



DIGITAL DOMAIN HOLDINGS LIMITED

數字王國集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code : 547)

ANNUAL REPORT 2025



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BOARD OF DIRECTORS

Executive Director

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

Non-executive Directors

Ms. CHU Wing Sze
Mr. WANG Wei-Chung

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. FOK Lai Yan

HKEX STOCK CODE

547

OTCQX ADR SYMBOL

DDHLY

OTCQB STOCK SYMBOL

DGMDF

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

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

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity
Auditor

SOLICITOR

Reed Smith Richards Butler LLP



digitaldomain.com



Digital Domain
Holdings



Digital
Domain



DigitalDomain
數字王國

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

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

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



The role of

CREATIVITY

as the seed of innovation

On behalf of the Board of Directors ("Board") of Digital Domain Holdings Limited ("Company"), I am delighted to present the annual report of the Company and its subsidiaries (collectively, "Group") for the year ending 31 December 2025.

The year 2025 marked a pivotal moment for the global economy as we navigated profound structural changes. Major markets in which we operate have made significant strides in addressing persistent inflation, while central banks, including the Federal Reserve and the European Central Bank, have entered a new era of monetary policy, setting a course for recovery and sustainable growth. Yet, we recognise that uncertainty remains an enduring part of our landscape as we look towards 2026.

Within our industry, the rapid evolution of artificial intelligence (AI) is reshaping the creative frontier. At Digital Domain, we view these advancements not as obstacles, but as catalysts for reinvention. We are determined to harness the transformative power of AI by integrating it into post-production and commercial short-form content, and by expanding our AI virtual human (VH) business applications to elevate productivity, efficiency, and creativity across our Group. These initiatives are not experiments; they are strategic commitments that will drive measurable value in our daily operations and long-term performance.

The theme of this year's annual report, "Innovation isn't a trend. It's our DNA," reflects our unwavering dedication to pushing boundaries and shaping the industry's future. As a premier visual effects (VFX) studio, we have built our legacy on more than three decades of pioneering expertise. Every project we undertake is executed with an uncompromising standard of professionalism, creativity, and meticulous attention to detail. Our reputation is built on trust, and every client relationship is rooted in a deep

understanding of their ambitions and challenges. This approach empowers us to deliver bespoke, impactful solutions that drive mutual success and sustained growth.

Beyond commercial achievements, 2025 stands out for our commitment to social responsibility. This year, Digital Domain was privileged to initiate a special project for Mr. Tszkin CHEN, a Hong Kong teenager living with Duchenne Muscular Dystrophy (DMD). By creating an AI virtual human for Mr. Chen, we aim to empower him to continue sharing positive experiences, regardless of changes in his medical condition. This initiative embodies our belief in technology's power to uplift and inspire.

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

WILLIAM CHEUNG LOK WONG
Chairman of the Board

Hong Kong, 30 March 2026

The innovation

IMPLEMENTATION



WONG Cheung Lok
William
Chief Executive Officer

involves applying the generated
ideas to practical use

FINANCIAL AND BUSINESS REVIEW

During the year ended 31 December 2025, the Group achieved revenue of HK\$777,252,000 (2024: HK\$625,830,000), an increase of approximately 24% from the previous year. The gross profit of the Group amounted to HK\$129,341,000 (2024: HK\$127,437,000) during the year under review, showing an increase of approximately 1%. The increase in turnover and gross profit were attributable to the media entertainment and trading segments. As at 31 December 2025, the total assets of the Group amounted to HK\$1,145,686,000 (as at 31 December 2024: HK\$1,066,311,000). The loss attributable to the owners of the Company for the year was HK\$257,345,000 (2024: HK\$300,275,000). The loss for the year was approximately HK\$265,854,000 (2024: HK\$312,299,000). The loss for the year was mainly caused by:

- (i) the recognition of non-cash outflow expenses, including:
 - (a) amortisation and depreciation expenses excluding depreciation related to Right-of-use Assets amounted to the value of HK\$43,190,000 (2024: HK\$47,620,000);
 - (b) the impairment losses on goodwill and intangible assets attributable to a cash generating unit (CGU) of HK\$36,035,000 (2024: HK\$ Nil);
 - (c) fair value loss on financial assets measures at fair value through profit or loss of HK\$37,059,000 (2024: gain of HK\$6,031,000);
 - (d) equity-settled share-based payments for the share options granted during the year to the value of HK\$7,568,000 (2024: HK\$26,863,000)
- (ii) administrative and other project expenses; and
- (iii) operating losses from the media entertainment segment.

MEDIA ENTERTAINMENT SEGMENT

During the year under review, this segment recorded a revenue of approximately HK\$679,120,000 (2024: HK\$541,055,000) and incurred a loss of approximately HK\$123,928,000 (2024: HK\$97,703,000). The loss included (i) impairment loss on goodwill and related intangible assets (if applicable) of HK\$36,035,000 (2024: Nil) and (ii) research and development costs relating to AI and VH technology incurred during the year under review.

"The earnings before interest, tax, depreciation and amortisation (EBITDA)" of the media entertainment segment (including impairment loss on goodwill and related intangible assets (if applicable) of HK\$36,035,000 (2024: Nil)) for the year ended 31 December 2025 were a loss of HK\$45,858,000 (2024: loss of HK\$11,875,000). EBITDA is not a standard measure under the Hong Kong Financial Reporting Standards (HKFRS) but is a widely used financial indicator of a company's operating performance. EBITDA should not be considered in isolation or be construed as an alternative to cash flows, net income or any other measure of performance, or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA for the media entertainment segment is calculated based on the loss of the segment for the period but does not account for taxes, interest expenses, depreciation (of the segment's property, plant and equipment) and amortisation charges (on the segment's intangible assets).

A

VISUAL EFFECTS PRODUCTION AND POST-PRODUCTION BUSINESS

This segment offers a range of visual effects (VFX) production and post-production services. These services include visualisation, pre-visualisation, post-visualisation, visual effects, computer graphics (CG), animation, motion capture, facial capture, virtual production, real-time game engine production, live-action filming, editing, design, and finishing. Our clients include major motion picture studios, networks, streaming services, advertisers, brands, and game developers.

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

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

Australian Effects &

Animation Festival (AEAF) Awards

Digital Domain was named a finalist in multiple categories at the 2025 AEAF Awards, acknowledging the exceptional work of our teams across film and television. In the Feature Film Sequence category, our work on **"Captain America: Brave New World"** ("The Dogfight" sequence) and **"A Minecraft Movie"** ("Piglins vs The Iron Golems" sequence) received nominations. Additionally, **"The Electric State"** was recognised in the Feature Films VFX category, and **"Agatha All Along"** was named a finalist in the TV Series category.



70th Filmfare Awards

Digital Domain earned a nomination for Best VFX at the 70th Filmfare Awards 2025 for its visual effects work on **"Street 2"**.

Annie Awards

For the Annie Awards, Digital Domain submitted our team's extensive animation work on the robots featured in **"The Electric State"**, and we also look forward to 2026 submissions.



Visual Effects Society (VES) Awards

Digital Domain submitted several of our recent projects for consideration to the upcoming VES Awards, including **"The Electric State"**, **"The Fantastic Four: First Steps"**, and **"The Wizard of Oz at Sphere"**. For **"The Electric State"**, we entered our work on Herman the robot in Category 9: Outstanding Character in a Photoreal Feature, and our compositing and lighting work in Category 20: Outstanding Compositing & Lighting in a Feature. For **"The Fantastic Four: First Steps"**, we submitted in Category 24: Emerging Technology, highlighting our groundbreaking **Masquerade3** technology. We also partnered with ILM on a joint submission for the creation of **"The Fantastic Four: First Steps" The Thing** in the **Outstanding Character** category. Lastly, for **"The Wizard of Oz at Sphere"**, we submitted our tornado sequence in Category 17: Outstanding Effects Simulation. We were nominated and ultimately won in this category, alongside our collaborators from Warner Bros., Magnopus, Google, and Sphere.

Telly Awards

The Digital Domain team also submitted its visual effects work to the Telly Awards. Entries include **"The Fantastic Four: First Steps"** in the Craft: Use of Motion Capture category for our work on The Thing, **"The Electric State"** in Craft: Character Design for our creation of Herman, and **"Captain America: Brave New World"** in Craft: Visual Effects for the dogfight sequence. Telly Award winners will be announced on 2 June 2026.



Fast Company Most Innovative Company Awards

We are actively pursuing new opportunities for company-wide recognition that align with our strategic objectives. In September, we entered the **Fast Company Most Innovative Company Awards** and Digital Domain has been named No. 7 in North America list at the end of March, 2026. Our submission highlighted our advanced production technology, particularly the innovations behind **Masquerade3** and its use in **"The Fantastic Four: First Steps"**.

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



- VFX Supervisor, Mr. Joel BEHRENS, completed work alongside production VFX Supervisor, Mr. Matthew BUTLER on the Russo Brothers' and Netflix film, **"The Electric State"**.

- VFX Supervisor, Mr. Hanzhi TANG and his team completed work on the Marvel film, **"Captain America: Brave New World"**. For the film, the Digital Domain team worked on the intense battle in the sky and developed a new Cloud Shader tool, a task that took nearly three months to perfect, enabling them to produce stylised clouds that matched the film's look and feel.

- VFX Supervisor, Mr. Nikos KALAITZIDIS and his team completed work on the Chinese film **"Creation of the Gods II: Demon Force"** one of the most successful releases during the Lunar New Year. In addition, Mr. KALAITZIDIS and his team also contributed to Marvel Studios' and Walt Disney Studios Motion Pictures' **"Thunderbolts"**, another box office success and fan favourite that the Digital Domain team worked on 2025.



- VFX Supervisor, Mr. Jay BARTON and his team completed work on Apple Original Films' and Skydance Media's **"Fountain of Youth"**, which became a streaming success on AppleTV+.
- VFX Supervisor, Mr. Jan Philip CRAMER and his team completed work on the Marvel Studios' and Walt Disney Studios Motion Pictures' highly anticipated film, **"Fantastic Four: First Steps"**, which was released globally in theatres on 25 July 2025.

- VFX Supervisor, Mr. Alexandre MILLET and his team completed work on **"The Conjuring: Last Rites"**, the final film in the Conjuring series produced by New Line Cinema and Warner Bros. Mr. MILLET and his team collaborated closely with Digital Domain VFX Supervisor Mr. Scott EDELSTEIN, who served as the overall VFX Supervisor on the film.



- VFX Supervisor, Mr. Dave HODGINS and his team have completed work on Apple Original Films' and Skydance Media's **"Way of the Warrior Kid"**. The film will premiere globally on 20 November 2026 on Apple TV.
- The Digital Domain team is also collaborating on several unreleased projects with partners including Skydance Media, Apple Original Film, Marvel Studios, Walt Disney Studios Motion Pictures, Searchlight Pictures, Legendary Entertainment, Netflix, Universal Pictures/Amblin Entertainment, and Warner Bros Entertainment.

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

- VFX Supervisors Mr. Nikos KALAITZIDIS and Mr. Mitch DRAIN, along with their team completed work on the HBO Original Series **"IT: Welcome to Derry"**, a prequel to the **"IT"** horror films. The series achieved the third-biggest debut in HBO history, averaging roughly 10.7 million global viewers per episode and holding the #1 spot in 45+ countries.



- The Digital Domain team is also collaborating on several unreleased projects with partners, including HBO and Skydance Media.

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



- Walt Disney Studios Motions Pictures' & Marvel Studios' **"Captain America: Brave New World and Thunderbolts*"**

- AGBO & Netflix's **"Electric State"**
- New Line Cinema's & Warner Bros.' **"The Conjuring: Last Rites"**



- Warner Bros.' **"Godzilla x Kong: Supernova"**

- Abu Dhabi Film Commission's & Lionsgate's **"Now You See Me: Now You Don't"**
- Upcoming projects with **Universal Pictures, Marvel Studios & Walt Disney Studios Motion Pictures, Marvel Studios & Sony Pictures, and Skydance Media & Apple TV+**

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

- The upcoming action-adventure game **"Marvel 1943: Rise of Hydra"** in collaboration with Skydance Games
- A new game in collaboration with a Japanese game developer
- Upcoming films with clients including Universal Pictures/Amblin Entertainment and Legendary Entertainment film
- Several game projects with AAA game companies

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

- On 7 January 2025, Digital Domain was proud to have created and delivered visuals that captivate and inspire for the first **CES** keynote ever

hosted at the **Las Vegas Sphere**, for **Delta Air Lines**, honouring the airline's legacy of innovation over the past century while looking ahead to the company's vision for the future. For this project, the Digital Domain team created several immersive scenes, including a runway take-off, an airplane cockpit, an airplane landing, Earth visuals, and fireworks.

- Digital Domain collaborated with **EOS IT Solutions** to create a film for **the U.S. Conference of Mayors' 93rd Annual Meeting**, illustrating the impact of hurricane-induced flooding and how Miami's first responders and city infrastructure would react to such an extreme weather event. To bring these visuals to life, our team used our proprietary technology and additional AI tools to illustrate what severe flooding could look like if it happened in the city.



- Digital Domain proudly contributed to **"The Wizard of Oz" at Sphere**, a groundbreaking immersive environment of the iconic 1939 film for the Sphere's one-of-a-kind living experience that surrounds the audience, on a screen nearly 300 feet high and wrapping 180 degrees around them. In collaboration with Warner Bros. Discovery, Google, and Magnopus, the Digital Domain team helped bring the reimagining of this classic to life.

Possible Indemnification

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

In 2014, a dispute over the ownership of the Disputed IP between the Original Owner and another company based in the United States (the "Claimant")

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

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

The jury trial of the Other Lawsuits concerning only the Picture commenced on 4 December 2023. In accordance with the jury's verdict after the close of evidence, in April 2024 the court issued Findings of Fact and Conclusions of the Law, stating that Claimant was

entitled to US\$250,638 in compensatory damages and US\$345,098 for disgorgement of the Picture's profits. On 26 August 2024, ruling on a post-trial motion brought by US Subsidiary's client, the trial court decided that the jury did not have sufficient evidence to render a verdict that US Subsidiary's client was liable to Claimant and ruled that the judgment will be entered in favour of US Subsidiary's client and that Claimant would not be entitled any relief.

Claimant has initiated an appeal of the decision concerning only the Picture to the United States Court of Appeal for the Ninth Circuit. On 11 September 2025, this appellate court issued its written decision in which it (1) reinstated the jury's finding that Claimant was entitled to US\$250,638 in compensatory damages and US\$345,098 for disgorgement of the Picture's profits and (2) rejected all of Claimant's arguments requesting either a new trial or a larger monetary damage award. This decision concludes the litigation of the Other Lawsuits concerning only the Picture.

On 3 June 2024, Claimant and US Subsidiary's clients concluded a confidential settlement which resulted in the dismissal of the Other Lawsuits to the extent that it concerned the other six motion pictures. Accordingly, the litigation of the Other Lawsuits is now concluded.

On 21 April 2022, the Claimant filed a lawsuit against one of the US Subsidiary's clients and its affiliates' copyright infringement against those entities with respect to two films that are not part of the Other Lawsuits (the "New Lawsuit"). However, the US Subsidiary did not use the Disputed IP on either of these films and US Subsidiary is not a party to the New Lawsuit. The court has on four separate motions to dismiss by

US Subsidiary's Clients dismissed the New Lawsuit on the grounds that the facts, as pleaded, in the lawsuit did not give rise to legally-actionable claims, but in each instance gave Claimant an opportunity to amend the New Lawsuit to rectify the defects that it has identified. Claimant had six opportunities to amend the New Lawsuit in order to state legally-actionable claims. The court denied US Subsidiary's Client's motion to dismiss Claimant's sixth attempt to state legally-actionable claims. The parties in the New Lawsuit are initiating the discovery process.

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

company is required to provide insurance coverage for the indemnity claims brought against it with respect to the Other Lawsuits and monetary damages (the "Insurance Coverage Lawsuit"). The parties are conducting pre-trial discovery in the Insurance Coverage Lawsuit, but the trial date has not been scheduled.

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

Digital Domain China:

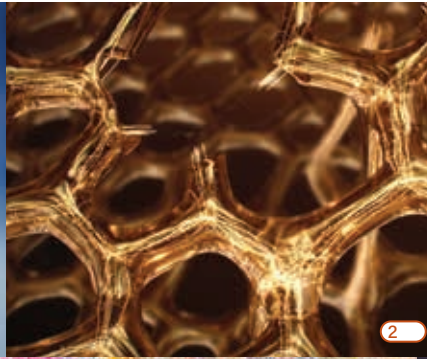
With the establishment of Digital Domain China ("DD China"), the Group has a strong operating platform in China.

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

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



DD China continues to provide post-production and production services (e.g. shooting, editing, colour grading and music production) for various high-profile clients, including: **A2, Aptamil, BYD, ① CLEAR, Dove, Dragon TV, ② ELIXIR, Estée Lauder, Head & Shoulders, ③ HONOR, ④ HUAWEI, JD.com, Kinder, KOHLER, La Mer, ⑤ Li Auto, Little Dream Garden, ⑥ L'Oréal Paris, McDonald's, ⑦ MediaTek, MEIZU, Nexxus, Paper Animation, ⑧ Roborock, Singapore Changi Airport, Sprite, Tencent Games "Strongest NBA", Tencent Games "The Hidden Ones", ⑨ Transsion, vivo, and ⑩ YANGWANG.**



Digital Domain India:

In the first half of 2025, Digital Domain India ("DD India") continues to be a key contributor to the global VFX operations of Digital Domain, with a primary focus on supporting Digital Domain North America. The team successfully delivered high-quality visual effects (VFX) services for major theatrical releases including ❶ *"The Fantastic Four: First Steps"*, ❷ *"Captain America: Brave New World"*, ❸ *"A Minecraft Movie"*, ❹ *"Fountain of Youth"*, ❺ *"The Conjuring: Last Rites"*, ❻ *"IT: Welcome to Derry"*, ❼ *"Way of the Warrior Kid"*, and ❽ *"The Wizard of Oz"*.

Going forward, DD India will continue to strengthen its sales efforts in the local and broader Asian markets by offering Digital Domain's diverse service portfolio and advanced technical expertise to secure a wider and more diversified client base. As part of the Group's overall growth strategy, Digital Domain will continue to invest in DD India's talent development and infrastructure, enabling the delivery of higher-value work. This approach supports competitive pricing for clients while enhancing overall margins across the global VFX business.



DD India provides end-to-end VFX services across platforms for features, television, web-based content and over-the-top (OTT) platforms. Data security remains a top priority for the Company. DD India is a Trusted Partner Network (TPN) certified facility, a joint initiative of the Motion Picture Association



(MPA) and the Content Delivery & Security Association (CDSA), the global leaders in third-party content security assessments. In addition, DD India maintains content security certifications from Walt Disney Studios Motion Pictures (Disney) and Marvel Studios, LLC (Marvel).

B

NEW MEDIA AND VIRTUAL HUMAN BUSINESS

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

Digital Domain's Virtual Human Group ("VHG") in North America - research and development aided multiple projects and resulted in new developments in 2025:

- **1 Masquerade3:** Digital Domain's "Masquerade3", a groundbreaking markerless facial capture system, was used extensively on Marvel Studios' and Walt Disney Studios Motion Pictures' *"The Fantastic Four: First Steps"*, further revolutionising the facial capture process for the film. Our work utilising Masquerade3 has been submitted to several awards, including the Visual Effects Society (VES) Award, Telly Awards, and Inc. Best in Business Award.
- **ML Cloth:** Our VES-nominated ML-Cloth tool was deployed at scale on Marvel Studios' *"Captain America: Brave New World"*.
- **Charlatan:** The face-swapping tool, Charlatan, **2 "Thunderbolts"** marked the first time the technology was used to assist in replacing an actor's body, including hair and costume, pushing the technology beyond facial replacement and into full-body digital performance blending.
- **Flex:** Flex is Digital Domain's modular simulating muscle system, which is built to be fitted to high detail CG humanoid and animal characters for quick asset development. The tool provides realistic muscle, fat and skin motion, and has been built to incorporate our proprietary AI/ Machine Learning Deformation System. It is currently being used on two feature films that have not yet been announced.



VHG participated in several events this year, including:

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



The Greater China Region:

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



- In March 2025, Digital Domain announced the launch of a comprehensive collaboration with **1 TOPPAN Holdings Inc.**, and to work together in the field of virtual humans, utilising high-resolution data gathered from biometric scanning of real individuals.
- At the 2025 Smart City Summit and Expo, Digital Domain debuted its **2 AI Smart Bartender**, showcasing how **Momentum Cloud** integrates speech recognition, recommendation logic, and device control to enable virtual human-led smart retail experiences. The demo featured a voice-driven cocktail scenario, guiding users from conversation and personalised recommendations to real-time beverage preparation.

Co-developed with **Ennoconn Technology** and **Limbot Technology**, the project combined Ennoconn's IPC, Limbot's automated cocktail dispenser, and Digital Domain's virtual human interface. The collaboration delivered an end-

to-end solution linking semantic understanding, process flow, and device coordination.

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

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

The collaboration centres on XPG's brand ambassador **3 "Mera"** brought to life through high-fidelity

virtual character rendering that vividly showcases her distinct visual style and personality. This enhances both brand recognition and emotional resonance. The video was showcased on-site at the exhibition, allowing attendees to experience the futuristic energy and brand spirit in a tangible way.

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

- Digital Domain participated in the **AI Culinary Culture Innovation Expo**, presenting its **AI Smart Bartender** as a use case for virtual human adoption in the F&B sector. Co-hosted by Ennoconn Technology and Wowprime Corp., the event focused on merging food culture with AI to accelerate smarter, more



personalised dining experiences. Through voice interaction and contextual recommendations, the virtual human guided guests through product discovery and enhanced brand storytelling.

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

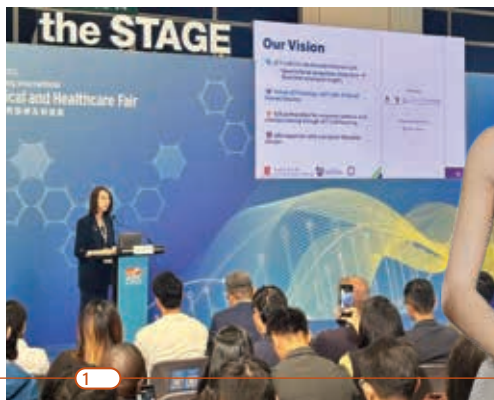
- At the **2025 HPE x NVIDIA Private Cloud Conference**, Digital Domain showcased its AI Virtual Human solution and shared insights into how Momentum Cloud is enabling enterprise applications. The demo featured a reception scenario, emphasising the strategic role of virtual humans as the front-end interface for digital services, and how

they integrate voice interaction with backend systems to improve service efficiency and user experience.

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

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

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



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Photo credit: Tszkin Chen



Vivi was also featured in concept proposals for a range of sectors including commercial real estate, public transportation, and banking, highlighting how virtual humans can enhance everyday services and bring AI closer to the public in both commercial and civic settings.

- From 26 to 27 May 2025, the **Asia Summit on Global Health** was held at the Hong Kong Convention and Exhibition Centre. Digital Domain was honoured to collaborate with **ACTuWISE Limited** in showcasing our AI-driven ACT mental health training systems to a distinguished audience of investors, industry leaders, and potential collaborators.

ACTuWISE Limited, founded by **Dr. Connie Chong** (Associate Professor at the Nethersole School of Nursing, The Chinese University of Hong Kong), was one of five teams to receive the Outstanding Project Award in the AI startup category at the Shanghai Hong Kong Innovation Project Award 2025. This recognition underscores the innovative potential of our joint efforts in applying artificial intelligence to mental health solutions.

The showcase represented a meaningful milestone in demonstrating the transformative impact of AI-powered virtual humans on the healthcare sector. Our interactive training modules – featuring realistic case simulations – enable counsellors, social workers, and other mental health professionals to build practical skills and adhere to high professional standards in a scalable, technology-enhanced environment. This initiative aligns with our broader strategy to leverage AI and digital innovation to address pressing societal needs in mental health support and training.

- On 1 July 2025, **Radio Television Hong Kong (RTHK)** reintroduced its daily weather broadcasts using **AIDA**, an AI virtual human revitalised by Digital Domain. Powered by the Momentum Cloud platform, AIDA demonstrated consistent performance and flexible application throughout the news production workflow. This project successfully validated the feasibility of AI virtual humans in public-sector institutions, significantly enhancing productivity and creativity in content creation. It also set a new precedent for the adoption of automated virtual

human broadcasting solutions in public media.

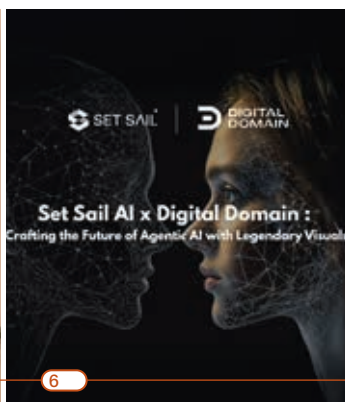
- In mid-July 2025, Digital Domain announced its support for **Tszkin Chen**, then a 16-year-old teen living with Duchenne Muscular Dystrophy (DMD), a rare disease, in creating his personalised AI virtual human. Digital Domain recreated Tszkin's appearance and voice, supporting his dreams to inspire others and amplifying his impact to give back to society through a virtual presence.
- In July 2025, Digital Domain participated in the **World AI Vision Exhibition (WAVE 2025)** in collaboration with **Ennoconn Corporation**, showcasing AI virtual humans in smart dining and automated service environments. The demonstration positioned the virtual human as the primary interactive interface, integrating voice and touch interactions to guide users through personalised beverage selection while seamlessly coordinating with backend automation systems. This approach delivered consistent, intuitive service experiences, allowing on-site staff to prioritise customer engagement and experience management. The exhibit highlighted



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the scalability and adaptability of AI virtual humans as effective human-machine interfaces, reinforcing their potential to enhance efficiency and interaction quality in public-facing and smart retail applications.

- In September 2025, Digital Domain partnered with ⑤ **CJView** to showcase their virtual humans via a Glasses-Free 3D intelligent Display all-in-one Machine, further exploring how this proprietary technology empowers consumer experiences at the **Sign China 2025**. Powered by artificial intelligence, Digital Domain's virtual humans have stepped into the consumer sector. The applications of virtual humans are rapidly expanding, demonstrating their value in hospitality and reception, education and training, elderly care, banking and insurance, public services, and beyond.
- In October 2025, Digital Domain announced a collaboration with ⑥ **Set Sail AI's** enterprise-grade Agentic AI platform to jointly develop, market, and implement Agentic AI kiosk solutions. The aim is to transform industries like Contact Centres, Property Management, Retail, Education, Public Services,

and Hospitality by creating immersive, AI-driven experiences that boost efficiency, elevate customer engagement, and enhance operational capabilities. With Digital Domain's visualisation capabilities and Set Sail AI's cutting-edge technology, the collaboration is set to deliver scalable solutions tailored to fast-paced industry demands.

- In October 2025, Digital Domain participated in ⑦ **HPE Discover More AI**, co-hosted by **Tatung System Technologies Inc. (TSTI)** and **Hewlett Packard Enterprise (HPE)**, where **VocalFace** – Digital Domain's AI virtual human interaction product – made its debut at an enterprise-level public event in the second half of 2025. The demonstration positioned VocalFace as an intuitive, voice-based front-end interface for enterprise AI systems, addressing key adoption challenges such as high usage barriers and fragmented service experiences. By integrating seamlessly with existing enterprise AI platforms and data ecosystems, VocalFace delivers a unified, accessible interaction layer that boosts service efficiency, enhances user experience, and minimises additional manpower

needs – highlighting the product's potential to accelerate enterprise-wide AI usability and deployment.

