



Gameone Holdings Limited

智傲控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8282

2024

Annual Report



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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*This report, for which the directors (the "**Directors**") of Gameone Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (together, the "**Group**"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Liu Yi

Mr. Huang Jianying

Independent Non-executive Directors

Ms. Ngo Mei Kwan

Mr. Jin Baiting

Mr. Lu Yi

BOARD COMMITTEES

Audit Committee

Mr. Lu Yi (*Chairman*)

Ms. Ngo Mei Kwan

Mr. Jin Baiting

Remuneration Committee

Ms. Ngo Mei Kwan (*Chairman*)

Mr. Jin Baiting

Mr. Lu Yi

Nomination Committee

Dr. Liu Yi (*Chairman*)

Ms. Ngo Mei Kwan

Mr. Jin Baiting

Mr. Lu Yi

AUDITORS

Kenswick CPA Limited

Certified Public Accountants

Unit 603A, 6/F., Tower 1

Admiralty Centre, 18 Harcourt Road

Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKS

Hang Seng Bank

The Hongkong and Shanghai Banking

Corporation Limited

Industrial Bank Co., Ltd.

COMPANY SECRETARY

Ms. Ng Hoi Ying

AUTHORISED REPRESENTATIVES

Dr. Liu Yi

Ms. Ng Hoi Ying

COMPLIANCE OFFICER

Dr. Liu Yi

REGISTERED OFFICE

Maples Corporate Services Limited

PO Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 552 Xuehai Road, Nanyuan

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Zhejiang Province

The People's Republic of China

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 907, Tai Yau Building

181 Johnston Road

Wanchai

Hong Kong

CORPORATE INFORMATION

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

GEM STOCK CODE

8282

COMPANY WEBSITE

www.hk08282.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”) of the Company, I present the annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024.

OVERVIEW

For the financial year ended 31 December 2024, the Group recorded a net loss of approximately HK\$2.0 million as compared to a net loss of approximately HK\$32.9 million for the same period in 2023. The reduction in loss was mainly attributable to (i) the gross profit margin of the Group for the year ended 31 December 2024 was approximately 27.0%, an increase of approximately 14.1 percentage points compared with approximately 12.9% for the year ended 31 December 2023; (ii) the Group's selling expenses decreased by approximately 91.7% from approximately HK\$17.9 million for the year ended 31 December 2023 to approximately HK\$1.5 million for the year ended 31 December 2024; and (iii) the Group's administrative expenses decreased by approximately 62.3% from approximately HK\$28.4 million for the year ended 31 December 2023 to approximately HK\$10.7 million for the year ended 31 December 2024 resulting from the decrease in staff cost and legal and professional fee expenses.

FUTURE PROSPECTS

In 2022, we had established our headquarter, Zhejiang Gameone Holding Group Limited (浙江智傲控股集團有限公司) (“**Zhejiang Gameone**”), in Linping District, Hangzhou City, Zhejiang Province. This company was rated a headquarters enterprise by the Hangzhou Municipal Government in 2023 and was rated again by the Hangzhou Municipal Government in 2024. Benefiting from Hangzhou's leading position in artificial intelligence, we can develop and build large AI models in niche game sectors at a relatively low cost. This large model platform is expected to be in a trial operation in 2025, which will assist us in developing game products at a lower cost and with higher efficiency. Benefiting from Hangzhou's leading position in E-commerce, we have expanded the trading business of producing game IP related peripherals. This can further increase the Group's revenue. Our cybersecurity technology services continue to maintain partnerships with several well — known leading banks in Mainland China. We will rely on our headquarters in Hangzhou to study how to expand our market share in Mainland China.

APPRECIATION

On behalf of the Board, I would like to express my gratitude towards the support and advice of our shareholders and business partners, for their recognition of the Company's direction and strategies of development, as well as the devotion and enthusiasm of our staff in all scopes of tasks. They all helped us to drive the Company towards perfection. We, the Board and all the Company's staff will continue to dedicate ourselves to refine our services to maximize the returns for our shareholders.

Liu Yi

Chairman and Executive Director

Hong Kong, 21 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are a software service provider focusing on the market in the PRC. We provide internet security technical service and E-commerce technical service to the customers. We are also an integrated game developer, operator and publisher focusing on the market in Hong Kong and other countries and regions. We operate and publish the Group's self/co-developed and licensed games in Hong Kong and other regions primarily through the Group's game distribution platforms as well as other third-party distribution platforms. We collect payments from players either through the Group's own game platform, third-party distribution platforms such as Apple Store and Google Play, or third-party payment vendors, which include convenience stores selling prepaid game cards or vouchers. We consider such integration of upstream and downstream services in the value chain of the game industry has provided us with a better market position.

For the financial year ended 31 December 2024, the Group recorded a net loss of approximately HK\$2.0 million as compared to a net loss of approximately HK\$32.9 million for the same period in 2023. The reduction in loss was mainly attributable to (i) the gross profit margin of the Group for the year ended 31 December 2024 was approximately 27.0%, an increase of approximately 14.1 percentage points compared with approximately 12.9% for the year ended 31 December 2023; (ii) the Group's selling expenses decreased by approximately 91.7% from approximately HK\$17.9 million for the year ended 31 December 2023 to approximately HK\$1.5 million for the year ended 31 December 2024; and (iii) the Group's administrative expenses decreased by approximately 62.3% from approximately HK\$28.4 million for the year ended 31 December 2023 to approximately HK\$10.7 million for the year ended 31 December 2024 resulting from the decrease in staff cost and legal and professional fee expenses.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Group recognizes the importance of risk management practices. Thus, it endeavors its best to mitigate its exposure to operating and financial risks in an effective and efficient manner.

The principal risks, challenges and uncertainties faced by the Group include: (i) the mobile game industry is highly competitive; (ii) the game industry is subject to rapid technological changes which may render our games obsolete or unattractive to our users; (iii) we may not be able to extend licenses for our existing licensed games or introduce new licensed games, which will materially and adversely affect our revenue; (iv) we rely on key personnel and our business may be severely disrupted if we lose the services of our key executives and employees; (v) the strong competition in PRC e-commerce market which leads to low gross profit; and (vi) the development of cyberattacks will require us to keep upgrading our software and technical skills.

The financial risk management objectives and policies of the Group can be found in note 34 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 65.7% from approximately HK\$108.8 million for the year ended 31 December 2023 to approximately HK\$37.3 million for the year ended 31 December 2024. This was mainly attributable to the decline in revenue generated from software services in the PRC and game operation and publishing in Hong Kong.

The following table sets out a breakdown of our revenue by its type in absolute amounts and as percentage of our revenue for the periods indicated:

	For the year ended 31 December			
	2024		2023	
	HK\$'000	%	HK\$'000	%
Income from game operation and publishing	8,837	23.7	40,500	37.3
Royalty income	–	–	805	0.7
License fee income	–	–	137	0.1
Software service income	28,461	76.3	67,374	61.9
Total	37,298	100.0	108,816	100.0

During the year ended 31 December 2024, in view of the keen competition of the games business and also the expiry and termination of certain licence rights and self/co-developed games and thus, the Group's revenue from the game business was decreased from approximately of HK\$41.4 million for the year ended 31 December 2023 to approximately of HK\$8.8 million for the year ended 31 December 2024, i.e. a decrease of approximately HK\$32.6 million, representing a decrease of approximately 78.7%.

The economic downturn in Mainland China market and the weakening consumer confidence and users' willingness to pay as a result of the challenging economic conditions added pressure to the Company's operating environment and thus the number of software service framework agreements entered into with customers were significantly decreased during the year ended 31 December 2024. The Group's revenue from the software service income was decreased from approximately of HK\$67.4 million for the year ended 31 December 2023 to approximately of HK\$28.5 million for the year ended 31 December 2024, i.e. a decrease of approximately HK\$38.9 million, representing a decrease of approximately 57.7%.

Cost of services rendered

The cost of services provided by the Group decreased by approximately 71.3% from approximately HK\$94.7 million for the year ended 31 December 2023 to approximately HK\$27.2 million for the year ended 31 December 2024, mainly due to the combined effects of the following: (i) a reduction of approximately HK\$37.5 million in costs related to software services in the PRC; and (ii) a decrease of approximately HK\$8.2 million in channel fees.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 28.4% from approximately HK\$14.1 million for the year ended 31 December 2023 to approximately HK\$10.1 million for the year ended 31 December 2024, mainly due to the decline in the game operation revenue of the Group's licensed mobile games.

The Group's gross profit margin for the year ended 31 December 2024 was approximately 27.0%, an increase of approximately 14.1 percentage points compared with approximately 12.9% for the year ended 31 December 2023. This was mainly attributable to the increase in the gross profit margin of the software service business from approximately 15.8% for the year ended 31 December 2023 to approximately 32.6% for the year ended 31 December 2024.

Other losses, net

The Group's other losses decreased by approximately 99.3% from approximately HK\$5.6 million for the year ended 31 December 2023 to approximately HK\$0.04 million for the year ended 31 December 2024. The amount mainly represents impairment loss recognised on/written off of intangible assets during the year ended 31 December 2023 mainly due to the performance of the Group's game operation from licensed mobile games had not matched the anticipation of the management and some of the licensed mobile games were terminated and could not be launched in 2023. No such impairment loss has been recognised during the current year.

Selling expenses

The Group's selling expenses decreased by approximately 91.7% from approximately HK\$17.9 million for the year ended 31 December 2023 to approximately HK\$1.5 million for the year ended 31 December 2024, mainly due to the reduction in the Group's advertising expenses.

Administrative expenses

The Group's administrative expenses decreased by approximately 62.3% from approximately HK\$28.4 million for the year ended 31 December 2023 to approximately HK\$10.7 million for the year ended 31 December 2024. This was mainly attributable to the reduction in staff cost and legal and professional fee expenses.

Loss for the year

The Group recorded a loss for the year ended 31 December 2024 of approximately HK\$2.0 million as compared with a loss of approximately HK\$32.9 million for the year ended 31 December 2023, primarily attributable to (i) the Group's gross profit margin for the year ended 31 December 2024 was approximately 27.0%, an increase of approximately 14.1 percentage points compared with approximately 12.9% for the year ended 31 December, 2023; (ii) the Group's selling expenses decreased by approximately 91.7% from approximately HK\$17.9 million for the year ended 31 December 2023 to approximately HK\$1.5 million for the year ended 31 December 2024; and (iii) the Group's administrative expenses decreased by approximately 62.3% from approximately HK\$28.4 million for the year ended 31 December 2023 to approximately HK\$10.7 million for the year ended 31 December 2024 resulting from the decrease in staff cost and legal and professional fee expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on 13 January 2016 (the "**Listing Date**"). The share capital of the Group only comprises of ordinary shares.

On 18 December 2023, every ten issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company were consolidated into one ordinary share of HK\$0.1 each in the share capital of the Company (the "**Share Consolidation**"). Immediately following the Share Consolidation, the authorized share capital of the Company became HK\$10,000,000 divided into 100,000,000 shares of HK\$0.1 each, of which 24,000,000 consolidated Shares were in issue. For details, please refer to the announcements of the Company dated 21 November 2023 and 14 December 2023 and the circular of the Company dated 30 November 2023. As at 31 December 2023, the Company's issued share capital was HK\$2.4 million and the number of its issued ordinary shares was 24,000,000 of HK\$0.1 each.

On 24 January 2024, the number of issued share capital of the Company increased to 36,000,000 shares of the Company as a result of the completion of the rights issue (the "**2024 Rights Issue**"). For details of the 2024 Rights Issue, please refer to the prospectus of the Company dated 2 January 2024 (the "**Rights Issue Prospectus**").

On 26 November 2024, the number of issued share capital of the Company increased to 38,000,000 shares of the Company as a result of the completion of placing of new shares under general mandate (the "**Placing**"). For details of the Placing, please refer to the announcement of the Company dated 6 November 2024 (the "**Placing Announcement**").

As of 31 December, 2024, the issued share capital of the Company was HK\$3.8 million, and the number of its issued ordinary shares was 38,000,000, with a par value of HK\$0.1 per share.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. During the year ended 31 December 2024, we did not have any bank borrowings. As at 31 December 2024, we had cash and cash equivalents of approximately HK\$5.9 million (31 December 2023: approximately HK\$4.7 million), which were cash at banks and on hand. No banking facility has been arranged by our Group during the year ended 31 December 2024.

On 24 January 2024, the Company completed the 2024 Rights Issue and obtained net proceeds of approximately HK\$12.2 million.

On 26 November 2024, the Company completed the Placing and obtained net proceeds of approximately HK\$1.0 million.

For details, please refer to the section "Use of Net Proceeds" below.

Our primary uses of cash have been and are expected to continue to be operating costs and capital expenditure.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS

On 21 November 2023, the Company announced that it proposed to raise approximately HK\$13.2 million, before expenses of approximately HK\$1.0 million, by issuing 12,000,000 rights shares (the “**Rights Share(s)**”), which after fully-paid would rank pari passu with the ordinary Shares, by way of Rights Issue at the subscription price of HK\$1.10 per Rights Share, on the basis of one Rights Share for every two existing Shares held on the record date by the shareholders of the Company (the “**Shareholders**”). Completion of the 2024 Rights Issue took place on 24 January 2024, where an aggregate of 12,000,000 Rights Shares, representing approximately 33.3% of the issued share capital of the Company (as enlarged by the allotment and issue of the Rights Shares), were issued. Upon completion of the 2024 Rights Issue, the number of issued share capital of the Company increased to 36,000,000 Shares. The aggregate nominal amount of the Rights Shares was HK\$1,200,000. The subscription price of the Right Share represents a premium of approximately 6.8% to the then theoretical closing price of HK\$1.03 per share as quoted on the Stock Exchange on the date of announcement of the 2024 Rights Issue on 21 November 2023. The net subscription price was approximately HK\$1.02 per Rights Share. The reasons for the 2024 Rights Issue were to raise funds for (i) the development and operation for the cybersecurity business; (ii) general working capital; and (iii) expansion of manpower to support the business development of the Group.

As disclosed in the Rights Issue Prospectus, the gross proceeds from the 2024 Rights Issue were approximately HK\$13.2 million, and the net proceeds after deducting the related expenses and underwriting commission were approximately HK\$12.2 million.

From the completion of the 2024 Rights Issue to the date of 31 December 2024, the net proceeds from the 2024 Rights Issue of the Company had been applied as follows:

	Planned use of proceeds as stated in the Rights Issue Prospectus HK\$'million	Actual use of proceeds up to the date of 31 December 2024 HK\$'million
(1) Development and operation for the cybersecurity business including but limited to leasing of computer hardware (such as server) and computing power	6.1	6.1
(2) General working capital of the Group		
(a) Settlement of legal and professional fees	2.0	2.0
(b) Miscellaneous expenses	1.3	1.3
(c) Independent non-executive Directors' remuneration	0.4	0.4
(3) Expansion of manpower to support the business development of the Group	2.4	2.4
	<hr/> 12.2	<hr/> 12.2

MANAGEMENT DISCUSSION AND ANALYSIS

Up to 31 December 2024, the net proceeds from the 2024 Rights Issue have been applied in the manner set out in the disclosure in the Rights Issue Prospectus.

