Vobile®

Making Creative More Valuable

Annual Report 2024

Vobile Group Limited Stock Code : 3738

Incorporated in the Caymen Islands with limited liability

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Yangbin Bernard WANG ("Mr. Wang")
(Chairman and Chief Executive Officer)
Mr. WONG Wai Kwan ("Mr. Wong")

NON-EXECUTIVE DIRECTORS

Mr. TANG Yi Hoi Hermes ("Mr. Tang") *(Vice-Chairman)*
Mr. J David WARGO ("Mr. Wargo")
Ms. CHAN, Laverna Jun Lin ("Ms. Chan")
(appointed on 12 December 2024)
Mr. CHAN Ching Yan Daniel ("Mr. Chan")
(resigned on 12 December 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Alfred Tsai CHU ("Mr. Chu")
Mr. Charles Eric EESLEY ("Mr. Eesley")
Mr. KWAN Ngai Kit ("Mr. Kwan")

COMPANY SECRETARY

Mr. HO Sai Hong Vincent ("Mr. Ho")

AUDIT COMMITTEE

Mr. KWAN Ngai Kit *(Chairperson)*
Mr. Alfred Tsai CHU
Mr. Charles Eric EESLEY
Mr. J David WARGO

REMUNERATION COMMITTEE

Mr. Charles Eric EESLEY *(Chairperson)*
Mr. Alfred Tsai CHU
Mr. KWAN Ngai Kit
Mr. Yangbin Bernard WANG
Mr. J David WARGO

NOMINATION COMMITTEE

Mr. Alfred Tsai CHU *(Chairperson)*
Ms. CHAN, Laverna Jun Lin
Mr. Charles Eric EESLEY
Mr. KWAN Ngai Kit
Mr. Yangbin Bernard WANG

REGISTERED OFFICE

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Cayman Islands

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PRINCIPAL PLACE OF BUSINESS IN THE US

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Yuhang District, Hangzhou

AUTHORISED REPRESENTATIVES

Mr. HO Sai Hong Vincent
Mr. WONG Wai Kwan

CORPORATE INFORMATION

AUDITOR

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Certified Public Accountants
Registered Public Interest Entity Auditor
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PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
JPMorgan Chase Bank, N.A.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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COMPANY WEBSITE

vobile.com

STOCK CODE

3738

CHAIRMAN'S STATEMENT

Dear Shareholders,

2024 is the year for Vobile Group to further deepen its strategy and achieve key breakthroughs. We proactively seized the new opportunities brought by the rapid development of generative AI, implemented the Group's established strategy, and significantly increased the Group's profit scale while maintaining healthy growth in its core business. We also made substantial progress in AI application and platform capability building.

AI technologies have evolved rapidly over the past year, with large language models (LLM) and multimodal models being iterated at an ever-increasing speed. Open source LLM has gradually become mainstream, reshaping the AI application landscape with high cost-effectiveness, and has also effectively accelerated the research, development, and implementation of our technological products. AI has brought about improvement of efficiency in creative process, but it has also put forward new requirements for the industry. If creative content cannot be effectively protected and monetized through transactions, it will be difficult to form a complete business cycle on the production side. Effectively protecting digital content and realizing market-based transactions and reasonable profit sharing will be the key to the healthy development of the entire industry.

The continuous improvement in the energy efficiency of AI computing power will provide new productivity for the content industry. In the cost analysis of the "AI factory", energy consumption is the main expenditure item second only to server hardware. New generation of AI chips from NVIDIA has greatly improved performance while significantly reducing energy consumption. Improving energy efficiency means reducing the unit cost of AIGC content production. When the high-quality audio and video content produced by AI factories can generate revenue that exceeds the costs of computing , AI infrastructure will enable a sustainable profit cycle. AI applications in the content industry are expected to be the first to achieve large-scale profits.

We officially launched the digital content asset trading platform at the end of 2024. Recently, we launched a platform that provides content copyright verification and monetization services for professional creators. We integrate our core copyright verification and monetization services with AIGC applications. We accelerate the application of short dramas, film and television, music and other fields by cooperating with industry-leading technology companies and platforms. In addition, we leverage our long-term experience in serving large content providers to offer services to small and medium-sized creators, empowering more content to obtain greater value in the global market.

The world is undergoing unprecedented changes that have not been seen in a century, causing turbulence in the global market. However, we have always followed the path of global development and insisted on serving our customers in different countries and regions around the world. We strongly believe that the digital cultural industry will usher in a new era of global development.

The 20^{th} anniversary of our founding will mark a new starting point for Vobile. We will uphold our mission of *Making Creative More Valuable*, seize the historic opportunities in the new era with practical actions, consolidate our leading position in the industry, expand innovative business territory, push forward a new round of leapfrog growth for Vobile, and embark on a more exciting new chapter.

In addition, Vobile Group attaches great importance to and actively fulfils its corporate social responsibility by engaging in various community activities in the cities where we have business operations. We give back to the society in various ways. Together we can build a better future.

THANK YOU

On behalf of the Board of Directors, I would like to express my gratitude to all our clients, shareholders, and investors for their unwavering trust and support, as well as to all our employees, experts, consultants, and business partners for their dedication and outstanding services. We will continue to innovate, strive forward along our strategic direction, and give back to our stakeholders with greater value creation.

Yangbin Bernard WANG
Chairman, Executive Director, and Chief Executive Officer
Vobile Group Limited

28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND PROSPECTS

I. Company Financial Performance

During the reporting period, we continued to enhance the execution efficiency of our strategic initiatives. On the one hand, we strengthened the operational efficiency of our core business to optimise revenue structure and enhance profitability; on the other hand, we accelerated the ecosystem deployment of our AI-related business. The group achieved the following key financial results:

- The total revenue was HK$2,401 million, reflecting a YoY increase of 20.0%.
- The revenue from subscription services was HK$1,104 million, reflecting a YoY increase of 27.1%, accounting for about 46.0% of the revenue. The revenue from value-added services was HK$1,298 million, reflecting a YoY increase of 14.6%, accounting for about 54.0% of the revenue.
- The revenue in the United States and other regions was HK$1,213 million, reflecting a YoY increase of 21.5%. The revenue in the Mainland China was HK$1,188 million, reflecting a YoY increase of 18.6%.
- The gross profit was HK$1,051 million, reflecting a YoY increase of 23.7%. The gross profit margin has achieved 43.8%, up 1.3 percentage points from 2023.
- The profit for the year was HK$158 million, recording a turnaround from a net loss of HK$210,000 in the same period of 2023, with a profit margin increase of 6.6%.
- The adjusted net profit was HK$180 million, reflecting a YoY increase of 380%.
- The research and development expense was HK$271 million, reflecting a YoY increase of 17.0%

II. Company Strategy and Outlook

In 2024, the development of artificial intelligence (AI) technologies continued to drive industrial transformation. The rapid iteration of LLMs, along with the cost-efficiency advantages and increasing adoption of open-source models, is accelerating the commercialisation of AI applications. This not only enhances operational efficiency for enterprises but also brings new growth opportunities across industries, particularly disrupting the Media and Entertainment industry.

AI factories, powered by AI computing infrastructures, are capable of producing high-quality tokens such as short-form videos at scale. As AI chip performance continues to advance, the tokens per second per megawatt (TPS/MW) is steadily improving, resulting in significantly enhanced energy efficiency, and AI factories are expected to achieve sustainable profits in the future. This will establish the emergence of a new creator economy ecosystem. Vobile has long been committed to building a creative economy ecosystem and providing pioneering solutions for the media and entertainment industry in the AI era, enabling seamless transition from creativity to revenue, making creative more valuable.

MANAGEMENT DISCUSSION AND ANALYSIS

AI is empowering the creative economy, bringing disruptive opportunities:

The cost of producing high-quality film and television content has long remained high. Industry resources are heavily concentrated in a few premium content areas such as drama series and pop music. Premium content primarily generates revenue through box office returns, streaming subscriptions, and album sales. However, for the large number of independent creators with diverse formats, these monetization models are not only costly but also inadequate to meet the needs of varied content types.

Creator content is gaining increasing trust. According to Deloitte's annual Digital Media Trends report, younger consumers are spending more time on creator-driven entertainment and social platforms. 56% of Gen Z and 43% of Millennials believe that content on social media is more meaningful and offers a more personal connection than traditional TV programs and films.

Creative content and its monetization models are undergoing structural change. The rapid development of AI is significantly improving content creation efficiency. Formats, duration, and usage scenarios for creative expression are evolving substantially, and the ability to leverage content in more diverse ways to generate income is becoming an inevitable trend. The application of AI not only helps creators better realise their ideas but also enables more precise targeting of niche audiences. Monetization models such as advertising, diversified copyright operations, and revenue sharing will become widely adopted. Traditional geographic and channel limitations will be broken, giving previously overlooked niche and independent productions broader opportunities for dissemination. A virtuous cycle of content creation and consumption will form, significantly shortening the chain between creators and users. Whether it is traditional blockbuster productions or new AI-powered content, both can meet the demands of various consumption scenarios while continuously generating income for creators and rights holders.

As a global leader in digital content protection and transaction services, Vobile remains committed to placing intellectual property at its core and is dedicated to helping content creators and rights holders unlock greater commercial value. With the efficiency of content creation significantly improved by AI and the growing diversity of creative content, the industry urgently needs innovative monetization and transaction models to enable more creators to monetize and generate profits from their creativity. This signals that the time is right for Vobile to extend its services to a broader group of creators. With its core capabilities in digital rights identification and monetization, Vobile is poised to become the commercialisation engine for AI applications in the creative industry.

We have launched the Vobile MAX digital content asset trading platform. By leveraging an open architecture to deeply integrate with partners across the industry chain, Vobile is building a complete value loop of "creation — protection — distribution," empowering a broader creator community through technological innovation. The platform is AI-driven at its core, deeply integrating intelligent analysis and collaborative creation capabilities. It not only optimises the end-to-end efficiency of content registration, rights identification, and distribution but also maximises content value through data insights and dynamic audience matching. Based on blockchain and Web3 technologies, we are building an efficient content distribution system that supports multi-source content aggregation, cross-platform revenue penetration management, and efficient rights identification of copyright assets, enabling high-frequency, lightweight transactions and flexible revenue sharing.

MANAGEMENT DISCUSSION AND ANALYSIS

We are building a collaborative and innovative technology ecosystem together with our partners. Through partnerships with global leading AI infrastructure providers, LLM model technology companies, and computing service providers, we are advancing the implementation of real-time rights identification and monetization capabilities for AI-generated content. Our digital watermarking technology has completed compatibility testing within the industry's leading AI content creation ecosystems, marking a breakthrough from technical validation to commercial deployment. Related commercial applications are now entering the stage of scaled deployment. Meanwhile, as global tech leaders accelerate the development of AI computing infrastructure, we are further deepening our collaboration with key partners to accelerate the rollout of AI copyright services in core business regions and jointly explore digital content asset deployment strategies.

Vobile is leveraging its years of accumulated competitive advantage in frontier technologies to drive the commercialisation of AI-era content licensing and revenue-sharing mechanisms. In key emerging content markets, we provide full-chain copyright protection and transaction service solutions for major cultural projects. In regulatory innovation zones, we are exploring new business scenarios and building a Web3-based cross-border digital content asset distribution ecosystem. Through the integration of technological empowerment and business model innovation, we aim to unlock the long-term value of digital content assets.