- In November 2025, Digital Domain participated in the forum **"Digital Resilience in a New Era: Building a Secure and Efficient IT Environment through Multi-layered Protection"**, co-organised by ⑧ **Tatung System Technologies Inc. (TSTI)**, **Hewlett Packard Enterprise (HPE)**, and **AMD**. Following VocalFace's initial public debut in the second half of 2025, the showcase demonstrated its application as a robust AI virtual human interaction product within enterprise digital services and high-availability architectures. The presentation highlighted key enterprise needs for system stability, controllability, and deployment flexibility in sustained operations, with VocalFace supporting private or hybrid cloud deployments and seamless integration into existing IT and security infrastructures. This enables enterprises to deliver stable, efficient digital service interfaces for internal and external use – enhancing operational efficiency, maintaining high reliability, and facilitating future scalability.



Digital Domain staff from the global studio participated in and/or organised several events during the year:

North America Region

- VFX Supervisor, Mr. Hanzhi TANG, participated in the **Disney/Marvel VES** screening of **"Captain America: Brave New World"** at the Harmony Gold Theatre. He also joined a Q&A session alongside members of the local LA team who worked on the film. Mr. Alessandro ONGARO, the Production Visual Effects Supervisor, was also in attendance.

- The Advertising Experiences team hosted Digital Domain's inaugural **Brews & Views** event, an evening of conversation and networking designed to connect with production company owners, directors, and agency producers. The event was a great success, drawing over 40 attendees who had the opportunity to meet our supervisors, including Mr. Matt DOUGAN, Mr. Mitch DRAIN, Mr. Matt MCCLURG, Mr. Piotr KARWAS, Mr. Andrew ZEKO, and Mr. Nikos KALAITZIDIS; explore our capabilities; and learn more about Digital Domain's growing slate of creative offerings.



- VFX Supervisor, Mr. Nikos KALAITZIDIS, participated in the **VES screening and panel Q&A** for **"Thunderbolts"**, which was streamed across Los Angeles, Vancouver, Montreal, and Atlanta. During the panel, Nikos represented Digital Domain and highlighted the team's contributions to the film, including the use of Digital Domain's proprietary face-swapping tool, Charlatan, which played a key role in seamlessly stitching characters from different plates.

- In April 2025, our software partner, **Autodesk**, held a special event where Senior Animation Supervisor Ms. Elizabeth "Liz" BERNARD was invited as the guest speaker. Liz delivered an insightful presentation to an audience of Autodesk clients, students, and industry professionals, offering a deep dive into character development and performance in **"The Electric State"**.

- Following her successful presentation with Autodesk, Ms. Elizabeth "Liz" BERNARD was invited to speak as part of their **Speaker Series at SIGGRAPH**. In her talk, she examined the critical role that animation and visual effects play in enhancing narrative structure, highlighting the collaborative nature of storytelling throughout **"The Electric State"**.

- As part of a presentation hosted in collaboration with **Foundry** and **Gnomon**, Digital Domain Asset Supervisor Mr. Nick COSMI shared how our texture team developed a unique workflow in Mari to bring the robot cast of **"The Electric State"** to life with realism, texture fidelity, and creativity. Held at Gnomon in Los Angeles, the presentation was delivered to students and VFX enthusiasts and was also live-streamed on YouTube.
- VFX Supervisor, Mr. Hanzhi TANG, participated in a panel hosted by **Syracuse University's LA Extension** at the **Skirball Centre** for their film students, discussing **"Captain America"** and conducting a Q&A alongside one of the show's writers.



- In August 2025, Digital Domain's Digital Producers, Ms. Allison LUONG, participated in a Q&A panel following a **Los Angeles friends and family screening of "The Fantastic Four: First Steps"**, hosted by the Visual Effects Society, Walt Disney Pictures, and Marvel Studios. The event took place on the Walt Disney Studio lot and was moderated by VES Board Member, Robin PRYBIL. Allison joined Sony VFX Supervisor, Theo BIALEK, to discuss the film's visual effects in front of an industry audience.



- Animation Supervisor, Ms. Elizabeth "Liz" BERNARD, participated in a presentation at **Spark Animation**, where she highlighted the creative and technical animation work involved in bringing the robots of **"The Electric State"** to life.

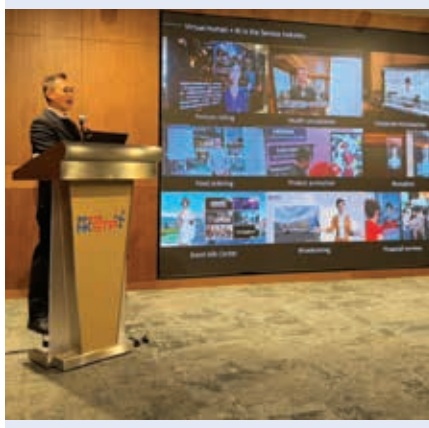


- VFX Supervisor, Mr. Jan Phillip CRAMER, was featured as a guest speaker at **Campus VFX's industry talk series**, Voices of VFX. During the session, he shared insights on career development in CG, leading high-profile VFX teams, and working on blockbuster productions.



The Greater China Region

- In February 2025, Digital Domain was invited by the **Hong Kong Monetary Authority (HKMA)** to share AI-enabled Virtual Human applications with members of the **HKMA Technology Champion Community (TCC)** from various departments and divisions. This event was facilitated by the **Hong Kong Science and Technology Parks Corporation (HKSTP)**.



- In February 2025, Digital Domain participated in the **AI in Action Career Day** organised by **HKSTP**. The booth attracted numerous participants with demonstrated interest and potential in the AI, Data, and Software fields. Digital Domain had conversations with students, fresh graduates, and experienced professionals looking to take the next step in their careers.



- On 11 March 2025, Mr. Henry HOOI, the former Acting Chairman, and Mr. William WONG, the Chief Executive Officer (CEO) of Digital Domain, were invited to the Launch of the UGC HKTEA AI Community of Practice on **Enriching Future-Ready Education with GenAI and Beyond**. Kicked off with speeches from Professor ZHANG Xiang, President and Vice Chancellor of University of Hong Kong (HKU), Henry also shared insights on how Generative AI is transforming education and shaping the future. And guests experienced real-time interaction with our Virtual Human technology which showcased the future of AI-powered engagement.



- On 13 March 2025, Digital Domain joined HPE to showcase our virtual human technology at the **"AI Partners Executives Catchup in HPE AI Lab"** to the senior executives from HPE APAC. During the event, Mr. Charlie PAI, the Vice President of Business Development, presented and shared our insights of AI virtual human technology.



- On 19 March 2025, Mr. William WONG, CEO of Digital Domain, was invited to attend the **"Century Symposium 2025"**, co-organised by the Asia Pacific Taiwan Federation of Industry and Commerce and the Bay Area Hong Kong Centre. Mr. WONG delivered a keynote speech titled **"AI Creates a New Future: How Innovation and Technology Drive Industry Transformation"**, sharing Digital Domain's commitment to innovative technologies and how it drives development amid rapid technological change. While also moderating the "Smart Manufacturing" panel discussion alongside industry experts to explore key trends and the future of smart manufacturing.



- In March 2025, Mr. Michael FU, Visual Effects Supervisor was invited to join the jury of **2025 Golden Lion Awards**.

- In March 2025, Digital Domain unveiled its **"AI Smart Bartender"** Virtual Human application for the first time at the **2025 Smart City Summit and Expo**. In collaboration with **Ennoconn** and **Limbot Technology**, the AI Smart Bartender is able to provide an end-to-end service that integrates real-time interactive ordering, personalised recommendations, and professional crafted cocktail. This initiative demonstrates smart retail innovation and aims to extend its application across diverse service scenarios in the future.



- In May 2025, Mr. William WONG, CEO of Digital Domain, and Mr. Allen CHEN, Deputy General Manager, China, sat down with **Global People** to unveil the behind-the-scenes story of **Virtual Human Teresa Teng**, as well as the opportunities and challenges in the artificial intelligence era.



- In April 2025, as the flagship series of **South** (established by the Nanfang Media Group and formerly known as **"GDToday"**), **Hong Kong Stories** is dedicated to in-depth discussions with individuals who have made significant contributions or have a strong influence in

innovation and technology. Mr. William WONG, CEO of Digital Domain, was invited as a guest for Season II to further explore Digital Domain's strategic deployment on how artificial intelligence is fuelling virtual humans, visual effects, and virtualisation.

- To support employment for persons with disabilities (PWDs) and promote inclusivity, **The Hong Kong Jockey Club Charities Trust** is supporting the **Jockey Club Collaborative Project for Inclusive Employment**, and Digital Domain is proud to be one of the supporters to join this program. In May 2025, Mr. William WONG, CEO of Digital Domain attended the kick-off ceremony and participated in the Market Fair 2025.



- On 19 May 2025, Digital Domain showcased its AI Virtual Human solution, highlighting its application in reception scenarios at the **"HPE x NVIDIA Private Cloud Conference 2025"**, as part of the ongoing collaboration between Digital Domain and HPE. Mr. Charlie PAI, Vice President of Business Development, was also invited to deliver a keynote speech on global trends in AI Virtual Human applications, and their impact on user experience and digital transformation.



- On 19 May 2025, Digital Domain was invited to participate in the **"AI Culinary Culture Innovation Expo"**, co-hosted by **Ennoconn Technology** and **Wowprime Group**. Digital Domain showcased its **AI Smart Bartender** as a use case demonstrating the business potential of virtual humans in the F&B sector, and to highlight Digital Domain's integrated capabilities and innovation in smart dining and F&B applications.
- Invited by the **Faculty of Medicine, CUHK**, Digital Domain showcased our **AI mental health solutions** at the **Asia Summit on Global Health** on 26 May 2025. Professor Connie CHONG (Assistant Professor at The Nethersole School of Nursing, Founder and CEO of ACTuWISE Limited) shared her insight of using technology to support and advance the delivery of Acceptance and Commitment Therapy, she also emphasised that Digital Domain's virtual human solution may help in establishing an AI-driven training platform for ACT-based mental health advisory system.

- In May 2025, in the podcast series launched by the **China Computer Federation** (and its Technical Committee on CAD/CG), Mr. Michael FU, Visual Effects Supervisor, discussed how artificial intelligence is reshaping the creative landscape.
- On 30 May 2025, Digital Domain joined the **Ingram Micro x Hewlett Packard Enterprise: AI Ecosystem Partner Event**. In the session of **“Beyond Avatars: Scaling AI Virtual Humans for Seamless Interaction”**, our representative shared our views with AI ISV partners and IT infrastructure leaders, on how AI-driven virtual humans can transform engagement across industries.

- On 20 June 2025, Digital Domain joined **HKSTP** to pitch our Virtual Human solution to the **Hospital Authority’s Executive Leadership Program**. There are around 40 visionary future leaders from the Hospital Authority in attendance, including Chief of Service, Consultant Doctors, and Nursing Managers. During the event, we showcased our innovative technology and explained how it can revolutionise the healthcare landscape and make a profound impact on patient care.



- On 9 June 2025, Digital Domain participated in the **“Mobility & Logistics Innovations Matching Day”**, hosted by the **Hong Kong Science & Technology Parks Corporation (HKSTP)**. This event brought together industry leaders and tech innovators to discuss cutting-edge advancements in mobility and logistics. Our team showcased Digital Domain’s Virtual Human technology, and shared insights on how immersive digital solutions can transform the future of the sector.
- In July 2025, Digital Domain announced the partnerships with educators from **The University of Hong Kong (HKU)**, **City University of Hong Kong (CityUHK)**, and **Hong Kong Design Institute** to nurture talent while driving innovation in emerging technologies, building upon its expertise in virtual humans, visual effects, and visualisation.

In the project named **“Voices Beyond the Physical: A Framework for Using Virtual Humans to Advance Equity and Inclusion in Schools”**, Digital Domain collaborated with Prof. Cecilia K.Y. Chan, Professor in the Faculty of Education and the Teaching and Learning Innovation Centre (TALIC) at HKU, by providing virtual human technology development, infrastructure, and creative support to promote AI education, inclusive learning, and research on teaching methods in line with ESG principles.

Digital Domain also inaugurated a training program in collaboration with Prof. Jianping Wang from the College of Computing at CityUHK, offering students internship opportunities, including participating in virtual human development, training generative AI models, and collaborating with Digital Domain's experts to deepen AI application capabilities.

In addition, Digital Domain launched an internship program with the Department of Digital Media at Hong Kong Design Institute, where outstanding students will be selected to participate in hands-on projects at Digital Domain's Shanghai studio.

- In July 2025, **iFeng.com** spoke with Mr. William WONG, Digital Domain Chairman of the Board, about artificial intelligence's game-changing role in the creation of entertainment-related experiences.

- In July 2025, Digital Domain was invited to attend an event of **Ingram Micro's “Unlocking Big Wins: How AI Transforms Data into Strategic Success”**, together with **iMBrace, Nvidia and Just International Group** on “How to Integrate Enterprise AI into Your IT Projects and Boost Sales”. The forum explored critical themes around corporate governance, compliance, and the responsible deployment of AI at scale.



- In July 2025, Digital Domain participated in the **“Mainland F&B, Retail, and Creative Enterprises Leverage Hong Kong Listing for New ‘Go Global’ Opportunities Seminar”**, organised by **Invest Hong Kong (InvestHK)**. Mr. William WONG, Chairman of the Board of Digital Domain, was engaged in an insightful discussion with Ms. Doris FONG, Head of Creative Industries, Sports & Entertainment at InvestHK. They exchanged perspectives on Hong Kong's capital market, its long-term growth potential, and the support available for businesses expanding globally.



- On 15 July 2025, the **Printing Technology Association of China** arranged an industry seminar in Wuhan, Hubei, spotlighting how artificial intelligence is empowering the digitalisation of the printing. As one of the guest speakers, Mr. Allen CHEN, Deputy General Manager for China, explored Digital Domain's artificial intelligence-driven advancements via a keynote speech.



- In end of July 2025, Digital Domain participated in **“The Future of Immersive Entertainment where Web3.0, Blockchain & AI Converge”** forum, co-hosted by **LAVA** and **Cyberport Hong Kong**. During the event, Digital Domain showcased the groundbreaking virtual human technologies, demonstrating how the fusion of AI, blockchain, and Web3.0 is redefining immersive experiences.



- On 26 to 29 July 2025, **HKSTP** was joined hands with the **Hong Kong Trade Development Council (HKTDC)** and **Cyberport** established the **"Hong Kong Pavilion"**, spotlighting nine promising companies and their cutting-edge AI solutions at the **World Artificial Intelligence Conference (WAIC)** in Shanghai. Taking place at the Shanghai World Expo Exhibition & Convention Centre, Digital Domain showcased the advancements amid the



commercialisation driven by AI, with its AI-powered video creation solution.

- In August 2025, Digital Domain successfully hosted a two-week Student Industrial Attachment program at Digital Domain's Shanghai studio, welcoming a group of talented students and educators from the **Hong Kong Design Institute (HKDI)**.

The program offered participants valuable hands-on training, allowing them to engage directly with real-world VFX workflows, including compositing and CG animation, under the close mentorship of the Company's experienced industry professionals. Collaborative creative sessions fostered meaningful exchanges of ideas, enabling both the interns and Digital Domain team members to gain fresh perspectives from one another's diverse approaches.

In addition, the program included insightful industry discussions, during which Digital Domain shared candid reflections on the evolving role of AIGC technologies in shaping the future of content creation. This initiative underscored the Company's ongoing commitment to nurturing emerging talent and advancing innovation within the visual effects industry.



On the other hand, the Digital Domain China team collaborated with the **Teresa Teng Foundation** to showcase the virtual human Teresa Teng in the **"Cross-Strait AI Integrated Development and Innovation Exhibition Zone"**. Digital Domain's virtual human Teresa Teng made a stunning appearance and performed the timeless classic "The Moon Represents My Heart".





- On 26 September 2025, Digital Domain announced a strategic partnership with **Hong Kong Baptist University (HKBU)** at the **BeUnicorn Day**. This event marked the launch of “Inno Nexus”, a new platform designed to connect HKBU’s start-ups with the investment and technology community.

As part of the Memorandum of Understanding (MOU), Digital Domain provided support to these start-ups by providing the technology in AI-enabled visualisation and virtual human solutions. HKBU will contribute its creative and research expertise, alongside access to vital infrastructure and funding through

grants. In turn, Digital Domain will offer essential technical support to facilitate HKBU’s research and development efforts, while exploring innovative AI in various applications.

- In October 2025, in support of persons with disabilities entering the job market, the Chief Executive announced the launch of the “Caring Employer” medal in the 2024 Policy Address, honouring companies that actively engage and empower individuals with disabilities. In mid-October, Digital Domain was

awarded the **“Caring Employer” Medal 2025**. This recognition reinforces Digital Domain’s ongoing commitment to building a workplace that is truly inclusive and supportive – to fostering a culture of acceptance and belonging.



- In November 2025, the **HKSTP** facilitated an inspiring dialogue with Digital Domain and several leading Asia media outlets, including **Tech in Asia**, **The Times of India**, and **Press Trust of India (PTI)**. Mr. Stanley CHOI, Vice President of Business Development of Digital Domain, introduced AI Virtual Human technology and engaged in forward-looking discussions on the future of AI applications across industries.



- On 7 November 2025, the **Shanghai Film Development Research Institute** brought together industry professionals for a dive into the fusion of artificial intelligence and filmmaking. Mr. Allen CHEN, Deputy General Manager for China, unveiled Digital Domain's initiatives around artificial intelligence, also case studies relative through an address.

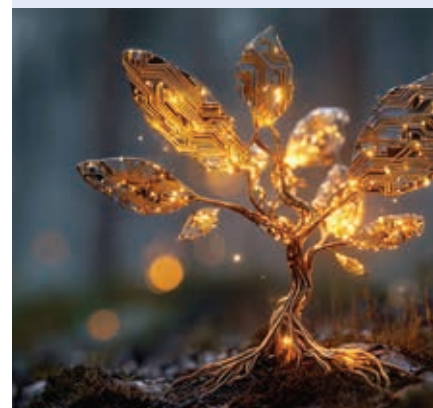
- On 8 November 2025, backed by the **World Artificial Intelligence Film Festival**, a sub-forum held at the **5th China International Intelligent Communication Forum**. Mr. Michael FU, took the stage for a keynote speech and unpacked Digital Domain's breakthroughs in artificial intelligence as Visual Effects Supervisor, while Mr. Allen CHEN, Deputy General Manager for China, joined a panel discussion on artificial intelligence-powered filmmaking, finding a path towards global race.



- In November 2025, joined hands with the Jingan District People's Government, Digital Domain and Executive Director Dr. Ta-Chien SUN participated into the **6th Yangtze River Delta International Cultural Industries Expo** as exhibitor and guest speaker. Also, Mr. Michael FU, Digital Domain Visual Effects Supervisor joined a panel discussion on where art and technology meet.



- In November 2025, **Dragon TV's lens** turned to Dr. Ta-Chien SUN, Digital Domain Executive Director, decoded Digital Domain's roadmap regarding artificial intelligence and the unfolding chapter in Shanghai.
- In November 2025, as the flagship summit of **36Kr, WISE 2025** gathered 1,000 attendees under one roof to explore the artificial intelligence-driven revolution sweeping across business industry. The opening cinematic created entirely by Digital Domain's AI solution. Mr. Allen CHEN, Digital Domain's Deputy General Manager for China also presented an address of "Across Every Canvas, Artificial Intelligence Is Revolutionising The Creative Landscape".



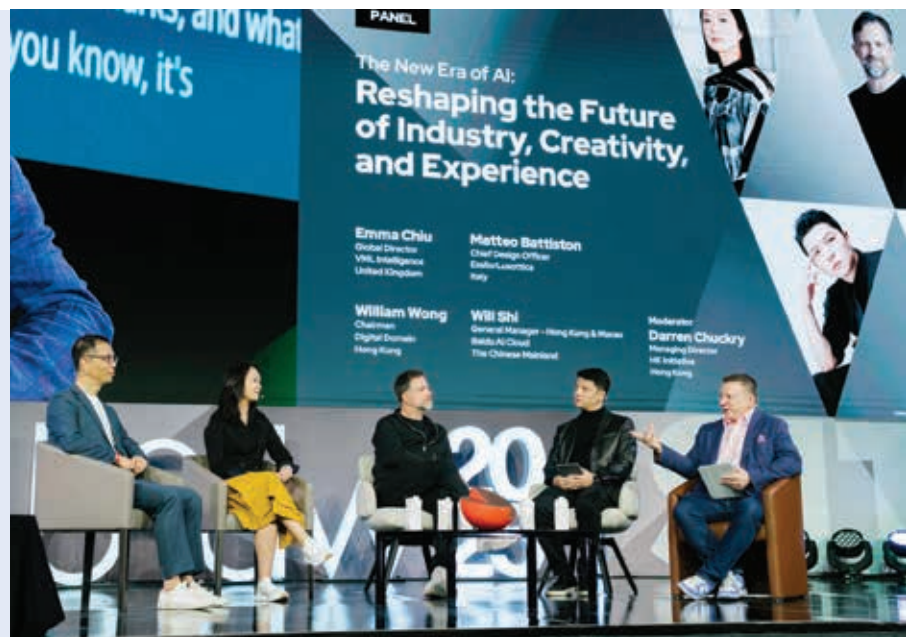
CHIEF EXECUTIVE OFFICER'S REVIEW

- On 2 December 2025, the **Jingdezhen Ceramic University** held a sub-forum of this year's International Conference on the Cooperation and Integration of Industry, Education, Research, and Application in Jingdezhen, Jiangxi. Under the theme of "Intelligent Fusion", the sub-forum examined how advanced technologies are reshaping artistic creation. As a guest speaker, Mr. Allen CHEN, Deputy General Manager for China, outlined Digital Domain's integration of the proprietary innovations with ceramic art.



- On 5 December 2025, Digital Domain participated in **BODW 2025**, Asia's premier annual event on design, innovation & brands, where Mr. William WONG, Chairman of the Board of Digital Domain, delivered a keynote titled **"The Power of Possibility: Digital Domain's Journey to Real-World AI Virtual Humans"**. He highlighted how Digital Domain continues to leverage its strength as a VFX production powerhouse while broadening its innovations in AI-driven virtual humans, and shared how Digital Domain's vision and technical breakthroughs are supporting various industries and expanding the real-world potential of AI virtual humans.

Following the keynote, William joined a panel moderated by Mr. Darren CHUCKRY (HK Initiative), alongside with Ms. Emma CHIU (VML Intelligence), Mr. Matteo BATTISTON (EssilorLuxottica), and Mr. Will SHI (Baidu AI Cloud) to explore **"The New Era of AI: Reshaping the Future of Industry, Creativity, and Experience"**. Together, they dived into how AI is redefining what people consider real, reshaping public perceptions of AI-generated creativity, rethinking the role of designers and creatives, and accelerating tangible transformation across industries.



- On 11 December 2025, Digital Domain joined **“Navigating Geopolitical Shifts: Unlocking Resilient Growth through Hong Kong’s Global Business Hub”**, jointly organised by **Office for Attracting Strategic Enterprises (OASES)**, **Deloitte**, and **Standard Chartered**.

Mr. William WONG, Chairman of the Board of Digital Domain, took part in a fireside chat on the theme “Hong Kong as a Catalyst for Innovation & Expansion”, alongside leaders from **Westwell** and **CertiK**. The discussion centred on how digital transformation and innovation are accelerating global expansion, and the pivotal role Hong Kong plays as an engine for sustainable growth.



- In mid-December 2025, Mr. William WONG, Chairman of the Board of Digital Domain, was interviewed by **South China Morning Post (SCMP)**, a leading global news organisation that has reported on China and Asia for over 120 years. William shared his vision and insights on navigating the new era of technology and innovation, and the opportunities in enterprise applications, where technology is actively reshaping perceptions of AI-generated creativity, redefining the role of creators, and accelerating tangible transformation across industries.



D Co-Productions

Feature Films:

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

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

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



E DDCP and Investments in Europe

Formation of DDCP

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

Investment in HLEE

Highlight Event and Entertainment AG ("HLEE"), a publicly traded Swiss media and sports marketing company, the shares of which are traded on the Swiss Stock Exchange (ticker code: HLEE.SW). HLEE carries its business in segments of film, sport and event-marketing and sport events through its subsidiaries and affiliates in Europe. As at 31 December 2025, DDCP holds 265,000 HLEE shares represented approximately 2.04% of the total number of bearer shares of HLEE in issue.

Investment in YTME

Youngtimers AG ("YTME") is a publicly traded Swiss special situation investment firm focused on the international media, e-commerce and lifestyle goods sectors, the shares of which are traded on the Swiss Stock Exchange (ticker code: YTME.SW). In December 2025, YTME announced it successfully completed the capital increase from 72,013,566 bearer shares to 190,426,824 bearer shares. As at 31 December 2025, DDCP holds 14,000,000 YTME shares represented approximately 7.352% of the total issued bearer shares of YTME.

TRADING SEGMENT

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

Continuing Connected Transactions in relation to Distributor Agreement

Further to the business development efforts for DRAM (Dynamic Random Access Memory) trading in 2023 and first half of 2024, on 25 October 2024, Digital Domain Gaming Media Limited ("DD Gaming Media"), a wholly-owned subsidiary of the Company, and ADATA Technology Co., Ltd. ("ADATA"), a substantial Shareholder and a connected person of the Company, entered into a distributor agreement ("Distributor Agreement"), pursuant to which DD Gaming Media has been appointed as the exclusive general distributor of ADATA to promote, market, sell and distribute the XPG products (all existing and future products under the XPG (Xtreme Performance Gear) brand, including but not limited to computer memory, storage devices, computer and gaming peripherals and accessories, laptops, lifestyle

gears and other similar or associated products and ancillary services) to third party customers in the Greater China and the Americas. For further details, please refer to the announcements for this transaction dated 25 October 2024 and 11 November 2024 and circular for this transaction dated 26 October 2024.

The trading segment recorded a turnover of approximately HK\$98,132,000 (2024: HK\$84,775,000). The increase in turnover was attributable to the increasing demand from the customers. At the same time, according to the Group's accounting policy for its trading segment, whereby transaction income of approximately HK\$310,553,000 (2024: HK\$13,672,000) had been netted off against purchase cost and was recorded as commission income under trading arrangements rather than being presented as turnover.

The profit for the year of this segment is HK\$5,988,000 (2024: loss of HK\$693,000), the increase in profit was mainly attributable to the increase in demand from the customers and the operation became more efficient when compared to the last year which just started to ramp up. The Group's business strategy for the trading segment is to seek steady growth under the challenging global business-economic environment.

INTERESTS IN ASSOCIATES

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

VIRTUAL HUMAN TERESA TENG

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

- From January to February 2025, the **Virtual Human Teresa Teng's holographic concert staged at the Hongyadong in Chongqing**. As a landmark attraction of Hongyadong, it has attracted a large number of tourists to come and watch.
- In May 2025, on the 30th anniversary of Teresa Teng's passing, **Global People**, supervised and sponsored by the People's Daily, launched a cover story centred on Teresa Teng, with a series of precious photos being revealed, including one from her digital avatar. Created by Digital Domain using the artificial intelligence-powered video creation solution, this Virtual Human Teresa Teng serves as a tribute to the legend that never fades.
- In July 2025, this year's **① World Artificial Intelligence Conference** returned to Shanghai. Over 300,000 visitors gathered under one roof with thousands of experts, executives and elites from around the world, including Virtual Human Teresa Teng, who staged a comeback with "The Moon Represents My Heart" at the exhibition area of "Cross-Strait Artificial Intelligence Integration Development Innovation".
- In October 2025, Virtual Human Teresa Teng made a surprise appearance at the **② 13th Shinbei Beer Carnival**, filling the stage with the timeless hit "Evening Fragrance". To deliver an immersive and experimental experience, Digital Domain leveraged artificial intelligence to build digital environment for the performance.