On 6 November 2024, the Company announced its proposal to raise approximately HK\$1.1 million (before deducting expenses of approximately HK\$0.1 million) through a placing by issuing 2,000,000 placing shares (which, when fully paid, shall rank pari passu with the ordinary shares) to no less than six Placees at a price of HK\$0.55 per placing share (the “**Placing Share(s)**”). The net price per Placing Share was approximately HK\$0.51. The Placing was completed on 26 November 2024. A total of 2,000,000 Placing Shares were issued, accounting for approximately 5.3% of the Company’s issued share capital (as enlarged by the allotment and issue of the Placing Shares). After the completion of the Placing, the number of the Company’s issued share capital increased to 38,000,000 Shares. The total par value of the Placing Shares was HK\$200,000. The subscription price of the Placing Shares represented a discount of approximately 12.14% to the average closing price of HK\$0.626 per Share as reported on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the placing agreement. The reason for the Placing was to raise funds for general working capital.

As disclosed in the Placing Announcement, the total proceeds from the Placing were approximately HK\$1.1 million, and the net proceeds (after deducting relevant expenses) were approximately HK\$1.0 million.

From the completion of the Placing to 31 December 2024, the net proceeds from the Placing of the Company had been applied as follows:

	Planned use of proceeds as stated in the Placing Announcement HK\$'million	Actual use of proceeds up to 31 December 2024 HK\$'million
(1) General working capital of the Group	1.0	1.0
	1.0	1.0

Up to 31 December 2024, the net proceeds from the Placing have been utilized in the manner disclosed in the Placing Announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition and disposal of subsidiaries, associates and joint ventures by the Company during the year ended 31 December 2024.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the year ended 31 December 2024, there was no significant investment held by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have any concrete plan for material investments or capital assets as at 31 December 2024.

FOREIGN EXCHANGE EXPOSURE

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our exposures to currency risk arise mainly from its overseas income or payment on royalty and license fee, which are primarily denominated in United States dollar, Japanese Yen or Renminbi. These are not the functional currencies of our principal subsidiaries to which these transactions related. We currently do not have a foreign currency hedging policy. However, we monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

BORROWING AND GEARING RATIO

During the year ended 31 December 2024, we did not have any short-term or long-term bank borrowings.

As at 31 December 2024, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was approximately 16.7% (31 December 2023: approximately 53.5%).

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. We monitor our trade receivables on an ongoing basis and only trade with creditworthy parties. We consider the credit risk on liquid funds as low because the counterparties are major banks with high credit ratings. We are subject to concentration of credit risk since majority of our trade receivables are due from a limited number of trade debtors which were primarily the third-party game distribution platforms and payment channels. To manage liquidity risk, we closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement.

CHARGE ON GROUP ASSETS

As at 31 December 2024, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (31 December 2023: Nil).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

Our contract commitments mainly involve acquisition of intangible assets. As at 31 December 2024, the Group had no capital commitments for acquisition of intangible assets (31 December 2023: Nil).

On 28 December 2021, the Group established a wholly owned subsidiary, Zhejiang Gameone in the PRC with registered capital of RMB50,000,000 (equivalent to approximately HK\$61,350,000) and the capital contribution shall be made to Zhejiang Gameone on or before 27 December 2070 in accordance with the memorandum of association of Zhejiang Gameone. As at 31 December 2024, the Group has injected RMB7,056,000 (equivalent to HK\$7,967,000) (31 December 2023: RMB4,295,400 (equivalent to approximately HK\$5,000,000)) capital fund to Zhejiang Gameone.

On 23 October 2024, the Group established a subsidiary, AI Travel (Hangzhou) Digital Culture Technology Co. Limited* (智遊行(杭州)數字文化科技有限公司) (“**AI Travel**”) in the PRC with registered capital of RMB2,000,000 (equivalent to approximately HK\$2,181,400) and the capital contribution shall be made to AI Travel on or before 23 October 2029 in accordance with the memorandum and association of AI Travel. As at 31 December 2024, the Group has contributed RMB500,000 (equivalent to HK\$545,350) capital fund to AI Travel.

INFORMATION ON EMPLOYEES

As at 31 December 2024, the Group had 27 employees (31 December 2023: 27) working in Mainland China and Hong Kong. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and share option may be granted to eligible staff by reference to the Group’s performance as well as individual’s performance. The total staff cost (including remuneration, allowances and mandatory provident funds contributions of the Directors) for the year ended 31 December 2024 amounted to approximately HK\$1.0 million (31 December 2023: approximately HK\$24.3 million). The dedication and hard work of the Group’s staff during the year ended 31 December 2024 are generally appreciated and recognized.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE OPTION SCHEME

The following is a summary of the principal terms of the share option scheme (the “**Share Option Scheme**”) conditionally approved and adopted by written resolutions of the then Shareholders on 23 December 2015.

(a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of the Group’s businesses; to provide additional incentives to the employees (whether full-time or part-time employee) and the person who is an officer of any members of the Group or any affiliates, the person who is seconded to work for any member of the Group or any affiliates, the consultant, agent, representative, adviser, customer, contractor of the Group or any affiliates and other selected participants; and to promote the long term financial success of the Group by aligning the interests of option holders to Shareholders.

(b) The participants of the Share Option Scheme

On and subject to the terms of the Share Option Scheme and the requirements of the GEM Listing Rules, the Board may offer to grant an option to the employees (whether full-time or part-time employee) and the person who is an officer of any members of the Group or any affiliates, the person who is seconded to work for any member of the Group or any affiliates, the consultant, agent, representative, adviser, customer, contractor of the Group or any affiliates and other selected participants.

(c) Maximum number of shares available for issue

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded (the “**Overriding Limit**”).

In addition to the Overriding Limit and prior to the approval of a Refreshed Mandate Limit below, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue on the Listing Date. Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

The Company may by ordinary resolutions of the Shareholders refresh the mandate limit provided the Company shall issue a circular containing such information as required by the GEM Listing Rules to Shareholders before such approval is sought. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed (the “**Refreshed Mandate Limit**”) must not exceed 10% of the Shares in issue as at the date of approval of the Refreshed Mandate Limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with any of the schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

At the beginning and the end of the year ended 31 December 2024 and as at the date of this annual report, the Company had 1,600,000 shares available for issue under the Share Option Scheme, representing approximately 4.21% of the issued share capital of the Company as at the date of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

(d) Maximum entitlement of each participants

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each Qualifying Grantee must not exceed 1% of the Shares in issue. Where any further grant of options to a Qualifying Grantee would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by Shareholders in general meeting with the relevant Qualifying Grantee and his close associates (or his associates if the participant is a connected person) abstaining from voting. Prior to seeking such approval, the Company shall issue a circular containing such information as required by the GEM Listing Rules to Shareholders.

(e) Acceptance and payment on acceptance of option offer

An offer shall remain open for acceptance by the Qualifying Grantee concerned for a period of 28 days from the date of the offer (or such period as the Board may specify in writing).

HK\$1 is payable by the grantee to the Company on acceptance of the option offer.

(f) Option period

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall be not greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Share Option Scheme, a period of 10 years from the date of the granting of the option). The Share Option Scheme is valid and effective for a period of ten years from 13 January 2016, after which no further options will be granted or offered. The remaining life of the Share Option Scheme is approximately one year.

(g) Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the granting of the option; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the granting of the option; and (iii) the nominal value of a Share.

For more details of the principal terms of the Share Option Scheme, please refer to the section headed "Share Option Scheme" in Appendix IV to the prospectus of the Company dated 31 December 2015 in relation to the placing of Shares.

For the year ended 31 December 2024, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Share Option Scheme.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors of the Company and the senior management of the Group are set out as follows:

EXECUTIVE DIRECTORS

Dr. Liu Yi ("Dr. Liu"), aged 41, was appointed as our executive Director on 16 December 2021, and appointed as the chairman of our Board (the "**Chairman**") and the chief executive officer on 7 January 2022. Dr. Liu is primarily responsible for our Group's overall strategic planning and overseeing the general management of our Group. Dr. Liu is also directors of certain subsidiaries of our Group.

Dr. Liu obtained his master degree in advanced computer science from the University of Cambridge in 2012 and his doctor degree in FinTech from The Hong Kong Polytechnic University in 2025. From 2018 to 2023, Dr. Liu had been the executive director, general manager and chief science officer of Hangzhou Zifu Interactive Network Technology Co., Ltd., a company principally engaged in the business of research and development of information technology and information integration system ("**Hangzhou Zifu**"). Moreover, Mr. Liu is the executive director and general manager of Yawang Zhiye (Hangzhou) Co., Ltd.* (亞網置業(杭州)有限公司), a private company engaged in property management and development of commercial and office buildings in Hangzhou, the PRC. Mr. Liu has been a non-independent director of Anhui Wantong Technology Co., Ltd.* (安徽皖通科技股份有限公司), a company listed on the Shenzhen Stock Exchange with a stock code of 002331.SZ from February 2021 to November 2022. In August 2020, Dr. Liu was accredited as a Class B High-Level Talent under the Measure of Yuhang District of Hangzhou on the Classification and identification of High-Level Talents* (杭州市余杭區高層次人才分類認定辦法). In December 2023, Dr. Liu was accredited as a Class D High-Level Talent under the Measure of Hangzhou on the Classification and identification of High-Level Talents* (杭州市高層次人才分類認定辦法). Currently, Dr. Liu serves as a standing member of the Chinese People's Political Consultative Conference of Hangzhou Linping District, vice chairman of Hangzhou Linping District Federation of Overseas Chinese* (杭州市臨平區歸國華僑聯合會) and vice chairman of Hangzhou Linping District Western Returned Scholars Association* (杭州市臨平區歐美同學會).

Mr. Huang Jianying ("Mr. Huang"), aged 56, was appointed as our executive Director on 16 December 2021. Mr. Huang is primarily responsible for overseeing the general management of our Group. Mr. Huang is also directors of certain subsidiaries of our Group. Mr. Huang obtained his master degree in business administration from Zhejiang University (浙江大學) in June 2006. He has extensive experience in the management and garment industry. Since 2002, Mr. Huang is the chairman and general manager of a private garment company in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ngo Mei Kwan ("Ms. Ngo"), aged 46, was appointed as our independent non-executive Director on 7 January 2022. She is responsible for supervising and providing independent judgment to our Board. Ms. Ngo obtained a diploma in accounting management from Douglas College in June 2008. Ms. Ngo worked in Qianhai Health Holdings Limited (stock code: 911) as a project manager since September 2016 and was promoted as a director responsible for human resources and administration in September 2019.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Jin Baiting ("Mr. Jin") (formerly named: Jin Jing (金京)), aged 42, was appointed as our independent non-executive Director on 7 January 2022. He is responsible for supervising and providing independent judgment to our Board. Mr. Jin obtained a master degree in laws from Zhejiang University in December 2018 and a bachelor degree in laws from Hangzhou Normal College (now known as Hangzhou Normal University) in July 2006. Mr. Jin has been a senior partner of Beijing Deheng (Hangzhou) Law Firm* (北京德恒(杭州)律師事務所) since December 2019. He worked in Zhejiang Nanfang Chunchen Law Firm as a solicitor from April 2013 to November 2019. Mr. Jin obtained his legal license of the People's Republic of China in June 2010. In November 2023, Mr. Jin was accredited as a senior talent of high-end service industry in Shangcheng District, Hangzhou. He is currently the deputy director of the Eighth Criminal Liability Risk Prevention (Non-litigation) Professional Committee of the Hangzhou Lawyers Association* (杭州市律師協會第八屆刑事責任風險防範(非訴訟)專業委員會); a specially invited supervisor of administrative law enforcement* (特邀行政執法監督員) in Hangzhou, a member of the Administrative Reconsideration Committee* (行政復議委員會) of Xiaoshan District in Hangzhou, and the fifth-term legal consultant of Hangzhou Municipal Public Security Bureau. Mr. Jin has served as a director of Materials Industry International Trade Limited since January 2025.

Mr. Lu Yi ("Mr. Lu"), aged 50, was appointed as our independent non-executive Director on 7 January 2022. He is responsible for supervising and providing independent judgment to our Board. Mr. Lu obtained a bachelor degree in economics from Fudan University in July 1997. He has been the managing director of the corporate finance department of Sinolink Securities (HK) Company Limited ("**Sinolink**") since May 2017. He has been a responsible officer of Sinolink for Type 6 regulated activities (advising on corporate finance) under the SFO since May 2017. He worked in China Everbright Capital Limited with his last position held as an executive director of the corporate finance department from January 2008 to April 2017. He worked in BM Intelligence Consulting Limited as a senior manager from October 2001 to December 2007. He worked in Deloitte Touche Tohmatsu CPA Ltd. with his last position held as a senior auditor from September 1997 to September 2001. Mr. Lu is currently a member of CPA Australia since March 2021.

SENIOR MANAGEMENT

Ms. Ng Hoi Ying ("Ms. Ng"), aged 38, was appointed as the company secretary and authorized representative of our group on 23 March 2019. Ms. Ng obtained a Bachelor of Business Administration (Honours) in Accountancy from The Hong Kong Polytechnic University. She has been a member of the Hong Kong Institute of Certified Public Accountants. Ms. Ng has over 10 years of experience in auditing, accounting and financial reporting. She worked as senior auditor of Deloitte Touche Tohmatsu from September 2008 to November 2011. From November 2011 to October 2014, Ms. Ng worked as a senior accountant in Asia Maritime Pacific (Hong Kong) Limited, a privately-owned shipping company. From October 2014 to October 2018, Ms. Ng worked as finance manager of Ngai Shun Construction & Drilling Company Limited, a subsidiary of Boill Healthcare Holdings Limited (formerly known as Ngai Shun Holdings Limited) (stock code: 1246), a company listed on the Main Board of the Stock Exchange. She is currently a company secretarial manager at Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services. Ms. Ng is currently the company secretary of seven companies listed on the Stock Exchange.

* For identification purpose only

CORPORATE GOVERNANCE REPORT

INTRODUCTION

We are committed to achieving and maintaining high standards of corporate governance, as our Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix C1 to the GEM Listing Rules. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code during the year ended 31 December 2024 and up to the date of this report except for the deviation mentioned in the section of “Chairman and Chief Executive”.

