluation (deficit)/surplus recognised in other comprehensive income#	**–**	**(1,372)**	**3,876**	**2,504**
Exchange realignment	**(37)**	**(2,422)**	**(3,494)**	**(5,953)**
Carrying amount at 31 December 2024	**949**	**63,605**	**91,564**	**156,118**
# Include gains or losses for assets held at end of reporting period	**–**	**(1,372)**	**3,876**	**2,504**

The total gains or losses recognised in other comprehensive income are presented in gain on property revaluation in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13 Property, Plant and Equipment (Continued)

Fair value hierarchy (Continued)

Set out below is a summary of the valuation technique used and the key inputs to the valuation of buildings:

	Valuation technique	Significant unobservable inputs	Range or weighted average 2024	Range or weighted average 2023	Effect on fair value for increase of inputs
Commercial properties	Depreciated replacement cost properties ("DRC") approach	a. Construction cost (RMB/sq.m.)	**a. 7,260**	a. 7,260	Increase
		b. Administrative expense rate	**b. 2%**	b. 2%	Decrease
		c. Unpredictable expense rate	**c. 5%**	c. 5%	Decrease
		d. Rate of newness	**d. 94%**	d. 95%	Increase
Industrial properties	DRC approach	a. Construction cost (RMB/sq.m.)	**a. 1,067 to 3,224**	a. 1,112 to 3,358	Increase
		b. Administrative expense rate	**b. 2%**	b. 2%	Decrease
		c. Unpredictable expense rate	**c. 3%**	c. 3%	Decrease
		d. Rate of newness	**d. 69%**	d. 71%	Increase

The Group has determined that the highest and best use of the buildings at the measurement date would be to convert those properties for commercial purposes. For strategic reasons, the properties are not being used in this manner.

The DRC approach requires a valuation of the market value of the land in its existing use and an estimate of the new replacement cost of the buildings and structures from which deductions are then made to allow for the age, condition and functional obsolescence.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

14 Investment Properties

	2024 HK$'000	2023 HK$'000
Carrying amount at 1 January	**3,263,126**	2,143,745
Transferred from right-of-use assets	**–**	19,024
Transferred from construction in progress	**–**	1,190,995
Deficit on revaluation recognised in profit or loss upon transferral from right-of-use assets and construction in progress	**–**	(3,937)
Addition	**3,753**	7,581
Net profit/(loss) from fair value adjustments recognised in profit or loss	**672**	(49,263)
Exchange realignment	**(116,226)**	(45,019)
Carrying amount at 31 December	**3,151,325**	3,263,126

The Group's investment properties consist of one commercial property and certain industrial properties in Mainland China. The Group's investment properties were revalued on 31 December 2024 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, Debenham Tie Leung Limited and BonVision International Appraisals Limited, independent professionally qualified valuers, at HK$3,209,890,000 (2023: HK$3,322,698,000). Each year, the Group's property manager and the chief financial officer decide on the appointment of external valuers for the valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

As at 31 December 2024, the market value of the Group's investment properties, as determined by the Group's external valuer, differs from the net book value presented in the consolidated statement of financial position due to the Group presenting lease incentives of HK$58,565,000 (2023: HK$59,572,000) as other non-current assets in note 21 separately.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the consolidated financial statements.

As at 31 December 2024, certain investment properties of the Group with a carrying value of HK$3,151,325,000 (2023: HK$1,558,893,000) were pledged as security for the Group's loan from a bank. Further details are set out in note 26 to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

14 Investment Properties (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement at 31 December 2024 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**1,496,763**	**1,496,763**
Industrial properties	**–**	**–**	**1,654,562**	**1,654,562**
	–	**–**	**3,151,325**	**3,151,325**

	Fair value measurement at 31 December 2023 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	1,558,893	1,558,893
Industrial properties	–	–	1,704,233	1,704,233
	–	–	3,263,126	3,263,126

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2024

14 Investment Properties (Continued)

Fair value hierarchy (Continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial property HK$'000	Industrial properties HK$'000	Total HK$'000
Carrying amount at 1 January 2023	1,614,051	529,694	2,143,745
Transferred from right-of-use assets	–	19,024	19,024
Transfer from construction in progress	–	1,190,995	1,190,995
Deficit on revaluation recognised in profit or loss upon transferral from right-of-use assets and construction in progress	–	(3,937)	(3,937)
Additions	6,274	1,307	7,581
Net losses from a fair value adjustment recognised in profit or loss *(note 6)*	(23,793)	(25,470)	(49,263)
Exchange realignment	(37,639)	(7,380)	(45,019)
Carrying amount at 31 December 2023 and 1 January 2024	**1,558,893**	**1,704,233**	**3,263,126**
Additions	**2,865**	**888**	**3,753**
Net (loss)/profit from a fair value adjustment recognised in profit or loss *(note 6)*#	**(9,650)**	**10,322**	**672**
Exchange realignment	**(55,345)**	**(60,881)**	**(116,226)**
Carrying amount at 31 December 2024	**1,496,763**	**1,654,562**	**3,151,325**
# Include gains or losses for assets held at end of reporting period	**(9,650)**	**10,322**	**672**

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in administrative and other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

14 Investment Properties (Continued)

Fair value hierarchy (Continued)

Set out below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range or weighted average 2024*	2023
Commercial properties	Investment approach	a. Market monthly rental (RMB/sq.m.)	**a. 73 to 182**	a. 73 to 182
		b. Discount rate	**b. 3% to 5.5%**	b. 3% to 5.5%
Industrial properties	Investment approach	a. Market monthly rental (RMB/sq.m.)	**a. 18 to 29**	a. 18 to 29
		b. Discount rate	**b. 4% to 6%**	b. 4% to 5.5%

* The investment properties as at 31 December 2024 and 2023 represented the manufacturing buildings and dormitories held for lease located in Dongguan City, the PRC and the commercial buildings held for lease located in Shenzhen City, the PRC.