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

On 6 June 2024, Tower Talent Holdings Limited ("Tower Talent"), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement ("Joint Venture Agreement") with Star Odyssey Limited ("SPLHL Shareholder"), an indirect wholly-owned subsidiary of Star Plus Legend Holdings Limited ("SPLHL"), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 6683) in relation to the formation of the Star Plus Domain Limited, a limited liability company incorporated under the laws of British Virgin Islands ("Joint Venture Company"). The Joint Venture Company is as to 40% by Tower Talent, 40% by SPLHL Shareholder and 20% by a company established by the



representatives of the management of the Company and SPLHL, being Mr. Seah Ang and Ms. Ma Hsin-Ting, the chairperson and an executive director of SPLHL ("Management Team Company"). The Joint Venture Agreement did not require shareholders' approval under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

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

GOODWILL AND INTANGIBLE ASSETS OF THE GROUP

As at 31 December 2025, the Group had intangible assets of approximately HK\$308,017,000 (being approximately 27% of the Group's total assets as at the same date). Such intangible assets comprised goodwill of approximately HK\$213,611,000 that has been allocated to two cash generating units (or "CGUs") of our media entertainment segment, namely the CGUs for (i) visual effects production ("VE CGU") and (ii) post-production ("PP CGU").

For the purposes of impairment testing, the recoverable amounts of the CGUs have been determined by the Directors on the basis of value-in-use and fair value less cost of disposal calculations with reference to professional valuation reports issued by Knight Frank Asset Appraisal Limited, an independent firm of professional qualified valuers. The recoverable amount of each CGU, the period of cashflow projections, the key assumptions used for the calculations (including the average growth rate, pre-tax discount rate and post-tax discount rate) for each CGU as at 31 December 2025 are set out in Note 15 to the financial statements included in this report.

The pre-tax discount rate, post-tax discount rate, corporate income tax rate, post-tax weighted average cost of capital, market rate of return and levered equity beta and terminal rates adopted in the valuations as at 31 December 2025 were determined on a basis consistent with that which was applied in calculations of the same CGUs as at 31 December 2025, with the absolute values of each rate varying by reference to the market data of the jurisdiction(s) in which the relevant CGU operates.

The average growth rate of each CGU was determined based on the projected revenue for the financial year ending 31 December 2026 that the Company expects to be derived from (i) projected work supported by signed contracts ("Committed Work"), (ii) budgeted engagements based on prospective identified projects and subject to negotiations (discounted for likelihood of success ("Success Discount")), based on management assessment by reference to historical success rate as well relationships with the counterparty ("Likely Work") and (iii) other projects that are not under negotiation at the time of forecast but may become available during the year, based on the prior year's operating experience ("Possible Work"), while cost projections were based largely on historical rates with adjustment for inflation. This approach is consistent with that adopted in prior years.

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

VE CGU

As at 31 December 2025, the goodwill allocated to the VE CGU was approximately HK\$209,206,000 (2024: HK\$209,472,000) with headroom of approximately HK\$323,087,000 (2024: HK\$272,106,000) based on the value-in-use ascribed to this CGU. Key assumptions for the value-in-use calculations for this CGU included an average growth rate within the 5 years budget period of 10.2% (2024: 14.4%) and a pre-tax discount rate of 16.7% (2024: 16.4%). Based on a sensitivity analysis carried out by the independent valuer, the headroom attributable to the VE CGU would adequately cover a +/- 0.5% change in the weighted average cost of capital and a +/- 0.5% change on the terminal growth rate. As the average growth rate is (as explained above) based on reasonable projections by management with reference to information currently available to them, any material changes in this CGU's market or operating environment that reduce its cash inflow or gross profit margin could have an adverse impact on the recoverable amount of this CGU.

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

PP CGU

As at 31 December 2025, the goodwill allocated to the PP CGU before impairment was approximately HK\$40,440,000 (2024: HK\$40,440,000) without headroom for the year (2024: headroom of HK\$5,319,000) based on the fair value less cost of disposal ascribed to this CGU, as a result of which an impairment loss on goodwill of HK\$36,035,000 (2024: HK\$ Nil) was made against this CGU as at 31 December 2025. Key assumptions for the fair value less cost of disposal calculation for this CGU included an average growth rate within the 5 years budget period of 0.7% (2024: 5.8%) due to a lower amount of Committed Work and a post-tax discount rate of 12.0% for the fair value less cost of disposal calculation (2024: pre-tax discount rate of 12.4% for the value-in-use calculation).

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

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



- Digital Domain has been named No.7 in North America list of the **Fast Company Most Innovative Company Awards**. Our submission highlighted our advanced production technology, particularly the innovations behind Masquerade3 and its use in *"The Fantastic Four: First Steps"*.



- Mr. William WONG, CEO of Digital Domain attended the kick-off ceremony of the **Jockey Club Collaborative Project for Inclusive Employment**, and participated in the Market Fair 2025.



- This AI Smart Bartender interaction system, co-developed by Digital Domain, Ennoconn Technology, and Limbot Technology, demonstrated the feasibility and practicality of integrating AI into restaurant services.

CAPITAL

Shares

As at 31 December 2025, the total number of the Company shares of HK\$0.01 each in issue (the "Shares") was 7,979,248,625 Shares.

Share Options

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

On 6 May 2015, a total of 7,800,000 share options were granted under the 2012 Option Scheme to the grantees. The share options entitle the grantees to subscribe for up to a total of 7,800,000 new Shares at an exercise price of HK\$13.20 per Share. For details, please refer to the Company's announcement dated 6 May 2015. During the year under review, no share option was exercised and the remaining 7,499,000 share options were cancelled or have lapsed. 1,000 share options were exercised and

7,799,000 share options were cancelled or have lapsed since the grant-date (6 May 2015) to 5 May 2025.

On 29 January 2016, a total of 37,950,000 share options were granted under the 2012 Option Scheme to the grantees. The share options entitle the grantees to subscribe for up to a total of 37,950,000 new Shares at an exercise price of HK\$4.13 per Share. For details, please refer to the Company's announcements dated 29 January 2016 and 7 June 2016, and the circular dated 30 April 2016. During the year under review, no share option was exercised, cancelled or has lapsed. No share option was exercised and 2,566,669 share options were cancelled or have lapsed since the grant-date (29 January 2016) to 31 December 2025.

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

On 29 July 2016, a total of 5,000,000 share options were granted under the 2012 Option Scheme to the grantees. The share options entitle the grantees to subscribe for up to a total of 5,000,000 new Shares at an exercise price of

HK\$5.66 per Share. For details, please refer to the Company's announcement dated 29 July 2016. During the year under review, no share option was exercised, cancelled or has lapsed. No share option was exercised and 1,320,007 share options were cancelled or have lapsed since the grant-date (29 July 2016).

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

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

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

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

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

As at 1 January 2025 and 31 December 2025, 172,902,762 share options were available for grant under the 2022 Option Scheme.

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

Share Trading on OTCQX

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

USE OF PROCEEDS FOR EQUITY FUNDRAISING ACTIVITIES

Date of announcement and/or circular	Fundraising activity	Net proceeds raised	Proposed use of proceeds	Actual use of the net proceeds up to 31 December 2025
19 October 2023 and 14 November 2023	Issue of 1,745,450,000 Shares	Approximately HK\$360,900,000	(1) the continued development of the research projects of DD Lab, including research and development expenses, data acquisition costs, hardware and software investments, salaries for research personnel, and collaborative partnerships with external institutions¹ (2) General working capital of the Group	There has been utilised as to approximately HK\$216,839,000 towards the continued development of the research projects of DD Lab; approximately HK\$178,861,000 towards the cost of research personnel and support staff (including the cost of collaborative partnerships with external institutions); approximately HK\$23,297,000 towards intellectual property rights related investments (such as data acquisition costs, Research and Development expenses and patent applications costs); approximately HK\$9,657,000 for hardware and software investments and approximately HK\$5,024,000 for rental expenses for additional facilities and research space and other sundry expenses. The remaining amount of proceeds (of approximately HK\$95,161,000) is expected to be used on or before 31 December 2026 based on current plans of DD Lab. The HK\$48,900,000 allocated for use as general working capital of the Group have been fully utilised.

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

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

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

In 2025, the Group had banking facilities from two banks in the United States amounting to US\$19,000,000 (approximately HK\$147,881,000) and these banking facilities were fully utilised during the period. Among the above mentioned US\$19,000,000 facilities, utilised facilities of US\$6,000,000 (approximately HK\$46,699,000) has been successfully refinanced for another 3 years (to 2028). These banking facilities were secured by time deposits of the Group. The Group had banking facilities from banks in Hong Kong in the amount of US\$20,000,000 (approximately HK\$155,664,000) with US\$16,000,000 (approximately HK\$124,531,000) being utilised and was secured by time deposits of the

Group. The Group had banking facilities from a bank in Canada in amount of CAD7,250,000 (approximately HK\$41,109,000), CAD4,129,000 (approximately HK\$23,411,000) was utilised as equipment lease facility loan and CAD3,121,000 (approximately HK\$17,698,000) is unutilised. These banking facilities were secured by corporate guarantees provided by several subsidiaries.

In addition to the banking facilities mentioned above, an indirectly-owned subsidiary of the Group in the entertainment media segment, which was discontinued at the end of December 2010, obtained a banking facility amounting to HK\$6,000,000 from a bank in Hong Kong in 2009 which consisted of a 5-year instalment loan ("Five Year Loan").

This facility was granted under the Special Loan Guarantee Scheme of the Government of the Hong Kong Special Administrative Region (the "Government"), pursuant to which the Government provided an 80% guarantee to the bank. A corporate guarantee was provided to the bank by an intermediate subsidiary of the Company which held the aforesaid indirectly-owned subsidiary. On 20 December 2010, the Company announced that it would not provide further financial assistance to the entertainment media segment. As a result, the operation of the aforesaid subsidiary has been discontinued since the end of December 2010. The Five-Year Loan has been fully classified as a current liability.

As at 31 December 2025, the Group also had lease liabilities of HK\$124,180,000, which were determined at the present value of the lease payments that are payable at that date. The amount included in lease liabilities consisted of HK\$25,787,000 related to leased assets (equipment amounted to CAD4,537,000 (approximately HK\$25,727,000) and HK\$60,000) which are secured by the lessor's charge over the leased assets. Among these leased assets, the terms of payments were 36 months and 60 months respectively. Payments were on a fixed payment basis and the underlying interest rates were fixed at respective contract dates. No arrangements were entered into for contingent rental payments.

The Group had other loans of approximately HK\$135,620,000 as at 31 December 2025. One indirect wholly-owned subsidiary has a loan in amount of US\$3,500,000 (approximately HK\$27,065,000) which is unsecured, interest-free and is not repayable within 13 months from 31 December 2025. One indirect wholly-owned subsidiary also had a term loan facility of US\$10,000,000 (approximately HK\$77,832,000) and HK\$80,000,000, with a guarantee provided by the Company. The subsidiary drew down the facility in 2015 and 2018. The outstanding balance of these loans as at 31 December 2025 were US\$8,000,000 (approximately HK\$62,265,000) and HK\$34,290,000. These loans are unsecured, with a floating interest rate (prime rate quoted by a bank in Hong Kong) and are repayable on demand. During the year

ended 31 December 2025, there was an other loan in one indirect wholly-owned subsidiary with principal amount of HK\$12,000,000. This loan was secured by shares charge of a subsidiary and repayable in the next two years.

The total cash and bank balance as at 31 December 2025 was approximately HK\$426,369,000. As at 31 December 2025, the Group had (i) banking facilities of approximately HK\$320,555,000. Utilised portions of these bank facilities were set at a floating interest rate of these bank loans, loans amounting to approximately HK\$272,412,000 are denominated in United States dollars and (ii) equipment lease facility loan amounting to approximately HK\$23,411,000 are denominated in Canadian dollars. During the year under review, all of the Group's bank loans (except the Five Years Loan was classified as current liabilities) were classified as either current liabilities or non-current liabilities according to the agreed scheduled repayment dates. According to the agreed scheduled repayment dates, the maturity profile of the Group's bank borrowings (excluded the Five Years Loan) as at 31 December 2025 was spread over a period of five years, with approximately 46% repayable within one year and 54% repayable between two to three years.

The Group's current assets were approximately HK\$586,928,000 while the current liabilities were approximately HK\$605,120,000 as at 31 December 2025. As at 31 December 2025, the Group's current ratio was 0.97 (as at 31 December 2024: 1.5).

As at 31 December 2025, the Group's gearing ratio, representing the Group's financial liabilities (i.e. bank loans, other loans and lease liabilities) divided by the equity attributable to owners of the Company was 200% (as at 31 December 2024: 88%).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

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

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

CONTINGENT LIABILITIES

Save as disclosed under "Possible Indemnification" of the Media Entertainment Segment above, as at 31 December 2025, the Group did not have any material contingent liabilities.

EMPLOYEES OF THE GROUP AND REMUNERATION POLICY

As at 31 December 2025, the total headcount of the Group was 864. The Group believes that its employees play an important role in its success. Under the Group's remuneration policy, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Other benefits include discretionary bonuses, a share option scheme and retirement schemes.

PROSPECT

The macroeconomic landscape throughout 2025 and into early 2026 has remained persistently challenging and complex. The Group has faced continued headwinds from heightened geopolitical tensions, rising sovereign debt, changes in global tariff regimes, inflationary pressures, and elevated unemployment, all of which have materially impacted the markets in which we operate. These factors have generated significant uncertainty not only around the Group's own operating costs but also those of our clients, while influencing consumer sentiment and demand patterns.

Client demand for our media and entertainment products and services is closely linked to their assessment of global consumer confidence, and many of their offerings span multiple international markets. Consequently, economic fluctuations in major territories such as the United States, China, and Europe can directly affect client budgets, feature film release schedules, advertising expenditures, and campaign timelines. Additionally, shifts in tariffs and the imposition of sanctions continue to shape the cost base and operational complexity of international trading activities.

Artificial intelligence ("AI") has become a transformative force in the creation of film and television content. AI now underpins every stage of production from scriptwriting and virtual shooting through to post-production editing and

visual effects, delivering substantial efficiency gains, while also prompting a re-evaluation of traditional operating models across the industry. Looking ahead, we will actively seek to strengthen our business ecosystem and accelerate research and development by pursuing strategic financing and partnership opportunities, particularly in AI business applications with leading partners, investors, and academic institutions across the US, Europe, and Asia.

Notwithstanding the macroeconomic and sector-specific challenges, the Group remains steadfast in its commitment to innovation and operational excellence. We will continue to enhance our core VFX business by integrating advanced AI-driven production techniques, expanding our suite of AI-related business applications, and strategically reviewing our product mix within our trading business to optimise value creation.

The Group adopted a prudent and disciplined approach to operations (including but not limited to cost and staff reduction, adjustments on business direction and product mix) in response to ongoing market volatility. Rigorous financial discipline was maintained, with a focus on optimising our investment portfolio and controlling operational expenditure. At the same time, the Group will continue to evaluate the cost structure, function, operating arrangement and performance of each studio/business unit in North America and Asia and where appropriate consider and/or implement appropriate

business restructuring (including but not limited to diversification opportunities, full or partial disposals and/or strategic collaborations or outsourcing arrangements with business partners) to enhance the overall performance of the Group.

We remain vigilant in monitoring external risks and opportunities and are committed to maintaining a balanced, forward-looking strategy. Our objective remains clear: to drive sustainable growth and prosperity by leveraging the Group's diversity of markets, shareholders, directors, and staff. The Board and management are resolutely focused on acting in the best interests of the Company and all its shareholders, and we are deeply grateful for your continued trust and support. We are confident in our ability to deliver long-term, sustainable value for all stakeholders, including clients, shareholders, staff, and management. In closing, we extend our sincere appreciation to all staff and management team of the Group for their outstanding contributions throughout the year.

William Cheung Lok WONG
Chief Executive Officer and Executive Director

Hong Kong, 30 March 2026

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

CORPORATE GOVERNANCE PRACTICES

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

During the financial year of 2025, the Company was in compliance with the Code Provisions set out in the CG Code except for the following:

There is no separation of the roles of the chairman and the chief executive officer (“CEO”) or chief executive during the period below. Mr. Seah Ang (who resigned from all position of the Company on 13 January 2025) assumed the roles of the chairman of the Board and CEO of the Company from 1 January 2025 to 12 January 2025 while Mr. Wong Cheung Lok, an executive Director and the CEO of the Company, was appointed as the chairman of the Board on 30 September 2025. Mr. Wong assumed the roles of the chairman of the Board and CEO of the Company thereafter. The Board believed that at the time of vesting of the roles of chairman and CEO in Mr. Seah (who resigned from all position of the Company on 13 January 2025) was and Mr. Wong is beneficial to the operation and management of the Group due to their in-depth knowledge in the Group’s operation and their extensive business network and connections. Hence, the Board believes that it is in the best interest of the Company for Mr. Wong to assume the roles of both the chairman of the Board and the CEO;

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

The chairman of the Board is not subject to retirement by rotation pursuant to bye-law 87(1) of the Company’s bye-laws (the “Bye-laws”). Mr. Wong Cheung Lok was appointed as an executive Director and the CEO of the Company on 13 January 2025 and was re-elected as an executive Director at the annual general meeting of the Company held on 20 June 2025 according to Bye-laws 86(2) of the Bye-laws. In addition, Mr. Wong has entered into a letter of appointment for an unspecified term but his appointment is terminable by giving at least three months’ prior notice; and

During the year, the Company held the annual general meeting on 20 June 2025. Ms. Alla Y Alenikova, the non-executive Director was unable to attend the above annual general meeting.

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

DIRECTORS’ SECURITIES TRANSACTIONS

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

To the specific enquiry by the Company, all Directors have confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the risk management and internal control systems of the Group. It has carried out an annual review of the existing implemented systems and procedures, including control measures of financial, operational and compliance and risk management functions of the Group. Since the Group's corporate and operation structure is simple for diverting resources to establish a separate internal audit department, during the year, the Company engaged external independent consultants to conduct a review on control environment, risk assessment and management, and monitoring of the Company during the year ended 31 December 2025. Based on the assessment, weakness and potential risk on internal control and risk management have been identified in control environment and risk assessment and management. The Board has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function as well as those relating to ESG performance and considered they are adequate. The Board were not aware of any material internal control defects, and considered such systems effective and adequate.

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

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

THE BOARD

Responsibilities

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

The Board acknowledges its responsibility for preparing the consolidated financial statements of the Company and the Group which give a true and fair view of the Group's affairs in accordance with statutory requirements and applicable accounting standards. The statement by the independent auditor of the Company about its reporting responsibilities for the consolidated financial statements of the Company is set out on pages 74 to 77 in the independent auditor's report.

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

THE BOARD (continued)

Composition

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

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

Executive Directors

Mr. WONG Cheung Lok (*Chairman and Chief Executive Officer ("CEO")*)
(appointed as executive Director and CEO on 13 January 2025 and
appointed as Chairman on 30 September 2025)
 Dr. SUN Ta-Chien

Non-executive Directors

Ms. CHU Wing Sze
(appointed as non-executive Director on 30 September 2025)
 Mr. WANG Wei-Chung
(appointed as non-executive Director on 1 February 2026)

Independent Non-executive Directors

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

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

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

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive directors represented at least one-third of the board.

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

THE BOARD (continued)

Composition (continued)

Mr. Wong Cheung Lok was appointed as an executive Director on 13 January 2025. Ms. Chu Wing Sze and Mr. Wang Wei-Chung were appointed as non-executive Director on 30 September 2025 and 1 February 2026 respectively. Mr. Wong Cheung Lok, Ms. Chu Wing Sze and Mr. Wang Wei-Chung had obtained legal advice as required by the Listing Rules on 7 January 2025, 18 September 2025 and 28 January 2026 respectively and confirmed that they understood their obligations as a director of a listed issuer.

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

Board Meetings and General Meetings

During the year ended 31 December 2025, four Board meetings and the annual general meeting ("AGM") for the year 2025 of the Company were held with details of the Directors' attendance set out below:

Directors	Attendance/Number of Meetings	
	Board Meetings	AGM
<i>Executive Directors</i>		
Mr. WONG Cheung Lok (<i>Chairman and CEO</i>) (<i>appointed as executive Director on 13 January 2025</i>)	3/3	1/1
Dr. SUN Ta-Chien	4/4	1/1
Mr. SEAH Ang (<i>resigned as executive Director on 13 January 2025</i>)	1/1	N/A
<i>Non-executive Directors</i>		
Ms. Alla Y ALENIKOVA	4/4	0/1
Ms. CHU Wing Sze (<i>appointed as non-executive Director on 30 September 2025</i>)	N/A	N/A
Mr. HOOI Hing Lee (<i>resigned as non-executive Director on 30 September 2025</i>)	4/4	1/1
<i>Independent Non-executive Directors</i>		
Mr. DUAN Xiongfei	4/4	1/1
Ms. LAU Cheong	4/4	1/1
Dr. Elizabeth Monk DALEY	2/4	1/1
Mr. WOO King Hang	4/4	1/1

THE BOARD (continued)

Directors' Training

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

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

During the year of 2025, the Directors participated in the continuous professional development as follows:

Directors	Corporate Governance/ Rules and Regulations/ Accounting and Financial	
	Reading materials	Watching training webcasts
<i>Executive Directors</i>		
Mr. WONG Cheung Lok (<i>Chairman and CEO</i>)	✓	✓
Dr. SUN Ta-Chien	✓	✓
<i>Non-executive Directors</i>		
Ms. Alla Y ALENIKOVA	✓	✓
Ms. CHU Wing Sze	✓	✓
<i>Independent Non-executive Directors</i>		
Mr. DUAN Xiongfei	✓	✓
Ms. LAU Cheong	✓	✓
Dr. Elizabeth Monk DALEY	✓	✓
Mr. WOO King Hang	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is no separation of the roles of the chairman and the chief executive officer or chief executive during the period below. Mr. Seah Ang (who resigned from all position of the Company on 13 January 2025) assumed the roles of the chairman of the Board and CEO of the Company from 1 January 2025 to 12 January 2025 while Mr. Wong Cheung Lok, an executive Director and CEO, was appointed as the chairman of the Board on 30 September 2025. Mr. Wong assumed the roles of the chairman of the Board and CEO of the Company thereafter. The Board believed that at the time of vesting of the roles of chairman and CEO in Mr. Seah (who resigned from all position of the Company on 13 January 2025) was and Mr. Wong is beneficial to the operation and management of the Group due to their in-depth knowledge in the Group's operation and their extensive business network and connections. Hence, the Board believes that it is in the best interest of the Company for Mr. Wong to assume the roles of both the chairman of the Board and the CEO.

DELEGATION BY THE BOARD

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

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

BOARD COMMITTEES

Executive Committee

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

Audit Committee

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

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

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

Audit Committee Members	Attendance/Number of Meetings
Mr. DUAN Xiongfei (<i>Chairman</i>)	3/3
Ms. LAU Cheong	2/3
Mr. WOO King Hang	3/3

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

BOARD COMMITTEES (continued)

Nomination Committee

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

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

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

Nomination Committee Members	Attendance/Number of Meetings
Mr. DUAN Xiongfei (<i>Chairman</i>)	2/2
Mr. WONG Cheung Lok (<i>appointed on 13 January 2025</i>)	1/1
Ms. LAU Cheong	2/2
Mr. WOO King Hang	2/2
Mr. SEAH Ang (<i>resigned on 13 January 2025</i>)	1/1

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

Remuneration Committee

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

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

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

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

Remuneration Committee Members	Attendance/Number of Meetings
Mr. DUAN Xiongfei (<i>Chairman</i>)	2/2
Mr. WONG Cheung Lok (<i>appointed on 13 January 2025</i>)	1/1
Ms. LAU Cheong	2/2
Mr. WOO King Hang	2/2
Mr. SEAH Ang (<i>resigned on 13 January 2025</i>)	1/1

During the year under review, the Remuneration Committee had reviewed the existing remuneration policy of the Company and the remuneration structure for the Directors and the salaries of the chief executive officer and a non-executive Director.

NOMINATION POLICY

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

Nomination Criteria

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

- (i) gender, age, cultural and educational background, professional experience, skills and knowledge of the candidate;
- (ii) effect on the Board's composition and diversity;
- (iii) commitment of the candidate in respect of available time for carrying out his/her duties effectively;
- (iv) conflicts of interest that may arise if the candidate is selected;
- (v) compliance with the criteria of independence, in case for the appointment of an independent non-executive Director, as prescribed under Rule 3.13 of the Listing Rules; and
- (vi) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time as appropriate.

NOMINATION POLICY (continued)

Nomination Procedures and Process

- (i) the Nomination Committee identifies or selects candidates recommended pursuant to the above criteria.
- (ii) the Nomination Committee may use any process it deems appropriate to evaluate the candidates, which may include interviews, written submissions by the candidates, third party references and background checks.
- (iii) the Nomination Committee will consider the matter at the meeting or by circulating a resolution in writing to the members of the Nomination Committee and provide to the Board with all the information required in relation to the candidates. The Nomination Committee shall make recommendation to the Board for consideration and approval.
- (iv) in case of re-election of an existing Director, the Nomination Committee will hold a meeting to consider the re-election based on the above criteria and, if such Director is an independent non-executive Director and has served the Board for more than 9 years, to assess whether he/she has remained independent. The Nomination Committee shall make recommendations to the Board for its consideration and recommendation for the proposed candidate to stand for re-election at a general meeting.
- (v) pursuant to Rule 13.74 of the Listing Rules, where shareholders are required to vote on re-electing a director, the circular accompanying the notice of the relevant general meeting should contain all the information of the candidates required under Rule 13.51(2) of the Listing Rules and, if applicable, Code Provision B.3.4 of Part 2 of the CG Code.
- (vi) the Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

BOARD DIVERSITY POLICY

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

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

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

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

As at the date of the annual report, the Board consists of three female members and five male members, biographical details of the current Directors are set out in the directors' report on pages 55 to 73. The Nomination Committee considered that the Board was sufficiently diverse in terms of gender and involved in extensive experience, skills and knowledge in financial and business management, and media entertainment, it can enable the Company to maintain a high standard of operation. As at 31 December 2025, the ratio of male and female in the workforce (including the executive directors of the Company and its significant subsidiaries) is 79% and 21%, respectively.

BOARD DIVERSITY POLICY (continued)

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

- (i) to develop and review the Group's policies and practices on corporate governance and make recommendations;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and
- (v) to review the Group's compliance with the CG Code and disclosure requirements in the corporate governance report.

During the year under review, the Board reviewed and approved the corporate governance report contained in the annual report of the Company for the year 2024.

WHISTLEBLOWING POLICY

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

ANTI-CORRUPTION POLICY

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

INDEPENDENT AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

The remuneration paid and payable to the external auditor and the nature of services for the year ended 31 December 2025 are set out as follows:

Type of services	HK\$'000
<i>Audit services:</i>	
Audit of annual financial statements	2,498
<i>Non-audit services:</i>	
Agreed upon procedures	277

COMPANY SECRETARY

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

DIVIDEND POLICY

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

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

- (i) the operation and financial performance of the Group;
- (ii) economic conditions;
- (iii) the liquidity position, capital requirements and future funding needs of the Group;
- (iv) the Shareholders' interests;
- (v) contractual restrictions on payment of dividends by the Company to its shareholders or by the Company's subsidiaries to the Company;
- (vi) any restrictions under the Companies Act 1981 of Bermuda, the Listing Rules, the Bye-laws and any applicable laws, rules and regulations; and
- (vii) any other factors that the Board deems appropriate.