Our strategic priorities are:

1. **Seize strategic opportunities of AI and expand our AI service capabilities**
   Regardless of the evolution of content production and distribution driven by technological progress, IP is the core value of the film and television industry, and the protection and transaction of creative content is the foundation to support the value of the industry. Leveraging our software service capabilities, Vobile provides solutions tailored to the creative economy in the AI era, positioning ourselves as a key enabler of the monetization of advanced computing and LLMs.

2. **Achieve scalability by upgrading to platform business and expanding services to include small and medium-sized content holders**
   The rapid development of AI technology is significantly enhancing the influence of small and medium-sized content creators within the creative ecosystem. We are building a platform- based ecosystem to achieve scalable customer acquisition service delivery. By leveraging Web3 technologies, we aim to establish more transparent rules, lower-cost digital rights identification mechanisms, and more refined revenue-sharing models. Furthermore, through digital asset transactions, we are improving content liquidity and promoting a healthy and sustainable development of the creative ecosystem.

3. **Establishing a new paradigm for digital content asset distribution and deeply involving in the digital trade ecosystem**
   The development of the global digital economy has created substantial opportunities for digital trade. Vobile has been actively building digital content asset infrastructure projects across various regions. It has developed asset management capabilities covering a wide range of content types, including long and short-form videos and music, based on our practical experience in cross-regional copyright collaboration frameworks. Leveraging our strong technological capabilities and resource base, we have established a leading position in the field of digital cultural trade, opening up new business frontiers and strengthening our competitive advantage.

Vobile Group has entered a strategic inflection point for achieving leapfrog development, as the digital content industry is flourishing at an unprecedented pace, with various new technologies and sectors emerging rapidly. Moving forward, we will continue to solidify our global leadership in the industry, seize opportunities presented by major industry transformations, and lead in technological innovation and business expansion. We remain fully committed to realising the vision and mission of 'Making Creative More Valuable'.

III. Our Business

The industry environment is constantly evolving. Vobile provides comprehensive digital content rights and transaction solutions for customers with IP as the core, ensuring that the rights of creators are fully respected and protected. Vobile implements a high-quality development strategy, prioritising the development of high-value businesses and focusing on strategic key areas. We seize the key development opportunities of AI era and continuously upgrade our service capabilities based on the advantages accumulated in the field of copyright services for many years. During the reporting period, Vobile achieved total revenue of HK$2,401 million, representing a growth of approximately 20.0% YoY.

Subscription Services

A subscription-based business model has constantly provided long-term stable services to the world's leading content providers and platforms. With our essential proprietary VDNA digital fingerprint and watermark technologies, we help content owners in tracing infringements and preserving timely and powerful evidence, and we charge subscription fees based on the scale of services provided to customers. At the same time, we provide content identification services and traceability capabilities for online video websites and platforms, empowering platform customers.

During the reporting period, we further advanced the scenario-driven application of our digital rights protection technologies. Our service scope expanded to cover emerging content segments such as live streaming, short dramas, music, e-commerce, and online literature-establishing a comprehensive lifecycle management system for all content types. For live streaming, we upgraded our service and system capabilities to provide real-time content stream processing for leading global platforms, achieving minute-level digital rights identification on platforms including YouTube and Facebook. For music copyright protection, we deployed a cross-channel monitoring network for leading music platforms and implemented minute-level infringement response mechanisms for their core libraries across music streaming, audiovisual, and live scenarios. For the e-commerce sector, we achieved breakthroughs by building a product image copyright identification system for a leading platform. This system, powered by VDNA fingerprinting technology, now supports automated rights identification of over 500,000 images per day, significantly reducing the dispute resolution cycle. For the short-drama segment, our intelligent monitoring system now provides customised copyright solutions for premium short-form video platforms. During the period, we have added several newspaper group clients and delivered intelligent media content library services through API solutions.

Based on the above progress, during the reporting period, Vobile has achieved a subscription service revenue of HK$1,104 million, representing a YoY increase of about 27.1%, accounting for approximately 46.0% of total revenue. It is expected that with the increasing global focus on copyright, Vobile's expanding coverage of diverse content, and the growing demand from copyright platforms, our subscription services will continue to maintain a good development trend.

Value-added Services

With the continuous development of our business and the diversification of customer needs, we are further providing diversified value-added services on the basis of strengthening subscription services to help customers maximise the value of content. We enhance the penetration and profitability of customer content by providing rich monetization solutions, and earn revenue through revenue sharing models. In 2024, we continued the trend of upgrading contracts with large content providers, achieving greater coverage of top-tier content and providing assurance for the growth of value-added services.

We have managed 19 new media channels for major international film studios, attracting nearly 40 million new subscribers and driving a remarkable increase of 27.4 billion annual video views. We are building a digital copyright value realisation ecosystem and launched the Vobile MAX Digital Asset Trading Platform this year. The platform integrates video rights identification, blockchain, and Web3 technologies to deliver a one-stop service cycle for creator empowerment, copyright monetization, protection, and transaction.

During the reporting period, value-added services generated revenue of HK$1,298 million, representing a year-on-year increase of 14.6% and accounting for approximately 54.0% of total revenue. Our growth is primarily driven by platform-based service models underpinned by technological innovation and deep integration with leading international clients.

Sustained Strong Growth in Our Major Business Regions

In 2024, we will continue to advance the strategy of high-quality development to respond to the impact of the economic environment and other factors, ensuring existing development and firmly laying out the future. During the reporting period, we continued to expand the scale and categories of digital content services in our main business areas, building the business foundation of the AI field, and successfully exploring business in new market areas. Our solid business fundamentals, paired with innovative and effective expansion initiatives, have enabled us to deliver strong performance amid a dynamic industry environment.

In the United States, we maintained robust growth momentum. We have established partnerships with world-leading computing power ecosystem providers in the fields of AI-generated content rights identification and monetization. Leveraging our watermarking technology, we have successfully extended its services to platforms such as TikTok. During the reporting period, the revenue from the United States was HK$1,184 million, representing a YoY growth of approximately 20.5%, and accounting for approximately 49.3% of the total revenue.

In Mainland China, Vobile's performance and brand influence have achieved excellent growth. The region remained a key strategic market for us. For major event copyright protection, we established a minute-level monitoring system for the Paris Olympics, identifying over 200,000 infringement cases, with a 100% takedown rate on key platforms. In terms of cultural dissemination, our "Haiyun" global content distribution platform achieved significant milestones. In 2024, we also supported a leading content partner in building a global media distribution network on YouTube and Meta platforms, delivering over 100 billion international impressions annually. During the reporting period, the revenue in Mainland China was HK$1,188 million, with a year-on-year growth of approximately 18.6%, accounting for approximately 49.5% of the total revenue.

In the Greater Bay Area of Guangdong, Hong Kong, and Macau, we grasp the trend of integrated development, increase our talent and investment deployment in the Greater Bay Area, deeply participate in shaping the IP Ecosystem in specific regions, and positioning ourselves as a pivotal player.

Research and Development

Vobile continues to build essential technological infrastructure for the protection and transaction of digital content assets, aiming to improve the efficiency of value transmission across the industry ecosystem. Content rights holders, AI LLMs platforms, and creators are increasingly reaching consensus on copyright compliance, while major global economies are accelerating legislative efforts in this area. By offering comprehensive copyright technology services, Vobile has become a key technical enabler for the effective implementation of industry standards.

We expanded our research and development collaboration in the field of artificial intelligence with the University of Florida and achieved technological breakthroughs in rights identification and monetization for AI-generated content. Integrated with NVIDIA Media2 ecosystem, we have developed and integrated new digital rights identification solutions into our monetization service framework. We have completed preparations for the upcoming full-scale commercial deployment, ready to deliver premium authentication services with industrial-grade efficiency in the field of AI-generated content rights management at scale.

Leveraging our globally leading proprietary fingerprinting and watermarking technologies, Vobile remains committed to safeguarding digital content assets in film, television, and streaming. We have built the world's largest authorised fingerprint genome repository, significantly enhancing the accuracy and credibility of rights identification for AI-generated content. During the reporting period, we completed a new round of upgrades to our fingerprinting technology, adding semantic-level intelligence to better meet the needs of high-frequency and fragmented content environments. This has enabled us to identify AI-generated content at scale, with greater speed and precision. Enhanced algorithms have also allowed us to reduce rights identification time significantly, while expanding real-time detection capabilities across live streaming and short-form video platforms — further strengthening our content service delivery on global social media.

The evolution of AI has introduced new demands for digital copyright services. To address the "born-to-be-used" nature of AI-generated content, we are developing a real-time rights identification system driven by watermarking and fingerprinting technologies, combined with blockchain-based certification and multi-platform tracking. Supported by smart contract-enabled dynamic revenue-sharing mechanisms, this system will enable instant rights confirmation and efficient monetization.

To further support the monetization of long-tail content, we launched the Vobile MAX Digital Content Asset Trading Platform-an integrated platform combining Vobile's core technologies and service systems. Vobile MAX supports concurrent rights identification and transactions for vast volumes of small and medium content. With blockchain and other foundation technologies, it provides a transparent and trustworthy infrastructure for asset distribution and delivers precise technical support for revenue allocation. Additionally, through partnerships with third-party collaborators, we introduced Web3 content asset trading, offering more flexible monetization options for independent and small-team creators.

Vobile is dedicated to building an AI-driven new digital content infrastructure, covering the full lifecycle of rights identification, distribution, and monetization. Through continuous technology upgrades and capability expansion, we are enhancing our content recognition efficiency and service coverage-laying a solid foundation to address the increasingly complex copyright landscape in the AI era, and contributing to a healthier and more efficient industry ecosystem for content rights holders and AI technology providers.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Consolidated Statement of Profit or Loss Highlights

	2024 HK$'000	2023 HK$'000
Revenue	**2,401,322**	2,000,989
Gross profit	**1,051,463**	850,157
Profit before tax	**186,694**	47,141
Profit/(loss) for the year	**158,491**	(210)
Non-IFRS Adjusted Net Profit	**179,667**	37,411
Non-IFRS Adjusted EBITDA	**438,234**	319,196

Non-IFRS Adjusted Net Profit

Adjusted Net Profit is earnings before equity settled share option expenses and other one-off expenses. This is not a IFRSs measure. Adjusted net profit is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation. The Group has presented this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors.

The following table sets forth a quantitative reconciliation of Adjusted Net Profit to its most directly comparable IFRS measurement and profit for the year attributable to owners of the Company.

	2024 HK$'000	2023 HK$'000
Profit/(loss) for the year	**158,491**	(210)
Add/(less):		
Equity-settled share compensation expense	**24,273**	41,900
Loss on extinguishment of debts	**11,728**	6,195
Changes in fair value of investment properties	**(1,024)**	(3,468)
Changes in fair value of financial assets at FVTPL	**(13,801)**	(7,006)
Adjusted Net Profit	**179,667**	37,411

Non-IFRS Adjusted EBITDA

Adjusted EBITDA is earnings before finance costs, finance revenues, income taxes, depreciation and amortisation, equity settled share compensation expenses, and other one-off expenses. This is not a IFRSs measure. Adjusted EBITDA is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation. Our Group has presented this item because our Group considers it an important supplemental measure of our Group's operational performance used by our Group's management as well as analysts or investors.