In December 2021, the Stock Exchange published the conclusions to its consultation on Review of Corporate Governance Code, Appendix C1 of the GEM Listing Rules and the associated GEM Listing Rules. Most of the amendments are applicable for financial year commencing on or after 1 January 2022. A good part of the new requirements under the amended Code have long been adopted by the Group as our corporate governance practices over the years. These are highlighted in the following table:

New requirements	Group’s practices
Align the company’s culture with its purpose, values and strategy (Code Provision A.1.1)	<p>A healthy corporate culture across the Group is vital for the Group to achieve its vision and mission towards sustainable growth. It is the Board’s role to foster a corporate culture with three core principles to guide the behaviours of its employees, and ensure that the Company’s vision, values and business strategies are aligned to it.</p> <p>For details, please refer to “Cultures and Values” section of this Corporate Governance Report.</p>
Establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations (Code Provision D.2.7)	<p>The Group’s Anti-bribery and Anti-corruption Policy was adopted since 2019. The policy covers activities such as corruption, code of conduct, guidance on gifts, entertainment and gratuities, the Group’s expectations and requirements of business ethics, as well as investigation and reporting mechanism of suspected corruption practices.</p> <p>Any convicted cases will be reported to the Board and the Audit Committee.</p> <p>For details, please refer to “Risk Management and Internal Control — Anti-bribery and Anti-corruption Policy” section of this Corporate Governance Report.</p>

CORPORATE GOVERNANCE REPORT

New requirements	Group's practices
Establish whistleblowing policy and system (Code Provision D.2.6)	<p>The Group's has adopted the Whistleblowing Policy since 2019.</p> <p>Any convicted cases will be reported to the Board and the Audit Committee.</p> <p>For details, please refer to "Risk Management and Internal Control — Whistleblowing Policy" section of this Corporate Governance Report.</p>
Communications with shareholders and annual review (Paragraph L of the Mandatory Disclosure Requirement)	<p>The Shareholders' Communication Policy was adopted since 2019. It sets out the Group's commitment of maintaining an effective ongoing dialogue with shareholders. The Shareholders' Communication Policy is reviewed by the Board on a regular basis. The Board is committed to assessing the independence of the independent non-executive Directors annually and ensuring that independent views and input are made available to the Board.</p> <p>For details, please refer to "Communication with Shareholders and Investor Relations" section of this Corporate Governance Report.</p>
Equity-based remuneration (e.g. share options or grants) with performance related elements should not be granted to independent non-executive directors (Recommended Best Practice E.1.9)	<p>We have a benchmarked approach in determining our non-executive Directors' fees, which does not involve equity-based remuneration with performance-related elements.</p> <p>The level of fees payable to non-executive Directors (including independent non-executive Directors) is also subject to shareholders' approval.</p>
Annually review the board diversity policy; and disclose the mechanism(s) to ensure independent views and input are available to the board, and annual review of the implementation and effectiveness of such mechanism(s) (Code Provisions B.1.3 and B.1.4)	<p>The Group's Board Diversity Policy was adopted since 2019 and is subject to annual review by the Nomination Committee.</p> <p>The Board Diversity Policy formally recognises the practice of ensuring that independent views and input are made available to the Board; details of which are explained in the section "Independent non-executive Directors" of this Corporate Governance Report.</p>

CORPORATE GOVERNANCE REPORT

New requirements

Gender diversity targets at board level and across workforce Board level — to set and disclose numerical targets and timelines for achieving gender diversity. Workforce level — to disclose and explain the gender ratio (including senior management), any plans or measurable objectives the company has set for achieving gender diversity (Paragraph J of the Mandatory Disclosure Requirement)

Nomination Committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors (GEM Listing Rule 5.36A)

Elaborate the linkage between corporate governance and Environmental, Social and Governance (the “ESG”) (Introductory paragraph in the Corporate Governance Code, Principle D.2, Code Provisions D.2.2 and D.2.3)

Publish ESG reports at the same time as publication of annual report (GEM Listing Rule 17.103(5)(d) and paragraph 4(2)(d) of the ESG Reporting Guide)

Group’s practices

Current female representation at Board level is approximately 20.0%. Gender diversity at Board and workforce levels (including our senior management) is disclosed in this annual report and in “Employment Profile” section of the ESG Report.

The Board is satisfied that the Company has achieved gender diversity in its workforce. Also, the Board is not aware of any factors or circumstances which make achieving gender diversity across the workforce (including senior management) of the Group more challenging or less relevant.

The Nomination Committee, which comprises a majority of independent non-executive Directors, has been chaired by an independent non-executive Director since the Listing.

For details, please refer to “Board Committee — Nomination Committee” section of this Corporate Governance Report.

The linkage is shown in “Sustainability Governance” section of the ESG Report.

The ESG Report was published at the same time as the annual report for the year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

1. Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

2. Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.68 of the GEM Listing Rules (the "**Required Standard Dealings**"). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings throughout the year under review. Further the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors throughout the year under review.

BOARD OF DIRECTORS

The Board supervises the management of the business and affairs of the Company and ensures that it is managed in the best interests of the shareholders as a whole while taking into account the interest of other stakeholders. The Board is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance of the Group, approving the financial statements and annual budgets as well as directing and supervising the management of the Company. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear directions. The Board is regularly provided with management update report to give a balanced and understandable assessment of the performance, position, recent development and prospect of the Group in sufficient details.

The Board is also responsible for the corporate governance functions under code provision A.2.1 of the Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

CORPORATE GOVERNANCE REPORT

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements which give a true and fair view in accordance with HKFRS Accounting Standards issued by Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The Directors have selected appropriate accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable. As at 31 December 2024, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern. The Directors' responsibilities in the preparation of the consolidated financial statements and the auditors' responsibilities are set out in the Independent Auditor's Report from pages 45 to 49 of this annual report.

Composition

The composition of the Board as at this report is set out as follows:

Executive Directors

Dr. Liu Yi (*Chairman and Chief Executive Officer*)

Mr. Huang Jianying

Independent non-executive Directors

Ms. Ngo Mei Kwan

Mr. Jin Baiting

Mr. Lu Yi

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 16 to 17 of this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensuring that the interests of all shareholders of the Company are considered. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his/her independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the independent non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the other Director.

With the various experience of the executive Directors and the independent non-executive Directors and given the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

The implementation and effectiveness of the above mechanism shall be reviewed by the Board on an annual basis.

As at 31 December 2024, no independent non-executive Director had served more than nine years on the Board.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company and the Company has issued letters of appointment to the independent non-executive Directors. The service contracts with Dr. Liu Yi and Mr. Huang Jianying, being the executive Directors, are for an initial term of three years commencing from 16 December 2024. The letters of appointment with Ms. Ngo Mei Kwan, Mr. Jin Baiting and Mr. Lu Yi, being our independent non-executive Directors, are for an initial term of three years commencing from 7 January 2025. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our memorandum and articles of association and the applicable GEM Listing Rules.

According to our memorandum and articles of association, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting, at least once every three years, and Directors who are appointed to fill casual vacancies shall hold office only until first general meeting after their appointment and be subject to re-election at such annual general meeting.

CORPORATE GOVERNANCE REPORT

Each of Dr. Liu Yi and Mr. Jin Baiting will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 6 May 2025 (the “AGM”) pursuant to article 16.18 of our memorandum and articles of association. Dr. Liu Yi and Mr. Jin Baiting, being eligible, will offer themselves for re-election at the AGM.

At the AGM, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Dr. Liu Yi as an executive Director and Mr. Jin Baiting as an independent non-executive Director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the Code as set out in Appendix C1 of the GEM Listing Rules stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As Dr. Liu Yi was the Chairman and the Chief Executive Officer, the Company has deviated from this Code. However, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in Dr. Liu Yi have the benefit of ensuring consistent and continuous planning and execution of the Company’s strategies. The Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and more promptly response to the fast changing business environment and a more efficient management and implementation of business process. The Board also considers that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group’s business strategies and is beneficial to the Group.

DIRECTORS’ TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance. During the year ended 31 December 2024, the Company has provided and all Directors have attended at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

The individual training record of each Director received during the year ended 31 December 2024 is as follows:

Name of Directors	Attending seminars and trainings/reading materials relevant to director’s duties
Dr. Liu Yi	v
Mr. Huang Jianying	v
Ms. Ngo Mei Kwan	v
Mr. Jin Baiting	v
Mr. Lu Yi	v

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEE

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hk08282.com. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provisions in the Code and disclosures in this annual report.

Remuneration Committee

The Remuneration Committee was established on 23 December 2015. The chairman of the Remuneration Committee is Ms. Ngo Mei Kwan, our independent non-executive Director, and other members include Mr. Jin Baiting and Mr. Lu Yi, our independent non-executive Directors. The written terms of reference of the Remuneration Committee have been revised on 30 December 2022 and are posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policy and structure for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee also review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules.

The Remuneration Committee held one meeting to review the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the year ended 31 December 2024. No Director or any of his or her associates is involved in deciding his or her own remuneration.

Nomination Committee

The Nomination Committee was established on 23 December 2015. The chairman of the Nomination Committee is Dr. Liu Yi, our chairman and executive Director, and other members include Ms. Ngo Mei Kwan, Mr. Jin Baiting and Mr. Lu Yi, our independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

CORPORATE GOVERNANCE REPORT

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and to make recommendations to the Board on the appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates based on merit against objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, the Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

During the year ended 31 December 2024, the Nomination Committee held one meeting to review and recommend the re-election of the Directors.

Audit Committee

The Audit Committee was established on 23 December 2015. The chairman of the Audit Committee is Mr. Lu Yi, our independent non-executive Director, other members include Ms. Ngo Mei Kwan and Mr. Jin Baiting, our independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules that at least one of the members of the Audit Committee (which must comprise a minimum of three members, the majority of the members of the Audit Committee must be independent non-executive Directors and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

The Group's consolidated financial statements for the year ended 31 December 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2024 comply with applicable accounting standards, GEM Listing Rules and the Hong Kong Companies Ordinance and adequate disclosures have been made.

During the year ended 31 December 2024, the Audit Committee held four meetings to review and comment in the Company's 2023 annual results and 2024 interim results as well as the Company's material control procedures and risk management system.

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORDS OF MEETINGS

Our Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of our Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved. During the year ended 31 December 2024, the Chairman held a meeting with the independent non-executive Directors without the presence of other executive Director.

Subsequent to the year ended 31 December 2024, the forthcoming annual general meeting will be held on 6 May 2025.

Here below are details of all Directors' attendance at the Board meeting, Board committees' meeting and general meetings held during the year ended 31 December 2024:

					2024
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Number of Meetings Attended/Held					
Executive Directors					
Dr. Liu Yi	6/6			1/1	1/1
Mr. Huang Jianying	5/6				1/1
Independent non- executive Directors					
Ms. Ngo Mei Kwan	6/6	4/4	1/1	1/1	1/1
Mr. Jin Baiting	6/6	4/4	1/1	1/1	1/1
Mr. Lu Yi	6/6	4/4	1/1	1/1	0/1

Code provision C.5.3 of the Code stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and Board committees' meetings, reasonable notices are generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or Board Committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All Directors are provided with details of agenda items for decision making with reasonable notice and are welcomed to include matters in the agenda of each Board meeting. Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that the procedures are complied with and advising the Board on compliance matters.

Minutes of Board meetings and meetings of Board committees are kept by the Company Secretary and are open for inspection as requested by Directors. During the year ended 31 December 2024, the Board was given sufficient time to review and approve the minutes of Board meetings and meetings of Board committees. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as the Directors of the Company, at the expense of the Company.

CORPORATE GOVERNANCE REPORT

If potential conflict of interest involving a substantial shareholder or a director arises which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting. The Directors attend meetings in persons or through other means of electronic communication in accordance with the memorandum and articles of association of the Company.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the executive Directors and senior management.

All Directors assume the responsibilities owed to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates shareholders of the Company on the operations and financial position of the Group through half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

COMPANY SECRETARY

The Company Secretary is responsible for ensuring that procedures are followed and facilitating communications among Directors as well as with shareholders and management of the Company.

The Company engages an external service provider, which assigned Ms. Ng as the Company Secretary. Ms. Ng possesses the necessary qualification and experience, and is capable of performing the functions of the company secretary. Dr. Liu Yi, an executive Director of the Company is the primary contact person who Ms. Ng contacts.

For the year ended 31 December 2024, Ms. Ng undertook no less than 15 hours of relevant professional training to update her skill and knowledge.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the "**Board Diversity Policy**") on 28 December 2018. The Company embraced the benefits of having a diverse Board, as such, the Board Diversity Policy aimed to set out the approach to maintain diversity of the Board.

A summary of the Board Diversity Policy, together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

CORPORATE GOVERNANCE REPORT

SUMMARY OF THE BOARD DIVERSITY POLICY

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 determining the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, culture, ethnicity, educational background, professional experience, skills, knowledge and individuality. 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.

Measurable objectives

Selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, culture, ethnicity, educational background, professional experience, skills, knowledge and individuality. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Monitoring and reporting

The Nomination Committee will report annually, in the , on the Board's composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy including but is not limited to the progress towards meeting the measurable objectives of this Board Diversity Policy. The Board has reviewed the implementation and effectiveness of the Board Diversity Policy and considered that the Board Diversity Policy has been consistently implemented during the year and is effective.

NOMINATION POLICY

The Board adopted a nomination policy (the "**Nomination Policy**") on 28 December 2018. A summary of the Nomination Policy, together with the measurable objectives set for implementing the Nomination Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Nomination Policy

The Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the directors of the Company. This also ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

Measurable objectives

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the "**Criteria**"):

- (a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;
- (c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

CORPORATE GOVERNANCE REPORT

- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and
- (f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

Monitoring and reporting

The Nomination Committee will assess and report annually, in the , on the composition of the Board, and launch a formal process to monitor the implementation of this Nomination Policy as appropriate.

Review of Nomination Policy

The Nomination Committee will launch a formal process to review this Nomination Policy periodically to ensure that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

Disclosure of this Policy

A summary of this Nomination Policy including the nomination procedures and the process and Criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year will be disclosed in the annual .

In the circular to shareholders of the Company for proposing a candidate as an independent non-executive director, it should also set out:

- the process used for identifying the candidate and why the Board believes the candidate should be elected and the reason why it considers the candidate to be independent;
- if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, the reason the board believes the candidate would still be able to devote sufficient time to the Board;
- the perspectives, skills and experience that the candidate can bring to the Board; and
- how the candidate can contribute to the diversity of the Board.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Board adopted a dividend policy (the “**Dividend Policy**”) on 28 December 2018. According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall also take into account, inter alia:

- the Group actual and expected financial performance;
- shareholders’ interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group’s debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group’s creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group’s lenders;
- the Group’s expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group’s business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

Such declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the memorandum and articles of association of the Company. Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the directors to be justified by the profits of the Company available for distribution.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and this Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

CORPORATE GOVERNANCE REPORT

INDEPENDENT AUDITORS' REMUNERATION

Kenswick CPA Limited is appointed as the external auditors of the Company. During the year ended 31 December 2024, the fee paid/payable to Kenswick CPA Limited in respect of its services relating to the audit of the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024 was approximately HK\$550,000 (2023: HK\$630,000) and non audit services were approximately HK\$105,500 (2023: HK\$105,500).