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

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting by Shareholders

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

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

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

Putting Forward Proposals at General Meetings

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

Making Enquiry to the Board

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

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

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

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

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

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

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 and the state of affairs of the Company and of the Group as at 31 December 2025 are set out in the consolidated financial statements and their accompanying notes on pages 78 to 161. No interim dividend was paid or declared in respect of the year ended 31 December 2025 (2024: Nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

RESERVES

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

In view of the losses sustained by the Company, distributable reserves of the Company as at 31 December 2025 amounted to HK\$984,302,000 solely comprised of contributed surplus.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2025 are set out in note 29 to the consolidated financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results, assets and liabilities of the Group for the last five financial years is set out in the section headed "Five Years Financial Summary" on page 162 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in the Company's issued share capital and share options during the year and outstanding as at 31 December 2025 are set out in notes 25 and 27 to the consolidated financial statements respectively.

DIRECTORS

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

Executive Directors

WONG Cheung Lok (appointed on 13 January 2025)

SUN Ta-Chien

SEAH Ang (resigned on 13 January 2025)

Non-executive Directors

CHU Wing Sze (appointed on 30 September 2025)

WANG Wei-Chung (appointed on 1 February 2026)

HOOI Hing Lee (resigned on 30 September 2025)

Alla Y ALENIKOVA (resigned on 1 February 2026)

Independent Non-executive Directors

DUAN Xiongfei

LAU Cheong

Elizabeth Monk DALEY

WOO King Hang

Ms. Chu Wing Sze was appointed as non-executive Director with effect from 30 September 2025 while Mr. Wang Wei-Chung was appointed as non-executive Director with effect from 1 February 2026. In accordance with Bye-law 86(2) of the Bye-laws, any Director appointed by the Board to fill a casual vacancy and any Director appointed by the Board as addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In this connection, Ms. Chu Wing Sze and Mr. Wang Wei-Chung will retire and, being eligible, to offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with Bye-law 87(1) of the Bye-laws, Dr. Elizabeth Monk Daley and Mr. Woo King Hang will retire and, being eligible, to offer themselves for re-election at the forthcoming annual general meeting of the Company.

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are as shown below:

Executive Directors

WONG Cheung Lok, aged 54, was appointed as an executive director and the chief executive officer of the Company on 13 January 2025 and the chairman of the board of directors of the Company on 30 September 2025. He was also appointed as a member and the chairman of the executive committee, a member of each of the nomination committee and the remuneration committee and an authorised representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Mr. Wong joined the Group in 2008 as its chief financial officer. In addition to that role, he is the president of the Greater China Region (the "Region"), overseeing the development of the Group's virtual human operations, VFX business, artificial intelligence research and development projects in the Region and trading operations in the Americas and the Region. Earlier in his tenure with the Group, he also oversaw the Group's trading and property investment businesses. He currently serves as a director and/or an officer of certain subsidiaries and associated companies of the Company.

Prior to joining the Group, Mr. Wong has had extensive experience in accounting, taxation, management and financial planning roles across organisations headquartered in Canada, Hong Kong and Chinese Mainland. These organisations operated in diverse industries, including financial/investment, trading, manufacturing, wholesale and distribution of fresh and live foodstuffs, office furniture and the Chinese Mainland property industry. Among them were members of Hong Kong-listed groups and a not-for-profit organisation.

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

SUN Ta-Chien, aged 56, was appointed as an executive director and a member of the executive committee of the Company on 24 December 2022. Dr. Sun is a professor of the Graduate School of Financial Management of CTBC Business School as well as a consultant of General Chamber of Commerce of the Republic of China and the director of Blockchain Application and Development Institute. He was a former member of the Legislative Yuan of Taiwan for over 10 years. Dr. Sun is experienced in financial technology and blockchain application and development.

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

BIOGRAPHICAL DETAILS OF DIRECTORS (continued)

Non-executive Directors

CHU Wing Sze, aged 51, was appointed as a non-executive director of the Company on 30 September 2025. Ms. Chu joined the Group as public relations director in 2015 and currently serves as the chief of staff of the director's office of the Group. During her tenure, she has been dedicated to managing the Group's external publicity efforts and facilitating internal communication between management and staff.

With over 20 years of extensive experience across diverse industries – including media, film, gaming and entertainment, as well as consumer goods and catering, Ms. Chu possesses deep expertise in corporate communications, marketing, event management and the organisation of promotional campaigns. She holds an Honorary Bachelor of Arts Degree and a Master of Philosophy (M. Phil) Degree from The University of Hong Kong.

WANG Wei-Chung, aged 68, was appointed as non-executive director of the Company on 1 February 2026. He served as a non-executive director of the Company between May 2019 and June 2021. Mr. Wang is currently a director of KKCompany Technologies Inc., and concurrently serves as general manager of Golden Star Entertainment Co., Ltd. and Ginstar Cultural & Creative Productions Ltd.

Mr. Wang entered the television industry at the age of 20 and became a television programme producer at the age of 24. He has previously served as deputy general manager of TVBS and general manager of MCA, an international record company, and founded Broadcasting Station – Voice of Taipei in 1993. Mr. Wang has served as general manager of Golden Star Entertainment Co., Ltd. since 1996, with business operations including television programme production, television drama production, stage drama production, artist management and large-scale event production.

Mr. Wang has accumulated over 48 years of experience in the film and television industry. He specializes in producing high-rating film and television works closely aligned with social trends, including "Kangxi Lai Le", "One Million Star", "Everybody Speaks Nonsense" and "Jungle Voice". His works have received multiple Golden Bell Awards, and have attracted coverage from international media such as CNN. In recent years, Mr. Wang has actively focused on stage productions and is a well-recognized content operator in the Chinese-language entertainment industry.

Mr. Wang holds a Bachelor's degree in Journalism from Chinese Culture University.

BIOGRAPHICAL DETAILS OF DIRECTORS (continued)

Independent Non-executive Directors

DUAN Xiongfei, aged 57, was appointed as an independent non-executive director of the Company on 21 July 2009 and is presently the chairman of the audit committee, the nomination committee and the remuneration committee of the Company. He was an independent non-executive director, the chairman of the nomination and corporate governance committee, and a member of the audit committee and remuneration committee of Huobi Technology Holdings Limited (now known as Sinohope Technology Holdings Limited), the shares of which are listed on the main board of the Stock Exchange (stock code: 1611), from October 2018 to April 2022. Mr. Duan holds a Master's Degree in Economics from Renmin University of China and a Master's Degree in Business Administration from The University of Chicago. He has over 20 years of experience in securities trading and the investment industry. Mr. Duan is currently the portfolio manager of a Singapore company. He joined Atlantis Investment Management as fund manager in 2010 and registered as a Commodity Trading Advisor (CTA) in the National Futures Association (NFA) and the Commodity Futures Trading Commission (CFTC) in 2004.

LAU Cheong, aged 42, was appointed as an independent non-executive director of the Company on 21 July 2009 and is presently a member of the audit committee, the nomination committee and the remuneration committee of the Company. Ms. Lau holds a Master's Degree in Public Policy and Management and a Bachelor's Degree in Business Administration from University of Southern California. She obtained three broker qualifications in the United States of America and previously worked in Morgan Stanley & Co. Incorporated. She is currently the vice chair of Sino Jet Management Limited, the president of Ponticello International Group Incorporated and a director of Asian Business Aviation Association (AsBAA).

Elizabeth Monk DALEY, aged 83, was appointed as an independent non-executive director of the Company on 20 July 2020. Dr. Daley has been the dean of the School of Cinematic Arts at the University of Southern California ("USC") since 1991. She is the inaugural holder of the Steven J. Ross/Time Warner Dean's Chair. Dr. Daley was also the founding executive director of the USC Annenberg Center for Communication from 1994 to 2005 and serves as the executive director of the USC Institute for Multimedia Literacy.

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS (continued)

Independent Non-executive Directors (continued)

WOO King Hang, J.P., aged 64, was appointed as an independent non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee of the Company on 28 June 2021. He has extensive experience in financial and business management. Mr. Woo is currently an independent non-executive director, the chairman of the audit committee and a member of the corporate governance committee and the remuneration committee of MOS House Group Limited ("MOS"), an independent non-executive director, a member of the audit committee and the nomination committee of Crocodile Garments Limited ("Crocodile") and a senior advisor of a certified public accountants' firm.

Mr. Woo was the vice chairman of the board of directors and a non-executive director of Zhong Ju Investment Group Limited (formerly known as Centenary United Holdings Limited) ("Zhong Ju") between May 2020 and May 2024.

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

Mr. Woo is a fellow member of each of the Institute of Chartered Accountants in England and Wales, the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Certified Public Accountants.

He holds a Master's Degree of Business Administration from Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Bachelor's Degree of Laws from Peking University and a Master's Degree of Laws from the City University of Hong Kong.

Mr. Woo is an honorary officer of the Auxiliary Medical Service, an advisor of School of Chinese Medicine of the Chinese University of Hong Kong and a member of each of the Hospital Governing Committee, the Queen Elizabeth Hospital, Hospital Authority Central Institutional Review Board and Hong Kong Advisory Council on AIDS. He serves as a member of Kwun Tong District Fight Crime Committee and an adjudicator of the Registration of Persons Tribunal. He is a director of Hong Kong PHAB Association and the chairman of each of Kwun Tong District Senior Police Call Honorary President Council, Police Education and Welfare Trust Management Committee, Police Children's Education Trust Management Committee and Kwun Tong Healthy City Steering Committee.

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

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

SHARE OPTION SCHEME

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

(1) Purpose

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

(2) Participants

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

(3) The total number of Shares available for issue

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

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

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

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

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

SHARE OPTION SCHEME (continued)**(5) The period within which the Shares must be taken up under an option**

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

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

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

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

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

(8) The basis of determining the exercise price

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

- (a) The closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

(9) The remaining life of the 2022 Option Scheme

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

SHARE OPTION SCHEME (continued)

(i) 2012 Option Scheme

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

Name and category of participants	Number of Options					Date of grant	Exercise period	Exercise price per Share (HK\$)
	At 1 January 2025	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	At 31 December 2025			
Director								
Wong Cheung Lok	200,000 (Note 2)	-	-	(200,000)	-	06/05/2015	06/05/2015 to 05/05/2025	13.20
	200,000 (Note 2)	-	-	(200,000)	-	06/05/2015	06/05/2016 to 05/05/2025	13.20
	200,000 (Note 2)	-	-	(200,000)	-	06/05/2015	06/05/2017 to 05/05/2025	13.20
	1,000,000 (Note 3)	-	-	-	1,000,000	29/01/2016	29/01/2016 to 28/01/2026	4.13
	1,000,000 (Note 3)	-	-	-	1,000,000	29/01/2016	29/01/2017 to 28/01/2026	4.13
	1,000,000 (Note 3)	-	-	-	1,000,000	29/01/2016	29/01/2018 to 28/01/2026	4.13
	5,000,000 (Note 8)	-	-	-	5,000,000	24/04/2019	24/04/2019 to 23/04/2029	1.30
Employees of the Group								
Other employees, in aggregate	1,899,000 (Note 2)	-	-	(1,899,000)	-	06/05/2015	06/05/2015 to 05/05/2025	13.20
	1,800,000 (Note 2)	-	-	(1,800,000)	-	06/05/2015	06/05/2016 to 05/05/2025	13.20
	1,700,000 (Note 2)	-	-	(1,700,000)	-	06/05/2015	06/05/2017 to 05/05/2025	13.20
	8,150,006 (Note 3)	-	-	-	8,150,006	29/01/2016	29/01/2016 to 28/01/2026	4.13
	7,149,998 (Note 3)	-	-	-	7,149,998	29/01/2016	29/01/2017 to 28/01/2026	4.13
	6,583,327 (Note 3)	-	-	-	6,583,327	29/01/2016	29/01/2018 to 28/01/2026	4.13
	5,000,000 (Note 5)	-	-	-	5,000,000	22/06/2016	22/06/2017 to 21/06/2026	4.95
	5,000,000 (Note 5)	-	-	-	5,000,000	22/06/2016	22/06/2018 to 21/06/2026	4.95
	1,666,671 (Note 6)	-	-	-	1,666,671	29/07/2016	29/07/2016 to 28/07/2026	5.66
	1,169,998 (Note 6)	-	-	-	1,169,998	29/07/2016	29/07/2017 to 28/07/2026	5.66
	843,324 (Note 6)	-	-	-	843,324	29/07/2016	29/07/2018 to 28/07/2026	5.66
	5,999,999 (Note 8)	-	-	-	5,999,999	24/04/2019	24/04/2019 to 23/04/2029	1.30

SHARE OPTION SCHEME (continued)

(i) 2012 Option Scheme (continued)

Name and category of participants	Number of Options				At 31 December 2025	Date of grant	Exercise period	Exercise price per Share (HK\$)
	At 1 January 2025	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year				
Employees of the Group (continued)								
Other employees, in aggregate (continued)	666,667 (Note 8)	-	-	-	666,667	24/04/2019	29/02/2020 to 23/04/2029	1.30
	333,333 (Note 8)	-	-	-	333,333	24/04/2019	24/04/2020 to 23/04/2029	1.30
	666,667 (Note 8)	-	-	-	666,667	24/04/2019	28/02/2021 to 23/04/2029	1.30
	333,334 (Note 8)	-	-	-	333,334	24/04/2019	24/04/2021 to 23/04/2029	1.30
	29,050,000 (Note 9)	-	-	-	29,050,000	21/05/2020	21/05/2020 to 20/05/2030	0.46
	9,220,000 (Note 9)	-	-	-	9,220,000	21/05/2020	21/05/2021 to 20/05/2030	0.46
	7,360,000 (Note 9)	-	-	-	7,360,000	21/05/2020	21/05/2022 to 20/05/2030	0.46
Others								
Amit Chopra	500,000 (Note 2)	-	-	(500,000)	-	06/05/2015	06/05/2015 to 05/05/2025	13.20
	500,000 (Note 2)	-	-	(500,000)	-	06/05/2015	06/05/2016 to 05/05/2025	13.20
	500,000 (Note 2)	-	-	(500,000)	-	06/05/2015	06/05/2017 to 05/05/2025	13.20
	3,333,334 (Notes 3 and 4)	-	-	-	3,333,334	29/01/2016	29/01/2016 to 28/01/2026	4.13
	3,333,333 (Notes 3 and 4)	-	-	-	3,333,333	29/01/2016	29/01/2017 to 28/01/2026	4.13
	3,333,333 (Notes 3 and 4)	-	-	-	3,333,333	29/01/2016	29/01/2018 to 28/01/2026	4.13
Wang Wei-Chung	166,667 (Note 3)	-	-	-	166,667	29/01/2016	29/01/2016 to 28/01/2026	4.13
	166,667 (Note 3)	-	-	-	166,667	29/01/2016	29/01/2017 to 28/01/2026	4.13
	166,666 (Note 3)	-	-	-	166,666	29/01/2016	29/01/2018 to 28/01/2026	4.13
Wei Ming	30,000,000 (Note 7)	-	-	-	30,000,000	13/02/2017	13/02/2017 to 12/02/2027	4.69
Total	145,192,324	-	-	(7,499,000)	137,693,324			

SHARE OPTION SCHEME (continued)

(i) 2012 Option Scheme (continued)

Notes:

1. Options are valid for 10 years from the date of grant.
2. Each of one third of the Options granted to the grantees on 6 May 2015 were exercisable from the date of grant, the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively. The closing price of the shares immediately before the date on which such Options were granted was HK\$13.90 per share. Such outstanding Options lapsed on 6 May 2025.
3. Each of one third of the Options granted to the grantees on 29 January 2016 are exercisable from the date of grant, the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively. The closing price of the shares immediately before the date on which such Options were granted was HK\$4.00 per share.
4. The Options conditionally granted to Mr. Amit Chopra on 29 January 2016 (i.e. the date of grant) were approved by the Shareholders at the annual general meeting of the Company held on 7 June 2016.
5. 5,000,000 Options granted on 22 June 2016 are exercisable from each of the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively. The closing price of the shares immediately before the date on which such Options were granted was HK\$4.95 per share.
6. Each of one third of the Options granted to the grantees on 29 July 2016 are exercisable from the date of grant, the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively. The closing price of the shares immediately before the date on which such Options were granted was HK\$5.50 per share.
7. The Options conditionally granted to Mr. Wei Ming on 13 February 2017 (i.e. the date of grant) were approved by the Shareholders at the annual general meeting of the Company held on 1 June 2017 and are exercisable from the date of grant. The closing price of the shares immediately before the date on which such Options were granted was HK\$4.65 per share.
8. 13,000,000 Options granted to the grantees on 24 April 2019, 10,999,999 Options, 333,333 Options and 333,334 Options of which are exercisable from the date of grant, the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively; 666,667 Options and 666,667 Options of which are exercisable from 29 February 2020 and 28 February 2021 respectively. The closing price of the shares immediately before the date on which such Options were granted was HK\$1.28 per share.
9. 47,800,000 Options granted to the grantees on 21 May 2020, 29,220,000 Options, 9,220,000 Options and 9,360,000 Options of which are exercisable from the date of grant, the 1st anniversary of the date of grant and the 2nd anniversary of the date of grant respectively. The closing price of the shares immediately before the date on which such Options were granted was HK\$0.47 per share.
10. Shareholders approved at the special general meeting held on 6 October 2021 that ten (10) issued existing shares be consolidated into one (1) consolidated share which became effective on 11 October 2021 and therefore, the exercise price and the number of the Options have been adjusted pursuant to the terms of the 2012 Option Scheme. Please refer to the Company's announcements dated 21 July 2021, 6 September 2021, 9 September 2021, 6 October 2021, 11 October 2021 and 12 October 2021 and circular dated 13 September 2021 for details.

SHARE OPTION SCHEME (continued)

(ii) 2022 Option Scheme

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

Name and category of participants	Number of Options				At 31 December 2025	Date of grant	Exercise period	Exercise price per Share (HK\$)
	At 1 January 2025	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year				
Directors								
Wong Cheung Lok	70,000,000 (Note 2)	–	–	–	70,000,000	26/07/2024	26/07/2024 to 25/07/2034	0.245
Chu Wing Sze	50,000,000 (Note 2)	–	–	–	50,000,000	26/07/2024	26/07/2024 to 25/07/2034	0.245
Elizabeth Monk Daley	2,000,000 (Note 2)	–	–	–	2,000,000	26/07/2024	26/07/2024 to 25/07/2034	0.245
Employees of the Group								
Other employees, in aggregate	98,000,000 (Note 2)	–	–	–	98,000,000	26/07/2024	26/07/2024 to 25/07/2034	0.245
Others								
Hooi Hing Lee	40,000,000 (Note 3)	–	–	–	40,000,000	01/11/2024	01/11/2025 to 31/10/2034	0.490
Total	260,000,000	–	–	–	260,000,000			

Notes:

- Options are valid for 10 years from the date of grant.
- Options granted on 26 July 2024 are exercisable with effect from the date of grant. The closing price of the shares immediately before the date on which such Options were granted was HK\$0.25 per share.
- Options granted on 1 November 2024 are exercisable with effect from the 1st anniversary of the date of grant. The closing price of the shares immediately before the date on which such Options were granted was HK\$0.45 per share.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying Shares (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (a) as recorded in the register required to be kept under Section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

Interests and short positions in the Shares and underlying Shares

Name of Directors	Capacity	Number of Shares held	Number of underlying Shares held	Total interests (Long/short positions)	Approximate percentage of the issued share capital
Wong Cheung Lok	Interest of controlled corporation and beneficial owner (Notes 1 and 2)	7,532,000	78,000,000	85,532,000 (Long position)	1.07%
	Interest of controlled corporation (Note 2)	7,532,000	-	7,532,000 (Short position)	0.09%
Chu Wing Sze	Beneficial owner (Note 3)	-	50,000,000	50,000,000 (Long position)	0.63%
Elizabeth Monk Daley	Beneficial owner (Note 4)	-	2,000,000	2,000,000 (Long position)	0.03%

Notes:

- Mr. Wong Cheung Lok holds 8,000,000 Options and 70,000,000 Options granted under the 2012 Option Scheme and the 2022 Option Scheme respectively, particularly of which are set out in the above section headed "Share Option Scheme".
- Mr. Wong Cheung Lok was deemed to be interested in 7,532,000 Shares (long and short positions) by virtue of his 100% shareholding interest in Elite Man Investments Limited.
- Ms. Chu Wing Sze holds 50,000,000 Options granted under the 2022 Option Scheme, particulars of which are set out in the above section headed "Share Option Scheme".
- Dr. Elizabeth Monk Daley holds 2,000,000 Options granted under the 2022 Option Scheme, particulars of which are set out in the above section headed "Share Option Scheme".

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules.

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

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 December 2025, which may also constitute connected transactions under the Listing Rules, are disclosed in note 35 to the consolidated financial statements.

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

CONTINUING CONNECTED TRANSACTION

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

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

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

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

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

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

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

Details of the CCTs are set out in the announcement dated 25 October 2024 and circular dated 26 October 2024. For the year ended 31 December 2025, the purchase amount and license fee were US\$33,676,000 (equivalent to approximately HK\$262,734,000) and US\$270,000 (equivalent to approximately HK\$2,105,000).

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

CONTINUING CONNECTED TRANSACTION (continued)

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

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms after arm's length negotiations between the parties; and
- (c) are on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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

- (i) have not been approved by the Board;
- (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (iii) have exceeded the annual cap as set by the Company.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 December 2025, so far as is known to any Director or chief executive of the Company, the following persons who had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Interests and short positions in the Shares and underlying Shares

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (continued)

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

Notes:

1. Jade Link Holdings Limited is wholly-owned by Tang Elaine Yilin. Tang Elaine Yilin was deemed to be interested in 503,720,000 Shares held by Jade Link Holdings Limited.
2. Allied Talent Global Limited is wholly-owned by Mr. Chen Chen-Chun. Mr. Chen Chen-Chun was deemed to be interested in 528,966,000 Shares held by Allied Talent Global Limited.
3. Adata Technology Co., Ltd. beneficially holds 1,287,940,000 Shares and was deemed to be interested in 260,000,000 Shares held by Zhao-Xing Investment Co., Ltd. Such 260,000,000 Shares were owned by Zhao-Xing Investment Co., Ltd. which in turn is wholly-owned by Adata Technology Co., Ltd.
4. Bright Brother Global Limited is wholly-owned by Mr. Song Hoi See. Mr. Song Hoi See was deemed to be interested in 761,430,000 Shares held by Bright Brother Global Limited.
5. The percentage of the issued share capital of the Company has been complied based on the total number of issued Shares as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Company had not been notified of any other interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

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

Purchases	
– the largest supplier	14%
– five largest suppliers combined	25%
Sales	
– the largest customer	21%
– five largest customers combined	69%

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

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

There was a banking facility (the "Facility") with the principal amount of HK\$6,000,000 provided by a bank in Hong Kong to an indirectly-owned subsidiary of the Company (the "Subsidiary"), among the entertainment media segment which was discontinued by the end of December 2010, and imposed certain specific performance obligations on the Company, pursuant to which, the Company should not (i) hold less than 51% of the Subsidiary's equity interests effectively and (ii) hold less than 100% of equity interests in an intermediate wholly-owned subsidiary of the Company which held the Subsidiary ("Intermediate Holding Company"). The bank had the right to demand for repayment of all outstanding amounts due by the Subsidiary under the Facility, unless otherwise approved by the bank, if there is any breach of the aforesaid conditions. As at 31 December 2025, the outstanding loan principal of this Facility amounted to approximately HK\$4,909,000 and the original last monthly instalment repayment should be in the year 2014.

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

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

PRE-EMPTIVE RIGHTS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

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

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

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

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

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 is set out in the sections headed "Chairman's Statement" on pages 4 to 5 and "Chief Executive Officer's Review" on pages 6 to 42 of this annual report. An analysis of each of the Group's capital risk management and financial risk management is provided in notes 39 and 40 to the consolidated financial statements.

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

PERMITTED INDEMNITY PROVISION

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

EMOLUMENT POLICY

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

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

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

EQUITY-LINKED AGREEMENTS

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

MANAGEMENT CONTRACTS

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

CHANGE IN DIRECTOR'S INFORMATION

Pursuant to Rules 13.51B(1) of the Listing Rules, changes in the Director's information since the disclosure made in the interim report of the Company for the six months ended 30 June 2025 are set out as follows:

- (1) The salary of Mr. Wong Cheung Lok, the chairman of the Board and the CEO, has been reduced to HK\$296,000 per month starting from 1 April 2025; and
- (2) The emolument of Dr. Sun Ta-Chien, an executive Director, has been reduced to TWD225,000 per month starting from 1 April 2025.

REVIEW BY AUDIT COMMITTEE

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

INDEPENDENT AUDITOR

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

On behalf of the Board

Wong Cheung Lok

Chairman and Chief Executive Officer

Hong Kong, 30 March 2026



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TO THE SHAREHOLDERS OF DIGITAL DOMAIN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Digital Domain Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 78 to 161, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

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

KEY AUDIT MATTERS

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

Impairment assessment of non-financial assets

As at 31 December 2025, the carrying amount of the Group's property, plant and equipment, right-of-use assets and goodwill and intangible assets amounted to HK\$16,181,000, HK\$113,647,000 and HK\$308,017,000 (collectively "non-financial assets"). The Group sustained a loss for the year ended 31 December 2025 and accordingly, management considered that there was indicator of impairment of the Group's non-financial assets.

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

For the purpose of assessing impairment, these assets were allocated to respective cash generating units ("CGUs"). Impairment loss is recognised by which the carrying amount of a CGU exceeds its recoverable amount. Recoverable amount of each CGU is the higher of its fair value less costs of disposal and value-in-use. In measuring the CGUs' recoverable amounts, management, to their best estimate, had prepared cash flow projections with assumptions. Significant management judgement on assumptions with respect to the discount rate, revenue growth rates, forecasting periods was used. Based on the assessment, an impairment loss on goodwill of HK\$36,035,000 is recognised in profit or loss for the year ended 31 December 2025.

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

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

Our response:

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

- Understood and evaluated management's impairment assessment through discussion with the management and its external valuation specialist;
- Obtained the discounted cash flow analysis of the relevant CGUs prepared by the management and its external valuation specialist;
- Evaluated the competence and objectivity of the management's external valuation specialist;
- Discussed with the management's external valuation specialist to understand and evaluate the appropriateness of their valuation methodology;
- Engaged our internal valuation specialist to assist us in evaluating the management's impairment assessment methodology, the appropriateness of the discount rates used, the key assumptions applied and calculations contained;
- Assessed our internal valuation specialist's qualifications, experience and expertise and considered their objectivity and independence;
- Evaluated the historical accuracy of the discounted cash flow analysis made by the management and its external valuation specialist by comparing the historical analysis made against the actual performance of the Group; and
- Performed sensitivity analysis of the key assumptions adopted in the discounted cash flow forecasts and assessing the impact of changes in the key assumptions.