The valuer adopted the investment approach to identify the property value by capitalising the rental income with due provisions for reversionary potential with a discount rate being determined by referring to sales evidence as available in the relevant market.

A significant increase (decrease) in the market monthly rental would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

15 Leases

The Group as a lessee

The Group has lease contracts for various items of machinery, equipment, office equipment and computers used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 1 to 5 years. Other equipment and machinery generally have lease terms of 12 months or less and/or is individually of low value.

(a) Right-of-use assets

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

	Leasehold land HK$'000	**Properties** HK$'000	**Total** HK$'000
As at 1 January 2023	73,817	13,023	86,840
Transfer to investment properties	(19,024)	–	(19,024)
Modification	–	(4,148)	(4,148)
Depreciation charge	(2,169)	(3,534)	(5,703)
Exchange realignment	(1,118)	(162)	(1,280)
As at 31 December 2023 and 1 January 2024	**51,506**	**5,179**	**56,685**
Termination	**–**	**(3,278)**	**(3,278)**
Depreciation charge	**(1,652)**	**(293)**	**(1,945)**
Exchange realignment	**(1,799)**	**(127)**	**(1,926)**
As at 31 December 2024	**48,055**	**1,481**	**49,536**

As at 31 December 2024, certain of the Group's leasehold land with a net carrying value of HK$9,194,000 (2023: HK$14,001,000) was pledged as security for the Group's loan from a bank. Further details are set out in note 26 to the consolidated financial statements.

15 Leases (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024	2023
	HK$'000	HK$'000
Carrying amount as at 1 January	**5,453**	14,531
Accretion of interest recognised during the year	**174**	481
Modification	**–**	(5,280)
Termination	**(4,159)**	–
Payments	**(1,380)**	(3,750)
Exchange realignment	**(88)**	(529)
Carrying amount as at 31 December	**–**	5,453
Analysis into:		
Current portion	**–**	2,875
Non-current portion	**–**	2,578
	–	5,453

The maturity analysis of lease liabilities is disclosed in note 37 to the consolidated financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024	2023
	HK$'000	HK$'000
Interest on lease liabilities	**174**	481
Depreciation charge of right-of-use assets	**1,945**	5,703
Expense relating to short-term leases (included in selling expense and administrative expenses)	**2,921**	886
Gain on lease modification	**–**	1,132
Gain on lease termination	**881**	–

(d) The total cash outflow for leases is disclosed in note 30(b) to the consolidated financial statements. As disclosed in note 33 to the consolidated financial statements, there were no future cash outflows relating to leases that have not yet commenced as at 31 December 2024 and 2023.

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15 Leases (Continued)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of one commercial property and certain industrial properties in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$89,845,000 (2023: HK$90,392,000), details of which are included in note 5 to the consolidated financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024	2023
	HK$'000	HK$'000
Within one year	**83,577**	66,267
After one year but within five years	**264,838**	226,646
After five years	**210,316**	286,440
	558,731	579,353

16 Intangible Assets

31 December 2024 and 2023

	Product development costs	**Patents and licences**	**Computer software**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Cost:				
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	434,882	36,578	14,379	485,839
Accumulated amortisation and impairment:				
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	434,882	36,578	14,379	485,839
Net carrying amount:				
At 31 December 2024	**–**	**–**	**–**	**–**
At 31 December 2023	–	–	–	–

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17 Investments in Associates

	2024 HK$'000	2023 HK$'000
Share of net assets	**216,302**	235,431
Goodwill	**1,201,710**	1,201,710
	1,418,012	1,437,141
Accumulated impairment	**(1,256,992)**	(1,256,992)
	161,020	180,149

The Group's balances with associates are disclosed in note 34(a) to the consolidated financial statements.

Particulars of the Group's material associates are as follows:

Name	Place of registration and business	Fully paid-up capital	Percentage of ownership interest attributable to the Group 2024	2023	Principal activities
Coolpad E-commerce Group	Cayman Islands	US$20	**25%**	25%	Operating system management service

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31 December 2024

17 Investments in Associates (Continued)

The following table illustrates the summarised financial information in respect of Coolpad E-commerce Group adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

Coolpad E-commerce Group

	2024 HK$'000	2023 HK$'000
Cash and cash equivalents	**264,379**	240,520
Other current assets	**580,948**	619,225
Current assets	**845,327**	859,745
Non-current assets	**54,279**	107,395
Trade payables	**(23,275)**	(38,359)
Other current liabilities	**(386,144)**	(361,387)
Total current liabilities	**(409,419)**	(399,746)
Non-current liabilities	**(4,044)**	(4,193)
Net assets	**486,143**	563,201
Non-controlling interests	**(4,364)**	(16,770)
Equity attributable to owners of Coolpad E-commerce Group	**481,779**	546,431
Reconciliation to the Group's interests in Coolpad E-commerce Group:		
Proportion of the Group's ownership	**25%**	25%
Group's share of net assets of Coolpad E-commerce Group	**120,445**	136,608
Goodwill on acquisition (less cumulative impairment)	**166**	166
Carrying amount of the investment	**120,611**	136,774
Revenue	**103,759**	187,888
Loss for the year	**(47,777)**	(103,845)
Other comprehensive loss for the year	**(16,874)**	(12,653)
Total comprehensive loss for the year	**(64,651)**	(116,498)