SHAREHOLDERS' RIGHT

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to article 12.3 of the memorandum and articles of association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such memorandum and articles of association for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has internal audit function.

During the year ended 31 December 2024, the Board, through the Audit Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board. Such review during the year ended 31 December 2024 did not reveal any major issues and the Board considered the internal control and risk management systems as effective and adequate.

CORPORATE GOVERNANCE REPORT

Disclosure of Inside Information

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 17 of the GEM Listing Rules as well as Part XIVA of the Securities and Futures Ordinance. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures, and staff training arrangements, etc.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

Whistleblowing Policy

The Board has set up a whistleblowing policy (the "**Whistleblowing Policy**") since 2019. The purpose of the Whistleblowing Policy is to (i) provide a trusted avenue for employees, vendors, customers and other stakeholders to report serious wrongdoing or concerns, particularly in relation to fraud, controls or ethics, without fear of reprisals when whistleblowing in good faith; and (ii) to ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow up actions to be taken.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee or the human resource manager of the Group. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 December 2024 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

Anti-bribery and Anti-corruption Policy

The Board adopted an anti-bribery and anti-corruption policy (the "**Anti-bribery and Anti-corruption Policy**") since 2019. The Group is committed to achieving the highest standards of integrity and ethical behavior in conducting business. The Anti-bribery and Anti-corruption Policy forms an integral part of the Group's corporate governance framework. The Anti-bribery and Anti-corruption Policy sets out the specific behavioral guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, this Anti-Bribery and Anti-corruption Policy has been prepared as a guide to all Group employees and third parties dealing with the Group.

The Anti-bribery and Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

CORPORATE GOVERNANCE REPORT

OUR ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group has established its enterprise risk management framework in 2016. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritized and allocated treatments. Our risk management framework follows the COSO Enterprise Risk Management — Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee that oversees risk management and internal audit functions.

OUR RISK CONTROL MECHANISM

The Group adopts a “three lines of defense” corporate governance structure with operational management and controls performed by operations management, coupled with risk management monitoring carried out by the finance and compliance team and the internal audit function. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management’s action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk owners have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

Our risk management activities are performed by management on an ongoing process. The effectiveness of our risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Group has established the internal audit function which is primarily responsible for developing various internal control manuals and procedures, conducting reviews on the key operational processes and the related internal controls to ensure compliance with the Group’s risk management and internal control policies and procedures. The internal audit function would review the risk management and internal controls system on an ongoing basis covering all major operations of the Group on a rotational basis, and reported directly to the Audit Committee and the Board on a regular basis.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted shareholders communication policy with objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

- (I) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at "www.hkexnews.hk" and the Company's website at "www.hk08282.com";
- (II) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (III) corporate information is made available on the Company's website;
- (IV) annual and special general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and
- (V) the Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

The Company has reviewed the implementation and effectiveness of its Shareholders' Communication Policy for the year ended 31 December 2024. Having considered that effective shareholders communication channels are in place and shareholders are provided with regular updates of the Group's financial performance, strategic direction and material business development, the Board is of view that the Company has established an effective communication channel with its shareholders and considers that the Company's Shareholders' Communication Policy and its implementation are effective.

During the year ended 31 December 2024, there was no change in the Company's memorandum and articles of association.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. Green initiatives and measures including recycling of resources, energy saving and eco-friendly management practice, have been adopted in the daily operation of the Group. As a responsible corporation, to the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection for the year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognizes the importance of compliance with legal and regulatory requirements and the risk of non-compliance with such requirements. The Group conducts on-going reviews of newly enacted/revised laws and regulations affecting its operations. The Company is not aware of any non-compliance in any material respect with the relevant laws and regulations that have a significant impact on the business and operation of the Group for the year ended 31 December 2024.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands that the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company was incorporated with limited liability in the Cayman Islands. The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries are to provide software services, internet security technical services and big data related analysis services to the customers in the PRC and engage in development, operation, publishing and distribution of online and mobile games and online PC games in Hong Kong China and other countries and regions. Details of the principal activities of its subsidiaries are set out in note 18 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

SEGMENTAL INFORMATION

An analysis of the Group's revenue and contribution from operations by principal activities and geographical area of operations for the year ended 31 December 2024 is set out in note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 50 to 54. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: HK\$ nil per share).

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Tuesday, 6 May 2025 (the "AGM"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 29 April 2025 to Tuesday, 6 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 28 April 2025.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the past five financial years are set out on page 44. This summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

DIRECTORS' REPORT

DONATION

No charitable donations made by the Group during the year ended 31 December 2024 (31 December 2023: Nil).

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of the Company's share capital and share option schemes are set out in notes 26 and 27 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 17 to the consolidated financial statements and the consolidated statement of changes in equity.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's memorandum and articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 December 2024 are set out in note 29 to the consolidated financial statements.

None of the related party transactions as disclosed in note 29 to the consolidated financial statements constitute any non-exempt connected transactions or continuing connected transaction which should be disclosed pursuant to the Chapter 20 of GEM Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DISTRIBUTABLE RESERVES

At 31 December 2024, the aggregate amount of reserves available for distribution to owners of the Company was approximately HK\$12,943,000 (2023: approximately \$6,396,000).

MAJOR CUSTOMERS AND SUPPLIERS

Our game operation customer is defined as any paying user who purchases in-game currency, in-game virtual items or premium features of our games. If a paying user make a payment in our games on two publishing platforms or two different games, the paying user would be considered as two separate paying users and so on and so forth. Furthermore, the Company only has access to the total sum of the payments made by paying users through third-party distribution platforms, such as Apple Store and Google Play, without further breakdown. Customers also include(a) third-party game operators with whom we licensed our games to for publishing our games in other geographic regions in consideration of license fees and royalties; (b) game developers/operators whom we provided payment collection and/or publishing services in return for service fees.

An e-commerce customer is defined as any paying business that purchases any of our services such as strategy planning, technical support, content creation and promotion, and who uses our technical services to achieve accurate marketing and sales growth on popular social e-commerce platforms such as Jitterbug and Shutterbug. Cybersecurity customers are defined as any paying enterprise that purchases any of our cybersecurity software services such as firewall configuration, intrusion detection and prevention, data encryption and security vulnerability assessment, etc. They have a high demand for information security and data protection, and our services can help them build a strong security protection system to effectively respond to a variety of cyber threats.

DIRECTORS' REPORT

During the year ended 31 December 2024, the Group's five largest customers accounted for approximately 63.8% of the total revenue of the Group and the largest customer of the Group accounted for approximately 38.8% of the total revenue.

During the year ended 31 December 2024, the Group's five largest suppliers accounted for approximately 68.9% of the total purchase of the Group and the largest supplier of the Group accounted for approximately 25.1% of the total purchase.

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

DIRECTORS

The Directors of the Company who held office during the year and up to the date of this annual report were as follows:

Executive Directors

Dr. Liu Yi (*Chairman and Chief Executive Officer*)

Mr. Huang Jianying

Independent non-executive Directors

Ms. Ngo Mei Kwan

Mr. Jin Baiting

Mr. Lu Yi

In accordance with the Company's memorandum and articles of association, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

PERMITTED INDEMNITY PROVISION

Every Director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 16 to 17 of the annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors of the Company and the five highest paid individuals of the Group and the emoluments band of the senior management of the Group for the year ended 31 December 2024 are set out in note 13 to the consolidated financial statements.

EMOLUMENT POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of our Group and general market conditions.

The Remuneration Committee will meet once for each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management of the Group.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 December 2024 are set out in note 4 to the consolidated financial statement. No forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) were used to reduce the existing level of contributions.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as the related party transactions disclosed in note 29 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries during the year.

MANAGEMENT CONTRACTS

As at 31 December 2024, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company" below and the share option scheme disclosures in note 27 to the consolidated financial statements, at no time during the year there were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or any such rights exercised by them; or the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company was a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in Shares and underlying Shares

Name of Director/chief executive	Capacity/Nature Of interest	Total number of Shares	Approximate percentage of shareholding
Dr. Liu Yi (Note)	Interest of controlled corporation	14,288,677	37.60%
Mr. Huang Jianying	Beneficial owner	6,071,625	15.98%

Note: Topliu Limited is wholly owned by Dr. Liu Yi. By virtue of the SFO, Dr. Liu Yi is deemed to be interested in the Shares in which Topliu Limited is interested.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors or chief executives of the Company, as at 31 December 2024, the following persons (other than Directors or chief executives of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name of Shareholders	Nature of interest	Number of Shares or securities held	Approximate percentage of interest in our Company
Topliu Limited	Beneficial owner	14,288,677	37.60%
Ms. Sun Li (Note 1)	Interest of spouse	6,071,625	15.98%

Note:

- (1) Ms. Sun Li is the spouse of Mr. Huang Jianying. By virtue of the SFO, Ms. Sun Li is deemed to be interested in the Shares in which Mr. Huang Jianying is interested.

Save as disclosed above, as at 31 December 2024, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debenture of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2024, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

NON-COMPETITION UNDERTAKINGS

During the year ended 31 December 2024, the Board had not received any written confirmation from any of our Directors in respect of interest in any business (other than our Group) which is or is likely to be directly or indirectly in competition with our business.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 18 to 36 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the public float as required under the GEM Listing Rules.

EQUITY LINKED AGREEMENTS

Save as disclosed in the note 27 to the consolidated financial statements, no equity-linked agreements were entered into by the Company at any time during the year ended 31 December 2024 or subsisted at the end of the year.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors annual writing confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

INDEPENDENT AUDITOR

Kenswick CPA Limited was appointed as the auditors of the Company on 30 November 2022 to fill the casual vacancy following the resignation of BDO Limited on 30 November 2022.

The consolidated financial statements of the Company for the years ended 31 December 2022, 2023 and 2024 were audited by Kenswick CPA Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Kenswick CPA Limited as auditor of the Company. Save as disclosed above, the Company has not changed its external auditors in any of the preceding three years.

EVENTS AFTER THE REPORTING PERIOD

On 7 February 2025, the Company entered into the apparel manufacturing services framework agreement (the **"Apparel Manufacturing Services Framework Agreement"**) with Hangzhou Ouman Apparel Co., Ltd. * (杭州鷗蔓服飾有限公司) (**"Hangzhou Ouman"**) for a period from the date of the apparel manufacturing services framework agreement to 31 December 2027, pursuant to which, the Group will procure apparel manufacturing services from Hangzhou Ouman. Hangzhou Ouman is wholly-owned by Tibet Ouman Fashion Apparel Co., Ltd.* (西藏鷗蔓時尚服飾有限公司) (**"Tibet Ouman"**), a company established in the PRC with its entire equity interests being held directly and/or indirectly by Mr. Huang Jianying, an executive Director and a substantial Shareholder, and Ms. Sun Li, the spouse of Mr. Huang Jianying. Therefore, Hangzhou Ouman is a connected person of the Company and the transactions contemplated under the Apparel Manufacturing Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The annual cap for the three years ending 31 December 2025, 2026 and 2027 are approximately US\$600,000. For details please refer to the announcement of the Company dated 7 February 2025.

While the Group had not engaged in apparel manufacturing activities during the year ended 31 December 2024, management expects that the execution of the Apparel Manufacturing Services Framework Agreement will result in the commencement of a new business segment in the next financial year. Accordingly, revenue and expenses related to this segment are expected to be reflected in the Group's consolidated financial statements for the year ending 31 December 2025. The Group will continue to assess the financial and operational impact of this segment and ensure appropriate segment disclosures are provided in future financial reporting periods.

Excepted as disclosed in this report, there is no other material subsequent event undertaken by the Company or by the Group after 31 December 2024 and up to the date of this report.

ON BEHALF OF THE BOARD

Dr. Liu Yi

Chairman and Executive Director

Hong Kong, 21 March 2025

SUMMARY OF FINANCIAL INFORMATION

	For the year ended 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total revenue	37,298	108,816	91,300	84,495	51,304
(Loss) profit before income tax	(1,813)	(32,919)	(11,128)	556	(10,070)
(Loss) profit for the year	(1,956)	(32,919)	(11,128)	556	(10,070)
Total comprehensive (expense) income for the year	(2,172)	(33,075)	(11,424)	601	(11,086)
Total assets	27,448	24,765	64,106	54,742	53,762
Total liabilities	4,571	13,261	19,527	20,090	19,711
Total equity and liabilities	27,448	24,765	64,106	54,742	53,762
Net current assets	11,108	643	27,217	26,623	29,516
Total assets less current liabilities	23,138	11,504	44,579	34,652	34,051

INDEPENDENT AUDITOR'S REPORT



KENSWICK

TO THE MEMBERS OF GAMEONE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Gameone Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out in pages 50 to 112, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter

How our audit addressed the key audit matter

Expected credit losses of accounts receivable

As at 31 December 2024, the Group's trade receivables amounted to approximately HK\$3.4 million which in aggregate represented approximately 22% of the current assets of the Group.

Significant management judgement is required to assess the recoverability of trade receivables. Management performed a detailed analysis taking into account customers' ageing profile, credit history and historical payment pattern and the forward-looking information for the estimation of expected credit losses ("ECLs") on trade receivables. The accounting policies, accounting judgements and estimates and disclosures for the impairment of trade receivables and contract assets are included in notes 4, 5, and 19 to the consolidated financial statements.

Our audit procedures in relation to the ECLs on trade receivables included the following:

- obtaining confirmations and evidence of subsequent settlement of trade receivables balances on a sample basis
- Testing on the accuracy of ageing profile on trade receivables by checking to the underlying sales contracts and invoices.
- engaging an independent professional valuer to assist us in evaluating management's ECLs assessment and key parameters adopted, including forward looking adjustment factor.
- evaluating the related disclosures regarding the ECL assessment of trade receivables in Note 19 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards 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 of the Company 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain a 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 the 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.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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 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 audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

We also provide those charged with governance 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 those charged with governance, 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 our 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.

The engagement partner on the audit resulting in this independent auditor's report is Fung Tze Wa.