The following table sets forth a quantitative reconciliation of Adjusted EBITDA to its most directly comparable IFRS measurement and profit before tax.

	2024 **HK$'000**	2023 HK$'000
Profit before tax	**186,694**	47,141
Add/(less):		
Depreciation and amortisation	**135,125**	135,750
Equity-settled share compensation expense	**24,273**	41,900
Bank interest income	**(4,236)**	(4,434)
Finance costs	**91,604**	92,252
Impairment on financial assets	**7,871**	10,866
Loss on derecognition of financial liabilities measured at amortised cost	**11,728**	6,195
Changes in fair value of investment properties	**(1,024)**	(3,468)
Changes in fair value of financial assets at FVTPL	**(13,801)**	(7,006)
Adjusted EBITDA	**438,234**	319,196

Revenue

The following table shows our revenue breakdown by each product in our subscription-based SaaS business and transaction-based SaaS business:

	2024 **HK$'000**	2023 HK$'000
Subscription services	**1,103,693**	868,458
Value-added services	**1,297,629**	1,132,531
Total revenue	**2,401,322**	2,000,989

Our revenue in 2024 amounted to approximately HK$2,401 million, representing an increase of approximately HK$400 million, or approximately 20% as compared with the revenue of 2023 of approximately HK$2,001 million. The increase was mainly attributed by (a) continued growth in our business in the US; and (b) the expansion of our business in the Mainland China, driven by strategic and commercial partnerships.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

Our gross profit in 2024 amounted to approximately HK$1,051 million, representing an increase of approximately HK$201 million as compared to 2023 of approximately HK$850 million. Our gross profit margin increased from 42.5% in 2023 to 43.8% in 2024.

Selling and marketing expenses

Our selling and marketing expenses in 2024 amounted to approximately HK$322 million, representing an increase of approximately HK$37 million as compared to 2023 of approximately HK$285 million. The increase was mainly due to the increase of sales and marketing initiatives during the year.

Administrative expenses

Our administrative expenses in 2024 amounted to approximately HK$183 million, representing a decrease of approximately HK$20 million as compared to 2023 of approximately HK$203 million. The decrease in administrative expenses was mainly due to the decrease in equity-settled share compensation expenses.

Research and development expenses

Our research and development expenses in 2024 amounted to approximately HK$271 million, representing an increase of approximately HK$39 million as compared to 2023 of approximately HK$232 million. The increase was mainly due to the increase of research and development activities in the current year for new products development to capture strategic growth opportunities.

Other income and gains

Other income mainly consisted of government grant, fair value gain on investment properties and financial assets at FVTPL.

Finance costs

Finance costs mainly consisted of interest expense on convertible bonds and interest-bearing borrowings of approximately HK$91 million (2023: HK$91 million) and interest expense on lease liabilities of approximately HK$1 million (2023: HK$1 million).

Income tax expense

Our income tax expense mainly comprised of tax expense in the Mainland China and deferred tax expense.

Profit/(loss) for the year

The profit for 2024 amounted to approximately HK$158 million (2023: loss of approximately HK$0.2 million). Basic earnings per share for 2024 was approximately HK$0.0631 (basic loss per share for 2023: HK$0.0035) and diluted earnings per share for 2024 was approximately HK$0.0588 (diluted loss per share for 2023: HK$0.0035).

Dividends

The Board does not recommend any payment of dividends for 2024 (2023: nil).

Consolidated Statement of Financial Position Highlights

	2024 HK$'000	2023 HK$'000
Total assets	**3,916,882**	3,506,108
Total liabilities	**1,624,945**	1,366,296
Net assets	**2,291,937**	2,139,812
Total equity	**2,291,937**	2,139,812

Goodwill

Our goodwill amounted to HK$1,147 million as at 31 December 2024 (31 December 2023: HK$1,170 million). Goodwill is tested for impairment periodically and no impairment loss is considered necessary as at 31 December 2024.

Intangible assets

Our intangible assets amounted to HK$521 million as at 31 December 2024, representing an increase of HK$84 million as compared to 31 December 2023 of HK$437 million.

Interest-bearing borrowings

As at 31 December 2024, the Group's interest-bearing borrowings amounted to approximately HK$790 million as compared to approximately HK$575 million as of 31 December 2023. HK$428 million is repayable within one year, HK$85 million is repayable in the second year and HK$242 million is repayable in the third to five years and HK$35 million is repayable beyond five years.

Convertible bonds

On 24 May 2024, the Company issued convertible bonds in an aggregate principal amount of HK$159,997,200. The convertible bonds have an initial conversion price of HK$1.87 per Share. The convertible bonds are convertible into shares of the Company. The convertible bonds bear simple interest on their outstanding principal amount at the rate of 3% per annum, payable semi-annually in arrears, and will mature in the two years from the issue date.

On 9 November 2024, the Company issued zero coupon convertible bonds in an aggregate principal amount of HK$78,000,000. The convertible bonds have an initial conversion price of HK$1.95 per Share. The convertible bonds are convertible into shares of the Company. The convertible bonds do not bear any interest and will mature in the three years from the issue date.

LIQUIDITY AND FINANCIAL RESOURCES

Working capital

As of 31 December 2024, our cash and cash equivalents amounted to approximately HK$220 million, representing a decrease of HK$20 million as compared to 2023 of approximately HK$240 million. As of 31 December 2024, our current ratio, which is equivalent to the current assets divided by the current liabilities, was 1.77 times as compared with 2.0 times as at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant investments, acquisitions and disposal

We did not have any significant investment nor material acquisitions and disposal during 2024.

Capital expenditures

In 2024, our capital expenditures primarily included purchases of property, plant and equipment, investment properties and intangible assets. The amount of our capital expenditures in 2024 was HK$255 million (2023: HK$212 million).

Foreign exchange exposure

In light of the nature of our business, we are exposed to various foreign currencies, among which, USD and RMB are mostly used apart from HK$. To minimise the impact of foreign currency rate volatility, we monitor foreign currency risk at operational level closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Company did not use any financial instruments for hedging purposes for the year.

Gearing ratio

Our Group monitors capital using gearing ratio, which is net external debt divided by the capital (equity attributable to owners of the Company) plus net debt. Net debt includes convertible bonds and interest-bearing borrowings, less cash and cash equivalents. As of 31 December 2024, our gearing ratio, calculated as net debt divided by the equity attributable to owners of the Company plus net debt, was 27% (31 December 2023: 18%).

Contingent liabilities, off balance sheet commitments and arrangements and pledge of assets

As of 31 December 2024, we did not have (i) any material contingent liabilities or guarantees, (ii) any liabilities under acceptance trade receivables or acceptable credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantee material covenants, or other material contingent liabilities, or (iii) any material off-balance sheet arrangements.

Use of proceeds from issue of convertible bonds and placement of shares

On 24 May 2024, the Company issued convertible bonds in the aggregate principal amount of approximately HK$160 million, raised net proceeds of HK$155 million. As at 31 December 2024, the Company has fully utilised the net proceeds as intended. The table below sets out the details of actual usage of the net proceeds as at 31 December 2024.

Intended use of proceeds	**Initial intended allocation** (HK$ million)	**Net proceeds utilised during the year ended 31 December 2024** (HK$ million)	**Unutilised net proceeds as at 31 December 2024** (HK$ million)	**Expected timeline of full utilisation**
Development and investment of AIGC related business	116	116	—	N/A
Repayment of interest-bearing borrowings	39	39	—	N/A
	155	155	—	

On 9 November 2024, the Company issued convertible bonds in the aggregate principal amount of HK$78 million, raised net proceeds of HK$74 million. As at 31 December 2024, the Company has utilised HK$55 million of the net proceeds as intended. The table below sets out the details of actual usage of the net proceeds as at 31 December 2024.

Intended use of proceeds	**Initial intended allocation** (HK$ million)	**Net proceeds utilised during the year ended 31 December 2024** (HK$ million)	**Unutilised net proceeds as at 31 December 2024** (HK$ million)	**Expected timeline of full utilisation**
Investment	56	37	19	31 December 2025
General working capital	18	18	—	N/A
	74	55	19	

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, we employed a total of 535 staff (as at 31 December 2023: 578 staff). Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of each individual employee, and are subject to review from time to time. In addition, our employees are entitled to participate in the share schemes of the Company, details of which are set out under "Share Schemes" in the Directors' Report. We provide regular and specialised trainings tailored to the needs of our employees in different departments. Our employees can also improve their skills through communicating with stakeholders of the Group and mutual learning among colleagues. New employees will receive general training.

The remuneration of the Directors is reviewed by the remuneration committee of the Company and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yangbin Bernard WANG ("Mr. Wang"), aged 56, is an executive director, the chairman of our Board and our chief executive officer. As the founder of our group, Mr. Wang established the company in 2005 and has led it to become a global leader in providing Software-as-a-Service (SaaS) for content protection and digital asset transactions. Under Mr. Wang's leadership, Vobile has achieved tremendous growth, evolving from a Silicon Valley startup to a global public company with a successful IPO on the Main Board of the Hong Kong Stock Exchange in 2018.

Mr. Wang earned an MS degree from the Department of Electrical and Computer Engineering at the University of Florida in 1993 and a bachelor's degree in engineering from Zhejiang University in 1991. He serves on the Dean's Advisory Board and West Coast Advisory Board for the Herbert Wertheim College of Engineering at UF.

Mr. WONG Wai Kwan ("Mr. Wong"), aged 57, is a non-executive Director since June 2017 and was re-designated as an executive Director in June 2023. From December 2011 to June 2016, Mr. Wong served as the General Manager of the Financial Audit Department and the Internal Audit Department of Shanghai Fosun High Technology (Group) Co., Ltd., a wholly-owned subsidiary of Fosun International Limited (Stock Code: 00656). From August 1992 to March 2000, Mr. Wong was employed by Ernst & Young and his last position was Manager in its Assurance Department. Mr. Wong has over 30 years of experience in finance, accounting, and financial management. Currently, Mr. Wong is an independent non-executive director of Green Economy Development Limited (Stock Code: 01315). Mr. Wong is a fellow member of Certified Practising Accountants (Australia), a member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Mr. Wong obtained a Master of Business Administration from Washington University in St. Louis, Missouri, United States in December 2009. He graduated with a Bachelor of Arts with Honours in Accountancy from the City University of Hong Kong in Hong Kong in November 1992.

NON-EXECUTIVE DIRECTORS

Ms. CHAN, Laverna Jun Lin ("Ms. Chan"), aged 33, is a non-executive Director since December 2024. She is currently a director of Po Leung Kuk, Assistant Commissioner of the Advisory Committee of Immigration Department Youth Leaders Corps (HKSAR), Vice-Convener of the Young Executive Committee of Hong Kong Chiu Chow Chamber of Commerce Limited, Deputy Secretary General of Hong Kong International Youth Exchange Center, committee member of Les Lumières de Paris Hong Kong Chapter (Young Members), Vice Chairman of Dato Tong, Luis Charitable Foundation Limited, a member of Y. Elites Association Hong Kong, a member of Golden Bauhinia Women Entrepreneur Association. Ms. Chan is the founder of Swanselect Limited and an executive director of Swan Group Asia Limited. Ms. Chan obtained a Bachelor of Arts in Communication from the University of Southern California in 2014 and a Master of Business Administration from University of Central Lancashire in the United Kingdom in 2024.