NOTES TO FINANCIAL STATEMENTS

31 December 2024

17 Investments in Associates (Continued)

Other individually immaterial associates

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 HK$'000	2023 HK$'000
Share of associates' loss for the year	**(1,479)**	(28,313)
Share of associates' total comprehensive loss for the year	**(1,479)**	(28,313)
Aggregate carrying amount of the Group's investments in associates	**40,409**	43,375

18 Inventories

	2024 HK$'000	2023 HK$'000
Raw materials	**12,539**	18,599
Work in progress	**4,237**	1,888
Finished goods	**41,900**	56,007
	58,676	76,494

19 Cryptocurrencies

	2024 HK$'000	2023 HK$'000
Bitcoin	**10,483**	8,539
Tether (USDT)	**135**	–
	10,618	8,539

NOTES TO FINANCIAL STATEMENTS

31 December 2024

20 Trade Receivables

	2024 HK$'000	2023 HK$'000
Trade receivables	**97,209**	70,422
Accumulated impairment	**(11,990)**	(10,334)
	85,219	60,088

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. In the case of long-standing customers and those with a good repayment history, the Group may offer these customers with a credit period of 30 to 90 days. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date, is as follows:

	2024 HK$'000	2023 HK$'000
Within 3 months	**67,288**	57,346
4 to 6 months	**17,978**	335
7 to 12 months	**799**	65
Over 1 year	**11,144**	12,676
	97,209	70,422

20 Trade Receivables (Continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	HK$'000	HK$'000
At 1 January	**10,334**	20,606
Impairment loss/(reversal of impairment), net *(note 6)*	**2,064**	(9,123)
Amount written off as uncollectible	**–**	(1,061)
Exchange realignment	**(408)**	(88)
At 31 December	**11,990**	10,334

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Ageing			
	Within 1 year	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**0.33%–14.57%**	**2.53%**	**67.97%**	
Gross carrying amount (HK$'000)	**86,065**	**79**	**11,065**	**97,209**
Expected credit losses (HK$'000)	**4,467**	**2**	**7,521**	**11,990**

As at 31 December 2023

	Ageing			
	Within 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.41%–19.53%	27.95%	83.41%	
Gross carrying amount (HK$'000)	57,746	5,323	7,353	70,422
Expected credit losses (HK$'000)	2,713	1,488	6,133	10,334

NOTES TO FINANCIAL STATEMENTS

31 December 2024

21 Prepayments, Deposits and Other Receivables

	2024 HK$'000	2023 HK$'000
Prepayments for suppliers*	**19,484**	38,111
Lease incentives *(note 14)*	**58,565**	59,572
Deposits and other receivables****	**50,535**	33,289
Deductible input VAT	**22,031**	18,243
Prepayment for purchase of property, plant and equipment**	**–**	30,348
Proceed receivable in relation to disposal of an associate***	**–**	22,070
Prepaid expenses	**3,855**	2,262
	154,470	203,895
Non-current portion	**(97,728)**	(112,535)
	56,742	91,360

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied where there are no comparable companies as at 31 December 2024 was 0.1% (2023: 0.1%).

The non-current portion of prepayments, deposits and other receivables as at 31 December 2024 mainly represented lease incentives of HK$58,565,000 (2023: HK$59,572,000), deposit for hosting services in cryptocurrencies business segment of HK$34,869,000 (2023: HK$18,890,000), prepayment for purchase of property, plant and equipment HK$nil (2023: HK$30,348,000) and other receivables of HK$4,294,000 (2023: HK$3,725,000).

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

* The prepayments for suppliers represent the prepayment to suppliers in mobile phone segment. The amount was utilized subsequent to the reporting period.

** The prepayment for the purchase of property, plant and equipment was related to the cryptocurrencies business. These assets were physically received by the Group from relevant suppliers, and had been in use during the year ended 31 December 2024.

*** The receivables represent the proceed receivable in relation to disposal of a former associate, Nanjing Yulong Weixin Information Scientific Limited. The amount has been fully settled during the year ended 31 December 2024.

**** Included in the deposits and other receivables HK$34,869,000 (2023: HK$18,890,000) of deposits and other receivables represent the deposits of hosting services related to cryptocurrencies business related assets. The period of hosting services are 36-60 months and the deposits are refundable upon service completion.

As at 31 December 2024, certain other receivables with a carrying value of HK$7,587,000 (2023: Nil) were pledged as security for the Group's loan from a bank. Further details are set out in note 26 to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

22 Financial Assets at Fair Value through Profit or Loss

	2024 HK$'000	2023 HK$'000
Non-current:		
Other unlisted investments, at fair value	**16,655**	4,747
Current:		
Listed securities in overseas, at fair value	**116,260**	–
Other unlisted investments, at fair value	**–**	83,714
	116,260	83,714

The above unlisted investments of HK$16,655,000 (2023: HK$88,461,000) were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

The fair value measurement of the financial assets at fair value through profit or loss are disclosed in note 36 of the consolidated financial statements.

Unlisted investments of HK$83,216,000 as at 31 December 2023 represents the investment in two investment funds. During the year ended 31 December 2024, these two unlisted investment funds were disposed with an aggregated consideration of HK$82,000,000. The consideration for the disposal of investment funds was received during the year ended 31 December 2024.

23 Cash and Cash Equivalents and Pledged Deposits

	2024 HK$'000	2023 HK$'000
Cash and bank balances	**65,145**	63,547
Time deposits	**53,211**	59,751
	118,356	123,298
Less: Pledged deposits	**(53,211)**	(59,751)
Cash and cash equivalents	**65,145**	63,547

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to approximately HK$60,271,000 (2023: HK$49,741,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

23 Cash and Cash Equivalents and Pledged Deposits (Continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

24 Trade Payables

An ageing analysis of the trade payables as at the end of the reporting period, based on the transaction date, is as follows:

	2024 HK$'000	2023 HK$'000
Within 3 months	**82,640**	117,615
4 to 6 months	**7,035**	19
7 to 12 months	**5,671**	7
Over 1 year	**45,208**	34,458
	140,554	152,099

The trade payables are non-interest bearing and are normally settled on terms of 30 to 60 days.