Kenswick CPA Limited

Certified Public Accountants

Fung Tze Wa

Practising Certificate Number P01138

Hong Kong, 21 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	7	37,298	108,816
Cost of services rendered	9	(27,217)	(94,728)
Gross profit		10,081	14,088
Other income	8	384	5,027
Other losses	8	(44)	(5,637)
Selling expenses		(1,483)	(17,906)
Administrative expenses		(10,722)	(28,448)
Finance cost	9	(29)	(43)
Loss before tax	9	(1,813)	(32,919)
Income tax expense	10	(143)	—
Loss for the year		(1,956)	(32,919)
Other comprehensive expenses			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(216)	(156)
Total comprehensive expenses for the year		(2,172)	(33,075)
Loss for the year attributable to:			
— Owners of the Company		(1,607)	(32,483)
— Non-controlling interests		(349)	(436)
		(1,956)	(32,919)
Total comprehensive expenses for the year attributable to:			
— Owners of the Company		(1,823)	(32,639)
— Non-controlling interests		(349)	(436)
		(2,172)	(33,075)
		HK cents	HK cents
Loss per share	12		
— Basic		(4.52)	(128.40)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	14	826	684
Intangible assets	15	10,168	9,057
Right-of-use assets	16	1,036	1,120
		12,030	10,861
Current assets			
Trade receivables	19	3,384	1,472
Prepayments, deposits and other receivables	20	6,146	7,688
Cash and cash equivalents	21	5,888	4,744
		15,418	13,904
Current liabilities			
Trade payables	22	–	438
Other payables and accruals	23	2,150	3,447
Contract liabilities	24	1,567	6,499
Amounts due to directors	25	266	2,800
Taxation payable		77	77
Lease liabilities	16	250	–
		4,310	13,261
Net current assets		11,108	643
Total assets less current liabilities		23,138	11,504
Non-current liability			
Lease liabilities	16	261	–
Net assets		22,877	11,504
Capital and reserves			
Share capital	26	3,800	2,400
Reserves		19,862	9,540
		23,662	11,940
Equity attributable to owners of the Company		(785)	(436)
Non-controlling interests			
Total equity		22,877	11,504

The consolidated financial statements on pages 50 to 112 were approved by the Board of Directors on 21 March 2025 and were signed on its behalf by:

Liu Yi
Director

Huang Jianying
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Translation reserve	Accumulated losses	Subtotal		
	HK\$'000	HK\$'000 (note (i) below)	HK\$'000 (note (ii) below)	HK\$'000 (note (iii) below)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	2,400	61,680	71,458	(1,000)	(89,959)	44,579	–	44,579
Loss for the year	–	–	–	–	(32,483)	(32,483)	(436)	(32,919)
Other comprehensive expenses for the year	–	–	–	(156)	–	(156)	–	(156)
Total comprehensive expenses for the year	–	–	–	(156)	(32,483)	(32,639)	(436)	(33,075)
At 31 December 2023 and 1 January 2024	2,400	61,680	71,458	(1,156)	(122,442)	11,940	(436)	11,504
Loss for the year	–	–	–	–	(1,607)	(1,607)	(349)	(1,956)
Other comprehensive expenses for the year	–	–	–	(216)	–	(216)	–	(216)
Total comprehensive expenses for the year	–	–	–	(216)	(1,607)	(1,823)	(349)	(2,172)
Issue of shares under 2024 Rights Issue	1,200	12,000	–	–	–	13,200	–	13,200
Placing of new shares	200	900	–	–	–	1,100	–	1,100
Issue of share expenses	–	(755)	–	–	–	(755)	–	(755)
At 31 December 2024	3,800	73,825	71,458	(1,372)	(124,049)	23,662	(785)	22,877

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Notes:

(i) Share premium

Share premium is the excess of the proceeds received over the nominal value of the Company's shares issued, net of share issue costs.

(ii) Other reserve

Other reserve of the Group mainly represented the differences between

- (1) the investment cost and the carrying amounts of net assets of a former subsidiary acquired by the Group during a reorganisation in 2010 and consideration paid in respect of share repurchase by Gameone Inc. in April 2012; and
- (2) the nominal value of the share capital and share premium of Gameone Inc. and the nominal value of the shares issued by the Company in acquiring Gameone Inc. in December 2015 upon the completion of the Reorganisation on 23 December 2015.

Other reserve of the Company represented the differences between the carrying amounts of the net assets of Gameone Inc. and the nominal value of the shares issued by the Company in acquiring Gameone Inc. upon the completion of the Reorganisation on 23 December 2015.

(iii) Translation reserve

The translation reserve represents exchange differences arising on translation of financial statements of foreign operations of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Operating activities			
Loss before tax		(1,813)	(32,919)
Adjustments for:			
Bank interest income	8	(37)	(445)
Gain on disposal of financial assets at fair value through profit or loss	8	–	(32)
Amortisation of intangible assets	9	2,616	9,640
Depreciation of property, plant and equipment	9	190	382
Depreciation of right-of-use assets	9	840	1,231
Impairment loss on/written off of intangible assets	9	–	5,612
Loss on early termination of lease contract	9	–	25
Loss on disposal of property, plant and equipment	9	44	–
Finance cost	9	29	43
Operating cash flows before movements in working capital		1,869	(16,463)
(Increase) decrease in trade receivables		(1,869)	2,785
Decrease in prepayments, deposits and other receivables		1,542	5,806
Decrease in trade payables		(438)	(1,360)
Decrease in other payables and accruals		(1,297)	(2,578)
Decrease in contract liabilities		(4,932)	(3,816)
(Decrease) increase in amounts due to directors		(2,534)	2,800
Cash used in operations		(7,659)	(12,826)
Income tax paid		(143)	–
Net cash used in operating activities		(7,802)	(12,826)
Investing activities			
Additions of intangible assets		(4,012)	(8,771)
Purchase of property, plant and equipment		(501)	(747)
Proceeds from disposal of financial assets at fair value through profit or loss		–	5,114
Purchase of financial assets at fair value through profit or loss		–	(3,529)
Proceeds from disposal of property, plant and equipment		120	96
Net cash inflow on acquisition of a subsidiary	30	–	79
Bank interest income received		37	445
Net cash used in investing activities		(4,356)	(7,313)
Financing activities			
Repayments of lease liabilities		(274)	(2,428)
Proceeds from issue of shares under 2024 Rights Issue		13,200	–
Proceeds from placing of shares		1,100	–
Transaction cost attributable to issue of shares expenses		(755)	–
Net cash generated from (used in) financing activities		13,271	(2,428)
Net increase (decrease) in cash and cash equivalents		1,113	(22,567)
Cash and cash equivalents at beginning of the year		4,744	27,306
Effect of foreign exchange rates changes		31	5
Total cash and cash equivalents at end of year, represented by bank balances and cash		5,888	4,744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE INFORMATION

Gameone Holdings Limited (the “Company”) was incorporated in Cayman Islands with limited liability under the Companies Law of Cayman Islands on 14 April 2010. The Company’s shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 13 January 2016. In the opinion of the directors, the Company’s parent and ultimate holding company is Topliu Limited, a company incorporated in the British Virgin Islands (the “BVI”). The address of the registered office and principal place of business of the Company are set out in the “Corporate Information” section to the annual report.

The principal activity of the Company is investment holding and details of the principal activities of the subsidiaries of the Company are set out in note 18 to the consolidated financial statements.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is the Company’s functional and presentation currency, and all value are rounded to the nearest thousand HK\$ except where otherwise indicated.

The English names of all the companies established in the People’s Republic of China (the “PRC”) presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other and new other amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below. The measurement bases are fully described in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries which was described below. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

The carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present:

- power over the investee;
- exposure, or rights, to variable returns from the investee; and
- the ability to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Property, plant and equipment

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

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

The useful lives are as follows:

Leasehold improvements	5 years, or over the term of leases, whichever is shorter
Furniture, fixtures and office equipment	5 years
Computers	3–5 years
Motor vehicles	3 years

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 or retirement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Intangible assets

(i) **Acquired intangible assets**

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

(ii) **Internally generated intangible assets (research and development costs)**

Expenditure on internally developed products is capitalised if it can be demonstrated that:

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

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

The development costs are transferred to self/co-developed games when the game is launched.

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

(iii) **Amortisation of intangible assets**

Amortisation is provided on a straight-line basis over their estimated useful lives as follows.

License right and self/co-developed games	2–4 years, or over the term of licenses
Deferred development cost	Over a period of 2–4 years to reflect the pattern in which the relevant economic benefits are recognised
Software patent	2–5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Intangible assets *(Continued)*

(iv) Impairment of intangible assets

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired and details are set out in the accounting policies in respect of impairment losses for non-financial assets below.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Impairment of non-financial assets

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;
- intangible assets; and
- right-of-use assets.

If the recoverable amount (i.e. the higher of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases

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

Group as a lessee

All leases are required to be capitalised in the 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 (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 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 assets 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 at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liabilities

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 are 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 the underlying asset 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.

Subsequent to the commencement date, the Group measures 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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 fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A 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 market place.

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

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 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months 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 has elected to measure loss allowances for trade receivables using HKFRS 9 *Financial Instruments* 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 the 12-month ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime 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 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 the financial asset is more than 90 days past due.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

(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 costs 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, amounts due to directors and lease liabilities 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.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

(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 Instruments*.

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

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) Cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) Cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue recognition

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

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

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

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

Contract assets and contract liabilities

A contract asset is a vendor's right to consideration in exchange for goods or services that the vendor has transferred to a customer, when that right is conditional on the vendor's future performance. A receivable is a vendor's unconditional right to consideration, and is accounted for in accordance with HKFRS 15 *Revenue from contracts with customers*.

Contract liabilities primarily consist of the unamortised revenue from sales of in-game virtual items in online and mobile games, where there is still an implied obligation to be provided by the Group and will be recognised as revenue when all of the revenue recognition criteria are met.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue recognition *(Continued)*

Principal vs agent consideration

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Further information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 7 to the consolidated financial statements.

Accounting for income tax

Income taxes for the year comprise current tax 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 initial recognition of assets and liabilities that affect neither accounting nor taxable profits, 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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Accounting for income tax *(Continued)*

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.

Foreign currencies

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Government grants

Government grants, including non-monetary grants at fair value, are recognised where there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

Employee benefits

(i) Bonus

The expected cost of bonus payment is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(ii) Defined contribution retirement plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. Contributions are made based on a percentage of the employees' basic salaries to the maximum mandatory contributions as required by the MPF Scheme. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short-term nature. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Employee benefits *(Continued)*

(ii) **Defined contribution retirement plans** *(Continued)*

Employees of the Group's subsidiary companies in China are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The Group's subsidiary companies contribute funds which are calculated on certain percentage of the payroll to the schemes to fund the retirement benefits of the employees. Contributions to the schemes vest immediately.

(iii) **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 render the related service.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

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 will probably result in an outflow of economic benefits that can be reasonably 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, the existence of which 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Related parties

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

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third party and the other party is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's line of business.

The measurement policies the Group uses for reporting segment results under HKFRS 8 *Operating Segments* are the same as those used in its financial statements prepared under HKFRS Accounting Standards.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, the directors are required to make judgments, 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. Actual results may differ from these estimates.

The estimates and 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 affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have considered the development, selection and disclosure of the Group's accounting policies and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimates of the Player Relationship Period

The Group recognises revenue from durable in-game virtual items rateably over the Player Relationship Period. If the Group does not possess relevant data and information to differentiate revenue attributable to durable in-game virtual items from consumable in-game virtual items for a specific game, the Group recognises revenue for that game rateably over the Player Relationship Period. The determination of Player Relationship Period in each game is based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on a semi-annual basis. Any adjustments arising from changes in the Player Relationship Period as a result of new information will be accounted for prospectively as a change in accounting estimate.

(ii) Recognition of contract liabilities

Revenue from game operation income is recognised based on the usage of the relevant game credits. Income received in respect of unutilised game credits are recognised as contract liabilities. Game operation income received is net of discounts given to certain distribution channels. In respect of the amount of contract liabilities arising from unutilised game credits, management's estimation is required in determining the average sales value of these unutilised game credits as discounts given are different for different sales channels.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(iii) Impairment of receivables

Management determines impairment of receivables on a regular basis. This estimate is based on the credit history of its customers and debtors, past default experience and the current market conditions. Management reassesses the impairment at the reporting date.

(iv) Impairment of non-financial assets

The Group assesses whether there are indicators of impairment for non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The calculation of fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

(v) Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("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 (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified collectively as the executive directors of the Company. An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors in order to allocate resources and assess performance of the segment.

During the year ended 31 December 2024, the Group commenced the business engaging in the provision of trading agent service. It is considered as a new operating and reportable segment by the CODM and resulted in changes to the composition of its reportable segments. The executive directors regularly review revenue and operating results derived from the following businesses and no other discrete financial information is reported to executive directors:

- Game Business, which is primarily engaged in development, operation, publishing and distribution of online and mobile games in Hong Kong and other countries and regions;
- Software Service Business, which is primarily engaged in providing internet security technical service and big data related analysis service to the customers in the PRC; and
- Trading Agent Services, which is primarily involved in acting as an intermediary between buyers and suppliers and receiving service fees on a commission basis.

Reportable segment revenue and results

	For the year ended 31 December 2024			
	Software Service Business HK\$'000	Game Business HK\$'000	Trading Agent Services HK\$'000	Total HK\$'000
Segment revenue	28,461	8,837	–	37,298
Segment profit (loss)	5,619	(6,474)	(160)	(1,015)
Unallocated other income				297
Unallocated expenses				(1,066)
Finance cost				(29)
Loss before taxation				(1,813)
Other segment information				
Amortisation of intangible assets	1,992	624	–	2,616
Depreciation for the year	117	73	–	190
Finance cost	29	–	–	29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION *(Continued)*

Reportable segment revenue and results *(Continued)*

	For the year ended 31 December 2023		
	Software Service Business HK\$ '000	Game Business HK\$ '000	Total HK\$ '000
Segment revenue	67,374	41,442	108,816
Segment loss	(2,409)	(26,813)	(29,222)
Unallocated other income			1,137
Unallocated expenses			(4,791)
Finance cost			(43)
Loss before taxation			(32,919)
Other segment information			
Amortisation of intangible assets	847	8,793	9,640
Depreciation for the year	357	25	382
Finance cost	–	43	43

Reportable segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Geographical information

The Company is an investment holding company and the principal places of the Group's operation are in Hong Kong and the PRC. For the purpose of segment information disclosures under HKFRS 8 *Operating Segments*, the Group regarded the PRC as its country of domicile.

The Group's revenue information is presented based on the location of operation are detailed below.

	2024 HK\$'000	2023 HK\$'000
Revenue — By country/region		
PRC	28,229	67,374
Hong Kong	9,069	40,296
Taiwan	—	1,146
	37,298	108,816

The Group's information about its non-current assets is presented based on the location of operation are detailed below.

	2024 HK\$'000	2023 HK\$'000
Non-current assets — By country/region		
PRC	9,948	9,183
Hong Kong	2,082	1,678
	12,030	10,861

Information about major customers

The revenue generated from the Group's Software Service Business which individually contributed 10% or more of the Group's total revenue during the years ended 31 December 2024 and 2023 is set out below:

	2024 HK\$'000	2023 HK\$'000
Customer A (note)	N/A	34,328
Customer B	16,493	14,710
Customer C (note)	N/A	11,477

Note:

The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

(i) *The Group derives revenue from the transfer of goods and services by categories of major product lines and business*

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
<i>From Game Business</i>		
— Game operation income	8,837	40,170
— Game publishing income	—	330
— Royalty income	—	805
— License fee income	—	137
	8,837	41,442
<i>From Software Service Business</i>		
— Software service income		
— Point in time	27,732	67,374
— Over time	729	—
	28,461	67,374
	37,298	108,816

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(a) Disaggregation of revenue from contracts with customers *(Continued)*

(ii) ***The Group derives revenue from the transfer of goods and services by timing of revenue recognition***

The Group recognises the operating income from:

- (1) Revenue from game operation income attributable to durable in-game virtual items rateably over the Player Relationship Period of the paying players;
- (2) Revenue from game publishing income attributable to consumable in-game virtual items at point in time when the items are consumed and the related services are rendered;
- (3) Revenue from royalty income for the licensing arrangement is recognised in accordance with the terms of the agreement. The sales-based royalty is recognised based on the revenue from the license game;
- (4) Revenue from license fee income are recognised on a straight-line basis over the period of the license agreement; and
- (5) Revenue from software service income regarding the provision of software services is recognised at a point in time when the services are completed.