DIRECTORS AND SENIOR MANAGEMENT

Mr. J David WARGO ("Mr. Wargo"), aged 71, is a non-executive Director since January 2017. He is also a member of our audit committee and remuneration committee. In 1993, Mr. Wargo founded Wargo & Company, Inc., where he currently serves as President. Mr. Wargo has over 40 years of experience in the telecommunications, media, and technology industries. Since March 2015, Mr. Wargo has been a director of Liberty Broadband Corporation (NASDAQ: LBRDA). Since August 2014, Mr. Wargo has been a director of Liberty TripAdvisor Holdings, Inc. (NASDAQ: LTRPA). From September 2008 through April 2022, he was a director of Discovery Communications, Inc. (NASDAQ: DISCA). Since June 2005, Mr. Wargo has been a director of Liberty Global plc (NASDAQ: LBTYK). From May 2005 to September 2008, he served as a director of Discovery Holding Company. From August 2002 to June 2007, Mr. Wargo served as a director of OpenTV Corp. From 2001 until 2019 he served as a director he served as a director of Strayer Education, Inc. (NASDAQ: STRA). Mr. Wargo graduated with a Masters in Management from the Sloan School of Management at the Massachusetts Institute of Technology, Cambridge, Massachusetts, United States in 1978, and a Masters in Engineering majoring in nuclear engineering in 1976. He has also obtained a Bachelor of Science majoring in Physics from the Massachusetts Institute of Technology in Cambridge, Massachusetts, United States in 1976. Mr. Wargo is also an Executive Producer of the Christopher Nolan film, "Oppenheimer", which won seven Academy Awards in 2024 including Best Picture.

Mr. TANG Yi Hoi Hermes ("Mr. Tang"), aged 60, is a non-executive Director and the vice-chairman of our Board since July 2023. Mr. Tang joined the Immigration Department of the Hong Kong Special Administrative Region ("HKSAR") in 1985. Mr. Tang subsequently joined the Customs and Excise Department in 1987 and he took up the Commissioner of Customs and Excise post in July 2017 and retired in October 2021. Mr. Tang was appointed as Justices of the Peace (JP) in October 2022. Mr. Tang has been awarded seven Assistant Commissioner of Customs and Excise's Commendations between 1992 and 2006; Commissioner of Customs and Excise's Commendation in 1997; Hong Kong Customs and Excise Long Service Medal in 2005, with the first and second clasps in 2012 and 2017 respectively; Hong Kong Customs and Excise Medal for Meritorious Service in 2014; Hong Kong Customs and Excise Medal for Distinguished Service in 2019; and the Silver Bauhinia Star in 2021. Mr. TANG has been serving as an independent non-executive director of Chu Kong Shipping Enterprises (Group) Company Limited (Stock code: 00560) and China Resources Building Materials Technology Holdings Limited, which are both listed on the Main Board of the Stock Exchange since October 2024. He is currently a member of the Public Complaints Committee of the Hospital Authority of Hong Kong, and a director of Logistics and Supply Chain MultiTech R&D Centre Limited. Mr. Tang holds a Bachelor Degree from the Hong Kong Polytechnic University. He has completed the Advanced Management Programme at INSEAD — the Institut Européen d'Administration des Affaires (France) and the Advanced Management Programme at the National Academy of Governance (China).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Alfred Tsai CHU ("Mr. Chu"), aged 50, is an independent non-executive Director since June 2020. He is also the chairman of our nomination committee and a member of our audit committee and remuneration committee. Leveraging extensive experience in investment, Mr. Chu has been the Founding Partner of Starlite Investment Group since 2009. Furthermore, he has actively collaborated as a partner with various venture capital firms for over two decades, including Yimei Capital, IPV Capital, Tiandi Capital, and Panasonic Venture Capital. Mr. Chu earned his Master of Business Administration in Finance from the Wharton School of the University of Pennsylvania in 2006 and his Bachelor of Science in Business Administration from the University of California, Berkeley in 1996.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Charles Eric EESLEY ("Mr. Eesley"), aged 45, is an independent non-executive Director since December 2017. He is also the chairman of our remuneration committee and a member of our audit committee and nomination committee. Mr. Eesley has over two decades of experience in education and research focusing on technology and entrepreneurship. Since 2009, Mr. Eesley has worked at Stanford University, and is currently an Associate Professor in the School of Engineering and the W.M. Keck Foundation Faculty Scholar in the Department of Management Science and Engineering. Mr. Eesley is also a Faculty Director of the Stanford Technology Ventures Program, he conducts research on technology entrepreneurship, specifically the impact of institutions and university environment on high growth technology entrepreneurship. In 2020, he received the Third Annual IACMR-RRBM Responsible Research in Management Award and in 2018, he was the recipient of the TUM Research Excellence Award from the Technical University of Munich. Mr. Eesley obtained a Doctor of Philosophy in Management from the Massachusetts Institute of Technology in Cambridge, Massachusetts, United States in June 2009 and a Bachelor of Science from Duke University in Durham, North Carolina, United States in May 2002.

Mr. KWAN Ngai Kit ("Mr. Kwan"), aged 45, is an independent non-executive Director since June 2021. He is also the chairman of our audit committee and a member of our nomination committee and remuneration committee. Mr. Kwan is the chief financial officer, authorised representative and the company secretary of Modern Dental Group Limited (stock code: 3600) since October 2016. Mr. Kwan has over 15 years of experience in auditing, accounting and corporate management. Prior to March 2014, he worked as a senior manager in both the assurance department and the technical department of Ernst & Young during which he acquired intensive capital market transactions experience. Mr. Kwan is currently an independent non-executive director of A & S Group (Holdings) Limited (stock Code: 1737) which is listed on the Main Board of the Stock Exchange. Mr. Kwan is currently a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwan obtained a master's degree in business administration from the Chinese University of Hong Kong in November 2014 and a bachelor's degree in accountancy from The Hong Kong Polytechnic University in November 2002.

SENIOR MANAGEMENT

Mr. Benjamin Russell SMITH ("Mr. Smith"), alias Ben Smith, aged 49, is our Senior Vice President of Business Development. He joined our Group in February 2014 as Senior Vice President of Business Development and is responsible for overseeing our ReClaim product sales and other related business development activities. From April 2012 to January 2014, Mr. Smith was the chief executive officer at Blayze Inc. From September 2003 to October 2009, he served as Strategic Partner Development Senior Associate at Google Inc., where he acquired experience in business development. Mr. Smith graduated with a Bachelor of Arts, majoring in Political Science and minoring in Legal Studies from Beloit College in Beloit, Wisconsin, United States in December 1997.

Mr. Christopher Mark MARSHALL ("Mr. Marshall"), alias Chris Marshall, aged 44, is our Senior Vice President of Business Operations. He joined our Group in November 2019 as Vice President of Channel ID upon the completion of our acquisition of Rights ID and Channel ID businesses from ZEFR, Inc. From 2012 to November 2019, Mr. Marshall worked at ZEFR, Inc. and led the Channel ID business. From 2006 to 2012, Mr. Marshall worked at Select Staffing as National Account Manager. He graduated from Brigham Young University with a Bachelor of Arts, majoring in Marketing Communication and minoring in Creative Advertising in 2005.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Jian ZHAO ("Dr. Zhao"), aged 61, is our Chief Technology Officer since March 2021. He is responsible for overseeing the development and dissemination of technology for clients to improve and increase business. Prior to joining the Vobile Group, Dr. Zhao was Vice President of Advanced Technologies at Verance Corporation from 2010 to 2021. He served as CTO at Thomson Software and Technology Solutions from 2005 to 2009. Dr. Zhao was also a Founder, President and CTO of MediaSec Technologies, Inc. from 2000 to 2005. He obtained a Doctor of Philosophy in Computer Science from Technology University Darmstadt in Germany and a Master of Computer Science from East China Normal University in Shanghai, China.

Mr. Mark Woodrow HALL ("Mr. Hall"), aged 58, alias Mark Hall, is our Senior Vice President of Products and Innovation. He joined our group in March 2020 and is currently responsible for overseeing the products and innovation function. Prior to joining our Group, Mr. Hall served in Paramount Pictures for 14 years from February 2006 to March 2020 and his last position was Vice President of Digital Content Monetization. He was employed by DreamWorks Studios as an information technologist from July 2005 to February 2006. From December 2003 to June 2005, he was an CTO of Merchants Billing Services. Mr. Hall served as the Director of Network of Cars Direct from 1999 to 2003. From 1996 to 1999, he served as an Infrastructure Engineer of Delaware North. Mr. Hall studied English Literature at San Diego State University from 1989 to 1992.

Mr. Michael Paul WITTE ("Mr. Witte"), alias Mike Witte, aged 66, is an executive Director of our Company from June 2017 to June 2021. He joined our Group in January 2008 as our Executive Vice President of Business Development and Sales and is responsible for overseeing all sales and customer success of our content protection products in the US and other related business development activities, including sourcing new clients and managing and growing our existing client relationships, performing after-sales services and providing ongoing support to our customers, and manages our sales team in Silicon Valley. Mr. Witte has over ten years of experience in the SaaS business since joining our Group. Mr. Witte obtained a Bachelor of Arts majoring in English from the University of California in Santa Barbara, California, US in March 1982.

Mr. HO Sai Hong Vincent ("Mr. Ho"), aged 39, is our Financial Controller and company secretary since November 2016. He is responsible for overseeing overall accounting and financial reporting functions. Mr. Ho has over 15 years of experience in the auditing and accounting fields. From September 2008 to September 2015, Mr. Ho worked at the Assurance Department of Ernst & Young where he last served as Manager. Mr. Ho is currently a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He graduated with a Bachelor of Business Administration in Economics and Accounting from the Hong Kong University of Science and Technology in Hong Kong in May 2008.

DIRECTORS' REPORT

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is a limited liability company incorporated in the Cayman Islands and its headquarters and principal place of business in Hong Kong is Suite 3712, 37/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group comprise of the provision of software as a service. The principal activities and other particulars of the subsidiaries of the Company are set out in note 1 to the financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the sections headed "Chairman's Statement" and the "Management Discussion and Analysis" set out on pages 4 to 5 and pages 6 to 17 of this annual report, respectively. This discussion forms part of this directors' report.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out in the section headed "Five Year Financial Summary" on page 146 of this annual report. The summary does not form part of the audited financial statements.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2024 and the Group's financial position as at 31 December 2024 are set out in the financial statements on pages 58 to 145.

The Board does not recommend payment of any dividend in respect of the year ended 31 December 2024 (2023: Nil).