25 Other Payables and Accruals

	Notes	2024 HK$'000	2023 HK$'000
Accrued royalties		**313,576**	349,840
Contract liabilities	*(a)*	**23,155**	15,304
Product warranty provision	*(b)*	**15,646**	15,741
Refund liabilities		**41,272**	52,928
Accrued construction costs		**30,923**	351,953
Accrued staff costs and benefits expenses		**13,634**	14,598
Other accruals		**20,684**	27,077
Other payables		**337,975**	326,602
		796,865	1,154,043

Other payables and accruals are non-interest bearing and repayable on demand.

25 Other Payables and Accruals (Continued)

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2024 HK$'000	31 December 2023 HK$'000	1 January 2023 HK$'000
Short-term advances received from customers			
Sale of mobile phones and related accessories	**23,155**	15,304	12,211

Contract liabilities include short-term advances received to deliver mobile phones and accessories and service warranty. The increase in contract liabilities in 2024 and 2023 was mainly due to the increase in short-term advances received from customers in relation to the sale of goods close to the end of the year.

(b) The movements in the product warranty provision are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**15,741**	15,083
Exchange realignment	**(95)**	658
At 31 December	**15,646**	15,741

The Group provides one-year warranties for its products sold to overseas customers, under which faulty products are repaired or replaced. The amount of the warranty provision is estimated based on the sales volume and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised, where appropriate.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

26 Interest-bearing Bank Borrowings

	31 December 2024			31 December 2023		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank borrowings						
– secured	**3.15–5.50**	**2038**	**21,284**	3.2	2024	101,568
Non-current						
Bank borrowings						
– secured	**3.15–5.50**	**2038–2039**	**1,175,953**	Prime rate -0.8%	2038	441,086
			1,197,237			542,654

	2024 HK$'000	2023 HK$'000
Analysed into bank borrowings:		
Within one year or on demand	**21,284**	101,568
In the second year	**31,926**	11,035
In the third to fifth years, inclusive	**148,990**	82,761
After five years	**995,037**	347,290
	1,197,237	542,654

Notes:

(a) At 31 December 2024, the Group's bank borrowings of HK$1,197,237,000 (2023: HK$441,086,000) bore interest at floating rates.

(b) At 31 December 2024 and 2023, all bank borrowings are denominated in RMB.

(c) Save as disclosed in notes 13, 14, 15 and 21 to the consolidated financial statements, the Group's bank borrowings are secured and guaranteed by the following:

(i) secured by certain property, plant and equipment, investment properties and right-of-use assets of the Group with a carrying value of HK$155,169,000 (2023: HK$70,697,000), HK$3,151,325,000 (2023: HK$1,558,893,000) and HK$9,194,000 (2023: HK$14,001,000);

(ii) secured by 75% shareholding interests of Dongguan Yulong Telecommunication Tech Co., Ltd;

(iii) secured by the rights to receive the rental income of Yulong Shenzhen. The amount of the secured receivable as at 31 December 2024 is HK$7,587,000; and

(iv) guaranteed by Mr. CHEN Jiajun and Yulong Shenzhen jointly and severally.

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31 December 2024

27 Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of buildings and investment properties HK$'000	Others HK$'000	Total HK$'000
At 1 January 2023	344,459	1,866	346,325
Charged to equity during the year	1,143	–	1,143
Credited to profit or loss for the year *(note 10)*	(11,430)	(1,866)	(13,296)
Exchange realignment	(4,853)	–	(4,853)
At 31 December 2023 and 1 January 2024	**329,319**	**–**	**329,319**
Charged to equity during the year	**626**	**–**	**626**
Charged to profit or loss for the year *(note 10)*	**1,638**	**–**	**1,638**
Exchange realignment	**(11,766)**	**–**	**(11,766)**
At 31 December 2024	**319,817**	**–**	**319,817**

Deferred tax assets

	Deductible amortisation allowance HK$'000
At 1 January 2023	289
Charged to profit or loss for the year *(note 10)*	(286)
Exchange differences	(3)
At 31 December 2023, 1 January 2024 and 31 December 2024	–

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31 December 2024

27 Deferred Tax (Continued)

Deferred tax liabilities not recognised

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by the PRC subsidiaries in respect of their earnings generated from 1 January 2008.

At 31 December 2024, the Group has not recognised deferred tax liabilities of HK$255,962,000 (2023: HK$256,057,000) in respect of temporary differences relating to the undistributed profits of subsidiaries, amounting to HK$2,559,618,000 (2023: HK$2,560,567,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and determines that it is not probable that these profits will be distributed in the foreseeable future.

Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	2024 HK$'000	2023 HK$'000
Tax losses	**1,957,092**	1,777,225
Deductible temporary differences	**326,761**	329,239
	2,283,853	2,106,464

The Group had total accumulated tax losses arising in Mainland China, United States and Hong Kong of HK$1,957,092,000 (2023: HK$1,777,225,000) for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that sufficient taxable profits will be available against which the above items can be utilised.