OTHER INFORMATION IN THE ANNUAL REPORT

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited

Certified Public Accountants

Chan Tsz Hung

Practising Certificate number: P06693

Hong Kong, 30 March 2026

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	6	777,252	625,830
Cost of sales and services rendered		(647,911)	(498,393)
Gross profit		129,341	127,437
Other income and gains	7	16,340	35,388
Selling and distribution expenses		(1,104)	(6,591)
Administrative expenses and other net operating expenses		(286,950)	(390,422)
Finance costs	9	(35,545)	(29,781)
Fair value (loss)/gain on financial assets measured at fair value through profit or loss	19	(37,059)	6,031
Loss on disposal of subsidiaries	36	-	(35,390)
Impairment loss on goodwill	15	(36,035)	-
Recognition of impairment loss on trade receivables and contract assets	40(a)	(271)	(1,938)
Recognition of impairment loss on other receivables	40(a)	-	(4,512)
Impairment loss on amounts due from associates, net	16, 40(a)	(17,719)	(12,305)
Loss before taxation	8	(269,002)	(312,083)
Taxation	11(a)	3,148	(1,216)
Loss for the year		(265,854)	(313,299)
Loss attributable to:			
- Owners of the Company		(257,345)	(300,275)
- Non-controlling interests	30	(8,509)	(13,024)
		(265,854)	(313,299)
Loss per share attributable to the owners of the Company:	12	HK cents	HK cents
Basic and diluted		(3.23)	(3.77)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Loss for the year		(265,854)	(313,299)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		14,506	1,253
Reclassification of exchange differences on disposal of subsidiaries	36	-	(18,090)
Other comprehensive income for the year		14,506	(16,837)
Total comprehensive income for the year		(251,348)	(330,136)
Total comprehensive income attributable to:			
- Owners of the Company		(241,875)	(319,546)
- Non-controlling interests	30	(9,473)	(10,590)
		(251,348)	(330,136)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	13	16,181	18,312
Right-of-use assets	14	113,647	46,823
Goodwill and intangible assets	15	308,017	348,271
Interests in associates	16	11	16,929
Interests in joint ventures	17	-	-
Loan to a joint venture	17	-	911
Financial assets measured at fair value through other comprehensive income	18	17,901	-
Financial assets measured at fair value through profit or loss	19	96,658	120,170
Deposits and consideration receivable	20	4,888	8,319
Deferred tax assets	11(b)	1,455	1,596
		558,758	561,331
Current assets			
Trade receivables, other receivables and prepayments	20	108,301	98,385
Loan to a joint venture	17	913	-
Financial assets measured at fair value through profit or loss	19	18,670	-
Contract assets	21(a)	32,675	6,475
Cash and cash equivalents and other bank balances	22	426,369	400,120
		586,928	504,980
Current liabilities			
Trade payables, other payables and accruals	23	293,741	175,556
Lease liabilities	14	41,138	31,067
Contract liabilities	21(b)	43,100	21,368
Borrowings	24	225,995	108,982
Tax payable		1,146	4,954
		605,120	341,927
Net current (liabilities)/assets		(18,192)	163,053
Total assets less current liabilities		540,566	724,384
Non-current liabilities			
Trade payables	23	92,348	-
Borrowings	24	186,946	271,112
Lease liabilities	14	83,042	31,262
		362,336	302,374
NET ASSETS		178,230	422,010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Capital and reserves			
Share capital	25	79,792	79,792
Reserves		188,823	423,130
Equity attributable to owners of the Company		268,615	502,922
Non-controlling interests	30	(90,385)	(80,912)
TOTAL EQUITY		178,230	422,010

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 March 2026 and are signed on its behalf by:

Wong Cheung Lok
DIRECTOR

Duan Xiongfei
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Notes	Attributable to owners of the Company								Total	Non-Controlling interests	Total equity
	Share capital	Share premium	FVTOCI reserve	Contributed surplus	Share options reserve	Exchange fluctuation reserve	Other reserve	Accumulated losses			
	HK\$'000 (Note 25)	HK\$'000 (Note 26(i))	HK\$'000 (Note 26(ii))	HK\$'000 (Note 26(iii))	HK\$'000 (Note 26(iv))	HK\$'000 (Note 26(v))	HK\$'000 (Note 26(vi))	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2025	79,792	902,373	(196,213)	984,302	170,134	(28,104)	3,868	(1,413,230)	502,922	(80,912)	422,010
Recognition of equity-settled share-based payment expenses	27	-	-	-	7,568	-	-	-	7,568	-	7,568
Lapse of share options	27	-	-	-	(36,115)	-	-	36,115	-	-	-
Transfer of share premium to contributed surplus	26	-	(902,373)	902,373	-	-	-	-	-	-	-
Set off contributed surplus against accumulated losses	26	-	-	(902,373)	-	-	-	902,373	-	-	-
Reclassification of reserves on disposal of an associate	16	-	-	-	-	(3,326)	(3,868)	7,194	-	-	-
Total comprehensive income:											
Loss for the year	-	-	-	-	-	-	-	(257,345)	(257,345)	(8,509)	(265,854)
Currency translation differences	-	-	-	-	-	15,470	-	-	15,470	(964)	14,506
Total comprehensive income for the year	-	-	-	-	-	15,470	-	(257,345)	(241,875)	(9,473)	(251,348)
As at 31 December 2025	79,792	-	(196,213)	984,302	141,587	(15,960)	-	(724,893)	268,615	(90,385)	178,230

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Loss before taxation		(269,002)	(312,083)
Adjustments for:			
Depreciation of property, plant and equipment	8, 13	9,639	18,616
Depreciation of right-of-use assets	8, 14	30,547	33,294
Amortisation of intangible assets	8, 15	33,551	29,004
Gain on disposal of property, plant and equipment, net	8	-	(5)
Loss/(gain) on disposal of subsidiaries	36	-	35,390
Gain on disposal of financial assets	7	-	(11,177)
Effect of lease modification	7	-	(610)
Equity-settled share-based payment expenses	8, 10	7,568	26,863
Net exchange losses		(3,953)	10,278
Impairment loss on goodwill	15	36,035	-
Recognition of impairment loss on trade receivables and contract assets, net	40(a)	271	1,938
Recognition of impairment loss on other receivables	40(a)	-	4,512
Impairment loss on amounts due from associates	16	17,719	12,305
Fair value loss/(gain) on financial assets measured at fair value through profit or loss	19	37,059	(6,031)
Interest income	7	(9,756)	(14,020)
Finance costs	9	35,545	29,781
Operating loss before working capital changes		(74,777)	(141,945)
Increase in trade receivables, other receivables and prepayments		(8,865)	(25,027)
(Increase)/decrease in contract assets		(26,200)	1,441
Increase/(decrease) in trade payables, other payables and accruals		199,245	(28,294)
Increase/(decrease) in contract liabilities		21,732	(30,300)
Cash generated from/(used in) operations		111,135	(224,125)
Income tax paid		711	(689)
Interest paid		(17,706)	(13,608)
Net cash generated from/(used in) operating activities		94,140	(238,422)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Cash flows from investing activities			
Interest received		9,733	14,115
Purchases of property, plant and equipment		(7,317)	(3,013)
Proceeds from disposal of property, plant and equipment		-	7
Additions to intangible assets		(27,388)	(39,803)
Advance to associates		(797)	(932)
Advance to a joint venture		(13)	(11)
Disposal of subsidiaries, net of cash disposed	36	-	25
Placement of pledged bank deposits		(164,091)	(124,911)
Proceeds from redemption of pledged bank deposits		140,714	46,849
Purchases of financial assets measured at fair value through profit or loss	19	(15,989)	(78,023)
Purchases of financial assets measured at fair value through OCI	18	(17,892)	-
Placement of restricted bank balance		-	(559)
Net cash used in investing activities		(83,040)	(186,256)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issuing expenses	25	-	124,132
New bank borrowings	31	23,986	146,906
Repayment of bank borrowings	31	(3,702)	(66,989)
Repayment of principal portion of lease liabilities	31	(35,561)	(37,133)
Repayment of interest portion of lease liabilities	31	(6,600)	(7,329)
New inception of other loans	31	12,000	-
Repayment of other loans	31	-	(45,335)
Net cash (used in)/generated from financing activities		(9,877)	114,252
Net increase/(decrease) in cash and cash equivalents		1,223	(310,426)
Effect of foreign exchange rate changes		1,191	(2,653)
Cash and cash equivalents at beginning of the year		150,959	464,038
Cash and cash equivalents at end of the year	22	153,373	150,959
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		153,373	150,959

1. ORGANISATION AND OPERATIONS

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

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

As at 31 December 2025, in the opinions of the directors of the Company (“the Directors”), the Company has no immediate and ultimate holding company or ultimate controlling party.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of amended HKFRS Accounting Standards – effective on 1 January 2025

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

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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None of these amended HKFRS Accounting Standards has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

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

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

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

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

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

³ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (continued)

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

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

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

3. BASIS OF PREPARATION

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

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

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

For the year ended 31 December 2025, the Group incurred a loss of HK\$265,854,000 and, as of that date, the Group had net current liabilities of HK\$18,192,000. These conditions may cast significant doubt about the Group's ability to continue as a going concern.

Nevertheless, these consolidated financial statements have been prepared on a going concern basis. In assessing the appropriateness of the going concern assumption, the directors have considered the Group's cash flow forecast covering a period of twelve months from the end of the reporting period, after taking into account of the following plans and measures:

- (i) As at 31 December 2025, the Group's current liabilities included contract liabilities amounting to HK\$43,100,000, for which no cash outflows are expected to be required subsequent to the end of reporting period;
- (ii) As at 31 December 2025, the Group had unutilised banking facilities amounting to HK\$48,143,000 from its bankers;
- (iii) The Group has been in the process of renewing its banking facilities with its bankers and has assessed that the renewal is expected to be successfully completed, taking into account of its credit history;
- (iv) The Group would consider disposing of financial assets measured at fair value through profit or loss to generate additional funding should liquidity needs arise; and
- (v) The Group would implement comprehensive policies to monitor cash flows through cutting costs and capital expenditure.

3. BASIS OF PREPARATION (continued)

The directors of the Company are in the opinion that the above measures are sufficient to enable the Group to meet its expected liquidity, operational and capital requirements. Accordingly, the directors of the Company consider that the use of the going concern basis of accounting in preparing these consolidated financial statements is appropriate.

4. SUMMARY OF ACCOUNTING POLICIES

Associates

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

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

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

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

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

Property, plant and equipment

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

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

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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

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

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

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

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

Impairment of non-financial assets (Other than goodwill)

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

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

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

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

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

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

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Intangible assets and goodwill

(i) Goodwill

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

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

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

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

(ii) Acquired intangible assets

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

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

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

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

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Intangible assets and goodwill (continued)

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

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

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

(iv) *Subsequent expenditure*

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

(v) *Amortisation*

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

Proprietary software	3 years
Participation rights	3 to 5 years
Patents	10 to 15 years
Licences for intellectual property rights	Over the terms of the relevant licensing agreements

(vi) *Derecognition of intangible assets*

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

Financial instruments

(i) *Financial assets*

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

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

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

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

Debt instruments

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

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

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

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

Equity instruments

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

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

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

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

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

(iii) *Financial liabilities*

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

Financial liabilities at amortised cost

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

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

(iv) *Effective interest method*

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

(v) *Equity instruments*

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

(vi) *Derecognition*

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

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

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Leases

The Group as a lessee

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

Right-of-use assets

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

- (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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

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

Buildings	2 to 10 years
Equipment	3 to 5 years

Lease liability

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

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

- (i) fixed payments less any lease incentives receivable;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- (iii) amounts expected to be payable by the lessee under residual value guarantees;
- (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

4. SUMMARY OF ACCOUNTING POLICIES (continued)**Leases (continued)****Lease liability (continued)**

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

- (i) increasing the carrying amount to reflect interest on the lease liability;
- (ii) reducing the carrying amount to reflect the lease payments made; and
- (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

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

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

Provisions and contingent liabilities

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

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

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Taxation

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

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

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

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

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

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

Employees' benefits

Short term employee benefits

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

Retirement benefit scheme

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

Termination benefits

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

4. SUMMARY OF ACCOUNTING POLICIES (continued)**Share-based payments**

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

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

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

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

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

Revenue recognition

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

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

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

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

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

(i) *Services of visual effects production and post production*

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

(ii) *Virtual human services*

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

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

(iii) *Sales of semiconductor memory chips and esports products*

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

(iv) *Commission Income*

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements

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

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

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

Impairment of non-financial assets

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

- (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence;
- (ii) whether the carrying value of an asset or a CGU can be supported by the recoverable amount of the CGU, which is the higher of fair value less costs of disposal and value-in-use of the CGU. The value-in-use calculation is based on the net present value of future cash flows which are estimated based upon the continued use of the asset or CGU, or derecognition; and
- (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates, revenue growth rate and forecasting periods assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Deferred tax

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

Provision for ECLs on trade receivables and contract assets

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

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimates and judgements (continued)

Provision for ECLs on trade receivables and contract assets (continued)

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

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

Impairment of amounts due from associates and other receivables

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

Incremental borrowing rate on lease agreements

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

Useful lives of property, plant and equipment and intangible assets

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

Fair value measurements

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

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

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

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

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

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

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimates and judgements (continued)

Going concern assumption

The directors of the Company consider that the Group has the capability to continue as a going concern. The assessment of the going concern assumption, as disclosed in Note 3, involves making judgements by the directors of the Company, at a particular point of the time, about the future outcome of events or conditions which are inherently uncertain. These include the timely renewal of loan facilities upon their expiry by the banks, their ability to provide the funding under such facilities as and when required, and the feasibility and timeliness of generating additional liquidity through the disposal of financial assets measured at FVTPL, should the need arise.

6. REVENUE AND SEGMENT REPORTING

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

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Provision of		
– visual effects production and post production services	605,893	518,242
– virtual human services	73,227	22,813
Sales of goods		
– Sales of semiconductor memory chips	–	79,563
– Sales of esports products	91,050	4,938
Commission income	7,082	274
	777,252	625,830

Disaggregation of revenue from contracts with customers

Segment	Media entertainment		Trading		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Types of goods or service						
Provision of						
– visual effects production and post production services	605,893	518,242	–	–	605,893	518,242
– virtual human services	73,227	22,813	–	–	73,227	22,813
Sales of goods						
– Sales of semiconductor memory chips	–	–	–	79,563	–	79,563
– Sales of esports products	–	–	91,050	4,938	91,050	4,938
Commission income	–	–	7,082	274	7,082	274
Total revenue from contracts with customers	679,120	541,055	98,132	84,775	777,252	625,830

6. REVENUE AND SEGMENT REPORTING (continued)

Disaggregation of revenue from contracts with customers (continued)

	2025 HK\$'000	2024 HK\$'000
Geographical markets		
Hong Kong	10,026	80,442
The People's Republic of China (the "PRC")	35,690	45,499
The United States of America ("USA")	280,513	204,249
Canada	350,190	258,361
The United Kingdom ("UK")	14,264	2,344
India	-	29,696
Other countries/regions	86,569	5,239
Total revenue from contracts with customers	777,252	625,830

	2025 HK\$'000	2024 HK\$'000
Timing of revenue recognition		
A point in time	100,551	85,582
Over time	676,701	540,248
Total revenue from contracts with customers	777,252	625,830

(a) Reportable segment

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

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

- provision of visual effects production and post production services and virtual human services ("Media entertainment")
- sales of semiconductor memory chips and esports products ("Trading")

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

6. REVENUE AND SEGMENT REPORTING (continued)

(a) Reportable segment (continued)

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

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

	Media entertainment		Trading		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	679,120	541,055	98,132	84,775	777,252	625,830
Reportable segment (loss)/gains	(123,928)	(97,703)	5,988	(693)	(117,940)	(98,396)
Additions to non-current assets	127,644	51,791	-	-	127,644	51,791
Depreciation and amortisation	(71,601)	(78,744)	-	-	(71,601)	(78,744)
Finance costs	(6,469)	(7,084)	-	-	(6,469)	(7,084)
Impairment loss on goodwill	(36,035)	-	-	-	(36,035)	-
Recognition of impairment loss on trade receivables and contract assets	(271)	(1,836)	-	-	(271)	(1,836)
Recognition of impairment loss on other receivables	-	(4,512)	-	-	-	(4,512)
Gain on disposal of property, plant and equipment, net	-	5	-	-	-	5
Taxation charged	3,191	(1,176)	-	-	3,191	(1,176)
Reportable segment assets	535,398	543,707	172,046	40,354	707,444	584,061
Reportable segment liabilities	294,720	186,381	184,039	18,242	478,759	204,623

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. REVENUE AND SEGMENT REPORTING (continued)

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

	2025 HK\$'000	2024 HK\$'000
Loss before taxation		
Segment loss	(117,940)	(98,396)
Recognition of impairment loss on trade receivables	-	(102)
Impairment loss on amounts due from associates	(17,719)	(12,305)
Fair value (loss)/gain on financial assets measured at FVTPL	(37,059)	6,031
Gain on disposal of financial assets	-	11,177
Loss on disposal of subsidiaries	-	(35,390)
Auditor's remuneration	(2,775)	(2,873)
Depreciation of unallocated property, plant and equipment and depreciation of unallocated right-of-use assets	(2,136)	(2,170)
Professional fees	(31,720)	(74,945)
Unallocated finance costs	(29,076)	(22,697)
Equity-settled share-based payment expenses	(7,568)	(26,863)
Unallocated short-term lease expenses	(160)	(160)
Unallocated other income and gains	10,155	15,106
Other unallocated corporate expenses*	(33,004)	(68,496)
Consolidated loss before taxation	(269,002)	(312,083)

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

	2025 HK\$'000	2024 HK\$'000
Assets		
Reportable segment assets	707,444	584,061
Interests in associates	11	16,929
Loan to a joint venture	913	911
Financial assets measured at FVTOCI	17,901	-
Financial assets measured at FVTPL	115,328	12,170
Unallocated cash and cash equivalents and pledged bank deposits	296,812	323,251
Unallocated corporate assets	7,277	20,989
Consolidated total assets	1,145,686	1,066,311
Liabilities		
Reportable segment liabilities	478,759	204,623
Tax payable	1,146	4,954
Borrowings	412,941	380,094
Unallocated corporate liabilities	74,610	54,630
Consolidated total liabilities	967,456	644,301

6. REVENUE AND SEGMENT REPORTING (continued)

(c) Geographic information

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

(i) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Hong Kong	10,026	80,442
The PRC	35,690	45,499
USA	280,513	204,249
Canada	350,190	258,361
UK	14,264	2,344
India	-	29,696
Other countries/regions	86,569	5,239
	777,252	625,830

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

(ii) Specified Non-current Assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	4,554	19,986
The PRC	12,605	52,690
Other regions of Asia	4,305	7,668
USA and Canada	416,392	349,991
	437,856	430,335

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

(d) Major customers

The Group's customer base is diversified and there was four customers (2024: one) from the media entertainment segment with whom transactions have exceeded 10% of the Group's total revenue as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A	165,944	N/A ¹
Customer B	134,319	N/A ¹
Customer C	92,927	N/A ¹
Customer D	88,274	N/A ¹
Customer E	N/A ¹	133,157

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

6. REVENUE AND SEGMENT REPORTING (continued)

(e) Revenue

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

	2025 HK\$'000	2024 HK\$'000
Trade receivables	83,740	61,226
Contract assets	32,675	6,475
Contract liabilities	43,100	21,368

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

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

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

7. OTHER INCOME AND GAINS

	2025 HK\$'000	2024 HK\$'000
Interest income	9,756	14,020
Gain on disposal of financial assets measured at fair value through profit or loss	-	11,177
Income arising from broadcasting movies	5,064	6,847
Consultancy income	240	1,086
Effect of lease modification	-	610
Government subsidies (Note)	-	80
Others	1,280	1,568
	16,340	35,388

Note:

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

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FOR THE YEAR ENDED 31 DECEMBER 2025

8. LOSS BEFORE TAXATION

	2025 HK\$'000	2024 HK\$'000
This is arrived at after charging/(crediting):		
Cost of sales and services rendered (<i>Note</i>)	647,911	498,393
Gain on disposal of property, plant and equipment, net	-	(5)
Exchange differences, net	(381)	5,829
Auditor's remuneration:		
- audit services	2,498	2,605
- non-audit services	277	268
Depreciation of property, plant and equipment (<i>Note</i>)	9,639	18,616
Depreciation of right-of-use assets (<i>Note</i>)	30,547	33,294
Amortisation of intangible assets (<i>Note</i>)	33,551	29,004
Short-term lease expenses	226	400
Staff costs (<i>Note</i>):		
- Directors' remuneration (<i>Note 10</i>)	13,133	7,907
- Other staff costs:		
Salaries, wages and other benefits	528,265	442,146
Retirement benefit scheme contributions	8,847	9,601
Equity-settled share-based payment expenses	-	25,119
Total staff costs	550,245	484,773

Note:

Cost of sales and services rendered include HK\$441,963,000 (2024: HK\$342,815,000) relating to staff costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets, for which the amounts are also included in the respective total amounts disclosed separately above.

9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Imputed interest on lease liabilities (<i>Note 14</i>)	6,600	7,329
Interest on bank and other loans	28,945	22,452
	35,545	29,781

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration is analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Fees:		
Executive director	733	876
Independent non-executive directors	936	864
Non-executive directors	-	391
	1,669	2,131
Other emoluments paid to executive directors and non-executive directors:		
Salaries and other benefits	3,876	4,014
Retirement benefit scheme contributions	20	18
Equity-settled share-based payment expenses	7,568	1,744
	11,464	5,776
	13,133	7,907

No directors waived any remuneration in respect of the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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

	2025 HK\$'000	2024 HK\$'000
Wong Cheung Lok, William (Appointed on 13 January 2025)		
- Salaries and other benefits	3,631	-
- Retirement benefit scheme contribution	18	-
	3,649	-
Seah Ang (Resigned on 13 January 2025)		
- Salaries and other benefits	245	4,014
- Retirement benefit scheme contribution	2	18
	247	4,032
Sun Ta-Chien		
- Fee	733	876
Brian Thomas McConville (Resigned on 1 November 2024)		
- Fee	-	391
Hooi Hing Lee (Appointed on 1 November 2024 and resigned on 30 September 2025)		
- Equity-settled share-based payment expenses	7,568	1,514
Lau Cheong		
- Fee	192	168
Duan Xiongfei		
- Fee	192	168
Woo King Hang		
- Fee	192	168
Elizabeth Monk Daley		
- Fee	360	361
- Equity-settled share-based payment expenses	-	230
	360	590
Cui Hao (Retired on 17 May 2024)		
- Fee	-	-
Li Weiqiang (Retired on 17 May 2024)		
- Fee	-	-
Alla Y Alenikova (Resigned on 1 February 2026)		
- Fee	-	-
Chu Wing Sze (Appointed on 30 September 2025)		
- Fee	-	-

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

Five highest paid employees

The five highest paid individuals of the Group included two Directors (2024: one). The remuneration of the remaining three (2024: four) highest paid employees, other than the Directors, is as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	10,659	13,721
Retirement benefit scheme contributions	-	36
	10,659	13,757

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

	2025	2024
HK\$2,000,001 to HK\$2,500,000	-	2
HK\$2,500,001 to HK\$3,000,000	2	-
HK\$4,000,001 to HK\$4,500,000	-	1
HK\$4,500,001 to HK\$5,000,000	-	1
HK\$5,000,001 to HK\$5,500,000	1	-

11. TAXATION

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

	Note	2025 HK\$'000	2024 HK\$'000
Current taxation – Hong Kong profits tax		-	-
Current taxation – Overseas tax			
– provision for the year		43	209
– (over)/under-provision in respect of prior years		(3,261)	913
Deferred taxation	11(b)	70	94
		(3,148)	1,216

During the year ended 31 December 2025, the Group utilised tax loss of HK\$227,000 (2024: HK\$Nil) to set off assessable profits arising in Hong Kong. No provision for Hong Kong profits tax was made for the years ended 31 December 2025 and 2024 as there is no assessable profits arising in Hong Kong.

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

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

11. TAXATION (continued)

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

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

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(269,002)	(312,083)
Taxation calculated at applicable rates of Hong Kong profits tax	(44,385)	(51,494)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(7,857)	(7,263)
Tax effect of expenses not deductible for tax purposes	37,222	40,895
Tax effect of income not assessable for tax purposes	(8,313)	(4,637)
Tax effect of utilisation of previously unrecognised tax losses and other deductible temporary differences	(650)	-
Tax effect of unrecognised tax losses and temporary differences	24,096	22,802
(Over)/under-provision in respect of prior years	(3,261)	913
Taxation for the year	(3,148)	1,216

(b) Deferred taxation

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

	Notes	Accelerated tax depreciation HK\$'000	Fair value arising from business combination HK\$'000	Total HK\$'000
As at 1 January 2024		1,746	(44,478)	(42,732)
Charged to profit or loss for the year	11(a)	(94)	-	(94)
Disposal of subsidiaries	36	-	40,744	40,744
Exchange realignment		(56)	3,734	3,678
As at 31 December 2024 and 1 January 2025		1,596	-	1,596
Charged to profit or loss for the year	11(a)	(70)	-	(70)
Exchange realignment		(71)	-	(71)
As at 31 December 2025		1,455	-	1,455

11. TAXATION (continued)

(b) Deferred taxation (continued)

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

	2025 HK\$'000	2024 HK\$'000
Deferred tax liabilities	-	-
Deferred tax assets	1,455	1,596
	1,455	1,596

At the end of reporting period, the Group had unused tax losses of HK\$1,584,246,000 (2024: HK\$1,523,009,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses (2024: No deferred tax asset has been recognised in respect of such losses) due to the unpredictability of future profit streams. As at 31 December 2025, included in unrecognised tax losses are losses of HK\$141,895,000 (2024: HK\$151,709,000), HK\$39,779,000 (2024: HK\$4,128,000) and HK\$1,272,994,000 (2024: HK\$1,236,186,000) that will expire in 5 years, 17 years and 20 years, respectively, from the respective dates of incurrence; and the remaining balance of HK\$129,578,000 (2024: HK\$130,986,000) will be available to offset the future profit indefinitely.

12. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	(257,345)	(300,275)

	2025	2024
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic loss per share (Note)	7,979,248,625	7,960,092,638

Note: The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2024 had been adjusted for the bonus elements in the issue of shares through share subscriptions with details set out in note 25(a).

For the years ended 31 December 2025 and 2024, since the share options outstanding had an anti-dilutive effect on the basic loss per share, the exercise of outstanding share options were not assumed in the computation of diluted loss per share.

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

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FOR THE YEAR ENDED 31 DECEMBER 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK\$'000	Machineries HK\$'000	Total HK\$'000
COST			
As at 1 January 2024	264,726	5,875	270,601
Additions	3,013	-	3,013
Disposals	(3,150)	-	(3,150)
Disposals of subsidiaries (Note 36)	(1,606)	-	(1,606)
Exchange realignment	(8,631)	(209)	(8,840)
As at 31 December 2024 and 1 January 2025	254,352	5,666	260,018
Additions	7,317	-	7,317
Exchange realignment	4,718	151	4,869
As at 31 December 2025	266,387	5,817	272,204
ACCUMULATED DEPRECIATION			
As at 1 January 2024	230,393	5,646	236,039
Depreciation charge for the year	18,473	143	18,616
Disposals	(3,148)	-	(3,148)
Disposals of subsidiaries (Note 36)	(1,564)	-	(1,564)
Exchange realignment	(8,032)	(205)	(8,237)
As at 31 December 2024 and 1 January 2025	236,122	5,584	241,706
Depreciation charge for the year	9,557	82	9,639
Exchange realignment	4,529	149	4,678
As at 31 December 2025	250,208	5,815	256,023
NET CARRYING AMOUNT			
As at 31 December 2025	16,179	2	16,181
As at 31 December 2024	18,230	82	18,312

14. LEASES

Nature of leasing activities (as lessee)

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

The Group also leases certain items of equipment. In some contracts for services with distributors, those contracts contain a lease of equipment comprise only fixed payments over the lease terms. Leases of buildings generally have lease terms between 2 and 10 years, while equipment have lease terms between 3 and 5 years.