SHARE CAPITAL, SHARE OPTION AND CONVERTIBLE BONDS

During the year ended 31 December 2024, the Company issued a total of 36,000,000 Shares due to exercise of share options by the participants under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme in a total consideration of approximately HK$12,088,000. In addition, on 29 November 2024, the bondholders converted convertible bonds in the principal amount of HK$15,600,000 into 8,000,000 shares with conversion price of HK$1.95 per share. Details of movements in the Company's share capital, share options and convertible bonds are set out in note 29, 30 and 27 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Directors of the Company have been granted the general mandate (the "Share Repurchase Mandate") pursuant to resolutions of the Shareholders passed on 28 June 2024, to repurchase shares of the Company on the Stock Exchange. Pursuant to the Share Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of issued Shares as at the date of passing of the resolution.

During the year ended 31 December 2024, the Company repurchased, under the Share Repurchase Mandate, a total of 1,445,000 shares (the "Repurchased Shares") representing approximately 0.06% of the issued shares of the Company as at 31 December 2024 for a consideration of HK$3,418,000, excluding transaction cost. Details of the Repurchased Shares are set out below:

Month	Number of Shares repurchased	Highest (HK$)	Lowest (HK$)	Aggregate consideration paid (before expenses) (HK$'000)
October 2024	1,445,000	2.53	2.22	3,418

As of 31 December 2024, 1,445,000 Repurchased Shares were not cancelled and were held by the Company as treasury shares (as defined in the Listing Rules) intended to be used in accordance with the applicable rules and regulations, including but not limited to resale for cash, transfer to satisfy share grants and cancellations under the Share Award Plan. During the year ended 31 December 2024, the Company did not sell or transfer any treasury shares. The share repurchase was financed by the Company with its existing available cash.

Save as disclosed above, during the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution mainly represent the share premium account, retained profits, merger reserve and other reserves, amounted to approximately HK$2,091 million.

CHARITABLE DONATIONS

During the year ended 31 December 2024, the Group made charitable donations totalling HK$1,389,000 (2023: HK$5,365,000).

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 51% of the total revenue. The top five suppliers accounted for approximately 13% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 15% of the total revenue and the Group's largest supplier accounted for approximately 32% of the total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this report are:

Executive Directors:

Mr. Yangbin Bernard WANG *(Chairman and Chief Executive Officer)*
Mr. WONG Wai Kwan

Non-executive Directors:

Mr. TANG Yi Hoi Hermes *(Vice-Chairman)*
Mr. J David WARGO
Ms. CHAN, Laverna Jun Lin ("Ms. Chan") (appointed on 12 December 2024)
Mr. CHAN Ching Yan Daniel (resigned on 12 December 2024)

Independent Non-executive Directors:

Mr. Alfred Tsai CHU
Mr. Charles Eric EESLEY
Mr. KWAN Ngai Kit

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a specific term. The non-executive Directors and independent non-executive Directors have been appointed for a term of 3 years. The term of appointment of each Director is subject to retirement by rotation and re-election at each AGM in accordance with the Articles and the Listing Rules.

Under the Articles, one-third of all Directors are subject to retirement by rotation and re-election at each AGM provided that every Director shall be subject to retirement at least once every three years. A retiring Director is eligible for re-election and continues to act as a Director throughout the meeting at which he/she retires.

The Articles provide that any Director appointed by the Board, either to fill a casual vacancy in the Board or as an addition to the existing Board, shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Shareholders of the Company may, at any general meeting convened and held in accordance with the Articles, remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in the Articles or in any agreement between the Company and such Director.

PERMITTED INDEMNITY PROVISION

Permitted indemnity provisions (as defined in section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the benefit of the Directors are currently in force and was in force during the year and at the date of this report.

DIRECTORS' SERVICE AGREEMENTS

Each of the Directors has entered into a service agreement or letter of appointment with the Company for a term of three years, which may be terminated by either party by giving one-week written notice or otherwise in accordance with the terms of the service agreement.

Saved as disclosed above, none of the Directors proposed for re-election at the forthcoming AGM has a service contract or letter of appointment with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REPORT

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed a total of 535 staff as compared to 578 staff as at 31 December 2023. Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of each individual employee, and are subject to review from time to time.

The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors. Particulars of the remuneration of employees of the Group during the year ended 31 December 2024 are set out in note 6 to the financial statements.

The Company also adopted a Pre-IPO Share Option Scheme, a Post-IPO Share Option Scheme and a Share Award Plan.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the emoluments of the Directors and the five highest-paid individuals of the Group during the year ended 31 December 2024 are set out in notes 8 and 9 to the financial statements.

SHARE SCHEMES

The Company has three existing share schemes, namely the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the Share Award Plan.

The number of Shares that may be issued in respect of options and awards granted under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the Share Award Plan divided by the weighted average number of ordinary Shares in issue for the year ended 31 December 2024 is 8.15%.

As at 1 January 2024 and 31 December 2024, the number of options and awards available for grant under the scheme mandate was 154,975,020 and 136,025,020, respectively, representing 6.92% and 5.95% of the issued share capital of the Company on each date, respectively. The details of each share scheme are set out below:

Pre-IPO Share Option Scheme

The following is a summary of all the principal terms of the Pre-IPO Share Option Scheme (effective on 30 December 2016).

(a) **Purpose of the Pre-IPO Share Option Scheme**
The purpose of the Pre-IPO Share Option Scheme is to offer to employees, Directors (i.e. a member of the Board who is not an employee), consultants or advisers who perform bona fide services for, our Company or its subsidiary the opportunity to acquire equity in our Company through awards of Pre-IPO Share Option Scheme. No amount is payable by the grantees on the grant of options and there is no maximum entitlement of each participant under the Pre-IPO Share Option Scheme.

(b) **Exercise Price and Purchase Price of the Pre-IPO Share Option Scheme**

Minimum exercise price for Pre-IPO Share Option: The exercise price per Share of a Pre-IPO Share Option shall not be less than 100% of the fair market value of a Share on the date of grant; provided, however that the exercise price per share of a Pre-IPO Share Option granted to an individual holding more than 10% of the voting power of our Company shall not be less than 110% of the fair market value of a share on the date of grant.

The purchase price in relation to each award or sale of Shares shall be determined by the Board in its sole discretion, provided that, to the extent an award consists of newly issued Shares, the Board shall require the purchaser to provide consideration having a value not less than the par value of such Shares.

(c) **Vesting of Options**

Subject to the terms and conditions and the fulfilment of all conditions to the vesting of the Pre-IPO Options, each Pre-IPO Option shall have a vesting period of four years from the date of grant of the Pre-IPO Options.

(d) **Exercise of Options**

The Board in its sole discretion shall determine when all or any installment of a Pre-IPO Option is to become exercisable and may, in its discretion, provide for accelerated exercisability in the event of a change in control or other events.

(e) **Lapse of Option or Right**

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

(f) **Total Number of Shares Available for Issue under the Pre-IPO Share Option Scheme**

As at the date of this report, the total number of Shares available for issue under the Pre-IPO Share Option Scheme is 32,000,000, representing 1.43% of the issued share capital of the Company as at the same date. No share option will be available for grant under the Pre-IPO Share Option Scheme.

(g) **Duration of the Pre-IPO Share Option Scheme**

The Pre-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the adoption date of Pre-IPO Share Option Scheme.

Details of the options granted pursuant to the Pre-IPO Share Option Scheme to the grantees are set at below:

					No. of share options				
Name of Grantee	Date of grant	Vesting period	Exercise period	Exercise price per share	Outstanding as at 1 January 2024	Granted during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Expired/ lapsed/ cancelled during the year ended 31 December 2024	Outstanding as at 31 December 2024
Director									
Mr. Wang	25 April 2017	Four years from date of grant[1]	25 April 2019 to 25 April 2027	US$0.0344	32,000,000	—	(32,000,000)	—	—

Notes:

1 50% of the share options shall vest on the second anniversary of the date of grant and 50% shall vest in 24 equal monthly instalments following the second anniversary.

2 The weighted average closing price of the shares immediately before the dates on which the options were exercised is HK$1.31.

Post-IPO Share Option Scheme

The following is a summary of all the principal terms of the Post-IPO Share Option Scheme (effective on 8 December 2017).

(a) Purpose of the Post-IPO Share Option Scheme

The purposes of the Post-IPO Share Option Scheme are to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants and advisers of our Group and to promote the success of the business of our Group. HK$1 is payable by the grantees for acceptance of the Post-IPO Share Options.

(b) Exercise Price of the Post-IPO Share Option Scheme

The amount payable for each Share to be subscribed for under an option in the event of the option being exercised shall be determined by the Board and shall be not less than the greater of

(i) the closing price of the Shares on the Main Board of the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of grant;

(ii) the average closing price of the Shares on the Main Board of the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of the Shares.

(c) Vesting of Options

The Remuneration Committee in its sole discretion shall determine the vesting period for each grant of options under the Post-IPO Share Option Scheme.

(d) **Time of Exercise of An Option**

An option may be exercised in whole or in part by the option holder in accordance with the terms of the Post-IPO Share Option Scheme at any time during the period to be notified by the Board to each option holder upon the grant of options, such period not to exceed ten years from the date of grant of the relevant option.

(e) **Lapse of Option or Right**

An option shall lapse forthwith (to the extent not already exercised) on the earliest of expiry of the exercise period and under the other provisions as set out in the Post-IPO Share Option Scheme.

(f) **Maximum Number of Shares**

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes of our Company shall not exceed such number of Shares as shall represent 30% of the issued share capital of our Company from time to time. The total number of Shares issued and to be issued upon the exercise of the options granted to each eligible person (including exercised, cancelled and outstanding options) under the Post-IPO Share Option Scheme in any 12-month period shall not exceed 1% of the relevant class of securities of our Company in issue.

(g) **Total Number of Shares Available for Issue under the Post-IPO Share Option Scheme**

As at the date of this report, the total number of Shares available for issue under the Post-IPO Share Option Scheme was 136,025,020, representing 5.94%, of the issued share capital of the Company as at the same date.

(h) **Duration of the Post-IPO Share Option Scheme**

The Share Option Scheme will remain in force for a period of 10 years commencing on the adoption date of the Post-IPO Share Option Scheme.