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28 Share Capital and Reserves

(a) Share capital

	2024	2023
	HK$'000	HK$'000
Authorised:		
20,000,000,000 (2023: 20,000,000,000) ordinary shares of HK$0.01 each	**200,000**	200,000
Issued and fully paid:		
16,381,007,955 (2023: 16,381,007,955) ordinary shares of HK$0.01 each	**163,810**	163,810

A summary of the transactions during the year with reference to the movements in the Company's issued share capital is as follows:

	Number of shares in issue	**Share capital**	**Share premium account**	**Total**
		HK$'000	HK$'000	HK$'000
At 1 January 2023	13,651,007,955	136,510	3,410,593	3,547,103
Issue of shares upon private placement *(note (i))*	2,730,000,000	27,300	62,790	90,090
Share issue expenses	–	–	(485)	(485)
At 31 December 2023, 1 January 2024 and 31 December 2024	16,381,007,955	163,810	3,472,898	3,636,708

Note:

(i) On 21 September 2023, 26 September 2023 and 10 October 2023, 1,661,000,000, 818,000,000 and 251,000,000 shares which in aggregate of 2,730,000,000 shares were issued by the Group to seven independent parties at the subscription price of HK$0.033 per share, resulting in the issue of 2,730,000,000 shares for a total consideration, before expense, of HK$90 million.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

28 Share Capital and Reserves (Continued)

(b) Reserves

(i) Share premium account

Share premium can be distributed provided that immediately following the date on which such reserves are proposed to be distributed, the Company would be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(ii) Statutory reserve

Pursuant to the relevant laws and regulations in the PRC, the companies comprising the Group which are registered in the PRC shall appropriate a certain percentage of their net profit after tax (after offsetting any prior years' losses) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds. When the balance of this reserve reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after those usages.

(iii) Capital redemption reserve

Capital redemption reserve arises from repurchase of its own ordinary shares on the Stock Exchange. All the repurchased shares are cancelled by the Company upon such repurchase and accordingly the issued share capital of the Company is reduced by the nominal value of these shares. The premium paid on the repurchase is charged to the share premium account.

(iv) Other reserve

Other reserve mainly represents the difference between the cost of acquisition and the noncontrolling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries, and, the difference between the proceeds from disposal and the non-controlling interests disposed of in the case of disposal of partial equity interests in subsidiaries to noncontrolling shareholders without loss of control.

29 Share Option Scheme and Warrants

(a) Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's non-executive directors, independent non-executive directors, employees, consultants, advisers, customers and any shareholder of any member of the Group. The Company's first share option scheme with a valid period of 10 years became effective on 21 November 2004 and was terminated on 23 May 2014 since this scheme expired on 21 November 2014. A new share option scheme was adopted by the Company and became effective on 23 May 2014 and expired on 22 May 2024. Up to the date of this report, the share option scheme has not been renewed.

The maximum number of shares which may be issued upon exercise of all outstanding options to be granted under the Scheme and any other share option scheme of the Group is an amount equivalent, upon their exercise, to 10% of the shares in issue at the time dealings in the shares first commence on the Stock Exchange. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent nonexecutive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

29 Share Option Scheme and Warrants (Continued)

(a) Share option scheme (Continued)

The following share options were outstanding under the Scheme during the year:

	2024		2023	
	Weighted average exercise price HK$ per share	Number of options '000	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**0.2321**	**870,467**	0.3259	560,607
Granted during the year	**–**	**–**	0.0750	320,000
Forfeited during the year	**0.4686**	**(8,380)**	0.4568	(10,140)
Expired during the year	**0.2060**	**(304,199)**	–	–
At 31 December	**0.2428**	**557,888**	0.2321	870,467

No share options were exercised during the year (2023: Nil).

The following share options were outstanding under the Scheme during the year:

2024

Number of options* '000	Exercise price* HK$	Exercise period
142,395	**0.4686**	**09-04-22 to 08-04-26**
31,885	**0.4686**	**09-04-23 to 08-04-26**
31,804	**0.4686**	**09-04-24 to 08-04-26**
31,804	**0.4686**	**09-04-25 to 08-04-26**
80,000	**0.0750**	**28-12-24 to 27-06-27**
80,000	**0.0750**	**28-06-25 to 27-06-27**
80,000	**0.0750**	**28-12-25 to 27-06-27**
80,000	**0.0750**	**28-06-26 to 27-06-27**
557,888		

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31 December 2024

29 Share Option Scheme and Warrants (Continued)

(a) Share option scheme (Continued)

2023

Number of options* '000	Exercise price* HK$	Exercise period
57,132	0.2060	14-05-20 to 13-05-24
57,894	0.2060	14-05-21 to 13-05-24
57,894	0.2060	14-05-22 to 13-05-24
57,894	0.2060	14-05-23 to 13-05-24
30,377	0.2060	14-11-20 to 13-11-24
17,086	0.2060	14-11-21 to 13-11-24
13,822	0.2060	14-11-22 to 13-11-24
12,100	0.2060	14-11-23 to 13-11-24
150,775	0.4686	09-04-22 to 08-04-26
31,885	0.4686	09-04-23 to 08-04-26
31,804	0.4686	09-04-24 to 08-04-26
31,804	0.4686	09-04-25 to 08-04-26
80,000	0.0750	28-12-24 to 27-06-27
80,000	0.0750	28-06-25 to 27-06-27
80,000	0.0750	28-12-25 to 27-06-27
80,000	0.0750	28-06-26 to 27-06-27
870,467		

* The number of options and exercise price were adjusted upon the completion of the rights issue.

There were no share options granted during the year ended 31 December 2024. The fair value of the share options granted during the year ended 31 December 2023 was HK$13,404,000, of which the Group recognised a share option expense of HK$115,000 during the year ended 31 December 2023.

The Group recorded a share option expense of HK$9,690,000 (2023: expense of HK$5,042,000) due to the amortisation of certain share options granted in prior years during the year ended 31 December 2024.

At the end of the reporting period, the Company had 557,888,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 557,888,000 additional ordinary shares of the Company and additional share capital of HK$5,578,880 and share premium of HK$129,895,000 (before issue expenses).