For certain contracts involving ongoing service commitments, revenue is recognised on a straight-line basis over the service period as the Group satisfies its performance obligations.

- (6) Revenue from trading agent services is recognised at a point in time when the Group satisfies its performance obligations and when the commission or service fee become due and collectable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

(b) Contract balances

		As at 31 December 2024 HK\$'000	2023 HK\$'000	As at 1 January 2023 HK\$'000
	Notes			
Trade receivables	19	3,384	1,472	4,349
Contract liabilities	24			
— Receipt in advance		1,303	232	206
— Deferred income		264	6,267	10,109
		1,567	6,499	10,315

Information about the Group's trade receivables and contract liabilities are set out in notes 19 and 24, respectively.

(c) Performance obligations for contracts with customers and revenue recognition policies

The Group principally engages in (i) Game Business, which comprise of: (a) Revenue generated from operations of online and mobile games; (b) Revenue generated from game publishing services; and (c) Revenue generated from licensing and royalty income; (ii) Software Service Business, revenue mainly generated from provision of software services; and (iii) Trading Agent Services.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

The Group recognises revenue when the significant risks and rewards of ownership of any goods and services have been transferred, and the Group's performance obligations for contracts with customers and revenue recognition policies are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(c) Performance obligations for contracts with customers and revenue recognition policies

(Continued)

(i) **Revenue generated from operations of online and mobile games**

The Group recognises revenue from durable in-game virtual items rateably over the Player Relationship Period (as defined and described below).

The Group operates both self-developed games and games licensed from third party game developers. The Group's games are free to play. Players can purchase game credits which are virtual currency for acquisition of in-game virtual items or purchase those in-game virtual items directly for better in-game experience. The Group sells prepaid game credits and in-game virtual items through its own game platform (the "GO Platform") and cooperation with various third party game distribution platforms and payment channels. These game distribution platforms include major online application stores (such as Apple Inc.'s App Store and Google Play installed in mobile telecommunications devices).

The Group has evaluated the respective roles and responsibilities of the Group, third-party game developers, third-party distribution platforms, third-party payment channels and third-party prepaid game credit distributors in the delivery of game experiences to the paying players ("Paying Players") in determining if the Group is acting as a principal or as an agent in the arrangement, and therefore if the Group's revenue from such arrangement should be reported on a gross or net basis, by assessing various factors, including but not limited to whether the Group (i) identify the specified goods or services to be provided to the customer and has the primary responsibility in the arrangement; (ii) assess whether it controls each specified good or service before that good or service is transferred to the customer; (iii) has latitude in establishing the selling prices; and (iv) has involvement in the determination of product and services specification.

The Group takes primary responsibilities in the delivery of game experiences to the Paying Players, including the marketing and promotion, determining distribution and payment channels, hosting game servers and providing customer services. In addition, the Group also controls game and service specifications and pricing of the in-game virtual items. Therefore, the Group considers itself the principal in the delivery of game experience to the Paying Players as the Group has the primary responsibility in the arrangement and latitude in establishing the selling price and thus records revenues on a gross basis. Payment to third-party game developers and service charges by third-party distribution platforms and third-party payment channels are recorded as cost of services rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(c) Performance obligations for contracts with customers and revenue recognition policies

(Continued)

(i) **Revenue generated from operations of online and mobile games** *(Continued)*

As the Group has determined that it is the principal in the delivery of game experience to the Paying Players, the Paying Players are identified by the Group to be its customers. Accordingly, the Group considers the actual price paid by the Paying Players to be the gross amount of revenue. In determining the gross amount of revenue generated from operations of the Group's games, the Group makes estimates of the discounts given to the Paying Players by the third-party distribution platforms and third-party prepaid game credit distributors (the discounts are borne by these third-party distribution platforms and third-party prepaid game credit distributors) based on available information and recorded such discounts as a deduction of revenue.

Paying Players purchase the game credits through the GO Platform and third-party distribution platforms' charging systems or through the Paying Players' accounts maintained with third party payment channels, or charging from the prepaid game credits they purchased. Third-party distribution platforms and third party payment channels collect the payment from the Paying Players and remit the cash net of commission charges which are pre-determined according to the relevant terms entered into between the Group and the third-party distribution platforms or third party payment channels.

Upon the sales of game credits or in-game virtual items, the Group typically has an implied obligation to provide the services which enable the game credits or in-game virtual items to be displayed, used or converted into other in-game virtual currencies/items in the games. As a result, the proceeds received from sales of game credits or in-game virtual items are initially recorded as contract liabilities in current liabilities. The attributable portion of the contract liabilities relating to values of the game credits consumed and in-game virtual items converted are immediately or rateably recognised as revenue only when the services are rendered to the respective Paying Players.

For the purposes of determining when services have been provided to the respective Paying Players, the Group has determined the following:

Consumable in-game virtual items represent items that are extinguished after consumption by a specific game player action. The Paying Players will not continue to benefit from the in-game virtual items thereafter. Revenue is recognised (as a release from contract liabilities) when the items are consumed and the related services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(c) Performance obligations for contracts with customers and revenue recognition policies

(Continued)

(i) **Revenue generated from operations of online and mobile games** *(Continued)*

Durable in-game virtual items represent items that are accessible and beneficial to Paying Players over an extended period of time. Revenue is recognised rateably over the average life of durable in-game virtual items for the applicable game, which the Group makes best estimates to be average playing period of Paying Players ("Player Relationship Period").

The Group estimates the Player Relationship Period on a game-by-game basis and re-assesses such periods semi-annually. If there is insufficient data to determine the Player Relationship Period, such as in the case of a newly launched game, the Group estimates the Player Relationship Period based on other similar types of games developed by the Group or by third-party developers until the new game establishes its own patterns and history. The Group mainly considers the Paying Players' spending and consumption behavior in estimating the Player Relationship Period.

If the Group does not possess relevant data and information to differentiate revenue attributable to durable in-game virtual items from consumable in-game virtual items for a specific game, the Group recognises revenue for that game rateably over the Player Relationship Period (i.e. recognises revenue over time).

(ii) **Revenue generated from game publishing services**

The Group provides publishing services through cooperation with other third party game developers or operators. The Group publishes these games on its own GO Platform.

The Group's game publishing revenue is pre-determined according to the relevant terms of the agreements entered into between the Group and the third party game developers or operators. The games published on the GO Platform are hosted, maintained, operated and updated independently by the third party game developers or operators. The Group mainly provides the Paying Players with access to the GO Platform.

The Group has evaluated and determined that it is not the primary obligor in the services rendered and is therefore, acting as an agent in publishing these games. Accordingly, the Group recognises its revenue, net of the portion of sharing of revenue with the third party game developers or operators when the Paying Players purchase the game credits for the relevant games (i.e. recognises revenue at a point in time).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(c) Performance obligations for contracts with customers and revenue recognition policies

(Continued)

(iii) Revenue generated from licensing and royalty income

The Group licenses online and mobile games and other intellectual rights to third parties. Any fixed upfront licensing fee is recognised on a straight-line basis over the period of the license agreement. Royalty income from the licensing arrangements is recognised in accordance with the terms of agreements. The sales-based royalty is recognised based on the revenue from the license game.

(iv) Revenue generated from provision of software services

Revenue from the provision of software services is generally recognised at a point in time, as the customer does not obtain control of the services until they are fully completed and delivered. The Group does not have an enforceable right to payment for performance completed to date, and customers can only benefit from the services once all contractual obligations are fulfilled. Revenue is recognised when the final job confirmation form is signed, indicating the customer's formal acceptance of the completed services.

For certain contracts, customers are required to make advance payments covering a specified service period, typically one year. These advance payments are initially recorded as contract liabilities and subsequently recognised as revenue on a straight-line basis over the service period as the Group satisfies its performance obligations. The contracts specify the agreed scope of work, resources to be utilised, and pricing terms. Customers are typically required to make payment upon acceptance of the completed services or in accordance with the agreed billing schedule.

(v) Revenue generated from provision of trading agent services

The Group acts as an intermediary between buyers and suppliers. Revenue is recognised at a point in time when the Group satisfies its performance obligations and when the commission or service fee become due and collectable.

(vi) Others

Interest income

Interest income is accrued on a time proportion basis on the principal outstanding at the applicable interest rate under effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

8. OTHER INCOME AND OTHER LOSSES

	2024 HK\$'000	2023 HK\$'000
Other income comprises:		
Interest income	37	445
Government grants (note below)	87	741
Refund of long service payments	–	3,149
Gain on disposal of financial assets	–	32
Sundry income	260	660
	384	5,027
Other losses comprises:		
Loss on disposal of property, plant and equipment	(44)	–
Impairment loss on/written off of intangible assets	–	(5,612)
Loss on early termination of lease contract	–	(25)
	(44)	(5,637)

Note: During the year ended 31 December 2024, the Group recognised government grants from the PRC Government in respect of promotion and encouragement of the Group's business of approximately RMB80,000 (equivalent to approximately HK\$87,000) (2023: approximately RMB670,000 (equivalent to approximately HK\$741,000)) and these were no unfulfilled conditions to receive such grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Notes	2024 HK\$'000	2023 HK\$'000
Included in cost of services rendered:			
Amortisation of intangible assets		2,616	9,640
Depreciation of property, plant and equipment		26	260
Royalty expenses		4,155	8,742
Services charged by game distribution channels		622	8,808
Others		19,798	67,278
		27,217	94,728
Included in other losses:			
Loss on disposal of property, plant and equipment		44	—
Impairment loss on/written off of intangible assets	15	—	5,612
Loss on early termination of lease contract	16	—	25
Included in administrative expenses:			
Auditor's remuneration		555	630
Depreciation of right-of-use assets	16	840	1,231
Rental expenses on short-term leases		118	441
Included in finance cost:			
Interest expenses on lease liabilities	16	29	43
Depreciation of property, plant and equipment under:	14		
— Cost of services rendered		26	260
— Administrative expenses		164	122
		190	382
Amortisation of intangible assets included under:	15		
— Cost of services rendered		2,616	9,640
— Administrative expenses		—	—
		2,616	9,640
Staff costs, excluding directors' remuneration			
— Salaries and allowances		501	18,632
— Contributions on defined contribution retirement plan		9	1,288
		510	19,920

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax	143	–

Pursuant to the income tax rule and regulations of the Cayman Islands and BVI, the Group is not subject to income tax in the respective jurisdictions.

A provision for the PRC Enterprise Income Tax is calculated at the applicable rate of 25% in accordance with the relevant laws and regulation in the PRC. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. No provision of EIT Law for the Company's PRC companies as the Group's PRC companies have not generated any tax assessable profits in the PRC for both years.

Hong Kong Profits Tax is calculated at the applicable rate of 16.5% for the Group's estimated assessable profits derived in Hong Kong. No provision for Hong Kong Profits Tax was made as the Group has not generated any tax assessable profits in Hong Kong for both years.

Reconciliation between income tax expense and accounting loss at applicable tax rate is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	(1,813)	(32,919)
Tax on loss before tax, calculated at rates applicable to profits in the tax jurisdictions concerned	133	(4,668)
Tax effect of non-deductible expenses	484	1,309
Tax effect of non-taxable revenue	–	(333)
Tax effect of temporary difference not recognised	–	(169)
Tax effect of add-on deductibles on R&D expenses	(1,231)	–
Utilisation of tax losses previously not recognised	(54)	–
Tax effect of tax losses not recognised	811	3,861
Income tax expense	143	–

During the year ended 31 December 2023, the Group deregistered and closed down of its Taiwan branch and thus, the Group's Taiwan branch unused tax losses were lapsed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. INCOME TAX EXPENSE *(Continued)*

As at 31 December 2024, the Group also has tax losses arising in the PRC of approximately HK\$8,678,000 (2023: approximately HK\$1,543,000), that will expire in one to five years for offsetting against future taxable profits. No deferred tax assets have been recognised in respect of these tax losses due to the unpredictability of future profit streams.

As at 31 December 2024, excluding PRC subsidiaries, the Group has unused tax losses of approximately HK\$72,000,000 (2023: approximately HK\$67,024,000) available for offset against future taxable profits. No deferred tax assets have been recognised in respect of these tax losses due to the unpredictability of the future profit streams. These tax losses can be carried forward indefinitely.

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of reporting period (2023: Nil).

12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to the owners of the Company amounted to approximately HK\$1,607,000 (2023: approximately HK\$32,483,000) and on the basis of the weighted average number of approximately 35,529,000 (2023: approximately 25,298,000) ordinary shares in issue.

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2023 have been adjusted for the 2023 Share Consolidation which took place on 30 November 2023 and issue of new shares by way of 2024 Rights Issue which took place on 24 January 2024 and details of which are set out in note 26(a) and (b), respectively.

No diluted loss per share were presented as the Group has no dilutive potential ordinary shares in issue during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND EMOLUMENTS OF EMPLOYEES

(a) Directors' and Chief Executive Officer's remuneration

The aggregate amounts of remuneration paid and payable to directors and Chief Executive Officer of the Company for the year are as follows:

	Notes	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Contributions to retirement plans HK\$'000	Total HK\$'000
Year ended 31 December 2024						
<i>Executive directors:</i>						
Liu Yi	(i)	–	–	–	–	–
Huang Jianying		–	–	–	–	–
<i>Independent non-executive directors:</i>						
Ngo Mei Kwan		150	–	–	–	150
Jin Baiting		150	–	–	–	150
Lu Yi		150	–	–	–	150
		450	–	–	–	450
Year ended 31 December 2023						
<i>Executive directors:</i>						
Liu Yi	(i)	–	2,725	–	36	2,761
Huang Jianying		–	1,200	–	6	1,206
<i>Independent non-executive directors:</i>						
Ngo Mei Kwan		150	–	–	–	150
Jin Baiting		150	–	–	–	150
Lu Yi		150	–	–	–	150
		450	3,925	–	42	4,417

Notes:

(i) Liu Yi is the Chief Executive Officer of the Company.