Details of the options granted pursuant to the Post-IPO Share Option Scheme to the grantees are set at below:

Name of Grantee	Date of grant	Vesting period	Exercise period	Exercise price per share	No. of share options: Outstanding as at 1 January 2024	Granted during the year ended 31 December 2024[4]	Exercised during the year ended 31 December 2024[5]	Lapsed during the year ended 31 December 2024	Expired/ cancelled during the year ended 31 December 2024	Outstanding as at 31 December 2024
Directors										
Mr. Wang	12 January 2021	Ten years from date of grant[1]	12 January 2021 to 12 January 2031	HK$5.00	112,000,000	—	—	—	—	112,000,000
Employees										
Other employees	30 July 2020	Two years from date of grant[2]	30 July 2021 to 30 July 2030	HK$0.875	14,800,000	—	(4,000,000)	—	—	10,800,000
Other employees	23 July 2021	Five years from date of grant[3]	23 July 2022 to 23 July 2031	HK$8.70	5,000,000	—	—	—	—	5,000,000
Other employees	8 July 2022	Five years from date of grant[3]	8 July 2023 to 8 July 2032	HK$5.00	7,320,000	—	—	—	—	7,320,000
Other employees	30 September 2024	Five years from date of grant[3]	30 September 2025 to 30 September 2034	HK$2.18	—	22,950,000	—	—	—	22,950,000
Sub-total					27,120,000	22,950,000	(4,000,000)[5]	—	—	46,070,000
Consultants										
Consultants	30 July 2020	Two years from date of grant[2]	30 July 2021 to 30 July 2030	HK$0.875	2,000,000	—	—	—	—	2,000,000
Kevin A. Mayer	9 September 2020	Two years from date of grant[2]	9 September 2021 to 9 September 2030	HK$1.02	8,000,000	—	—	—	—	8,000,000
Sub-total					10,000,000	—	—	—	—	10,000,000
Total					149,120,000	22,950,000	(4,000,000)	—	—	168,070,000

Notes:

1 The share options have an exercise period of ten years and the vesting periods of ten years from the date of grant. All nine tranches of the 112,000,000 share options in aggregate will become fully vested when the Market Capitalisation of the Company on a Determination Date reaches at least US$10 billion and the Company has achieved at least nine of the Operational Milestones in any combination. Please refer to the circular of the Company dated 1 March 2021 for further details.

The table below shows the Operational Milestones:

Operational Milestone comprised of Annual Revenue of the Company on a Determination Date in Excess of	Operational Milestone comprised of Annual Adjusted EBITDA of the Company on a Determination Date on Excess of
US$50 Million	US$10 Million
US$75 Million	US$15 Million
US$100 Million	US$20 Million
US$125 Million	US$25 Million
US$150 Million	US$30 Million
US$175 Million	US$35 Million
US$200 Million	US$40 Million
US$225 Million	US$45 Million
US$250 Million	US$50 Million

The table below shows the vesting conditions for each Tranche of the Share Options:

Cumulative Number of Operational Milestones Required to be Achieved	Market Capitalisation Milestone Vesting Condition comprised of Market Capitalisation of the Company on a Determination Date in Excess of		Number of vested Share Options in the Tranche
	US$	HK$	
One	2 billion	15.50 billion	12,444,444 Shares
Two	3 billion	23.25 billion	12,444,444 Shares
Three	4 billion	31.00 billion	12,444,444 Shares
Four	5 billion	38.75 billion	12,444,444 Shares
Five	6 billion	46.50 billion	12,444,444 Shares
Six	7 billion	54.25 billion	12,444,444 Shares
Seven	8 billion	62.00 billion	12,444,444 Shares
Eight	9 billion	69.75 billion	12,444,444 Shares
Nine	10 billion	77.50 billion	12,444,448 Shares

2 50% of the share options shall vest on the first anniversary of the date of grant and 50% shall vest in 12 equal monthly instalments following the second anniversary.

3 20% of the share options shall vest on the first anniversary of the date of grant and 80% shall vest in 48 equal monthly instalments following the second anniversary.

4 The closing price of the Company's shares immediately before the date on which the options were granted during the year was HK$1.84 per share. The fair value of the options at the date of grant was HK$1.16. Please refer to note 2.4 to the financial statements in respect of the accounting standard and policy adopted for such awards.

5 The weighted average closing price of the Company's shares immediately before the exercise dates of the share options was HK$3.26 per share.

SHARE AWARD PLAN

On 6 May 2019, the Board adopted a 10-year share award plan (the "Share Award Plan") to (a) incentivise, recognise and reward the contributions of certain Eligible Persons to the growth and development of the Group; (b) attract and retain personnel to promote the long-term growth and development of the Group; and (c) align the interests of the Award Holders with those of the Shareholders to promote the long-term financial performance of the Company. Details of the Share Award Plan were announced in the Company's announcements dated 6 May 2019 and 25 July 2021. A summary of the Share Award Plan is set out below:

(a) Purpose

The purpose of the Share Award Plan is to (a) incentivise, recognise and reward the contributions of certain Eligible Persons to the growth and development of the Group; (b) attract and retain personnel to promote the long-term growth and development of the Group; and (c) align the interests of the Award Holders with those of the Shareholders to promote the long-term financial performance of the Company. No amount is payable by the grantees on acceptance of the awards.

(b) Participants

Under the Share Award Plan Rules, any person being (a) an employee, a director (including, without limitation, an executive, non-executive or independent non-executive director) or officer of any member of the Group; or (b) a consultant or advisor of any member of the Group, is eligible for participation in the Share Award Plan.

(c) Duration

Subject to early termination by the Board, the Share Award Plan shall be valid and effective for a term of ten (10) years commencing from the date of adoption of the Share Award Plan, being 6 May 2019, and ending on the Business Day immediately preceding the tenth (10th) anniversary of the date of adoption of the Share Award Plan.

(d) Share Award Plan Limit

The Board shall not make any further Award if to do so would result in the aggregate number of the Shares awarded under the Share Award Plan exceed 10% of the issued share capital of the Company at any given time.

Where any grant of Award to an Award Holder would result in the aggregate of (a) the number of Awarded Shares underlying all Awards (whether vested or not); and (b) the number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) under any share option scheme adopted by the Company from time to time, granted to such Eligible Person in the 12-month period up to and including the date of grant of such Award exceeding 1% of the Shares in issue as at the date of grant of such Award, the Award shall be subject to approval by the Shareholders in a general meeting.

(e) Vesting

Awarded Shares and the Related Income shall be vested in an Award Holder in accordance with the Vesting Date(s) specified in the Award and upon the satisfaction of the vesting criteria and conditions (if any) specified by the Board in the offer of grant of the relevant Award. No consideration is required from the grantees at the time of vesting.

(f) Total Number of Shares Available for Issue under the Share Award Plan

As at the date of this report, the total number of Shares available for issue under the Share Award Plan under the general mandate granted by shareholders of the Company is 195,206,907, representing 8.72% of the issued share capital of the Company as at the same date. The Company did not utilise any of the general mandate granted by shareholders of the Company to issue new shares since the adoption of the Share Award Plan and up to the date of this report.

Details of the share awards granted pursuant to the Share Award Plan to the grantees are set at below:

Name of Grantee	Date of grant	Unvested as at 1 January 2024	Granted during the year ended 31 December 2024[3]	Vested during the year ended 31 December 2024[3]	Expired/ lapsed/ cancelled during the year ended 31 December 2024	Unvested as at 31 December 2024
Directors						
Mr. Wong	27 June 2024[3]	—	320,409	(320,409)	—	—
Mr. Chan	27 June 2024[3]	—	320,409	(320,409)	—	—
Mr. Wargo	27 June 2024[3]	—	320,409	(320,409)	—	—
Mr. Tang	27 June 2024[3]	—	320,409	(320,409)	—	—
Mr. Chu	27 June 2024[3]	—	320,409	(320,409)	—	—
Mr. Eesley	27 June 2024[3]	—	320,409	(320,409)	—	—
Mr. Kwan	27 June 2024[3]	—	320,409	(320,409)	—	—
Sub-total		—	2,242,863	(2,242,863)	—	—
Employees						
Employees	27 June 2024[3]	—	8,661,507	(8,661,507)	—	—
Total[1]		—	10,904,370	(10,904,370)	—	—

Notes:

1 No grant has been made to (i) any related entity participant or service provider with options and awards granted in excess of 0.1% of the Company's issued shares over the 12-month period, and (ii) any other participant with options and awards granted in excess of the 1% individual limit, as such terms are used in the Listing Rules. During the year ended 31 December 2024, there were no cancellations of share awards.

2 There are no vesting period and performance target in relation to the grants, and no consideration is required from the relevant grantees at the time of vesting. Upon the occurrence of certain events in relation to a grantee, no further Awards may be granted to such grantee and the Awards granted to the grantee shall be clawed back and such Awards shall lapse accordingly on the date as determined by the Board (if such Awards are unvested). In addition, where an Award (or any part thereof) granted to a grantee has already been vested at the time when the grantee's Awards are clawed back, the grantee shall return, by the Board's determination at its sole and absolute discretion, either (i) the exact number of the relevant vested and clawed back underlying Shares in respect of such Awards, or (ii) the monetary amount equivalent to the value of the relevant underlying Share(s) of the Awards on the date of grant, on the date of vesting of the relevant Awards, or on the date of such clawback. In addition, in the event a grantee ceases to be an eligible participant under the Share Award Plan by reason of retirement, resignation or expiration of the employment or service agreement, any unvested Awards in respect of such grantee will automatically lapse with effect from the date on which the grantee's employment or service is terminated.

3 The closing price of the shares immediately before the date on which the awards were granted, the fair value of each award (based on the closing price of the shares on the date of grant) and the weighted average closing price of the shares immediately before the date on which the awards vested are all HK$1.22. Please refer to note 2.4 to the financial statements in respect of the accounting standard and policy adopted for such awards.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 December 2024 are set out in note 2.4 to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity	Number of Shares (note 1)	Approximate percentage of the issued share capital
Mr. Wang (note 2)	Beneficial owner; trustee of a trust; beneficiary of a trust	415,961,920	18.21%
Mr. Wargo	Beneficial owner	92,234,369	4.04%
Mr. Wong	Beneficial owner	2,928,013	0.13%
Mr. Chu	Beneficial owner	528,013	0.02%
Mr. Eesley	Beneficial owner	528,013	0.02%
Mr. Kwan	Beneficial owner	484,013	0.02%
Mr. Chan (note 3)	Beneficial owner	404,848	0.02%
Mr. Tang	Beneficial owner	320,409	0.01%

Notes:

(1) All interests stated are long positions.

(2) Such interests include 112,000,000 Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme and 303,961,920 Shares which are (i) beneficially owned by Mr. Wang; (ii) held by Mr. Wang in his capacity as trustee and beneficiary of the JYW Trust; and (iii) held by Mr. Wang in his capacity as trustee and beneficiary of the YBW Trust.

(3) Mr. Chan resigned on 12 December 2024.

Save as disclosed above, as of 31 December 2024, so far as is known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the year ended 31 December 2024 was the Company, or any of its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures, of the Company or its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 31 December 2024, so far as was known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares[1]	Approximate percentage of the issued share capital
Poly Platinum Enterprises Limited[2]	Beneficial owner	170,799,807	7.48
Greater Bay Area Homeland Development Fund (GP) Limited[2]	Interest in a controlled corporation	170,799,807	7.48
Greater Bay Area Homeland Investments Limited[2]	Interest in a controlled corporation	170,799,807	7.48
LU Jian	Beneficial owner	127,011,920	5.56
Antchain Technology Pte. Ltd.[3]	Beneficial owner	115,606,936	5.06
AntDigital Global Limited[3]	Interest in a controlled corporation	115,606,936	5.06
AntChain Inc.[3]	Interest in a controlled corporation	115,606,936	5.06
Libra Capital Holding Limited[3]	Interest in a controlled corporation	115,606,936	5.06
Libra Capital Hong Kong Holding Limited[3]	Interest in a controlled corporation	115,606,936	5.06
AntDigital Global Limited[3]	Interest in a controlled corporation	115,606,936	5.06
Shanghai Yunju Venture Capital Co., Ltd.[3]	Interest in a controlled corporation	115,606,936	5.06
Ant Group Co., Ltd.[3]	Interest in a controlled corporation	115,606,936	5.06

Notes:

(1) All interests stated are long positions.