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

RIGHT-OF-USE ASSETS

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

	Buildings HK\$'000	Equipment HK\$'000	Total HK\$'000
As at 1 January 2024	76,512	199	76,711
Additions	9,510	-	9,510
Depreciation charge	(33,186)	(108)	(33,294)
Effect of lease modification	(4,432)	-	(4,432)
Exchange realignment	(1,670)	(2)	(1,672)
As at 31 December 2024 and 1 January 2025	46,734	89	46,823
Additions	70,470	25,922	96,392
Depreciation charge	(29,788)	(759)	(30,547)
Exchange realignment	497	482	979
As at 31 December 2025	87,913	25,734	113,647

LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
As at 1 January	62,329	96,956
Additions	96,388	9,510
Interest expense (Note 9)	6,600	7,329
Lease payments	(42,161)	(44,462)
Effect of lease modification	-	(5,042)
Exchange realignment	1,024	(1,962)
As at 31 December	124,180	62,329

14. LEASES (continued)

LEASE LIABILITIES (continued)

Future lease payments are due as follows:

As at 31 December 2025	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
Not later than one year	49,744	8,606	41,138
Later than one year and not later than two years	33,638	5,814	27,824
Later than two years and not later than five years	61,470	6,252	55,218
	144,852	20,672	124,180

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

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

	2025 HK\$'000	2024 HK\$'000
Current liabilities	41,138	31,067
Non-current liabilities	83,042	31,262
	124,180	62,329

The total cash outflow for leases for the year ended 31 December 2025 was HK\$42,387,000 (2024: HK\$44,862,000).

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15. GOODWILL AND INTANGIBLE ASSETS

	Goodwill HK\$'000 (Note (a))	Trademarks HK\$'000 (Note (b))	Proprietary software HK\$'000 (Note (c))	Participation rights HK\$'000 (Note (d))	Patents HK\$'000 (Note (e))	Film rights HK\$'000 (Note (f))	Total HK\$'000
COST							
As at 1 January 2024	689,907	19,525	280,228	323,493	109,346	130,211	1,552,710
Additions	-	-	39,365	438	-	-	39,803
Disposal of subsidiaries (Note 36)	(378,506)	-	-	-	(103,389)	(129,527)	(611,422)
Exchange realignment	459	(103)	(8,978)	(1,369)	(5,179)	(684)	(15,854)
As at 31 December 2024 and 1 January 2025	311,860	19,422	310,615	322,562	778	-	965,237
Additions	-	-	27,388	-	-	-	27,388
Exchange realignment	(266)	36	5,255	481	1	-	5,507
As at 31 December 2025	311,594	19,458	343,258	323,043	779	-	998,132
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS							
As at 1 January 2024	440,454	-	208,349	323,493	109,346	130,211	1,211,853
Amortisation for the year	-	-	28,993	11	-	-	29,004
Disposal of subsidiaries (Note 36)	(378,506)	-	-	-	(103,389)	(129,527)	(611,422)
Exchange realignment	-	-	(5,237)	(1,369)	(5,179)	(684)	(12,469)
As at 31 December 2024 and 1 January 2025	61,948	-	232,105	322,135	778	-	616,966
Amortisation for the year	-	-	33,507	44	-	-	33,551
Impairment for the year	36,035	-	-	-	-	-	36,035
Exchange realignment	-	-	3,081	481	1	-	3,563
As at 31 December 2025	97,983	-	268,693	322,660	779	-	690,115
CARRYING AMOUNT							
As at 31 December 2025	213,611	19,458	74,565	383	-	-	308,017
As at 31 December 2024	249,912	19,422	78,510	427	-	-	348,271

15. GOODWILL AND INTANGIBLE ASSETS (continued)

Notes:

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

	2025 HK\$'000	2024 HK\$'000
Visual effects production services	209,206	209,472
Post production services	40,440	40,440
	249,646	249,912

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

The recoverable amount of the visual effects production services CGU has been determined by the Directors on the basis of value-in-use calculation with reference to professional valuation report issued by Knight Frank Asset Appraisal Limited ("Knight Frank").

The value-in-use calculation used cash flows projections based on latest financial budgets approved by the Group's management covering a period of 5 years, which is consistent with the cash flows projections period in 2024.

The cash flow projections beyond the budget period are extrapolated using a growth rate of 1.0% to 2.5% (2024: 1.5% to 2.5%), which do not exceed the long-term growth rates for the industry in the corresponding countries.

The recoverable amount of the post production services CGU has been determined by the Directors on the basis of fair value less cost of disposal ("FVLCD") with reference to professional valuation report issued by Knight Frank. The FVLCD was determined using income approach, which largely used observable and unobservable inputs, including average revenue growth rate within budget period, post-tax discount rate and average gross margin. The fair value of the post production services CGU subject to FVLCD calculation is within level 3 of the fair value hierarchy.

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

2025	Visual effects production services CGU	Post production services CGU
Average revenue growth rate within budget period	10.2%	0.7%
Pre-tax discount rate	16.7%	N/A
Post-tax discount rate	N/A	12.0%
Average gross margin	21.6%	45.7%
Recoverable amount (HK\$'000)	403,530	9,837
2024	Visual effects production services CGU	Post production services CGU
Average revenue growth rate within budget period	14.4%	5.8%
Pre-tax discount rate	16.4%	12.4%
Average gross margin	22.1%	32.1%
Recoverable amount (HK\$'000)	387,467	59,729

15. GOODWILL AND INTANGIBLE ASSETS (continued)

Notes: (continued)

(a) (continued)

(i) Visual effects production services CGU

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

As at 31 December 2025, the recoverable amount for the visual effects production services CGU is HK\$403,530,000 (2024: HK\$387,467,000). The recoverable amount is significantly above the carrying amount of the visual effects production CGU. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

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

Key assumptions	Sensitivity
Pre-tax discount rate	If the pre-tax discount rate is 0.5% higher/lower, while all other variables were held constant, the recoverable amount would decrease by HK\$19,944,000 and increase by HK\$21,516,000 (2024: decrease by HK\$18,896,000 and increase by HK\$20,419,000) respectively.
Long-term growth rate	If the long-term growth rate is 0.5% higher/lower, while all other variables were held constant, the recoverable amount would increase by HK\$13,175,000 and decrease by HK\$12,280,000 (2024: increase by HK\$12,650,000 and decrease by HK\$11,774,000) respectively.

(ii) Post production services CGU

As at 31 December 2025, the recoverable amount for the post production services CGU is HK\$9,837,000 (2024: HK\$59,729,000), which is below its carrying amount (before impairment). During 2025, the number of projects from post production services CGU decreased. Management is of the opinion that the possibility for increment of the number of projects to a higher level is remote. Accordingly, impairment loss on the related goodwill of HK\$36,035,000 for post production services CGU was recognised in profit or loss during the year ended 31 December 2025.

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

Key assumptions	Sensitivity
Post-tax discount rate (2024: pre-tax discount rate)	If the post-tax discount rate (2024: pre-tax discount rate) is 0.5% higher/lower, while all other variables were held constant, the recoverable amount would decrease by HK\$878,000 and increase by HK\$965,000 (2024: decrease by HK\$3,351,000 and increase by HK\$3,671,000) respectively.
Long-term growth rate	If the long-term growth rate is 0.5% higher/lower, while all other variables were held constant, the recoverable amount would increase by HK\$445,000 and decrease by HK\$407,000 (2024: increase by HK\$2,282,000 and decrease by HK\$2,082,000) respectively.

15. GOODWILL AND INTANGIBLE ASSETS (continued)

Notes: (continued)

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

As at 31 December 2025, the trademark is allocated to the Group's visual effects production services CGU for the purpose of impairment testing.

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

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

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

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

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

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

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

16. INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	577	576
Amounts due from associates (Note)	167,290	225,493
	167,867	226,069
Less: Accumulated impairment loss	(167,856)	(209,140)
	11	16,929

Note:

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

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

As at 31 December 2025 and 2024, impairment assessment has been performed by the Group. Based on the assessment, the recoverable amount is not higher than the carrying amount of the interests in associates.

16. INTERESTS IN ASSOCIATES (continued)

Impairment loss on amounts due from associates of HK\$17,719,000 (2024: HK\$12,305,000) including net share of losses of HK\$17,719,000 (2024: net share of losses of HK\$12,305,000) recognised in excess of investments in associates. The impairment loss on amounts due from associates comprise of the followings:

- (i) During the year ended 31 December 2025, the Group advanced HK\$185,000 (2024: advanced of HK\$216,000) to Lead Turbo Group (defined below). Management assessed the ECL of the amount due from Lead Turbo Group and recognised an impairment of HK\$185,000 (2024: recognised an impairment of HK\$216,000) for the year ended 31 December 2025.
- (ii) The Group recognised share of losses of HK\$17,534,000 (2024: HK\$12,089,000) for the year ended 31 December 2025 in excess of its investment in Digital Domain Virtual Human Group.

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

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Effective equity interest attributable to the Group as at 31 December 2025 and 2024	Principal activity
Lead Turbo Limited	Incorporated	The British Virgin Islands	US\$10,356	46.50% (2024: 46.50%)	Investment holdings
VR Technology (HK) Limited	Incorporated	Hong Kong	HK\$10,000	46.50% (2024: 46.50%)	Investment holdings
VR Technology Holdings Limited (深圳市虛擬現實技術有限公司) ^{1,4}	Incorporated	The PRC	RMB158,814	41.86% (2024: 41.86%)	VR hardware and solution services
Shenzhen VR Technology Limited (深圳市虛擬現實科技有限公司) ^{1,4}	Incorporated	The PRC	RMB10,000,000	41.86% (2024: 41.86%)	VR hardware and solution services
Shenzhen Weier Information Technology Company Limited (深圳市維爾信息科技有限公司) ^{1,4}	Incorporated	The PRC	RMB20,000,000	41.86% (2024: 41.86%)	Online platform for VR solutions and services
Digital Domain Virtual Human Group Limited	Incorporated	The British Virgin Islands	US\$1	30% (2024: 30%)	Investment holdings
Digital Domain (Taiwan) Company Limited ²	Incorporated	The British Virgin Islands/ Hong Kong	US\$1	30% (2024: 30%)	Investment holdings
Digital Domain Media (AM) Company Limited ²	Incorporated	Hong Kong	HK\$1	30% (2024: 30%)	Virtual human business
Xugu Future Technology (Beijing) Company Limited (虛谷未來科技(北京)有限公司) ^{2,4}	Incorporated	The PRC	RMB4,074,000	30% (2024: 30%)	Virtual human business
DD & TT Company Limited ³	Incorporated	Hong Kong	HK\$55,000,000	18% (2024: 18%)	Holding licence for intellectual property right of a well-known deceased singer
Digital Domain Space (Beijing) Media Technology Company Limited ("DD Space (Beijing)") (數字王國空間(北京)傳媒科技有限公司) ^{4,5}	Incorporated	The PRC	RMB5,084,746	Nil (2024: 34.42%)	VR Theatre
Star Plus Domain Limited	Incorporated	The British Virgin Islands	US\$400,000	40% (2024: 40%)	AI driven digital rights library for film and television
Star Plus Domain (HK) Limited ⁶	Incorporated	Hong Kong	HK\$1,000,000	40% (2024: 40%)	AI driven digital rights library for film and television
Superstar Kingdom (Kunshan) Technology Development Limited (巨星王國(昆山)科技發展有限公司) ^{4,6}	Incorporated	The PRC	RMB10,000,000	40% (2024: 40%)	AI driven digital rights library for film and television

16. INTERESTS IN ASSOCIATES (continued)

- ¹ 90.03% equity interest in these associates are indirectly owned by Lead Turbo Limited and hence the Group's effective equity interest in the associates is 41.86%. Lead Turbo Limited, VR Technology (HK) Limited and these associates are collectively referred to as the Lead Turbo Group.
 - ² These associates are wholly-owned subsidiaries of Digital Domain Virtual Human Group Limited (collectively the "Digital Domain Virtual Human Group").
 - ³ 60% equity interest in this associate is held by Digital Domain Virtual Human Group Limited and hence the Group's effective equity interest in the associate is 18%.
 - ⁴ The English names of certain companies referred herein represent management's best effort at translating the Chinese names of these companies as no English name has been registered.
 - ⁵ DD Space (Beijing) was dissolved on 13 November 2025. Accordingly, the Group reclassified the related exchange fluctuation reserve of HK\$3,326,000 and other reserve of HK\$3,868,000 to accumulated losses during the year ended 31 December 2025.
 - ⁶ These associates are wholly-owned subsidiaries of Star Plus Domain Limited.
- (a) The summarised financial information in respect of the Group's material associates below represents amounts shown in the associates' financial statements adjusted by the Group to conform with HKFRS Accounting Standards for equity accounting purposes.

As at 31 December	Lead Turbo Group		Digital Domain Virtual Human Group		DD Space (Beijing)	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Non-current assets	31,046	29,920	65	2,792	N/A	-
Current assets	2,902	2,773	3,698	3,716	N/A	27,783
Non-current liabilities	-	-	-	-	N/A	-
Current liabilities	(62,609)	(59,956)	(136,235)	(135,723)	N/A	(95,653)
Net liabilities	(28,661)	(27,263)	(132,472)	(129,215)	N/A	(67,870)
Non-controlling interest	2,602	2,466	6,359	4,851	N/A	-
Net liabilities attributed to owners of the associates	(26,059)	(24,797)	(126,113)	(124,364)	N/A	(67,870)
Group's share of net assets, net of impairment	-	-	-	-	N/A	-
Amounts due from associates, net of impairment	-	-	-	16,918	N/A	-
	-	-	-	16,918	N/A	-
Included in the above amounts are:						
Year ended 31 December						
Revenue	-	-	114	104	N/A	-
Profit/(loss) for the year	1,315	(1,968)	(3,265)	(6,629)	N/A	-
Other comprehensive income	(2,713)	1,968	8	(10)	N/A	-
Total comprehensive income	(1,398)	-	(3,257)	(6,639)	N/A	-
Group's share of loss	-	-	-	-	N/A	-
Group's share of loss recognised as impairment on the Group's long-term interest in associates	(185)	(216)	(17,534)	(12,089)	N/A	-
Group's share of other comprehensive income	-	-	-	-	N/A	-

16. INTERESTS IN ASSOCIATES (continued)

- (b) The summarised financial information in respect of the Group's associate which is considered as immaterial below represents amounts shown in the associate's financial statements adjusted by the Group to conform with HKFRS Accounting Standards for equity accounting purposes.

	2025 HK\$'000	2024 HK\$'000
As at 31 December		
Aggregated carrying amount of individual immaterial associate in the consolidated financial statements	11	11
Year ended 31 December		
Loss for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Group's share of loss	-	-
Group's share of other comprehensive income	-	-

The Group has discontinued recognition of its share of losses of the associates. The amounts of unrecognised share of the associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2025 HK\$'000	2024 HK\$'000
Accumulated unrecognised share of losses of the associates in prior years	7,642	6,779
Unrecognised share of losses of the associates for the year	101	863
	7,743	7,642

17. INTERESTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	-	-

Particulars of the unlisted joint ventures as at 31 December 2025 are as follows:

Name of joint venture	Place of incorporation/ registration and business	Form of business structure	Percentage of ownership interest attributable to the Group	Principal activity
Digital Domain IPing (Beijing) Media Technology Company Limited	The PRC	Corporation	50% (2024: 50%)	Visual effects production
Digital Eve Technology Limited ("Digital Eve")	The British Virgin Islands	Corporation	10% (2024: 10%)	Investment holdings

17. INTERESTS IN JOINT VENTURES (continued)

The Group has joint control over the arrangements as unanimous consent is required from all parties to the arrangements for the relevant activities of the aforesaid companies. The contractual arrangement in relation to the aforesaid companies provide the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for the liabilities of the joint arrangements resting primarily with these companies.

The Group has discontinued recognition of its share of losses of the joint ventures. The amounts of unrecognised share of the joint ventures, extracted from the relevant management accounts of the joint ventures, both for the year and cumulatively, are as follows:

	2025 HK\$'000	2024 HK\$'000
Accumulated unrecognised share of losses of the joint ventures in prior years	(231)	(150)
Unrecognised share of losses of the joint venture for the year	(12)	(81)
	(243)	(231)

LOAN TO A JOINT VENTURE

During the year ended 31 December 2023, the Group granted a loan to Digital Eve, a joint venture of the Group amounting to US\$3,000,000 (equivalent to HK\$23,510,000). The loan to a joint venture is unsecured, interest bearing at 8% to 12% per annum and repayable in three years from grant of the loan. Details of the loan to a joint venture are per the Company's announcement dated 13 February 2023.

Digital Eve early repaid US\$2,883,300 (equivalent to HK\$22,518,000) to the Group during the year ended 31 December 2023. The outstanding principal amount of loan to a joint venture is US\$117,000 (equivalent to HK\$913,000) (2024: US\$117,000 (equivalent to HK\$911,000)) as at 31 December 2025.

18. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Unlisted equity investments, at fair value	17,901	-

Note:

In February 2025, the Group invested in 1.84% equity interest in HOOROO Network (formerly known as Archina Smyze) ("HOOROO"), a company incorporated in the Cayman Islands, at a consideration of USD2,300,000 (equivalent to HK\$17,892,000).

The Directors classified the above investment as financial assets at fair value through other comprehensive income as they are held for long term strategic gains and not for trading.

Please refer to note 41(b) for details on fair value measurement of the Group's unlisted equity investments.

19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

- (a) On 3 February 2021, the Group acquired 248,431 common shares of asknet Solutions AG ("asknet"), a publicly traded German ecommerce company, the shares of which are traded on the Frankfurt Stock Exchange (ticker code: ASKN) at the consideration of approximately EUR3,709,000 (equivalent to approximately HK\$34,586,000). The shares represented approximately 19% of the total issued common shares of asknet on 3 February 2021.

In November 2021, asknet proposed to increase its capital from 1,307,530 shares to 3,268,825 shares. Therefore the shares held by the Group was diluted which represented approximately 7.6% of the total issued common shares of asknet since then.

On 30 May 2022, asknet announced that its Executive Board with the approval of the Supervisory Board decided to delist its shares on the Frankfurt Stock Exchange with effect from 31 August 2022, because the economic benefit of the inclusion of its shares in the Regulated Unofficial Market of the Frankfurt Stock Exchange no longer justifies the associated expenses.

On 31 August 2022, the common shares of asknet were delisted from the Frankfurt Stock Exchange. Immediately before the delist, the fair value of the Group's interests in asknet, based on quoted market price, amounted to HK\$881,000. In the opinion of the Directors, upon the delist of asknet the fair value of the Group's interests in asknet becomes minimal and accordingly a further fair value loss of HK\$881,000 was recognised in profit or loss during the year ended 31 December 2022.

As at 31 December 2023, asknet remains its delisted status. In the opinion of the Directors, the fair value of the Group's equity interests in asknet remains minimal and there is no changes on fair value of asknet. During the year ended 31 December 2024, the Group disposed of its 248,431 common shares of asknet, for which details are set out in note 19(c).

- (b) On 26 February 2021 and 6 May 2021, the Group acquired 260,000 and 5,000, respectively, bearer shares of Highlight Event and Entertainment AG ("HLEE"), a publicly traded Swiss media and sports marketing company, the shares of which are traded on the Swiss Stock Exchange (ticker code: HLEE.SW) at the consideration of approximately EUR7,064,000 (equivalent to approximately HK\$66,405,000) and EUR150,000 (equivalent to approximately HK\$1,403,000), respectively. The shares represented approximately 2.91% and 0.06% of the total issued bearer shares of HLEE on 26 February 2021 and 6 May 2021, respectively. Upon the completion of these two acquisitions, the total shares represented approximately 3.01% of the total issued bearer shares of HLEE on 6 May 2021.

As at 31 December 2022, the shares held by the Group represented approximately 2.8% of the total issued bearer shares of HLEE.

In November 2023, HLEE increased its capital from 9,460,000 shares to 12,960,000 shares. Since then and as at 31 December 2024 and 31 December 2025, the shares held by the Group was diluted which represented approximately 2.04% of the total issued bearer shares of HLEE.

19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

- (c) In June 2024, the Group subscribed 10,000,000 bearer shares of Youngtimers AG ("YTME"), a publicly traded Swiss special situation investment firm, the shares of which are traded on the Swiss Stock Exchange (ticker code: YTME.SW) for an aggregate consideration of US\$7,000,000 (equivalent to approximately HK\$54,570,000).

In February 2024, the Group acquired an unlisted corporate bond issued by Immo Prime S.A., a Luxembourg company independent to the Group, at the purchase price of US\$3,000,000 (equivalent to approximately HK\$23,453,000) from the original holder, Nobias Media S.a r.l. ("Nobias"), an independent third party.

In June 2024, the Group disposed of its 248,431 common shares in asknet and the bond at a consideration of share consideration of 4,000,000 bearer shares of YTME. The fair value of the share consideration was EUR3,331,808 (equivalent to approximately HK\$28,172,000) and the fair values of the 248,431 common shares and the bond were HK\$Nil and HK\$16,995,000, respectively, on the completion date of 27 June 2024. A gain on disposal of the financial assets was recognised in profit or loss during the year ended 31 December 2024.

In December 2025, YTME increased its capital from 72,013,566 bearer shares to 190,426,824 bearer shares. Since then and as at 31 December 2025, the shares held by the Group was diluted which represented approximately 7.352% (14,000,000 shares) of the total issued bearer shares of YTME.

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

The seller granted the Group an irrevocable and unconditional right to sell the Nobias Notes back to the seller (the "Put Option") at the Put Option purchase price of US\$1,000,000 (equivalent to approximately HK\$7,849,000). The Put Option is exercisable by the Group within the period from 27 October 2025 to 31 October 2025, and has been expired as at 31 December 2025.

19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

- (f) Information of the financial assets measured at FVTPL classified as non-current assets

	2025 HK\$'000	2024 HK\$'000
Listed equity securities outside Hong Kong, at fair value	96,658	120,170
Financial assets measured at FVTPL	96,658	120,170

The movements of the Group's financial assets measured at FVTPL classified as non-current assets were as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	120,170	31,719
Additions	-	106,195
Fair value (loss)/gain recognised in profit or loss	(38,476)	6,031
Disposals	-	(16,995)
Exchange realignment	14,964	(6,780)
As at 31 December	96,658	120,170

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

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

- (g) Information of the financial assets measured at FVTPL classified as current assets

	2025 HK\$'000	2024 HK\$'000
Unlisted corporate bonds outside Hong Kong, at fair value	18,670	-

The movements of the Group's financial assets measured at FVTPL classified as current assets were as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	-	-
Additions	15,989	-
Fair value gain recognised in profit or loss	1,417	-
Exchange realignment	1,264	-
As at 31 December	18,670	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2025 HK\$'000	2024 HK\$'000
Non-current portion:		
Deposits (Note (i))	4,888	8,319
	4,888	8,319
Current portion:		
Trade receivables (Notes (i) and (ii))	83,740	61,226
Consideration receivables (Notes (i) and (iv))	-	15,538
Other receivables (Notes (i) and (iii))	10,279	10,931
Deposits (Note (i))	5,627	1,311
Prepayments	8,655	9,379
	108,301	98,385
Total trade receivables, other receivables and prepayments	113,189	106,704

Notes:

- (i) The Directors consider that the carrying amounts of trade receivables, consideration receivable, other receivables, and deposits approximate their fair values as at 31 December 2025 and 2024.
- (ii) The Group normally allows an average credit period of 30 to 45 days (2024: 30 to 45 days) to trade customers. The ageing analysis of the Group's trade receivables, net of allowance of impairment losses, based on the invoice date as of the end of reporting period, is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	69,650	44,914
31 to 60 days	8,393	6,747
61 to 90 days	-	2,217
91 to 365 days	3,167	6,583
Over 365 days	2,530	765
	83,740	61,226

No interest is charged on trade receivables.

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

Notes: (continued)

- (iii) Other receivables mainly represent advance to third parties and value-added tax recoverable.
- (iv) Consideration receivables as at 31 December 2025 comprised:
 - (a) The second to the fifth instalments of the deferred cash consideration due from an independent third party arising from the disposal of subsidiaries during the year ended 31 December 2023 amounted to US\$2,000,000 (equivalent to HK\$15,538,000) (2024: US\$2,000,000 (equivalent to HK\$15,538,000)). The amounts are unsecured, interest-free and repayable as to US\$1,000,000 (equivalent to HK\$7,831,000) in 2024 and as to US\$1,000,000 (equivalent to HK\$7,831,000) in 2025. Repayment of US\$2,000,000 (equivalent to HK\$15,538,000) was fully received during 2025.
 - (b) The second and the third instalments of the deferred consideration from disposal of subsidiaries amounted to HK\$68,000,000 in 2020. The amounts are secured by the 22.29% equity interests of the Lead Turbo Group, interest-free and repayable on the first and the second anniversary dates of the completion date of the disposal (i.e. 31 July 2021 and 2022).

The Directors are of the opinion that, after taking into account the overdue status on the debt from the purchaser and the recoverable amount of the pledged equity interests of the Lead Turbo Group, accumulated impairment loss of HK\$68,000,000 (2024: HK\$68,000,000) has been made as at 31 December 2025.

21. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2025 HK\$'000	2024 HK\$'000
Contract assets arising from:		
Visual effects production and post production services	32,675	6,475

Typical payment terms which impact on the amount of contract assets are as follows:

Services of visual effects production and post production

The Group's visual effects production and post production includes payment schedules which require stage payments over the production period. These payment schedules prevent the build-up of significant contract assets.

The timing of recovery or settlement for contract assets as at 31 December 2025 and 2024 are expected to be within one year.

21. CONTRACT ASSETS AND CONTRACT LIABILITIES (continued)

(a) Contract assets (continued)

The movements in the loss allowance for impairment of contract assets are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning and end of year	34	34

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates for the measurement of the ECLs of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

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

	2025 HK\$'000	2024 HK\$'000
As at 31 December	32,675	6,475
ECL rate	0.10%	0.52%
	HK\$'000	HK\$'000
Gross carrying amount	32,709	6,509
ECLs	(34)	(34)
	32,675	6,475

(b) Contract liabilities

	2025 HK\$'000	2024 HK\$'000
Contract liabilities arising from:		
Visual effects production and post production services	41,615	20,682
Virtual human services	1,473	686
Sales of esports products	12	-
	43,100	21,368

21. CONTRACT ASSETS AND CONTRACT LIABILITIES (continued)

(b) Contract liabilities (continued)

Typical payment terms which impact on the amount of contract liabilities are as follows:

Services of visual effects production and post production and virtual human services

The Group received non-cancellable payment in advance from customers for services to be provided. Where discrepancies arise between the payments and the Group's assessment on services performed under the contract, contract liabilities can arise.

Movements in contract liabilities

	2025 HK\$'000	2024 HK\$'000
Balance as at 1 January	21,368	51,668
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(21,368)	(51,668)
Increase in contract liabilities as a result of billing in advance of visual effects production and post production services and virtual human services	43,100	21,368
Balance at 31 December	43,100	21,368

22. CASH AND CASH EQUIVALENTS AND OTHER BANK DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents	153,373	150,959
Pledged bank deposits	272,412	248,602
Restricted bank balance (<i>Note i</i>)	584	559
	426,369	400,120

As at 31 December 2025, included in the cash and cash equivalents of the Group was an amount of HK\$2,209,000 (2024: HK\$10,760,000) which is denominated in Renminbi ("RMB"). RMB is not freely convertible into other currencies. However, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Note i:

The amount represented the deposit pledged for the Group's application of assets preservation in certain PRC legal proceedings.

23. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Trade payables	228,561	38,086
Other payables	48,348	55,744
Interest payables	53,974	37,720
Accruals	55,206	44,006
Total trade payables, other payables and accruals	386,089	175,556
Less: current portion	(293,741)	(175,556)
Non-current portion (<i>Note</i>)	92,348	-

Trade payables are non-interest bearing and are normally settled within 30-180 days (2024: 30-180 days).