Subsequent to the end of the reporting period, no share options were exercised, forfeited and no share options were expired.

At the date of approval of these financial statements, the Company had 557,888,000 share options outstanding under the Scheme, which represented approximately 3.41% of the Company's shares in issue as at that date.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

29 Share Option Scheme and Warrants (Continued)

(b) Warrants

On 4 October 2021, the Company entered into a warrant subscription agreement (the "Warrant Subscription Agreement") with SAI Growth Fund I, LLLP ("SAI"), pursuant to which the Company agreed to issue the unlisted warrants for the subscription of a maximum number of 800,000,000 shares of the Company to SAI at an issue price of HK$0.055 per warrant option. Further details of which are set out in the circular of the Company dated 23 November 2021.

The warrants may be exercised from time to time on any day during the warrant exercise period at the exercise prices listed as follows:

2024

Number of warrants '000	Exercise price* HK$	Exercise period
266,666	**0.80**	**17-12-21 to 17-12-25**

2023

Number of warrants '000	Exercise price* HK$	Exercise period
266,667	0.70	17-12-21 to 17-12-24
266,666	0.80	17-12-21 to 17-12-25
533,333		

* The exercise price of the warrants is subject to adjustment in the case of rights or bonus issues, or other similar changes in Company's share capital.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

30 Notes to the Consolidated Statement of Cash Flows

(a) Changes in liabilities arising from financing activities

	2024			
	Band borrowings HK$'000	**Interest payable HK$'000**	**Lease liabilities HK$'000**	**Total liabilities from financing activities HK$'000**
At 1 January 2024	**542,654**	**476**	**5,453**	**548,583**
Changes from financing cash flows	**687,822**	**(39,680)**	**(1,380)**	**646,762**
Leases termination	**–**	**–**	**(4,159)**	**(4,159)**
Interest expense	**–**	**40,629**	**174**	**40,803**
Exchange realignment	**(33,239)**	**36**	**(88)**	**(33,291)**
At 31 December 2024	**1,197,237**	**1,461**	**–**	**1,198,698**

	2023			
	Band borrowings HK$'000	Interest payable HK$'000	Lease liabilities HK$'000	Total liabilities from financing activities HK$'000
At 1 January 2023	177,929	9,617	14,531	202,077
Changes from financing cash flows	369,756	(23,601)	(3,750)	342,405
Modification of leases	–	–	(5,280)	(5,280)
Interest expense	–	14,696	481	15,177
Exchange realignment	(5,031)	(236)	(529)	(5,796)
At 31 December 2023	542,654	476	5,453	548,583

NOTES TO FINANCIAL STATEMENTS

31 December 2024

30 Notes to the Consolidated Statement of Cash Flows (Continued)

(b) Total cash outflow for leases

Total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 HK$'000	2023 HK$'000
Within operating activities	**2,921**	886
Within financing activities	**1,380**	3,750
	4,301	4,636

(c) Major non-cash transactions

During the year ended 31 December 2024, the Group utilised cryptocurrencies amounting to 5,773,000 USDT (equivalent to HK$45,017,000) to purchase items of property, plant and equipment.

31 Contingencies

Litigations with suppliers

The Group received several civil complaints in 2024 from suppliers demanding the Group to immediately repay the overdue accounts payable balance of RMB4,368,000 (equivalent to HK$4,648,000) (2023: HK$4,500,000). The arbitration procedures of the civil complaints were still in progress as at the date of approval of the consolidated financial statements.

32 Pledge of Assets

Details of the Group's assets pledged for the Group's bank borrowings, and for a performance guarantee provided to a bank and issuance of a letter of credit are included in notes 13, 14, 15, 21 and 23, respectively, to the consolidated financial statements.

33 Commitments

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

	2024 HK$'000	2023 HK$'000
Capital contributions payable to certain associates or an unlisted investment measured at fair value	**21,485**	14,582

NOTES TO FINANCIAL STATEMENTS

31 December 2024

34 Related Party Transactions

(a) Balances with related parties

	Notes	2024 HK$'000	2023 HK$'000
Amounts due to associates	*(i)*	**29,429**	37,035
Amounts due to other related parties	*(ii)*	**15,125**	3,516
		44,554	40,551

Notes:

(i) Amounts due to associates represented the advances payable to associates which arose in the course of the Group's operation.

(ii) The amounts due to other related parties represents the property management service payments due to Shenzhen Kingkey Property Management Co., Ltd and Dongguan Kingkey Property Management Company Limited, an indirect wholly-owned subsidiary of the Company. Both companies are ultimate controlled by Mr. Chen Hua, who is an immediate family member of a substantial shareholder of the Company.

(b) Transactions with related parties

	Notes	2024 HK$'000	2023 HK$'000
Other related parties:			
Management service expense	*(i)*	**26,379**	17,614
Sale of products		**4**	20
Rental income		**643**	754
Purchase of property, plant and equipment	*(ii)*	**–**	2,000
Disposal of cryptocurrencies	*(iii)*	**2,347**	–

Notes:

(i) The management service expense incurred during the periods represents the property management service provided by Shenzhen Kingkey Property Management Co., Ltd and Dongguan Kingkey Property Management Company Limited, an indirect wholly-owned subsidiary of the Company. Both companies are ultimate controlled by Mr. Chen Hua, who is an immediate family member of a substantial shareholder of the Company. The management service fee were made according to the prevailing market rated charged by independent third parties offering comparable management services for properties of comparable scale and grade in the vicinity.

(ii) During the year ended 31 December 2023, the Group purchased a motor vehicle from Mr. Chen Jiajun at a consideration of HK$2,000,000.

(iii) During the year ended 31 December 2024, the Group disposed cryptocurrencies to Mr. Chen Jiajun at a consideration of HK$2,347,000.