(2) Poly Platinum Enterprise Limited is wholly owned by Greater Bay Area Homeland Development Fund LP, which is managed by Greater Bay Area Development Fund Management Limited. Greater Bay Area Homeland Development Fund (GP) Limited is the general partner of Greater Bay Area Homeland Development Fund LP. Greater Bay Area Homeland Development Fund (GP) Limited is in turn wholly owned by Greater Bay Area Homeland Investments Limited. Under the SFO, Greater Bay Area Homeland Development Fund (GP) Limited and Greater Bay Area Homeland Investments Limited are deemed to be interested in the Shares held by Poly Platinum Enterprise Limited.

(3) The 115,606,936 Shares are held by Antchain Technology Pte. Ltd. Antchain Technology Pte. Ltd. is wholly-owned by AntDigital Global Limited, which is in turn wholly-owned by AntChain Inc. AntChain Inc. is wholly owned by Libra Capital Holding Limited, which is in turn wholly-owned by Libra Capital Hong Kong Holding Limited. Libra Capital Hong Kong Holding Limited is wholly owned by AntDigital Global Limited, which is in turn wholly-owned by Shanghai Yunju Venture Capital Co., Ltd. Shanghai Yunju Venture Capital Co., Ltd. is wholly-owned by Ant Group Co., Ltd., which was considered to be Antchain Technology Pte. Ltd.'s ultimate beneficial owner.

Save as disclosed above, as of 31 December 2024, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which shall be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no transaction, arrangement or contract of significance subsisted in which a Director or an entity connected with a Director was materially interested, whether directly or indirectly, during or as at 31 December 2024.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2024, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors during the reporting period namely, Mr. Chu, Mr. Eesley and Mr. Kwan, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all of them were independent during the year ended 31 December 2024.

CONTINUING CONNECTED TRANSACTIONS

There was no connected transaction during the year ended 31 December 2024.

ENVIRONMENTAL AND SOCIAL MATTERS

In order to promote the sustainable development, the Group actively promotes green office tips to achieve energy and resource savings and carried out environmental protection measures including saving paper, saving electricity, reasonable use of vehicles, support of green finance development and so on.

The Group believes that talent is the driving force for corporate development and is also an important intellectual asset. The human resources department of the Group has developed human resources policies which aims to regulate matters including recruitment and dismissal, promotion and training, compensation and benefits as well as working hours and holiday arrangements. During the year ended 31 December 2024 and up to the date of this annual report, the Group has not experienced any material labour disputes that have affected our operations and the relationship with employees has been satisfactory.

The Group has also formulated policies on the suppliers' selection to minimise environmental and social risks in the supply chains. During the year ended 31 December 2024 and up to the date of this annual report, the Group has no material disputes between the clients and/or suppliers.

Details of the Company's compliance with the relevant provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Listing Rules for the year are set out in the Environmental, Social and Governance Report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2024 and up to the date of this annual report, the Group has implemented policies and procedures to ensure compliance with the relevant laws and regulations applicable to its operations, such as companies and securities laws in the jurisdictions in which the Group operates.

During the year ended 31 December 2024 and up to the date of this annual report, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that have a significant impact on the businesses and operations of the Group.

CORPORATE GOVERNANCE

The Corporate Governance Report is set out on pages 40 to 52 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the Directors' knowledge, at least 25% of the Company's total issued share capital was held by the public as at the Latest Practicable Date prior to the issue of this report.

EVENTS AFTER THE REPORTING PERIOD

On 18 February 2025, the Company entered into a subscription agreement with the Investor to issue convertible bonds in the aggregate principal amount of HK$234 million. The convertible bonds have an initial conversion price of HK$4.18 per Share. The convertible bonds are convertible into shares of the Company. The convertible bonds do not bear any interest and will mature in three years from the issue date. The issuance of the convertible bonds has not been completed as at the date of this report.

AUDITOR

Ernst & Young retires and a resolution for Ernst & Young's reappointment as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Yangbin Bernard WANG
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 28 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to formulate its business strategies and policies, and to enhance its transparency and accountability.

During the year ended 31 December 2024, the Company has applied the principles as set out in the CG Code which are applicable to the Company.

In the opinion of the Directors, during the year ended 31 December 2024, the Company has complied with all applicable code provisions as set out in the CG Code, save and except for code provision C.2.1 which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, details of which are set out in the paragraph headed "Chairman and Chief Executive Officer" of this report.

CORPORATE PURPOSE, CULTURE AND VALUES

Founded with the mission of "Making Creative More Valuable", Vobile Group is committed to empowering creators and promoting the sustainable development of the global content industry. Guided by a long-term strategic vision, we have established an integrated ecosystem that spans content creation, rights protection, and monetization, enabling creators to unlock and realise enduring value.

Our corporate culture emphasises innovation, accountability, and inclusiveness, fostering a collaborative environment that encourages initiative and cross-functional synergy.

The launch of forward-looking platforms such as MAX, a digital content asset trading platform, and DreamMaker, an AI-powered creative production platform, reflects our determination in technology innovation and industry leadership. Looking ahead, we remain focused on building a resilient digital content asset ecosystem that delivers long-term value to creators, shareholders, and society.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. The Company has also set guidelines, at least as strict as the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Listing Rules).

The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code during the year ended 31 December 2024. The Company has made specific inquiries of relevant employees about their compliance with the guidelines on transactions of the Company's securities, without noticing any violation of the guidelines.

BOARD OF DIRECTORS

Composition of the Board of Directors

As at the date of this report, the Board consisted of eight members comprising two executive Directors, three non-executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors:
Mr. Yangbin Bernard WANG *(Chairman and Chief Executive Officer)*
Mr. WONG Wai Kwan

Non-executive Directors:
Mr. TANG Yi Hoi Hermes *(Vice-Chairman)*
Ms. CHAN, Laverna Jun Lin
Mr. J David WARGO

Independent Non-executive Directors:
Mr. Alfred Tsai CHU
Mr. Charles Eric EESLEY
Mr. KWAN Ngai Kit

The biographical details of all current Directors and senior management of the Company are set out on pages 18 to 21 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Directors and Senior Management" on pages 18 to 21 of this annual report, there are no financial, business, family or other material or relevant relationships among the members of the Board and/or the senior management during the reporting period.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yangbin Bernard WANG is both our Chairman and Chief Executive Officer, and is responsible for the overall management of our Group and directing the strategic development and business plans of our Group. We believe Mr. Wang is instrumental to our growth and business expansion since our establishment in 2005. Our Board considers that the roles of chairman and chief executive officer being vested in the same person is beneficial to the business prospects, management and overall strategic direction of our Group by ensuring consistent leadership within our Group and facilitating more effective and efficient overall strategic planning and decision-making for our Group. In addition, the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information. In addition, under the supervision of the Board which is comprised of two executive Directors, three non-executive Directors and three independent non-executive Directors as at the date of this report, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders. After considering all the corporate governance measures that have been taken, the Board considers that the balance of power and authority will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. Thus, the Company does not segregate the roles of Chairman and Chief Executive Officer.

Independent Non-executive Directors

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

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

The Company has established the following mechanisms to ensure independent views and input are available to the Board:

- A sufficient number of three independent non-executive Directors representing at least one-third of the Board have been appointed and all of them continue to devote adequate time contribution to the Company;

- All independent non-executive Directors are required to confirm in writing annually their compliance of independence requirements;

- Annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors provides an effective platform for the Chairman to listen to independent views on various issues concerning the Company;

- Independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company;

- Non-executive Directors receive fixed fee(s) for their role as members of the Board and Board Committee(s) as appropriate;

- Independent non-executive Directors' independence is assessed upon appointment, annually, and at any other time where the circumstances warrant reconsideration;

- All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board Committees meetings; and

- An Independent Board Committee consisting of independent non-executive Directors is established by the Board as and when required to manage any connected party transactions.

The Board will review the implementation and effectiveness of such mechanisms on an annual basis.

NON-EXECUTIVE DIRECTORS AND DIRECTORS' RE-ELECTION

Code provision B.2.2 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive Directors, non-executive Directors and independent non-executive Directors is appointed under a service contract for a term of three years which is determinable either party by giving one week's written notice to the other party.

In accordance with the Articles, all Directors are subject to retirement by rotation and re-election at an AGM at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting and any Director appointed by the Board as an addition to the Board shall hold office until the next following AGM after his/her appointment and they will be subject to re-election at such meeting.

Ms. CHAN, Laverna Jun Lin was appointed as an non-executive Directors with effect from 12 December 2024. In accordance with Rule 3.09D of the Listing Rules, Ms. CHAN, Laverna Jun Lin obtained legal advice from the Company's external legal advisor on 9 December 2024 with regards to the requirements under the Listing Rules that are applicable to her as a director of the Company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. She has confirmed that she understood her obligations as a director of the Company.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Directors take decisions objectively in the interests of the Company.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate CPD to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses.

The Directors and senior management have also reviewed the performance of the Company and the sales strategy of the industry and have also discussed the market condition of the industry. All the Directors received from time to time CPD and updates relating to Director's duties and regulatory and business development relevant to the Company and their CPD record for the year ended 31 December 2024 is received and summarised as follows.

Executive Directors:	**Type of training**[(1)]
Mr. Yangbin Bernard WANG	A and B
Mr. WONG Wai Kwan	A and B
Non-executive Directors:	
Mr. TANG Yi Hoi Hermes	A and B
Mr. J David WARGO	A and B
Ms. CHAN, Laverna Jun Lin (appointed on 12 December 2024)	A and B
Mr. CHAN Ching Yan Daniel (resigned on 12 December 2024)	A and B
Independent Non-executive Directors:	
Mr. Alfred Tsai CHU	A and B
Mr. Charles Eric EESLEY	A and B
Mr. KWAN Ngai Kit	A and B

(1) Type of training

A Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee, the remuneration committee and the nomination committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website (vobile.com) and the Stock Exchange's website (www.hkexnews.hk) and are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out in the section headed "Corporate Information" in this report.

Audit Committee

As at the date of this annual report, the Audit Committee comprises a non-executive Directors, being Mr. J David WARGO and three independent non-executive Directors, being Mr. Alfred Tsai CHU, Mr. Charles Eric EESLEY and Mr. KWAN Ngai Kit. The chairman of the Audit Committee is Mr. KWAN Ngai Kit. The terms of reference of the Audit Committee are available on the respective websites of the Stock Exchange and the Company.

The primary duties of the audit committee are to review, supervise, and assist our Board in providing an independent view of, our financial reporting processes, and internal control and risk management systems, as well as to oversee the audit process, review our annual and interim financial statements, provide advice and comments to the Board on matters related to corporate governance, and perform other duties and responsibilities as assigned by our Board from time to time.

The Audit Committee held three meetings during the year ended 31 December 2024 to review the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and relevant scope of work.

The Audit Committee also met the external auditors twice without the presence of the Executive Directors during the year ended 31 December 2024.