The Directors consider that the carrying amounts of trade payables, other payables and accruals approximate their fair values as at 31 December 2025 and 2024.

Note: Amount represented trade payables due to a shareholder of the Company in connection with the Group's trading business, which are not repayable within 12 months from end of reporting period.

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

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	125,935	19,548
31 to 60 days	60,664	10,110
61 to 90 days	11,892	1,865
91 to 365 days	26,039	1,904
Over 365 days	4,031	4,659
	228,561	38,086

24. BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Current		
Bank loans due for repayment within one year (Notes (i) & (ii))	129,440	108,982
Other loans (Note (iii))	96,555	–
	225,995	108,982
Non-current		
Bank loans (Note (i))	147,881	147,607
Other loans (Notes (iii) & (iv))	39,065	123,505
	186,946	271,112
Total borrowings	412,941	380,094
Representing:		
– Bank loans and bank overdrafts	277,321	256,589
– Other loans	135,620	123,505
	412,941	380,094

The Group's borrowings consisted of the following:

- (i) As at 31 December 2025, bank loans with principal amount of US\$35,000,000 (equivalent to HK\$272,412,000) (2024: US\$32,000,000 (equivalent to HK\$248,602,000)) were secured by bank deposits amounted at HK\$272,412,000 (2024: HK\$248,602,000) placed in the banks (Note 22). The balance of US\$16,000,000 (equivalent to HK\$124,531,000) (2024: US\$13,000,000 (equivalent to HK\$100,995,000)) is repayable within one year or on demand, while the maturity date for remaining balance of US\$13,000,000 (equivalent to HK\$101,182,000) (2024: US\$6,000,000 (equivalent to HK\$46,612,000)) in the second year and US\$6,000,000 (equivalent to HK\$46,699,000) (2024: US\$13,000,000 (equivalent to HK\$100,995,000)) within 2 to 3 years respectively.

As at 31 December 2024, there were also utilised facility loans with the principal amount of CAD570,000 (equivalent to HK\$3,078,000) guaranteed by the subsidiaries of the Company. The balance is repayable within one year or on demand.

- (ii) As at 31 December 2011, a bank loan has been granted to a then subsidiary of the Company (the "Subsidiary") under the Special Loan Guarantee Scheme (the "SME loan") of the Hong Kong Special Administrative Region Government (the "Government") to the extent of HK\$6,000,000. It represented a 5-year instalment loan which was 80% guaranteed by the Government and a corporate guarantee was provided to the bank by the Subsidiary's immediate holding company which is also an indirect wholly-owned subsidiary of the Company since 2013.

According to the Company's announcement dated 20 December 2010, the Group decided not to continue to finance its entertainment media business, and the Subsidiary, as one of the Group companies engaged in the entertainment media business, ceased its operation before 31 December 2010, and ceased the instalment repayment of the SME loan which was due in December 2010. The aforesaid bank had issued a demand letter to the Subsidiary and stated that it might take any legal action against the Subsidiary in respect of the repayment of the SME loan.

24. BORROWINGS (continued)

The Group's borrowings consisted of the following: (continued)

(ii) (continued)

During the year ended 31 December 2011, the Subsidiary and its immediate holding company further received a writ of summon from the Court of First Instance and the statement of claim from the legal representative of the plaintiff claiming for (i) outstanding principal amount and related overdue interest and (ii) cost of legal action in respect of the claim on a full indemnity basis to be taxed if not agreed and further or other relief (collectively the "Claim"). The entire outstanding SME loan as at 31 December 2011 was classified under the current liabilities of the Group in the consolidated financial statements.

During the year ended 31 December 2012, a provisional liquidator was appointed for the Subsidiary by the order of the Official Receiver's Office in July 2012 and thereafter the Company lost control of the Subsidiary which was therefore deconsolidated from the Group on the same date. During the year ended 31 December 2013, two joint and several liquidators were appointed in July 2013. Nevertheless, the obligation under the SME loan and the related accrued interest payable were borne by the immediate holding company of the Subsidiary (as the provider of the corporate guarantee). Accordingly, the SME loan and the related accrued interest payable were recognised as current liabilities by the Group as at the end of the reporting periods.

As at 31 December 2025, the carrying amount of the SME loan and the related accrued interest payable were HK\$4,909,000 (2024: HK\$4,909,000) and HK\$47,631,000 (2024: HK\$36,393,000), respectively. The related accrued interest payable has been recognised and was included in the Group's trade payables, other payables and accruals as measured in accordance with the loan agreement and the Claim. In the opinion of the Directors, the related cost of legal action and further or other relief in connection with the Claim cannot be measured reliably and hence no provision has been made as at 31 December 2025 and 2024. No further action has been taken against the Group during the current year.

Up to the date of approval of these consolidated financial statements, the SME loan and the related accrued interest payable have not been settled nor has any negotiation been made with the bank. There was no corporate guarantee issued by the Company in favour of the Subsidiary nor the immediate holding company of the Subsidiary, and the Directors are of the opinion that adequate provisions and disclosures have been made in the preparation of these consolidated financial statements, and the above matter in the non-repayment of the SME loan and the related accrued interest payable has no further material adverse financial impact to the Company or the Group.

- (iii) As at 31 December 2025, two other loans with principal amounts of US\$8,000,000 (equivalent to HK\$62,265,000) (2024: US\$8,000,000 (equivalent to HK\$62,150,000)) and HK\$34,290,000 (2024: HK\$34,290,000), respectively, are unsecured, interest-bearing at interest rate from prime rate quoted by a bank in Hong Kong and repayable on demand (2024: not repayable within 13 months from 31 December 2024).

As at 31 December 2025, one of other loans with a principal amount US\$3,500,000 (equivalent to HK\$27,065,000) (2024: US\$3,500,000 (equivalent to HK\$27,065,000)) is unsecured, interest-free and not repayable within 13 months from 31 December 2025.

24. BORROWINGS (continued)

The Group's borrowings consisted of the following: (continued)

- (iv) As at 31 December 2025, an other loan with principal amount of HK\$12,000,000 is secured by the shareholding of a subsidiary of the Company and repayable by December 2027.

As at 31 December 2025 and 2024, all the loans of the Group are denominated in either HK\$, Canadian dollar ("CAD") or United States dollar ("US\$").

The bank loans bear floating interest rates at effective rates ranging from 2.50% to 6.25% (2024: 2.50% to 6.45%) per annum. The other loans bear floating interest rates at effective rates ranging from 5.00% to 5.25% (2024: 5.25% to 5.88%) per annum.

The Directors consider that the carrying amounts of the Group's bank borrowings and other loan approximate their fair values as at 31 December 2025 and 2024.

At the end of the reporting period, total bank loans and overdrafts were scheduled to repay as follows:

	2025 HK\$'000	2024 HK\$'000
On demand or within one year	129,440	108,982
More than one year, but not exceeding two years	101,182	46,612
More than two years, but not exceeding five years	46,699	100,995
	277,321	256,589

At the end of the reporting period, total other loans were scheduled to repay as follows:

	2025 HK\$'000	2024 HK\$'000
On demand or within one year	96,555	-
More than one year, but not exceeding two years	39,065	123,505
	135,620	123,505

Note:

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause.

The Group regularly monitors the compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Company continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 40(b). During the year ended 31 December 2025 and as at 31 December 2025, none of the covenants relating to drawn down facilities had been breached.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

25. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2025	2024	2025 HK\$'000	2024 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised:				
As at 1 January 2024, 31 December 2024 and 31 December 2025	75,000,000,000	75,000,000,000	750,000	750,000
Issued and fully paid ordinary shares:				
As at 1 January	7,979,248,625	7,379,248,625	79,792	73,792
Issue of shares on subscriptions (<i>Note (a)</i>)				
- on 24 January 2024	-	600,000,000	-	6,000
As at 31 December	7,979,248,625	7,979,248,625	79,792	79,792

Notes:

- (a) On 24 January 2024, 600,000,000 new ordinary shares of par value HK\$0.01 each were issued at subscription price of HK\$0.207 each to independent third parties of the Group at an aggregate consideration of approximately HK\$124,132,000 net of issuing expenses, of which approximately HK\$6,000,000 was credited to the share capital and the remaining balance of approximately HK\$118,132,000 was credited to the share premium account.

The proceeds are raised as its general working capital.

The new shares rank pari-passu with the existing shares in all respects.

- (b) No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting year (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

26. RESERVES

Company

	Notes	Share premium HK\$'000 (Note (i))	Contributed surplus HK\$'000 (Note (iii))	Share options reserve HK\$'000 (Note (iv))	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2024		784,241	984,302	183,854	(1,687,868)	264,529
Issue of shares on subscriptions, net of expenses	25(a)	118,132	-	-	-	118,132
Recognition of equity-settled share-based payment expenses	27	-	-	26,863	-	26,863
Lapse of share options	27	-	-	(40,583)	40,583	-
Loss and total comprehensive income for the year		-	-	-	(289,761)	(289,761)
As at 31 December 2024 and 1 January 2025		902,373	984,302	170,134	(1,937,046)	119,763
Recognition of equity-settled share-based payment expenses	27	-	-	7,568	-	7,568
Lapse of share options	27	-	-	(36,115)	36,115	-
Transfer of share premium to contributed surplus	(i), (iii)	(902,373)	902,373	-	-	-
Set off contribution surplus against accumulated losses	(iii)	-	(902,373)	-	902,373	-
Loss and total comprehensive income for the year		-	-	-	(122,806)	(122,806)
As at 31 December 2025		-	984,302	141,587	(1,121,364)	4,525

Notes:

(i) Share premium

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act.

Pursuant to the resolution passed on the annual general meeting of the Company on 20 June 2025, the entire amount of the share premium account of the Company was reduced from HK\$902,373,000 to nil and the entire credit amount was transferred to the contributed surplus account of the Company during the year ended 31 December 2025.

(ii) FVTOCI reserve

The FVTOCI reserve represents the cumulative net fair value change of equity investment designated at FVTOCI under HKFRS 9 that are held at the end of the reporting year.

26. RESERVES (continued)

Company (continued)

*Notes: (continued)***(iii) Contributed surplus**

Contributed surplus of the Group represents the net balance of (i) the credit arising from the capital reorganisation of the Company during the years ended 31 December 2009, 2017 and 2021 which was transferred to the contributed surplus account and; (ii) all amounts standing to the credit of the share premium account of the Company immediately after the capital reorganisation in 2009 and 2017 were cancelled and the credit arising therefrom was transferred to the contributed surplus.

In addition to the retained profits, under the Companies Act of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

Pursuant to the resolution passed on the annual general meeting of the Company on 20 June 2025, the entire amount of the share premium account of the Company was reduced from HK\$902,373,000 to nil and the entire credit amount was transferred to the contributed surplus account of the Company. The entire credit amount was then applied to offset the equivalent debit amount of the accumulated losses of the Company during the year ended 31 December 2025.

(iv) Share options reserve

This reserve represents cumulative expenses recognised on the granting of unexercised share options to the participants over the vesting period.

(v) Exchange fluctuation reserve

This reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and share of related reserve of the associates.

(vi) Other reserve

This reserve represents (i) the contributed surplus reserve of an associate established in the PRC, where the change in net assets attributable to the Group in relation to the change in ownership interests in the associate through cash injection by the Group and other investors of the associate; and (ii) the capital contribution to a non-wholly owned subsidiary from a non-controlling shareholder, which was transferred to accumulated losses of the Group upon disposal of the non-wholly owned subsidiary.

27. SHARE-BASED PAYMENT TRANSACTIONS**(i) Share option scheme**

On 27 April 2012, a 10-year share option scheme was adopted and amended on 3 April 2014 (the "2012 Option Scheme"). Pursuant to the 2012 Option Scheme, the board is authorised to grant options to any Directors, employees and those persons of the Group who have contributed or will contribute to the Group as incentive schemes and rewards. The 2012 Option Scheme has been expired on 27 April 2022.

On 21 May 2020, 478,000,000 share options ("Options") were conditionally granted to employees of the Group under the 2012 Option Scheme. Out of which, 292,200,000 and 92,200,000 Options were vested on 21 May 2020 and 21 May 2021 respectively, the remaining 93,600,000 Options were vested on 21 May 2022. All Options are exercisable from their respective vesting dates until 20 May 2030. The exercise price of the Options is HK\$0.046 per share, being the closing price of the Company's ordinary shares on 21 May 2020.

On 16 June 2022, a new share option scheme was adopted and was valid and effective for a period of 10 years (the "2022 Option Scheme"). Pursuant to the 2022 Option Scheme, the board is authorised to grant options to any Directors, employees and those persons of the Group who have contributed or will contribute to the Group as incentive schemes and rewards.

On 26 July 2024, 220,000,000 share options were granted to employees and a director of the Group. The share options have immediately vested on 26 July 2024 and are exercisable for the period from 26 July 2024 to 25 July 2034. The exercise price of the share options is HK\$0.245 per share, being the closing price of the Company's ordinary shares on 26 July 2024.

On 1 November 2024, 40,000,000 share options were conditionally granted to director of the Group. All share options will be vested on 1 November 2025. All share options are exercisable for the period from 1 November 2025 to 31 October 2034. The exercise price of the share options is HK\$0.490 per share, being the closing price of the Company's ordinary shares on 1 November 2024.

During the year ended 31 December 2025, 7,499,000 share options under the 2012 Option Scheme were lapsed. Accordingly, the related share options reserve of HK\$36,115,000 was released to accumulated losses. No share options (2024: Nil) were forfeited and no share options (2024: Nil) were exercised, the average remaining contractual life is 6.35 years (2024: 7.22 years).

The fair value of services received in return for the grant on the grant date is measured by reference to the fair value of share options granted. The fair value of the share options granted on 26 July 2024 and 1 November 2024 are determined based on binomial option pricing model.

The key valuation parameters on share options granted on 26 July 2024 and 1 November 2024 are as follows:

27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(i) Share option scheme (continued)

Grant date	26 July 2024	1 November 2024
Fair value at grant date	HK\$0.115	HK\$0.24
Average closing price immediately before the date of grant	HK\$0.2332	HK\$0.443
Share price at grant date	HK\$0.245	HK\$0.49
Exercise price	HK\$0.245	HK\$0.49
Expected volatility	50%	50%
Life of the share options	10 years	10 years
Expected dividend yield	0%	0%
Risk-free rate	3.08%	3.09%
Forfeiture rate	5.5%	5.5%
Suboptimal exercise behaviour multiple	2.80x	2.80x

Expected volatility was determined by considering the historical share price movement of the comparable companies. Expected dividend yield was determined from the Company's historical payment of dividends. Risk-free rate was the bond yields on the Hong Kong dollars denominated Hong Kong Government bond maturing in accordance with the life of the options. Forfeiture rate was determined from the Company's historical employee share options exit rate. Suboptimal exercise behaviour multiple was based on the Company's historical employee share options early exercise multiples.

The fair value of equity-settled share options was estimated through the use of option valuation models which require various inputs and assumptions. The value of options was subjective and might be uncertain as it is affected by assumptions applied and with regard to the limitation of the valuation model. Some of the inputs were based on estimates derived from historical information of the Group, such as suboptimal exercise behaviour. In this regard, using different input estimates could produce different option values, which would result in the recognition of a higher or lower expense.

There were no market vesting conditions associated with the share options granted.

The Group recognised a share option expense in connection to all share options granted of approximately HK\$7,568,000 during the year ended 31 December 2025 (2024: approximately HK\$26,863,000).

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27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(i) Share option scheme (continued)

The following tables disclose movements in the Company's share options during the years ended 31 December 2025 and 2024:

2025

Name and category of participants	As at 1 January 2025	Grant/exercised during the year	Forfeited/lapsed during the year	As at 31 December 2025	Date of grant	Exercise period	Exercise price per share (HK\$)
Director							
Wong Cheung Lok (Appointed on 13 January 2025)	200,000	-	(200,000)	-	6 May 2015	06 May 2015 to 05 May 2025	13.20
	200,000	-	(200,000)	-	6 May 2015	06 May 2016 to 05 May 2025	13.20
	200,000	-	(200,000)	-	6 May 2015	06 May 2017 to 05 May 2025	13.20
	1,000,000	-	-	1,000,000	29 Jan 2016	29 Jan 2016 to 28 Jan 2026	4.13
	1,000,000	-	-	1,000,000	29 Jan 2016	29 Jan 2017 to 28 Jan 2026	4.13
	1,000,000	-	-	1,000,000	29 Jan 2016	29 Jan 2018 to 28 Jan 2026	4.13
	5,000,000	-	-	5,000,000	24 Apr 2019	24 Apr 2019 to 23 Apr 2029	1.30
	70,000,000	-	-	70,000,000	26 Jul 2024	26 Jul 2024 to 25 Jul 2034	0.245
Chu Wing Sze (Appointed on 30 September 2025)	50,000,000	-	-	50,000,000	26 Jul 2024	26 Jul 2024 to 25 Jul 2034	0.245
Elizabeth Monk Daley	2,000,000	-	-	2,000,000	26 Jul 2024	26 Jul 2024 to 25 Jul 2034	0.245
Employees, in aggregate							
- 2015	1,899,000	-	(1,899,000)	-	6 May 2015	6 May 2015 to 5 May 2025	13.20
	1,800,000	-	(1,800,000)	-	6 May 2015	6 May 2016 to 5 May 2025	13.20
	1,700,000	-	(1,700,000)	-	6 May 2015	6 May 2017 to 5 May 2025	13.20
- 2016	8,150,006	-	-	8,150,006	29 Jan 2016	29 Jan 2016 to 28 Jan 2026	4.13
	7,149,998	-	-	7,149,998	29 Jan 2016	29 Jan 2017 to 28 Jan 2026	4.13
	6,583,327	-	-	6,583,327	29 Jan 2016	29 Jan 2018 to 28 Jan 2026	4.13
	5,000,000	-	-	5,000,000	22 Jun 2016	22 Jun 2017 to 21 Jun 2026	4.95
	5,000,000	-	-	5,000,000	22 Jun 2016	22 Jun 2018 to 21 Jun 2026	4.95
	1,666,671	-	-	1,666,671	29 Jul 2016	29 Jul 2016 to 28 Jul 2026	5.66
	1,169,998	-	-	1,169,998	29 Jul 2016	29 Jul 2017 to 28 Jul 2026	5.66
	843,324	-	-	843,324	29 Jul 2016	29 Jul 2018 to 28 Jul 2026	5.66
- 2019	5,999,999	-	-	5,999,999	24 Apr 2019	24 Apr 2019 to 23 Apr 2029	1.30
	666,667	-	-	666,667	24 Apr 2019	29 Feb 2020 to 23 Apr 2029	1.30
	333,333	-	-	333,333	24 Apr 2019	24 Apr 2020 to 23 Apr 2029	1.30
	666,667	-	-	666,667	24 Apr 2019	28 Feb 2021 to 23 Apr 2029	1.30
	333,334	-	-	333,334	24 Apr 2019	24 Apr 2021 to 23 Apr 2029	1.30
- 2020	29,050,000	-	-	29,050,000	21 May 2020	21 May 2020 to 20 May 2030	0.46
	9,220,000	-	-	9,220,000	21 May 2020	21 May 2021 to 20 May 2030	0.46
	7,360,000	-	-	7,360,000	21 May 2020	21 May 2022 to 20 May 2030	0.46
- 2024	98,000,000	-	-	98,000,000	26 July 2024	26 July 2024 to 25 July 2034	0.245
Others							
Wang Wei-Chung	166,667	-	-	166,667	29 Jan 2016	29 Jan 2016 to 28 Jan 2026	4.13
	166,667	-	-	166,667	29 Jan 2016	29 Jan 2017 to 28 Jan 2026	4.13
	166,666	-	-	166,666	29 Jan 2016	29 Jan 2018 to 28 Jan 2026	4.13
Amit Chopra	500,000	-	(500,000)	-	6 May 2015	6 May 2015 to 5 May 2025	13.20
	500,000	-	(500,000)	-	6 May 2015	6 May 2016 to 5 May 2025	13.20
	500,000	-	(500,000)	-	6 May 2015	6 May 2017 to 5 May 2025	13.20
	3,333,334	-	-	3,333,334	7 Jun 2016	29 Jan 2016 to 28 Jan 2026	4.13
	3,333,333	-	-	3,333,333	7 Jun 2016	29 Jan 2017 to 28 Jan 2026	4.13
	3,333,333	-	-	3,333,333	7 Jun 2016	29 Jan 2018 to 28 Jan 2026	4.13
Wei Ming	30,000,000	-	-	30,000,000	1 Jun 2017	13 Feb 2017 to 12 Feb 2027	4.69
Hooi Hing Lee	40,000,000	-	-	40,000,000	1 Nov 2024	1 Nov 2025 to 31 Oct 2034	0.490
	405,192,324	-	(7,499,000)	397,693,324			
Weighted average exercise price	HK\$1.401	N/A	N/A	HK\$1.178			

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27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(i) Share option scheme (continued)

2024

Name and category of participants	As at 1 January 2024	Grant/exercised during the year	Forfeited/lapsed during the year	As at 31 December 2024	Date of grant	Exercise period	Exercise price per share (HK\$)
Directors							
Seah Ang (Resigned on 13 January 2025)	10,000,000	-	(10,000,000)	-	23 Jul 2014	28 May 2017 to 27 May 2024	0.98
Elizabeth Monk Daley	-	2,000,000	-	2,000,000	26 Jul 2024	26 Jul 2024 to 25 Jul 2034	0.245
Hooi Hing Lee	-	40,000,000	-	40,000,000	1 Nov 2024	1 Nov 2025 to 31 Oct 2034	0.490
Employees, in aggregate							
- 2014	64,473,000	-	(64,473,000)	-	28 May 2014	28 May 2017 to 27 May 2024	0.98
- 2015	2,099,000	-	-	2,099,000	6 May 2015	6 May 2015 to 5 May 2025	13.20
	2,000,000	-	-	2,000,000	6 May 2015	6 May 2016 to 5 May 2025	13.20
	1,900,000	-	-	1,900,000	6 May 2015	6 May 2017 to 5 May 2025	13.20
- 2016	9,150,006	-	-	9,150,006	29 Jan 2016	29 Jan 2016 to 28 Jan 2026	4.13
	8,149,998	-	-	8,149,998	29 Jan 2016	29 Jan 2017 to 28 Jan 2026	4.13
	7,583,327	-	-	7,583,327	29 Jan 2016	29 Jan 2018 to 28 Jan 2026	4.13
	5,000,000	-	-	5,000,000	22 Jun 2016	22 Jun 2017 to 21 Jun 2026	4.95
	5,000,000	-	-	5,000,000	22 Jun 2016	22 Jun 2018 to 21 Jun 2026	4.95
	1,666,671	-	-	1,666,671	29 Jul 2016	29 Jul 2016 to 28 Jul 2026	5.66
	1,169,998	-	-	1,169,998	29 Jul 2016	29 Jul 2017 to 28 Jul 2026	5.66
	843,324	-	-	843,324	29 Jul 2016	29 Jul 2018 to 28 Jul 2026	5.66
- 2019	10,999,999	-	-	10,999,999	24 Apr 2019	24 Apr 2019 to 23 Apr 2029	1.30
	666,667	-	-	666,667	24 Apr 2019	29 Feb 2020 to 23 Apr 2029	1.30
	333,333	-	-	333,333	24 Apr 2019	24 Apr 2020 to 23 Apr 2029	1.30
	666,667	-	-	666,667	24 Apr 2019	28 Feb 2021 to 23 Apr 2029	1.30
	333,334	-	-	333,334	24 Apr 2019	24 Apr 2021 to 23 Apr 2029	1.30
- 2020	29,050,000	-	-	29,050,000	21 May 2020	21 May 2020 to 20 May 2030	0.46
	9,220,000	-	-	9,220,000	21 May 2020	21 May 2021 to 20 May 2030	0.46
	7,360,000	-	-	7,360,000	21 May 2020	21 May 2022 to 20 May 2030	0.46
- 2024	-	218,000,000	-	218,000,000	26 July 2024	26 July 2024 to 25 July 2034	0.245
Others							
Wang Wei-Chung	166,667	-	-	166,667	29 Jan 2016	29 Jan 2016 to 28 Jan 2026	4.13
	166,667	-	-	166,667	29 Jan 2016	29 Jan 2017 to 28 Jan 2026	4.13
	166,666	-	-	166,666	29 Jan 2016	29 Jan 2018 to 28 Jan 2026	4.13
Amit Chopra	4,800,000	-	(4,800,000)	-	28 May 2014	28 May 2017 to 27 May 2024	0.98
	500,000	-	-	500,000	6 May 2015	6 May 2015 to 5 May 2025	13.20
	500,000	-	-	500,000	6 May 2015	6 May 2016 to 5 May 2025	13.20
	500,000	-	-	500,000	6 May 2015	6 May 2017 to 5 May 2025	13.20
	3,333,334	-	-	3,333,334	7 Jun 2016	29 Jan 2016 to 28 Jan 2026	4.13
	3,333,333	-	-	3,333,333	7 Jun 2016	29 Jan 2017 to 28 Jan 2026	4.13
	3,333,333	-	-	3,333,333	7 Jun 2016	29 Jan 2018 to 28 Jan 2026	4.13
Wei Ming	30,000,000	-	-	30,000,000	1 Jun 2017	13 Feb 2017 to 12 Feb 2027	4.69
	224,465,324	260,000,000	(79,273,000)	405,192,324			
Weighted average exercise price	HK\$2.547	HK\$0.283	N/A	HK\$1.401			

(ii) Option granted under general mandate

No option was granted under general mandate during the year (2024: Nil).