The executive directors' and Chief Executive Officer's emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group and the non-executive director's and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

For the year ended 31 December 2024, all the executive directors waived emoluments with an aggregate amount of HK\$1,800,000 (2023: Nil) during the year. Other than this, there was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND EMOLUMENTS OF EMPLOYEES *(Continued)*

(b) Five highest paid individuals

The five highest paid employees of the Group during the year included three (2023: two) were directors, details of whose remuneration are set out in note 13(a) above. Details of the remuneration for the year of the remaining two (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	154	6,760
Contributions on defined contribution retirement plan	–	859
Total	154	7,619

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of the individuals	
	2024	2023
Nil–HK\$1,000,000	2	–
HK\$1,000,001–HK\$2,000,000	–	1
HK\$3,000,001–HK\$4,000,000	–	2

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors of the Company or the Chief Executive Officer of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Computers HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Year ended 31 December 2024					
Opening net carrying amounts	290	50	180	164	684
Additions	–	–	–	501	501
Depreciation	(60)	(13)	(67)	(50)	(190)
Elimination on disposals and written off	–	–	–	(164)	(164)
Exchange adjustments	–	–	(3)	(2)	(5)
Closing net carrying amounts	230	37	110	449	826
As at 31 December 2024					
Cost	300	65	203	499	1,067
Accumulated depreciation	(70)	(28)	(93)	(50)	(241)
Net carrying amounts	230	37	110	449	826
Year ended 31 December 2023					
Opening net carrying amounts	–	126	289	–	415
Additions	300	22	198	227	747
Depreciation	(10)	(15)	(294)	(63)	(382)
Elimination on disposals and written off	–	(83)	(13)	–	(96)
Closing net carrying amounts	290	50	180	164	684
As at 31 December 2023					
Cost	300	65	204	227	796
Accumulated depreciation	(10)	(15)	(24)	(63)	(112)
Net carrying amounts	290	50	180	164	684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. INTANGIBLE ASSETS

	Licence rights and self/ co-developed games HK\$'000	Deferred development costs HK\$'000	Software patent HK\$'000	Total HK\$'000
Year ended 31 December 2024				
Opening net carrying amounts	624	–	8,433	9,057
Additions	–	–	4,012	4,012
Amortisation	(624)	–	(1,992)	(2,616)
Exchange adjustments	–	–	(285)	(285)
Closing net carrying amounts	–	–	10,168	10,168
As at 31 December 2024				
Cost	5,354	–	13,097	18,451
Accumulated amortisation and impairment	(5,354)	–	(2,929)	(8,283)
Closing net carrying amounts	–	–	10,168	10,168
Year ended 31 December 2023				
Opening net carrying amounts	8,383	3,614	3,673	15,670
Additions	1,929	1,103	5,739	8,771
Transferred	2,106	(2,106)	–	–
Amortisation	(8,793)	–	(847)	(9,640)
Impairment loss recognised/written off	(3,001)	(2,611)	–	(5,612)
Exchange adjustments	–	–	(132)	(132)
Closing net carrying amounts	624	–	8,433	9,057
As at 31 December 2023				
Cost	26,148	2,611	9,439	38,198
Accumulated amortisation and impairment	(25,524)	(2,611)	(1,006)	(29,141)
Closing net carrying amounts	624	–	8,433	9,057

The intangible assets represented license rights, self/co-developed games and development expenditure incurred in developing games and software patent with finite useful life. Amortisation expenses of license rights, self/co-developed games and software patent have been included in cost of service rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. INTANGIBLE ASSETS *(Continued)*

At 31 December 2024, all intangible assets of the Group are related to the software business segment.

The management of the Group assess whether there are any impairment indicators, both internal and external, exist at the end of the reporting period. Based on the management assessment, as the software business segment remains profitable and continues to generate positive cash flows, no impairment indicators exist and no impairment testing was considered necessary.

The management will continue to monitor the performance of software business segment and identify potential impairment indicators in accordance with the Group's accounting policies.

For the year ended 31 December 2023, in view of game business segment incurred a loss and certain licence rights and self/co-developed games (CGUs) were terminated after year ended, the management of the Group concluded that there were indications for impairment and conducted impairment assessment on intangible assets.

The recoverable amounts of cash-generating units ("CGUs") has been determined based on a value in use calculation. That calculation uses discounted cash flow projections based on financial budgets approved by the management of the Group covering the following 1 year and the remaining expected useful lives of those intangible assets, whichever is shorter, with pre-tax discount rate of 13% as at 31 December 2023.

Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows included revenue growth rate and average percentage of costs and operating expenses of revenue for the forecast periods, which are based on the CGUs' past performance and the management's expectations for the market development.

Based on the results of the assessments, the management of the Group determined that (1) the recoverable amounts of certain CGUs are lower than the carrying amounts. The impairment loss has been recognised on the corresponding intangible assets and (2) the recoverable amounts of certain CGUs are higher than their carrying amounts. Based on the value in use calculation, impairment losses of approximately HK\$5,612,000 have been recognised for the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. LEASES — RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements thereon during the year:

	2024 HK\$'000	2023 HK\$'000
Leases office:		
At cost:		
As at 1 January	1,168	8,438
Additions	765	1,168
Early termination of lease contracts	–	(8,438)
Exchange adjustments	(14)	–
As at 31 December	1,919	1,168
Accumulated depreciation and impairment:		
As at 1 January	48	6,175
Depreciation provided during the year	840	1,231
Elimination upon early termination of lease contracts	–	(7,358)
Exchange adjustments	(5)	–
As at 31 December	883	48
Carrying amount		
As at 31 December	1,036	1,120

The Group's leasing activities and how these are accounted for:

- The Group leases office. Rental contracts are typically made for fixed periods of 2–3 years.
- Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

During the year ended 31 December 2023, the Group terminated a lease contract for office. The early termination of lease contract resulted in a loss of approximately HK\$25,000, which is the net effect of derecognition of corresponding of the carrying amount of right-of-use assets of approximately HK\$1,080,000, offsetting the corresponding lease liabilities of approximately HK\$1,055,000.

Furthermore, during the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and corresponding increase of lease liabilities amounted to approximately HK\$765,000 (2023: approximately HK\$1,168,000), in respect of leasing of offices for the Group's business and operation.

Total cash outflow for leases amounted to approximately HK\$392,000 (2023: approximately HK\$2,869,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. LEASES — RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(b) Lease liabilities:

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024 HK\$'000	2023 HK\$'000
As at 1 January	–	2,272
Additions	765	1,168
Interest expenses	29	43
Payments	(274)	(2,428)
Early termination of lease contracts	–	(1,055)
Exchange adjustments	(9)	–
As at 31 December	511	–

As at 31 December 2024, the future lease payments are due as follows:

	Total minimum lease payments HK\$'000	Interest of the minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000
As at 31 December 2024			
Within one year	269	19	250
More than one year but not exceeding two years	269	8	261
Total	538	27	511

As at 31 December 2024, the present values of future lease payments are analysed as:

	HK\$'000
Analysed as:	
— Current	250
— Non-current	261
	511

As at 31 December 2023, the Group's did not have any future lease payments and present values of future lease payments.

Details of the interest cost and cash flows for lease liabilities are set out in notes 9 and 32, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2024 HK\$'000	2023 HK\$'000
Assets and liabilities			
Non-current assets			
Interests in subsidiaries	18	703	5,362
Intangible assets		630	–
		1,333	5,362
Current assets			
Amounts due from subsidiaries		17,867	13,808
Prepayments, deposits and other receivables		916	1
Cash at banks		3,170	18
		21,953	13,827
Current liabilities			
Amounts due to subsidiaries		1,224	1,919
Amounts due to directors		–	2,800
Accruals and other payables		43	398
		1,267	5,117
Net current assets		20,686	8,710
Net assets		22,019	14,072
Equity			
Share capital	26	3,800	2,400
Reserves		18,219	11,672
Total equity		22,019	14,072

Details of the movements of the Company's reserves are as follows:

	Share premium HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000
At 1 January 2023	61,680	5,276	(50,494)	16,462
Loss and total comprehensive expenses for the year	–	–	(4,790)	(4,790)
At 31 December 2023 and 1 January 2024	61,680	5,276	(55,284)	11,672
Loss and total comprehensive expenses for the year	–	–	(5,598)	(5,598)
Issue of shares under 2024 Rights Issue	12,000	–	–	12,000
Placing of new shares	900	–	–	900
Issue of shares expenses	(755)	–	–	(755)
At 31 December 2024	73,825	5,276	(60,882)	18,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 December 2024 and 2023 are as follows:

Name of the company	Place of incorporation/ registration and operation	Issued and fully paid share capital	Description of shares held	Effective interest held by the Company		Principal activities
				2024	2023	
Interests held directly						
Gameone Inc.	BVI	US\$85,340	Ordinary Shares	100%	100%	Investment holding
Gameone.com Inc.	BVI	US\$5	Ordinary Shares	100%	100%	Investment holding
Interests held indirectly						
Gameone Agency Limited (note 2)	BVI	US\$1	Ordinary Shares	N/A	100%	Investment holding
G9 Entertainment Limited (note 2)	BVI	US\$1	Ordinary Shares	N/A	100%	Investment holding
Gameone Online Technology Limited	Hong Kong	HK\$1	Ordinary Shares	100%	100%	Investment holding, development of online and mobile games
Gameone Group Limited	Hong Kong	HK\$1	Ordinary Shares	100%	100%	Distribution of mobile games
Zhejiang Gameone Holding Group Limited ("浙江智傲控股集團有限公司")* ("Zhejiang Gameone") (note 1)	PRC	RMB50,000,000	Registered capital	100%	100%	Software and communication equipment development, distribution, technical consulting and sales of supplies
Heilongjiang Gameone Online Technology Limited ("黑龍江智傲網路科技有限公司")* ("Heilongjiang Gameone") (note 1)	PRC	USD500,000	Registered capital	100%	100%	Software and communication equipment development, distribution, technical consulting and sales of supplies
Hangzhou Hangting Lingya Technology Limited ("杭州杭汀領亞科技有限公司")* ("Hangting Lingya") (note 1)	PRC	RMB5,000,000	Registered capital	60%	60%	Software and communication equipment development, distribution, technical consulting and sales of supplies
AI Travel (Hangzhou) Digital Culture Technology Co. Limited ("智遊行(杭州)數字文化科技有限公司")* ("AI Travel") (note 1)	PRC	RMB2,000,000	Registered capital	75%	–	Software and communication equipment development, distribution, technical consulting and sales of supplies

* English name is a direct translation for identification purpose only, the official name is in Chinese

Note 1: These subsidiaries are registered in the form of wholly-foreign owned enterprises with limited liabilities in the PRC.

Note 2: The Companies deregistered on 21 November 2024.

None of the subsidiaries had any debt securities subsisting at 31 December 2024 and 2023 or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	3,384	1,472

The Group normally allows credit period within 60 days to its trade debtors. As at 31 December 2024 and 2023, the Group reviews receivables for evidence of impairment on both an individual and collective basis. The directors of the Company has assessed that there is no significant increase of credit risk for trade receivables, the expected credit loss rate on trade receivables was assessed to be minimal and accordingly, no provision was made for the years ended 31 December 2024 and 2023. Further details on the Group's credit policy and credit risk arising from trade receivable are set out in note 34(c).

The ageing analysis of trade receivables (net of impairment losses), based on the invoice date, as of the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
Not more than 30 days	3,384	1,472

The directors consider that the carrying amounts of trade receivables approximate their fair value.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Prepayments	4,654	5,070
Prepaid royalties	–	880
Deposits	15	121
Other receivables	1,477	1,617
	6,146	7,688

The directors consider that the carrying amounts of prepayments, deposits and other receivables approximate their fair value.

Further details on the Group's credit policy and credit risk arising from other receivables excluding prepayments are set out in note 34(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash and cash equivalents	5,888	4,744

The cash and cash equivalents of the Group are mainly denominated in RMB and HK\$, which are the functional currencies of the relevant entities of the Group.

Included in cash and cash equivalents at 31 December 2024 is the amount in RMB of approximately HK\$1,424,000 (2023: approximately HK\$715,000) in form of cash on hand and at banks, respectively.

RMB balances are not freely convertible into other currencies.

Cash at banks earns interest at floating bank deposit rates.

22. TRADE PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	–	438

The amount is mainly due to its suppliers.

As at 31 December 2024, out of the Group's trade payables, the Group has trade payables of HK\$Nil (2023: approximately HK\$401,000) aged within 30 days and the remaining balances are aged over 30 days, based on invoice date.

23. OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Other payables	1,382	1,178
Accruals	768	2,269
	2,150	3,447

The directors consider that the carrying amounts of other payables and accruals approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

24. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Receipt in advance	1,303	232
Deferred income	264	6,267
	1,567	6,499

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

- Receipt in advance represents the advance received from licensee and customers.
- Deferred income represents the unutilised game credit of income received in respect of in-game virtual items paid by Paying Players and software business.

The group has also applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for electronic products such that 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 sales of electronic products that had an original expected duration of one year or less.

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in prior years.

The movements of contract liabilities during the years ended 31 December 2024 and 2023 are as follows:

	2024 HK\$'000	2023 HK\$'000
Balance as at 1 January	6,499	10,315
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	(6,499)	(10,315)
Increase in contract liabilities as a result of unamortised portion of income received in respect of in-game virtual items paid by Paying Players and prepaid royalty by licensee	–	6,267
Increase in contract liabilities received in advance of services income	264	232
Increase in contract liabilities received in advance of customers	1,303	–
Balance as at 31 December	1,567	6,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are non-trade in nature, unsecured, interest free and repayable on demand.

26. SHARE CAPITAL

Details of the share capital of the Company are disclosed as follows:

	Number of shares	Amount HK\$'000
Authorised:		
At 1 January 2023 (ordinary shares of HK\$0.01 each)	1,000,000,000	10,000
Effect on 2023 Share Consolidation to HK\$0.1 each	(900,000,000)	N/A
At 31 December 2023 and 2024 (ordinary shares of HK\$0.1 each)	100,000,000	10,000
Issued and fully paid:		
At 1 January 2023 (ordinary shares of HK\$0.01 each)	240,000,000	2,400
2023 Share consolidation	(216,000,000)	N/A
At 31 December 2023 and 1 January 2024 (ordinary shares of HK\$0.1 each)	24,000,000	2,400
Issue of shares under 2024 rights issue	12,000,000	1,200
Placing of new shares	2,000,000	200
At 31 December 2024 (ordinary shares of HK\$0.1 each)	38,000,000	3,800

(a) For the year ended 31 December 2023

The movements of the Company's share capital for the year ended 31 December 2023 are as follows:

Pursuant to the Company's announcement on 21 November 2023 and the Company's circular dated 30 November 2023 (the "Circular"), the Board of Directors of the Company proposed to implement the share consolidation (the "2023 Share Consolidation") on the basis that every ten (10) issued existing shares of HK\$0.01 each per share (the "Existing Shares") be consolidated into one (1) consolidated share of HK\$0.1 each per share (the "Consolidated Share"). As at 21 November 2023, there are 240,000,000 Existing Shares in issue and thus, immediately after the 2023 Share Consolidation became effective, there would be 24,000,000 Consolidated Shares in issue.