The above transactions with related parties were made based on mutually agreed terms.

The related party transactions in respect of note (i) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

34 Related Party Transactions (Continued)

(c) Compensation of key management personnel of the Group

In addition to the amounts paid to the Company's directors as disclosed in note 8 to the financial statements, compensation of other key management personnel of the Group is set out below:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and benefits in kind	**4,839**	4,577
Pension scheme contributions	**492**	499
Equity-settled share option expense	**480**	193
Total compensation paid to other key management personnel	**5,811**	5,269

35 Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

2024

	Financial assets at amortised cost HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Equity investments at fair value through profit or loss	**–**	**132,915**	**132,915**
Trade receivables	**85,219**	**–**	**85,219**
Financial assets included in deposits and other receivables	**50,535**	**–**	**50,535**
Pledged deposits	**53,211**	**–**	**53,211**
Cash and cash equivalents	**65,145**	**–**	**65,145**
	254,110	**132,915**	**387,025**

NOTES TO FINANCIAL STATEMENTS

31 December 2024

35 Financial Instruments by Category (Continued)

Financial assets (Continued)

2023

	Financial assets at amortised cost HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Equity investments at fair value through profit or loss	–	88,461	88,461
Trade receivables	60,088	–	60,088
Financial assets included in deposits and other receivables	55,359	–	55,359
Pledged deposits	59,751	–	59,751
Cash and cash equivalents	63,547	–	63,547
	238,745	88,461	327,206

Financial liabilities

	2024 HK$'000	2023 HK$'000
Financial liabilities at amortised cost		
Trade payables	**140,554**	152,099
Financial liabilities included in other payables and accruals	**700,983**	1,069,355
Interest-bearing bank borrowings	**1,197,237**	542,654
Lease liabilities	**–**	5,453
Amounts due to associates	**29,429**	37,035
Amounts due to related parties	**15,125**	3,516
	2,083,328	1,810,112

NOTES TO FINANCIAL STATEMENTS

31 December 2024

36 Fair Value and Fair Value Hierarchy of Financial Instruments

Fair value measurement

The Group measures its investment properties, certain buildings included in property, plant and equipment and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The valuation process and results are discussed with the chief financial officer twice a year for interim and annual financial reporting.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

36 Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial instruments measured at fair value

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	**116,260**	**–**	**16,655**	**132,915**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	–	–	88,461	88,461

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**88,461**	109,842
Additions	**14,031**	–
Total loss recognised in the statement of profit or loss, net#	**(1,672)**	(14,646)
Disposal	**(83,965)**	(6,878)
Exchange realignment	**(200)**	143
At 31 December	**16,655**	88,461
# Include losses for assets held at end of reporting period	**1,823**	8,245

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2024

36 Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy (Continued)

Financial instruments measured at fair value (Continued)

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in administrative and other operating expenses in the statement of profit or loss and other comprehensive income.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	**Significant unobservable input**	**Range**	**Sensitivity of fair value to the input**
Unlisted equity investments	Valuation multiples	Average P/S and P/E multiple of peers	2024: 1.0% to -1.0% 2023: 1.0% to -1.0%	1% (2023: 1%) increase/decrease in multiple would result in increase/decrease in fair value by approximately HK$31,000 (2023: HK$31,000)
		Discount for lack of marketability	2024: 1.40% to -1.40% 2023: 1.40% to -1.40%	1% (2023: 1%) increase/decrease in discount would result in decrease/increase in fair value by approximately HK$41,000 (2023: HK$43,000)
	Asset-based approach	Adjusted Net Asset Value ("NAV")	*Note (a)*	*Note (a)*

Note:

(a) The fair values of unlisted equity investments are determined with reference to its net asset value. Accordingly, no sensitivity analysis was prepared.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37 Financial Risk Management Objectives and Policies

The Group's principal financial instruments are presented in note 35 to the consolidated financial statements.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies, where the revenue and cost of sales are denominated in US$. The Group is exposed to foreign exchange risk with respect mainly to USD. The Group makes rolling forecasts on foreign currency revenue and expenses and matches the currency and the amount incurred, so as to alleviate the impact on business due to exchange rate fluctuation.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rates, with all other variables held constant, of the Group's loss before tax (arising from USD denominated financial instruments). Other components of equity would have no change.

	Increase/ (decrease) in USD %	**Increase/ (decrease) in loss before tax HK$'000**
2024		
If RMB weakens against USD	**5**	**15,649**
If RMB strengthens against USD	**(5)**	**(15,649)**

	Increase/ (decrease) in USD %	Increase/ (decrease) in loss before tax HK$'000
2023		
If RMB weakens against USD	5	19,200
If RMB strengthens against USD	(5)	(19,200)

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37 Financial Risk Management Objectives and Policies (Continued)

Price risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period with certain investments are investment in equity interests in listed companies. Therefore, the Group is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with difference risk profiles.

At 31 December 2024, if the share prices of the investments increase/decrease by 10%, profit after tax for the year would have been HK$11,626,000 (2023: N/A) higher/lower, arising as a result of the fair value gain/loss of the investments.

Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits and bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2024, if interest rates at that date had been 10 basis points lower/higher with all other variables held constant, consolidated profit after tax for the year would have been HK$1,197,000 (2023: HK$419,000) higher/lower, arising mainly as a result of lower/higher interest expense on bank deposits and bank and other borrowings.