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FOR THE YEAR ENDED 31 DECEMBER 2025

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Interests in subsidiaries		79,556	149,070
Current assets			
Other receivables and prepayments		1,398	1,155
Bank balances and cash		10,540	56,948
		11,938	58,103
Current liabilities			
Other payables and accruals		7,177	7,618
		7,177	7,618
Net current assets		4,761	50,485
Total assets less current liabilities		84,317	199,555
NET ASSETS		84,317	199,555
Capital and reserves			
Share capital	25	79,792	79,792
Reserves	26	4,525	119,763
TOTAL EQUITY		84,317	199,555

On behalf of the Board

On behalf of the Board

Wong Cheung Lok
Director

Duan Xiongfei
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2025 and 2024 are as follows:

Company	Country or place of incorporation and establishment/operation	Issued share capital/paid up capital	Effective equity interest attributable to the Company as at 31 December 2025 and 2024		Nature of business
			Direct	Indirect	
Choice Excel Holdings Limited	The British Virgin Islands	US\$100	-	85%	Investment holdings
Cosmos Glory Limited	Hong Kong	HK\$27,392,698	-	85%	Investment holdings
DD Holdings US, LLC	USA	US\$35,000,000	-	100%	Investment holdings
DD Licensing Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
DDH Assets Limited	The British Virgin Islands	US\$1	100%	-	Investment holdings
DDHU Management Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
DDI Visuals Private Limited	India	INR1,000	-	100%	Visual effects production
DDPO (BVI) Company Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
DDT (US), Inc.	USA	US\$1	-	100%	Trading
				(2024: N/A)	
Digital Domain 3.0, Inc.	USA	US\$50	-	100%	Visual effects production
Digital Domain Assets Limited	Hong Kong	HK\$1	-	100%	Investment holdings
Digital Domain Broadcasting (Hong Kong) Limited	Hong Kong	HK\$1	-	100%	Investment holdings
Digital Domain Broadcasting Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Digital Domain Capital Partners S.à r.l.	Luxembourg	EUR12,000	-	100%	Development of and investment in media entertainment business in Europe
Digital Domain Consultancy Limited	Hong Kong	HK\$1	-	100%	Provision of management services
Digital Domain Content (Hong Kong) Limited	Hong Kong	HK\$1	-	100%	Virtual reality content business
Digital Domain Content Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Digital Domain Development Limited	The British Virgin Islands	US\$1	100%	-	Investment holdings
Digital Domain Development Limited	Hong Kong	HK\$1	-	100%	Investment holdings
Digital Domain Distribution (Hong Kong) Limited	Hong Kong	HK\$1	-	100%	Dormant
Digital Domain Distribution Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Digital Domain Education (HK) Limited	Hong Kong	HK\$1	-	100%	Dormant
Digital Domain Education Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Digital Domain Enterprise Limited	The British Virgin Islands	US\$1	100%	-	Investment holdings
Digital Domain Enterprises Group (BVI) Limited	The British Virgin Islands	US\$1	100%	-	Investment holdings
Digital Domain Enterprises Group Limited	Hong Kong	HK\$1	-	100%	Virtual human business
Digital Domain Entertainment (HK) Limited	Hong Kong	HK\$1	-	100%	Investment holdings
Digital Domain Entertainment Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Digital Domain Investments (BVI) Limited	The British Virgin Islands	US\$1	100%	-	Investment holdings
Digital Domain Investments Limited	Hong Kong	HK\$1	-	100%	Dormant
Digital Domain Management Limited	Hong Kong	HK\$100	-	100%	Dormant
DDDA Limited (formerly known as Digital Domain Music (HK) Limited)	Hong Kong	HK\$1	-	100%	Dormant
Digital Domain Music Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Digital Domain Network Technology Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Digital Domain Pictures (HK) Limited	Hong Kong	HK\$1	-	100%	Dormant
Digital Domain Pictures Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Digital Domain Production (HK) Limited	Hong Kong	HK\$1	-	100%	TV drama investment
Digital Domain Production Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Digital Domain Productions 3.0 (BC), Ltd.	Canada	CAD1	-	100%	Visual effects production
Digital Domain Productions Québec, Ltd.	Canada	CAD100	-	100%	Visual effects production
Digital Domain Resources Limited	Hong Kong	HK\$2	-	100%	Provision of management services
Digital Domain Studio (HK) Limited	Hong Kong	HK\$1	-	100%	Dormant
Digital Domain Studio Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Digital Domain Technology (US), Inc.	USA	US\$1	-	100%	Virtual reality business
Digital Domain Technology Limited	Hong Kong	HK\$1	-	100%	Investment holdings
Digital Domain Virtual Human (HK) Limited	Hong Kong	HK\$1	-	80%	Investment holdings
Digital Domain Virtual Human (US), Inc.	USA	US\$1	-	80%	Software development and research

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29. SUBSIDIARIES (continued)

Particulars of the Company's subsidiaries as at 31 December 2025 and 2024 are as follows: (continued)

Company	Country or place of incorporation and establishment/operation	Issued share capital/paid up capital	Effective equity interest attributable to the Company as at 31 December 2025 and 2024		Nature of business
			Direct	Indirect	
Digital Domain Virtual Human Holdings Limited	The British Virgin Islands	US\$2,000,160	-	80%	Investment holdings
Digital Domain Virtual Human Productions (BC), Ltd.	Canada	CAD1	-	80%	Software development and research
Digital Domain Gaming Media Limited (formerly known as "Digital Domain YK (HK) Company Limited")	Hong Kong	HK\$1	-	100%	Dormant
Digital Domain YK Company Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Driven Global Holdings Limited	The British Virgin Islands	US\$1	100%	-	Investment holdings
Ever Ultra Limited	The British Virgin Islands	US\$100	-	100%	Investment holdings
Ever Union Medical Services Group Limited	Hong Kong	HK\$100	-	100%	Investment holdings
Golden Stream Global Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Lucrative Skill Holdings Limited	The British Virgin Islands	US\$100	-	85%	Investment holdings
Mothership Media, Inc.	USA	US\$0.01	-	100%	Visual effects production
Post Production Office Limited	Hong Kong	HK\$16,993,446	-	85%	Investment holdings
Praya Star Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
S.I. Travel Group Limited	The British Virgin Islands/Hong Kong	US\$1	100%	-	Trading
Sun Innovation International Group Limited	The British Virgin Islands	US\$1	100%	-	Investment holdings
Sun Innovation Management Services Limited	Hong Kong	HK\$2	100%	-	Provision of management services
Tower Talent Holdings Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
Treasure Well Development Limited	The British Virgin Islands	US\$1	100%	-	Investment holdings
Upfield Sky Limited	The British Virgin Islands	US\$10,000	-	100%	Investment holdings
Vibrant Global Group Limited	The British Virgin Islands	US\$1	100%	-	Investment holdings
Virtue Global Holdings Limited	The British Virgin Islands	US\$1	-	100%	Investment holdings
長和技術發展(深圳)有限公司	The PRC	RMB5,493,649	-	100%	Provision of consultancy services
數字王國文羣(北京)文化傳媒有限公司	The PRC	RMB69,700,942	-	85%	Visual effects production and post production
數字王國朝羣(上海)文化傳媒有限公司	The PRC	RMB51,953,896 (2024: RMB47,200,307)	-	85%	Visual effects production and post production
數字王國(深圳)科技發展有限公司*	The PRC	HK\$10,960,000	-	100%	Visual effects production
Digital Human Hospitality Services Limited	Hong Kong	Issued share capital: HK\$3,000,000 Paid up capital: HK\$Nil	60%	-	Digital human hospitality service

Note:

- * The company is a wholly-foreign-owned-enterprise. The entire registered capital amounted to HK\$16,100,000, and the remaining balance of registered capital is required to be paid on or before 23 January 2034.

All the above are limited liability companies.

Unless otherwise stated, the above subsidiaries' places of operations are the same as their respective places of incorporation/establishment.

None of the subsidiaries had issued any debt securities during the year.

30. NON-CONTROLLING INTERESTS

The following table lists out the information relating to Digital Domain Virtual Human Holdings Limited and Lucrative Skill Holdings Limited, subsidiaries of the Company which have material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Digital Domain Virtual Human Holding Limited		Lucrative Skill Holdings Limited	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December:				
NCI percentage	20%	20%	15%	15%
Non-current assets	42,008	50,628	8,190	12,167
Current assets	679	799	122,745	97,796
Non-current liabilities	-	-	(1,883)	(4,753)
Current liabilities	(215,377)	(191,988)	(501,334)	(452,213)
Net liabilities	(172,690)	(140,561)	(372,282)	(352,003)
Accumulated NCI (Note)	(34,538)	(28,112)	(55,842)	(52,800)
Year ended 31 December:				
Revenue	-	-	38,086	45,470
Loss for the year	(29,984)	(28,570)	(16,713)	(26,220)
Total comprehensive income	(32,129)	(24,935)	(20,279)	(23,580)
Loss allocated to NCI (Note)	(5,997)	(5,714)	(2,507)	(3,933)
Total comprehensive income allocated to NCI (Note)	(6,426)	(4,987)	(3,042)	(3,537)
Dividend paid to NCI	-	-	-	-
Net cash inflows/(outflows) from operating activities	14,192	23,778	4,009	(20,622)
Net cash (outflows)/inflows from investing activities	(14,314)	(23,648)	45	(32)
Net cash inflows/(outflows) from financing activities	-	-	23,393	(123)

Note: The aggregate NCI as at 31 December 2025 amounted to debit balance of approximately HK\$90,385,000 (2024: debit balance of approximately HK\$80,912,000) and the aggregate net losses and total comprehensive income allocated to NCI for the year then ended amounted to approximately HK\$8,509,000 (2024: HK\$13,024,000) and HK\$9,473,000 (2024: HK\$10,590,000), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

31. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Bank borrowings (Note 24) HK\$'000	Other loans (Note 24) HK\$'000	Lease liabilities (Note 14) HK\$'000	Total HK\$'000
As at 1 January 2024	178,259	172,479	96,956	447,694
Changes from financing cash flows:				
– New bank borrowings	146,906	-	-	146,906
– Repayment of bank borrowings	(66,989)	-	-	(66,989)
– Repayment of principal portion of lease liabilities	-	-	(37,133)	(37,133)
– Repayment of interest portion of lease liabilities	-	-	(7,329)	(7,329)
– Repayment of other loans	-	(45,335)	-	(45,335)
Total changes from financing cash flows	79,917	(45,335)	(44,462)	(9,880)
Other changes:				
– Additions	-	-	9,510	9,510
– Interest expenses on lease liabilities	-	-	7,329	7,329
– Effect of lease modification	-	-	(5,042)	(5,042)
– Disposal of subsidiaries (Note 36)	-	(3,333)	-	(3,333)
Exchange realignment	(1,587)	(306)	(1,962)	(3,855)
Total other changes	(1,587)	(3,639)	9,835	4,609
As at 31 December 2024 and 1 January 2025	256,589	123,505	62,329	442,423
Changes from financing cash flows:				
– New bank borrowings	23,986	-	-	23,986
– Repayment of bank borrowings	(3,702)	-	-	(3,702)
– Repayment of principal portion of lease liabilities	-	-	(35,561)	(35,561)
– Repayment of interest portion of lease liabilities	-	-	(6,600)	(6,600)
– New other loan	-	12,000	-	12,000
Total changes from financing cash flows	20,284	12,000	(42,161)	(9,877)
Other changes:				
– Additions	-	-	96,388	96,388
– Interest expenses on lease liabilities	-	-	6,600	6,600
Exchange realignment	448	115	1,024	1,587
Total other changes	448	115	104,012	104,575
As at 31 December 2025	277,321	135,620	124,180	537,121

32. RETIREMENT BENEFIT SCHEME

(a) Hong Kong Mandatory Provident Fund Ordinance (the "MPF Scheme")

The Group contributes to defined contribution provident funds, including the scheme set up pursuant to the MPF Scheme, which are available to all Hong Kong employees. For the MPF Scheme, both the employees and the employer are required to contribute 5% of the employees' monthly salaries up to a maximum of HK\$1,500 (2024: HK\$1,500) (the "Mandatory Contribution"). The employees are entitled to 100% of the employer's Mandatory Contributions upon their retirement age of 65 years old, death or total incapacity. The unvested benefits of employees forfeited upon termination of employment can be utilised by the Group to reduce future levels of contributions. During the year, the aggregate amount of employer's contribution net of forfeited contribution made by the Group under the MPF Scheme was HK\$439,000 (2024: HK\$474,000).

(b) State-managed retirement benefit schemes operated by the local governments in the PRC

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the local governments in the PRC. The Group is required to contribute a specified percentage of the payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions. During the year, the aggregate amount of employer's contribution net of forfeited contribution made by the Group under the state-managed retirement benefit schemes in the PRC was HK\$7,905,000 (2024: HK\$8,569,000).

33. CREDIT FACILITIES, PLEDGE OF ASSETS AND GUARANTEES

(a) As at 31 December 2025, the Group had aggregate banking facilities of HK\$320,555,000 (2024: HK\$340,249,000) from banks for guarantees and loans. The Group's bank loan with a carrying amount of approximately HK\$272,412,000 (2024: HK\$248,602,000) is secured by pledged bank deposits of amounted at HK\$272,412,000 (2024: HK\$248,602,000) in subsidiaries' bank accounts.

(b) As at 31 December 2025, there are term loan facilities of US\$10,000,000 (2024: US\$10,000,000) and HK\$80,000,000 (2024: HK\$80,000,000) from a shareholder of the Company, Wise Sun Holdings Limited. The facilities were granted to a subsidiary of the Company. As at 31 December 2025, the balance of utilised facilities are US\$8,000,000 (approximately HK\$62,265,000) (2024: US\$8,000,000 (approximately HK\$62,125,000)) and HK\$34,290,000 (2024: HK\$34,290,000), respectively. The Company acts as a guarantor of these term loans.

34. CAPITAL COMMITMENTS

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

	2025 HK\$'000	2024 HK\$'000
Contracted, but not provided for:		
Investment in an associate	3,113	3,108

35. RELATED PARTY TRANSACTIONS

The significant transactions with related parties were disclosed elsewhere in these consolidated financial statements.

Members of key management personnel during the year comprised only the executive directors whose remuneration is set out in note 10.

36. DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries during the year ended 31 December 2024

Disposal of Rise Honor Development Limited and its subsidiaries ("Rise Honour")

On 31 December 2024, pursuant to the sales and purchase agreement dated 19 December 2024 entered into between a subsidiary of the Company and an independent third party, the Group agreed to dispose of its entire equity interest in Rise Honour at a consideration of HK\$50,000.

The net liabilities of Rise Honour at the date of disposal were as follows:

	HK\$'000
Goodwill and intangible assets (Note 15)	-
Cash and cash equivalents	25
Property, plant and equipment (Note 13)	42
Other receivables and prepayments	7,045
Trade payables, other payables and accruals	(3,323)
Other loan	(3,333)
Deferred tax liabilities (Note 11(b))	(40,744)
Net liabilities disposed of	(40,288)

The loss arising from the disposal recognised in the consolidated income statement is calculated as follows:

	HK\$'000
Cash consideration	50
Add: Net liabilities disposed of	40,288
Less: Non-controlling interests	(93,818)
Add: Reclassification adjustment on exchange reserve	18,090
Loss on disposal of subsidiaries	(35,390)

Net cash inflow arising on disposal:

	HK\$'000
Total cash consideration	50
Less: Cash and cash equivalents disposed of	(25)
	25

37. CONTINGENT LIABILITIES

- (a) A wholly-owned subsidiary of the Company based in the United States (the "US Subsidiary") has been acknowledged by several clients in the USA in connection with the possible indemnification of losses suffered by these clients as a result of their involvements in other lawsuits (the "Other Lawsuits") filed by a claimant (the "Claimant") against these clients. This Claimant had dispute over ownership of certain physical equipment and intellectual property (the "Disputed IP") with the original owner (the "Original Owner") and a court in the USA concluded that the Claimant owns the Disputed IP on 11 August 2017. The Group had used these Disputed IP under a licence from the Original Owner and completed certain visual effect projects for these clients.

The US Subsidiary submitted these indemnity requests to one of its insurance companies that may provide insurance coverage for indemnity claims brought against it. The insurance company believed that coverage was no longer existed under the insurance policy but would continue to negotiate with the US Subsidiary about contributing to the defence of the clients in the Other Lawsuits.

On 20 January 2022, Claimant, US Subsidiary's clients, US Subsidiary and its insurance company commenced a settlement process through a neutral third-party mediator. The insurance company initially acknowledged its obligation to provide a defence for the US Subsidiary's clients, but subsequently communicated to the US Subsidiary that it no longer believed that coverage existed under the insurance policy but would continue to negotiate with the US Subsidiary about contributing to the defence of the clients in the Other Lawsuits.

On 26 August 2024, ruling on a post-trial motion brought by US Subsidiary's client, the trial court decided that the jury did not have sufficient evidence to render a verdict that US Subsidiary's client was liable to Claimant and ruled that the judgment will be entered in favour of US Subsidiary's client and that Claimant would not be entitled any relief. Claimant has initiated an appeal of the decision to the United States Court of Appeal for the Ninth Circuit, which is now pending. On 4 June 2025, this appellate court heard oral argument on the appeal and will issue its written decision on the appeal in due course.

No specific monetary amount has been identified in the indemnity requests by these clients. The insurance company and the US Subsidiary are continuing their discussion with respect to whether, and to what extent the insurance company will pay the defence costs of the US Subsidiary's clients in the Other Lawsuits.

As at 31 December 2025, the litigation of Other Lawsuits is still ongoing.

No provision for the indemnity has been recognised for the year ended 31 December 2025 (2024: Nil) as, in the opinion of the Directors, the Group may or may not require a significant outflow of resource for the indemnification. There is no present obligation of cashflow on this matter as at 31 December 2024 and 2025.

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

No provision for the indemnity has been recognised for the year ended 31 December 2025 (2024: Nil) as, in the opinion of the Directors, the Group may or may not require a significant outflow of resource for the indemnification. There is no present obligation of cashflow on this matter as at 31 December 2024 and 2025.

38. EVENTS AFTER THE REPORTING PERIOD

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

39. CAPITAL RISK MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of net debt (including the borrowings disclosed in note 24, leases liabilities disclosed in note 14, less cash and cash equivalents and pledged bank deposits in note 22) and total equity.

The Group's risk management reviews the capital structure on a semi-annual basis. The Group will consider both debt financing and equity financing for its capital requirements. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. The gearing ratio at the end of reporting period was as follows:

	2025 HK\$'000	2024 HK\$'000
Debts	537,121	442,423
Cash and cash equivalents and other bank deposits	(426,369)	(400,120)
Net debt	110,752	42,303
Total equity	178,230	422,010
Net debt to equity ratio	62%	10%

40. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and equity price risk.

(a) Credit risk

The credit risk of the Group's financial assets (which comprise gross trade receivables, other receivables, loan to a joint venture, amounts due from associates, cash and cash equivalents, restricted bank balance and pledged bank deposits and contract assets) arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from associates and contract assets. The credit risk for bank balances is limited because the counter-parties are banks, with high credit rating.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables and contract assets

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the individual customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

Trade receivables are due within 30 to 45 days (2024: 30 to 45 days) from the date of billing. Debtors with balances that are more than 2 months past due are normally requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent.

As at 31 December 2025, the Group has a concentration of credit risk as 21% and 71% (2024: 17% and 50%) respectively of the total gross trade receivables were due from the Group's largest customer and the five (2024: five) largest customers respectively.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases which is based on days past due for groupings of various customer segments that have similar loss patterns.

40. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2025 and 2024:

As at 31 December 2025	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.10	84,170	87
1 to 3 months past due	0.71	26,582	189
3 to 6 months past due	6.04	1,638	99
6 to 12 months past due	17.45	1,524	266
More than 1 year past due	76.12	13,158	10,016
		127,072	10,657

As at 31 December 2024	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.14	42,082	60
1 to 3 months past due	1.75	18,305	321
3 to 6 months past due	6.56	3,460	227
6 to 12 months past due	19.35	3,122	604
More than 1 year past due	82.30	10,985	9,041
		77,954	10,253

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data have been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The adjustment factors are based on the GDP forecast in each geographical region.

The following table reconciles the loss allowance account in respect of trade receivables and contract assets for the years ended 31 December 2025 and 2024:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	10,253	8,701
Amounts written off during the year	(271)	(102)
Impairment loss recognised during the year, net	271	1,938
Exchange realignment	404	(284)
As at 31 December	10,657	10,253

40. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Amounts due from associates and other receivables

As for amounts due from associates and other receivables, impairment loss is recognised as 12-month ECL since initial recognition. Subsequently the Group assesses whether there was a significant increase in credit risk. In determining the ECL, the Directors have taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these other receivables occurring within their respective loss assessment time horizon, as well as the loss given default.

The gross carrying amount of other receivables and amounts due from associates by stage are as follows:

	12-month ECLs Stage 1 HK\$'000	Lifetime ECLs Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 31 December 2025				
Other receivables	20,794	-	72,620	93,414
Amounts due from associates	-	-	167,290	167,290
As at 31 December 2024				
Other receivables	36,099	-	88,127	124,226
Amounts due from associates	-	-	225,493	225,493

The movements in the impairment allowance of amounts due from associates were as follows:

	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit-impaired (Stage 2) HK\$'000	Lifetime ECL credit-impaired (Stage 3) HK\$'000	Total HK\$'000
As at 1 January 2024	-	-	198,628	198,628
Impairment loss recognised during the year	-	-	12,305	12,305
Exchange realignment	-	-	(2,358)	(2,358)
As at 31 December 2024 and 1 January 2025	-	-	208,575	208,575
Impairment loss recognised during the year	-	-	17,719	17,719
Written off during the year	-	-	(60,943)	(60,943)
Exchange realignment	-	-	1,939	1,939
As at 31 December 2025	-	-	167,290	167,290

40. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Amounts due from associates and other receivables (continued)

The movements in the impairment allowance of other receivables were as follows:

	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit-impaired (Stage 2) HK\$'000	Lifetime ECL credit-impaired (Stage 3) HK\$'000	Total HK\$'000
As at 1 January 2024	-	-	83,708	83,708
Impairment loss recognised during the year	-	-	4,512	4,512
Exchange realignment	-	-	(93)	(93)
As at 31 December 2024 and 1 January 2025	-	-	88,127	88,127
Written off during the year	-	-	(15,708)	(15,708)
Exchange realignment	-	-	201	201
As at 31 December 2025	-	-	72,620	72,620

Note: Included in the above allowances for ECL in respect of other receivables is provisions for individually impaired other receivables of HK\$68,000,000 (2024: HK\$68,000,000) with details as set out in note 20(iv)(b).

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of reporting period) and the earliest date the Group and the Company can be required to pay.

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for borrowings is prepared based on the scheduled repayment dates:

Group	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
2025						
SME loan	4,909	4,909	4,909	-	-	-
Other bank loans	272,412	280,169	129,327	104,049	46,793	-
Other loans	135,620	140,448	101,383	39,065	-	-
Trade payables, other payables and accruals	382,949	382,949	290,601	92,348	-	-
Lease liabilities	124,180	144,852	49,744	33,638	61,470	-
	920,070	953,327	575,964	269,100	108,263	-
2024						
SME loan	4,909	4,909	4,909	-	-	-
Other bank loans	251,680	265,306	110,650	50,970	103,686	-
Other loans	123,505	128,998	5,063	123,935	-	-
Trade payables, other payables and accruals	172,123	172,123	172,123	-	-	-
Lease liabilities	62,329	68,967	35,279	22,135	11,170	383
	614,546	640,303	328,024	197,040	114,856	383

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

The table below summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were different from that disclosed in the “on demand” time band in the maturity analysis contained in above table. Taking into account the Group’s financial position, the Directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The Directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Carrying amount HK\$'000	Total contractual undiscounted cash flows HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
31 December 2025	-	-	-	-	-	-
31 December 2024	3,078	3,078	3,078	-	-	-

(c) Interest rate risk

The Group’s interest rate risk arises primarily from bank loans and other loans. Eight (2024: eight) of bank borrowings and one (2024: one) of the other loans were issued at variable rates which exposed the Group to cash flow interest rate risk. The Group’s interest rate profile as monitored by management is set out below.

The following table details the interest rate profile of the Group’s net borrowings at the end of reporting period:

	2025 Effective interest rate %	2025 HK\$'000	2024 Effective interest rate%	2024 HK\$'000
Variable-rate borrowings				
Bank loans	2.50-6.25	230,622	2.50-6.45	209,977
Other loans	5.00-5.25	96,555	5.25-5.88	96,440
		327,177		306,417
Fixed-rate borrowings				
Bank loans	3.00	46,699	3.00	46,612
		46,699		46,612

Variable-rate borrowings are not subject to concentration risk, as they are sourced from a diverse pool of financial institutions and structured with varied maturity profiles.

40. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk (continued)

The interest rates and terms of repayment of the Group's borrowings are disclosed in note 24.

Sensitivity analysis

As at 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the loss after taxation and increase/decrease accumulated losses of the Group by HK\$987,000/HK\$987,000 (2024: HK\$932,000/HK\$932,000) respectively. Other components of consolidated equity would not be affected by the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next reporting period. The analysis is performed on the same basis for 2024.

(d) Currency risk

Certain transactions and monetary assets and liabilities of the Group are denominated in HK\$ which is different from the functional currency of the Group entities, i.e. RMB, US\$, CAD, Indian Rupees ("INR") and Euro ("EUR") which expose the Group to currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The management manage its foreign currency risk by monitoring the movements of the foreign currency rates and will consider hedging significant foreign currency exposures should the need arise.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity instruments classified as financial assets at FVTPL. All of these investments are listed.

Sensitivity analysis

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. If the prices of the respective listed equity instruments had been 5% higher/lower, loss for the year would decrease/increase by HK\$4,833,000 (2024: HK\$6,008,000) and accumulated losses of the Group would decrease/increase (2024: decrease/increase) by HK\$4,833,000 (2024: HK\$6,008,000) respectively.

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised as at 31 December 2025 and 2024 may be categorised as follows:

(a) Categories of financial assets and financial liabilities

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	531,830	515,285
Financial assets at FVTOCI	17,901	-
Financial assets at FVTPL	115,328	120,170
Financial liabilities		
Financial liabilities at amortised cost	795,890	552,217
Lease liabilities	124,180	62,329

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (continued)

(b) Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets which are traded on active markets are determined with reference to quoted market bid prices; and
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their fair values.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at FVTOCI				
- Unlisted equity investments	-	-	17,901	17,901
Financial assets at FVTPL				
- Listed equity investments	96,658	-	-	96,658
- Unlisted corporate bonds	-	-	18,670	18,670
	96,658	-	18,670	115,328
	2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at FVTPL				
- Listed equity investments	120,170	-	-	120,170

During the year, there was no transfer of fair value measurements between level 1 and level 2 for both financial assets and financial liabilities.

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (continued)

(b) Fair values (continued)

The following table shows the reconciliation of Level 3 fair value measurement of the unlisted equity investments:

	2025 HK\$'000	2024 HK\$'000
Unlisted equity investments		
At 1 January	-	-
Addition	17,901	-
At 31 December	17,901	-

As at 31 December 2025, the fair value is arrived at based on a valuation carried out by DZValue Consulting Company Limited, an independent firm of professionally qualified valuer. The following table shows the quantitative information about the significant unobservable inputs used in the Level 3 fair value measurement.

Significant unobservable inputs	At 31 December 2025
Equity value	HK\$367,686,000
Volatility	61%
Risk-free rate	1.63%

Had the equity value increased by 5%, it would increase the fair value of the unlisted equity investment by HK\$391,000. Had the equity value decreased by 5%, it would decrease the fair value of the unlisted equity investment by HK\$396,000.

Had the volatility increased by 5%, it would decrease the fair value of the unlisted equity investment by HK\$216,000. Had the volatility decreased by 5%, it would increase the fair value of the unlisted equity investment by HK\$191,000.

Had the risk-free rate increased by 5%, it would decrease the fair value of the unlisted equity investment by HK\$44,000. Had the risk-free rate decreased by 5%, it would increase the fair value of the unlisted equity investment by HK\$44,000.

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (continued)

(b) Fair values (continued)

The following table shows the reconciliation of Level 3 fair value measurement of the unlisted corporate bonds:

	2025 HK\$'000	2024 HK\$'000
Unlisted corporate bonds		
At 1 January	-	-
Addition	18,670	-
At 31 December	18,670	-

As at 31 December 2025, the fair value is arrived at based on a valuation carried out by Knight Frank Asset Appraisal Limited, an independent firm of professionally qualified valuer. The following table shows the quantitative information about the significant unobservable input used in the Level 3 fair value measurement.

Significant unobservable input	At 31 December 2025
Discount rate	5.11%

Had the discount rate increased by 0.5%, it would decrease the fair value of the unlisted corporate bond by HK\$51,000. Had the discount rate decreased by 0.5%, it would increase the fair value of the unlisted corporate bond by HK\$51,000.

FIVE YEARS FINANCIAL SUMMARY

The consolidated results, assets and liabilities of the Group for the last five financial years as extracted from the audited financial statements of the Group are summarised below:

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Results					
Revenue	777,252	625,830	736,501	958,651	864,214
Loss attributable to owners of the Company	(257,345)	(300,275)	(394,571)	(206,320)	(722,004)
Assets and Liabilities					
Total assets	1,145,686	1,066,311	1,253,923	1,029,703	1,200,099
Total liabilities	(967,456)	(644,301)	(746,590)	(736,684)	(689,313)
	178,230	422,010	507,333	293,019	510,786
Non-controlling interests	90,385	80,912	164,140	82,738	75,086
Equity attributable to owners of the Company	268,615	502,922	671,473	375,757	585,872