The 2023 Share Consolidation was approved by the shareholders of the Company at the extraordinary general meeting held on 14 December 2023 and thus, 24,000,000 Consolidated Shares of the Company were issued thereon. The authorised share of the Company was changed from 1,000,000,000 ordinary shares of HK\$0.01 each per share to 100,000,000 ordinary shares of HK\$0.1 each per share.

The new issued shares rank pari passu in all respects with each other in the share capital of the Company.

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For the year ended 31 December 2024

26. SHARE CAPITAL *(Continued)*

(b) For the year ended 31 December 2024

The movements of the Company's share capital for the year ended 31 December 2024 are as follows:

Pursuant to the Company's announcement on 21 November 2023 and the Company's prospectus dated 2 January 2024, the Company proposed to raise gross proceeds up to approximately HK\$13.2 million before expenses, by way of the rights issue (the "2024 Rights Issue"), by issuing 12,000,000 right shares (the "2024 Rights Shares") at the subscription price of HK\$1.10 per 2024 Rights Share (the "2024 Subscription Price") on the basis of one (1) 2024 Rights Share for every two (2) Consolidated Shares held on 29 December 2023.

The 2024 Subscription Price represented:

- (i) a premium of approximately 6.8% to the theoretical closing price of HK\$1.03 per Consolidated Share based on the closing price of HK\$0.103 per Existing Share as quoted on the Stock Exchange on 21 November 2023;
- (ii) a premium of approximately 8.3% to the theoretical average of the closing price of HK\$1.016 per Consolidated Share based on the average closing price of HK\$0.1016 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 21 November 2023;
- (iii) a premium of approximately 10.3% to the theoretical average of the closing price of approximately HK\$0.997 per Consolidated Share based on the average closing price of HK\$0.0997 per Existing Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including 21 November 2023;
- (iv) a premium of approximately 4.5% to the theoretical ex-rights price of approximately HK\$1.053 per Consolidated Share based on the theoretical ex-rights price of approximately of HK\$0.1053 per Existing Share based on the closing price of HK\$0.103 per Existing Share as quoted on the Stock Exchange on 21 November 2023; and
- (v) a discount of approximately 11.3% to the audited consolidated net asset value per Consolidated Share of approximately HK\$1.24 as at 31 December 2022 (based on the latest published audited consolidated net asset value attributable to Shareholders of approximately HK\$44,579,000 as at 31 December 2022 and 36,000,000 Consolidated Shares in issue upon the 2023 Share Consolidation becoming effective).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26. SHARE CAPITAL *(Continued)*

(b) For the year ended 31 December 2024 *(Continued)*

Pursuant to the Company's announcement on 23 January 2024, all the conditions precedent set out relating to the 2024 Rights Issue had been fulfilled and the 2024 Rights Issue became unconditional 17 January 2024.

The gross proceeds from the 2024 Rights Issue are approximately HK\$13.2 million and the net proceeds from the 2024 Rights Issue, after deducting the underwriting commission and all other relevant expenses, are estimated to be approximately HK\$12.2 million. The Company would apply the net proceeds of the 2024 Rights Issue in accordance with the proposed use of proceeds as set out in the Company's prospectus dated 2 January 2024.

The new issued shares rank pari passu in all respects with each other in the share capital of the Company.

The completion of the placing took place on 26 November 2024, where a total of 2,000,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK\$0.55 per placing share pursuant to the terms and conditions of the placing agreement under the general mandate.

The 2,000,000 shares under the placing represents (i) approximately 5.56% of the total number of Shares in issue as at the date of 6 November 2024 ; and (ii) approximately 5.26% of the enlarged total number of Shares in issue upon the completion of the Placing. The aggregate nominal value of the placing shares under the placing is HK\$200,000. The gross proceeds from the placing are approximately HK\$1,100,000 and the net proceeds from the placing (after deducting all applicable costs and expenses, including commission and levies of the placing) are approximately HK\$1,000,000. For details, please refer to the Company's announcements dated 6 November 2024 and 26 November 2024.

The new issued shares rank pari passu in all respects with each other in the share capital of the Company.

Save as disclosed elsewhere in these consolidated financial statements, there were no other movements in the share capital of the Company for the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27. SHARE OPTION SCHEME

A share option scheme (the “Scheme”) conditionally adopted by the Company was approved by the shareholders on 23 December 2015.

The Scheme became effective for a period of 10 years commencing on the listing date of the Company. Under the Scheme, the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of the granting of the option; (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the granting of the option; and (iii) the nominal value of a share. An offer shall remain open for acceptance by the Qualifying Grantee concerned for a period of 28 days from the date of the offer (or such period as Board may specify in writing). HK\$1 is payable by the grantee to Company on acceptance of the option offer.

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall be not greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Scheme, a period of 10 years from the date of the granting of the option).

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue immediately following the completion of the Capitalization Issue and the Placing. Options lapsed in accordance with the terms of the Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

No share options were granted under the Scheme during the years ended 31 December 2024 and 2023. At 31 December 2024 and 2023, there were no outstanding options granted under the Scheme. Share options do not confer rights to the holders to dividends or to vote at shareholders’ meetings.

28. RETIREMENT BENEFIT PLANS

The employees of the Group’s subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the local government in the PRC. The Group is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the scheme is to make the specified contributions according to the state rules.

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000 (2023: HK\$30,000). Contributions to the scheme vest immediately.

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For the year ended 31 December 2024

29. RELATED PARTY TRANSACTIONS

(a) Transaction and balances with related parties

Save as disclosed elsewhere in these consolidated financial statements, the Group did not have any transactions and balances with related parties during the year (2023: Nil).

	2024 HK\$'000	2023 HK\$'000
Related party controlled by Mr. Huang Jianying — Prepaid appeal manufacturing services	1,049	—

(b) Compensation of key management personnel

	2024 HK\$'000	2023 HK\$'000
Total remuneration of directors and other members of key management during the year was as follows:		
Fees, salaries and staff welfare benefits	450	4,375
Discretionary bonus	—	—
Total short-term employee benefits	450	4,375
Defined contribution plans (post-employment benefits)	—	42
	450	4,417

(c) Material interests of directors in transactions, arrangements or contracts

Save as disclosed elsewhere in these consolidated financial statements, no transactions, arrangements or contracts of significance to which the holding company or any of the subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

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30. ACQUISITION OF A SUBSIDIARY

During the year ended 31 December 2023

Hangting Lingya

On 13 October 2023, the Company, Zhejiang Gameone and Ms. Zhang Lili entered into the share transfer agreement in relation to the acquisition of 60% equity interest in Hangting Lingya, a company incorporated in the PRC with limited liability without any consideration.

Hangting Lingya is principally engaged in provision of software and communication equipment development, distribution and technical consulting and sales of supplies. The directors of the Company expect that the acquisition of Hangting Lingya for further expanding the business scope and revenue stream of the software service segment and is in line with the business development strategy of the Group.

The completion date of the acquisition was on 13 October 2023.

The acquisition has been accounted for as the acquisition of business using the acquisition method and details of which are as follows:

	2023 HK\$'000
Consideration transferred in the acquisition	
— Cash consideration	—*
Analysis of assets acquired and liabilities recognised as at the date of acquisition	
Trade and other receivables	950
Cash and cash equivalents	79
Accruals and other payables	(1,029)
Fair value of the net liabilities	—
Fair value of non-controlling interests	—
Net cash inflow arising on acquisition:	
Cash consideration paid	—
Add: Cash and cash equivalents balances acquired	79
Net cash inflow on acquisition of a subsidiary	79

* Less than HK\$1,000.

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For the year ended 31 December 2024

31. CAPITAL COMMITMENTS

Commitments for investment in unlisted PRC subsidiaries

Zhejiang Gameone

On 28 December 2021, the Group established a wholly owned subsidiary, Zhejiang Gameone in the PRC with registered capital of RMB50,000,000 (equivalent to approximately HK\$61,350,000) and the capital contribution shall be made to Zhejiang Gameone on or before 27 December 2070 in accordance with the memorandum of association of Zhejiang Gameone.

As at 31 December 2024, the Group has contributed approximately RMB7,056,000 (equivalent to approximately HK\$7,967,000) capital fund (2023: approximately RMB4,295,400 (equivalent to approximately HK\$5,000,000)) to Zhejiang Gameone.

AI Travel

On 23 October 2024, the Group established a subsidiary, AI Travel in the PRC with registered capital of RMB2,000,000 (equivalent to approximately HK\$2,181,400) and the capital contribution shall be made to AI Travel in accordance with the memorandum of association of AI Travel.

As at 31 December 2024, the Group has contributed RMB500,000 (equivalent to approximately HK\$545,350) capital fund to AI Travel.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities	
	2024	2023
	HK\$'000	HK\$'000
As at 1 January	–	2,272
<i>Changes from cash flow:</i>		
Repayment of interest portion of leases	(29)	(43)
Repayment of principal portion leases	(245)	(2,385)
<i>Other changes:</i>		
Capitalisation of new leases	765	1,168
Elimination upon early termination of lease contract	–	(1,055)
Interest expense	29	43
Exchange adjustments	(9)	–
As at 31 December	511	–

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33. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

The following shows the carrying amounts of financial assets and liabilities:

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Financial assets at amortised costs:		
Trade receivables	3,384	1,472
Other receivables	1,477	1,617
Deposits	15	121
Cash and cash equivalents	5,888	4,744
	10,764	7,954
Financial liabilities		
Financial liabilities at amortised costs:		
Trade payables	–	438
Accrued expenses and other payables	2,150	3,447
Amounts due to directors	266	2,800
Lease liabilities	511	–
	2,927	6,685

Due to their short-term nature, the carrying amount of the above items approximates fair value.

34. FINANCIAL RISK MANAGEMENT

Exposures to interest rate, credit, liquidity and foreign currency risks arise in the normal course of the Group's business. The management meets periodically to analyse and formulate strategies to manage the Group's exposure to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. Generally, the Group employs conservative strategies regarding its risk management. As the Group's exposure to market risk is kept to minimum level, the Group has not used any derivatives or other financial instruments for hedging purposes.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

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34. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk arise mainly from its overseas income or payment on royalty and license fee, which are primarily denominated in US dollar, Japanese Yen or Renminbi. These are not the functional currencies of the Group's major entities to which these transactions related. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The directors are of the opinion that as the Group does not have significant exposure to foreign currency risk, the Group's income and operating cash flows are substantially independent of changes in foreign currency exchange rates.

(b) Interest rate risk

Cash at banks earns interest at floating rates based on daily bank deposit rates and the Group does not have any interest-bearing borrowings. The Group's exposure to changes in interest rates primarily arises from bank deposits. The Group currently does not have any interest rate hedging policy. However, the directors monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors are of the opinion that the sensitivity of the Group's profit or loss for the year to the reasonably possible change in interest rates in the next twelve months is low.

(c) Credit risk

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfill its obligation with the results that the Group thereby suffers financial loss. The Group is exposed to credit risk in respect of its trade receivables, other receivables and bank balances.

In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate of cash at bank is assessed to be close to zero and no provision was made as of 31 December 2024 (2023: Nil).

The Group's trade receivables are mainly attributable to its software business (2023: Game Business). The Group monitors the trade receivables on an ongoing basis and only trades with creditworthy parties. The credit risk on liquid funds is low because the counterparties are major banks with high credit-ratings. The Group has no significant concentrations of credit risk with respect to its customers, except for the trade receivables due from software business (2023: game distribution platforms and payment channels) as discussed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

34. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

The credit quality of other receivables has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The directors are of the opinion that the credit risk of other receivables is low due to the sound collection history of the receivables due from them. Therefore, expected credit loss rate of other receivables excluding prepayments is assessed to be close to zero and no provision was made as of 31 December 2024.

Revenue generated from software business and game operation income through game distribution platforms and payment channels representing over 10% of the total revenues of the Group for the years ended 31 December 2024 and 2023 are as follows:

The trade receivables from software business and game distribution platforms and payment channels represented over 10% of trade receivables balances of the Group as of 31 December 2024 and 2023 were as follows:

	2024	2023
Game Distribution Platform A	–	57.0%
Game Distribution Platform B	–	28.0%
Customer A	87.4%	–
Customer B	12.6%	–
	100.0%	85.0%

(d) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of other payables and accruals and amount due to directors, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group during the year and are considered by the directors to have been effective in managing liquidity risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

34. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at the reporting date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

	Within 1 year or on demand HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 December 2024				
Other payables and accruals	2,150	–	2,150	2,150
Amounts due to directors	266	–	266	266
Lease liabilities	269	269	538	511
	2,685	269	2,954	2,927
As at 31 December 2023				
Trade payables	438	–	438	438
Other payables and accruals	3,447	–	3,447	3,447
Amounts due to directors	2,800	–	2,800	2,800
	6,685	–	6,685	6,685

The Group's policy is to monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and long term.

35. CAPITAL MANAGEMENT

The Group's capital management objectives include:

- (i) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;
- (ii) to support the Group's stability and growth; and
- (iii) to provide capital for the purpose of strengthening the Group's risk management capability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. CAPITAL MANAGEMENT *(Continued)*

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The directors of the Company review the capital structure periodically. As part of their review, the directors consider the cost of capital and the risks associated thereto.

36. CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group had no material contingent liabilities.

37. EVENT AFTER THE REPORTING PERIOD

On 7 February 2025, the Company entered into the apparel manufacturing services framework agreement (the "Apparel Manufacturing Services Framework Agreement") with Hangzhou Ouman Apparel Co., Ltd.* (杭州鷗蔓服飾有限公司) ("Hangzhou Ouman") for a period from the date of the apparel manufacturing services framework agreement to 31 December 2027, pursuant to which, the Group will procure apparel manufacturing services from Hangzhou Ouman. Hangzhou Ouman is wholly-owned by Tibet Ouman Fashion Apparel Co., Ltd.* (西藏鷗蔓時尚服飾有限公司) ("Tibet Ouman"), a company established in the PRC with its entire equity interests being held directly and/or indirectly by Mr. Huang Jianying, an executive Director and a substantial Shareholder, and Ms. Sun Li, the spouse of Mr. Huang Jianying. Therefore, Hangzhou Ouman is a connected person of the Company and the transactions contemplated under the Apparel Manufacturing Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The annual cap for the three years ending 31 December 2025, 2026 and 2027 are approximately US\$600,000. For details please refer to the announcement of the Company dated 7 February 2025.

While the Group had not engaged in apparel manufacturing activities during the year ended 31 December 2024, management expects that the execution of the Apparel Manufacturing Services Framework Agreement will result in the commencement of a new business segment in the next financial year. Accordingly, revenue and expenses related to this segment are expected to be reflected in the Group's consolidated financial statements for the year ending 31 December 2025. The Group will continue to assess the financial and operational impact of this segment and ensure appropriate segment disclosures are provided in future financial reporting periods.

Save as disclosed elsewhere in these consolidated financial statements, the Company did not have any other significant events after the reporting period.