Credit risk

Credit risk for the sale of mobile phones

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37 Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	97,209	97,209
Financial assets included in prepayments, deposits and other receivables					
– Normal**	50,535	–	–	–	50,535
– Doubtful**	–	–	–	–	–
Pledged deposits					
– Not yet past due	53,211	–	–	–	53,211
Cash and cash equivalents					
– Not yet past due	65,145	–	–	–	65,145
	168,891	–	–	97,209	266,100

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	70,422	70,422
Financial assets included in prepayments, deposits and other receivables					
– Normal**	55,359	–	–	–	55,359
– Doubtful**	–	–	–	–	–
Pledged deposits					
– Not yet past due	59,751	–	–	–	59,751
Cash and cash equivalents					
– Not yet past due	63,547	–	–	–	63,547
	178,657	–	–	70,422	249,079

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37 Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

The credit risk for pledged deposits and cash and bank balances is considered minimal as such amounts are placed with banks with good credit standing. Further quantitative data in respect of the Group's exposure to credit risk from trade receivables are disclosed in note 20 to the consolidated financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by counterparty, by geographical region and by industry sector. At the end of the reporting period, the Group had concentrations of credit risk as 86% (2023: 82%) of the Group's trade receivables were due from the Group's five largest customers.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, lease liabilities and other interest-bearing loans.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37 Financial Risk Management Objectives and Policies (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	2024				
	On demand and less than 1 year HK$'000	**1 to 2 years HK$'000**	**2 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Trade payables	**140,554**	**–**	**–**	**–**	**140,554**
Financial liabilities included in other payables and accruals	**700,983**	**–**	**–**	**–**	**700,983**
Interest-bearing bank borrowings	**69,999**	**79,554**	**281,715**	**1,214,384**	**1,645,652**
Amounts due to associates	**29,429**	**–**	**–**	**–**	**29,429**
Amounts due to related parties	**15,125**	**–**	**–**	**–**	**15,125**
	956,090	**79,554**	**281,715**	**1,214,384**	**2,531,743**

	2023				
	On demand and less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade payables	152,099	–	–	–	152,099
Financial liabilities included in other payables and accruals	1,069,355	–	–	–	1,069,355
Lease liabilities	3,064	1,379	1,304	–	5,747
Interest-bearing bank borrowings	117,735	26,238	124,126	393,329	661,428
Amounts due to associates	37,035	–	–	–	37,035
Amounts due to related parties	3,516	–	–	–	3,516
	1,382,804	27,617	125,430	393,329	1,929,180

NOTES TO FINANCIAL STATEMENTS

31 December 2024

37 Financial Risk Management Objectives and Policies (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes trade payables, other payables and accruals, interest-bearing bank borrowings, lease liabilities, amounts due to associates, an amount due to a joint venture and amounts due to related parties, less cash and cash equivalents. Capital represents equity attributable to owners of the Company. The gearing ratios at the end of the reporting period were as follows:

	31 December 2024 HK$'000	31 December 2023 HK$'000
Trade payables	**140,554**	152,099
Other payables and accruals	**796,865**	1,154,043
Interest-bearing bank borrowings	**1,197,237**	542,654
Lease liabilities *(note 15(b))*	**–**	5,453
Amounts due to associates	**29,429**	37,035
Amounts due to related parties	**15,125**	3,516
Less: Cash and cash equivalents	**(65,145)**	(63,547)
Net debt	**2,114,065**	1,831,253
Equity attributable to owners of the Company	**1,799,933**	2,091,547
Capital and net debt	**3,913,998**	3,922,800
Gearing ratio	**54%**	47%

NOTES TO FINANCIAL STATEMENTS

31 December 2024

38 Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024	2023
	HK$'000	HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**–**	–
Total non-current assets	**–**	–
CURRENT ASSETS		
Amounts due from subsidiaries	**2,079,203**	2,151,442
Prepayments, deposits and other receivables	**156**	156
Cash and cash equivalents	**1,424**	5,388
Total current assets	**2,080,783**	2,156,986
CURRENT LIABILITIES		
Amounts due to subsidiaries	**272,074**	62,023
Other payables and accruals	**8,776**	3,289
Total current liabilities	**280,850**	65,312
NET CURRENT ASSETS	**1,799,933**	2,091,674
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,799,933**	2,091,674
Net assets	**1,799,933**	2,091,674
EQUITY		
Issued capital	**163,810**	163,810
Reserves *(note)*	**1,636,123**	1,927,864
Total equity	**1,799,933**	2,091,674

NOTES TO FINANCIAL STATEMENTS

31 December 2024

38 Statement of Financial Position of the Company (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Share award reserve HK$'000	Capital redemption reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	3,410,593	44,992	241,982	43,564	3,410	388	(1,644,962)	2,099,967
Issue of shares upon private placement	62,790	–	–	–	–	–	–	62,790
Share issue expenses	(485)	–	–	–	–	–	–	(485)
Total comprehensive loss for the year	–	–	–	–	–	–	(239,450)	(239,450)
Equity-settled share option arrangements	–	–	5,042	–	–	–	–	5,042
Lapse of warrants	–	–	(33,934)	–	–	–	33,934	–
At 31 December 2023 and 1 January 2024	**3,472,898**	**44,992**	**213,090**	**43,564**	**3,410**	**388**	**(1,850,478)**	**1,927,864**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(301,431)**	**(301,431)**
Equity-settled share option arrangements	**–**	**–**	**9,690**	**–**	**–**	**–**	**–**	**9,690**
Expiry of share options	**–**	**–**	**(85,230)**	**–**	**–**	**–**	**85,230**	**–**
Lapse of warrants	**–**	**–**	**(40,194)**	**–**	**–**	**–**	**40,194**	**–**
At 31 December 2024	**3,472,898**	**44,992**	**97,356**	**43,564**	**3,410**	**388**	**(2,026,485)**	**1,636,123**

39 Event after the Reporting Period

The Group does not have any important event after the reporting period that needs to be disclosed.

40 Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors of the Company on 28 March 2025.