Remuneration Committee

As at the date of this annual report, the Remuneration Committee comprises an executive Director, being Mr. Yangbin Bernard WANG, a non-executive Director, being Mr. J David WARGO and three independent non-executive Directors, being Mr. Alfred Tsai CHU, Mr. Charles Eric EESLEY and Mr. KWAN Ngai Kit. The chairman of the Remuneration Committee is Mr. Charles Eric EESLEY. The terms of reference of the Remuneration Committee are available on the respective websites of the Stock Exchange and the Company.

The primary duties of the remuneration committee are to (i) develop and review the policies the structure of the remuneration for our Directors and senior management; (ii) evaluate the performance of, and make recommendations on the remuneration packages and long-term incentive compensation or equity plans for, our Directors and senior management; and (iii) evaluate and make recommendations on employee benefit arrangements.

The Remuneration Committee held three meetings during the year ended 31 December 2024 to determine the remuneration packages of Executive Directors and senior management, to review and make recommendation to the Board on the remuneration policy and structure of the Company, to review and approve matters relating to share schemes, and other related matters.

Details of the fees and other emoluments paid or payable to the Directors and the details of the remuneration by band of the members of the senior management (excluding Directors) for the year ended 31 December 2024 are set out in details in notes 8 and 9 to the audited financial statements contained in this report.

Nomination Committee

As at the date of this annual report, the Nomination Committee comprises an executive Director, being Mr. Yangbin Bernard WANG, a non-executive Director, being Ms. CHAN, Laverna Jun Lin and three independent non-executive Directors, being Mr. Alfred Tsai CHU, Mr. Charles Eric EESLEY and Mr. KWAN Ngai Kit. The chairman of the Nomination Committee is Mr. Alfred Tsai CHU. The terms of reference of the Nomination Committee are available on the respective websites of the Stock Exchange and the Company.

The primary functions of the nomination committee are to make recommendations to our Board in relation to the appointment and removal of Directors and senior management, and on matters of succession planning.

The duties and authorities of the Nomination Committee are contained in its terms of reference, which fully comply with code provision B.3.1 of the CG Code and are available on the websites of the Stock Exchange and the Company.

The Nomination Committee has formulated and set out its nomination policy in its terms of reference. The objective of the nomination policy is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's businesses. To ensure changes to the Board composition can be managed without undue disruption, a formal, considered and transparent procedure is in place for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

Before making recommendation to the Board, the criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company, character, qualifications, experience, independence and contribution to the diversity of the Board and ability to effectively carry out the Board's responsibilities. Further details of the selection criteria and the procedure are set out in the terms of reference of the Nomination Committee.

The Board adopts a Board diversity policy which sets out its approach to achieve and maintain its diversity through consideration of a number of measurable objectives including but not limited to professional qualifications, regional and industry experience, educational and cultural background, skills, industry knowledge, reputation and gender, as well as other attributes and strengths that are required for the Company's business from time to time. In assessing the Board composition, the nomination committee would take into account various aspects set out in the Board diversity policy. The Nomination Committee reviews the board diversity policy at least annually and monitor the implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices, and discusses and agrees on new measurable objectives for achieving diversity on the Board, where necessary, and recommends them to the Board for adoption.

The Nomination Committee held three meetings during the year ended 31 December 2024 to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the AGM. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and plans to maintain the female director ratio at current level.

Diversity at Workforce Level

In terms of employment, the Group insists on the principle of fairness and equal treatment regardless of citizenship, nationality, race, gender, religious belief and cultural background, and does not impose any restrictive requirements on gender, ethnicity, nationality and region.

The gender ratio in the workforce of the Group, including senior management, as of 31 December 2024 is set out below:

	As of 31 December 2024	
	Number of employees	Percentage of total number of employees
Male employees	250	47%
Female employees	285	53%
	535	100%

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the guidelines, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and AGM of the Company held during the year ended 31 December 2024 is set out in the table below:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	AGM
Executive Directors					
Mr. Yangbin Bernard WANG	10/10	N/A	3/3	3/3	1/1
Mr. WONG Wai Kwan	10/10	3/3	N/A	N/A	1/1
Non-executive Directors					
Ms. CHAN, Laverna Jun Lin (appointed on 12 December 2024)	1/1	N/A	N/A	N/A	N/A
Mr. TANG Yi Hoi Hermes	10/10	N/A	N/A	N/A	1/1
Mr. J David WARGO	10/10	3/3	3/3	N/A	1/1
Mr. CHAN Ching Yan Daniel (resigned on 12 December 2024)	10/10	N/A	N/A	3/3	1/1
Independent Non-executive Directors					
Mr. Alfred Tsai CHU	10/10	3/3	3/3	3/3	1/1
Mr. Charles Eric EESLEY	10/10	3/3	3/3	3/3	1/1
Mr. KWAN Ngai Kit	10/10	3/3	3/3	3/3	1/1

During the year, apart from the Board meetings, consents and/or approvals of the Board were also obtained by way of written resolutions on a number of matters/transactions. The Chairman of the Board met all the independent non-executive Directors without the presence of the other Directors after the Board meetings held on 25 March 2024 and 29 August 2024 in compliance with code provision C.2.7 of the CG Code.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report" on pages 53 to 57 of this annual report.

AUDITOR'S REMUNERATION

An analysis of the remuneration that should be paid to the external auditor of the Company, Ernst & Young, for the audit of the year ended 31 December 2024 and non-audit services relating to tax advisory services is set out below:

Service Category	Fee Paid/Payable HK$'000
Audit services of annual report	4,800
Non-audit services	531

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for maintaining an effective risk management and internal control systems and reviewing their effectiveness to safeguard the Company's assets and the interests of Shareholders. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. The risk management and internal control 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.

In order to achieve effective and efficient operations and reliable financial reporting and compliance with applicable laws and regulations, the Company has adopted various internal control rules and procedures, including the following:

- To adopt the internal control management measures, which sets out the procedures for effective implementation of internal control measures.

- To engage external professional advisers as necessary and work with our legal teams to conduct review to ensure that all registrations, licenses, permits, filings and approvals are valid and that the renewals of such documents are made in a timely manner.

The Board has engaged an external professional service firm as its risk management and internal control review adviser (the "Adviser") to conduct the annual review of the risk management and internal control systems for the year ended 31 December 2024 as there is no internal audit function within the Group and the Directors considered it to be more cost effective to appoint external independent professionals to perform internal audit functions for the Group. The Directors will continue to review at least annually the need for an internal audit function. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The Adviser has reported findings and areas for improvement to the Audit Committee and management. The Audit Committee are of the view that there are no material internal control defects noted. All recommendations from the Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate.

DISSEMINATION OF INSIDE INFORMATION

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels and a shareholders' communication policy is in place to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

To safeguard shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Under Article 12.3 of the Articles, any two or more shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may at all times have the right, by a written requisition to the Board or the company secretary of the Company, to require the convening of an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 42 days after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

Putting Forward Proposals at General Meetings

The Board is not aware of any provisions allowing the shareholders of the Company to put forward proposals at general meetings of the Company under the Articles and the Companies Law of the Cayman Islands Law. Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Detailed procedures for shareholders to propose a person for election as a director of the Company are published on the Company's website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Suite 3712, 37/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong (For the attention of the Board of Directors/Company Secretary)
Email:	ir@vobilegroup.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The information of the shareholder(s) may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with its shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with its shareholders and in particular, through annual general meetings and other general meetings, publishing corporate communications such as interim results and annual results, financial reports, announcements and circulars. Shareholders may make enquiries with the Company through channels as mentioned above, and provide comments and recommendations to the Directors. Upon receipt of enquiries from shareholders, the Company will respond as soon as practicable.

The chairman of the Board, respective chairman of the Audit Committee, Remuneration Committee and Nomination Committee, or, in their absence, other members of the respective board committees, will make themselves available at the annual general meetings to meet shareholders of the Company, answer their enquiries, and to understand their views.

During the year under review, an annual general meeting of the Company was held on 28 June 2024 at which all the Directors attended either by person or by means of electronic facilities to communicate with the shareholders of the Company. In addition, all corporate communications and regulatory announcements were published by the Company on its website and the website of the Stock Exchange in a timely manner. The Board considers that the shareholders communication policy is effective during the year ended under review.

At a general meeting of the Shareholders held on 28 June 2024, Shareholders approved the proposed amendments to the existing amended and restated memorandum and articles of association of the Company (the "Memorandum and Articles") and the proposed adoption of a second amended and restated Memorandum and Articles in order to, among other things, in order to, (i) comply with the requirements under the Listing Rules relating to the electronic dissemination of corporate communications, (ii) bring the Memorandum and Articles in line with the relevant requirements of the Listing Rules and the applicable laws of Cayman Islands; and (iii) make some other housekeeping improvements. An up to date version of the Articles is available on the websites of the Company and the Stock Exchange.

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The policy is regularly reviewed to ensure its effectiveness. During the year of 2024, the Board reviewed the shareholders engagement and communication activities and was satisfied with the implementation and effectiveness of the above Shareholders' Communication Policy.

DIVIDEND POLICY

Pursuant to Code provision F.1.1 of the CG Code, the Company has adopted a dividend policy as set forth below:

Following completion of the global offering, we may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to distribute any interim dividend or recommend any final dividend would require the approval of our Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. Our Board will review our Company's dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:

— our financial results;

— Shareholders' interests;

— general business conditions, strategies and future expansion needs;

— the Group's capital requirements;

— the payment by its subsidiaries of cash dividends to the Company;

— possible effects on liquidity and financial position of the Group;

— other factors the Board may deem relevant.

Our Directors may declare dividends after taking into account, among other things, our results of operations, financial condition and position, the amount of distributable profits, our Articles, the Companies Law of the Cayman Islands Law, applicable laws and regulations and other factors that our Directors deem relevant. Prospective investors should note that historical dividend distributions are not indicative of our future dividend distribution policy.

COMPANY SECRETARY

Mr. Ho Sai Hong Vincent, aged 39, is the financial controller and company secretary of our Company. He has complied with requirements set out in Rule 3.29 of the Listing Rules by receiving relevant professional training for not less than 15 hours during the year ended 31 December 2024.

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To the shareholders of Vobile Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Vobile Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 58 to 145, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (the "IASB") 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") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
As at 31 December 2024, the Group's goodwill amounted to HK$1,146,561,000, of which HK$552,165,000, HK$52,671,000 and HK$541,725,000 were allocated to the Content Monetization cash-generating unit ("CGU"), the Content Protection CGU and the Particle Technology CGU, respectively. The recoverable amounts of the Content Monetization CGU and the Content Protection CGU have been determined based on a value-in-use calculation using five-year cash flow projections, and the recoverable amount of the Particle Technology CGU has been determined based on a value-in-use calculation using six-year cash flow projections. Considering the different natures of business, management believes that the time period mentioned above are appropriate for each CGU to reflect continuous revenue growth up to terminal growth rate. This process involves management to estimate a projected number of viewership on videos, a projected amount of advertisement inserts on videos, the expected future market demand as a result of changes in current market conditions and technology, and the latest invoice prices. An assessment was made at the end of the reporting period. We focused on this area because it requires a high level of management judgement and the amount involved are significant. Related disclosures are included in notes 2.4, 3 and 16 to the consolidated financial statements	We obtained an understanding of the process in place for the impairment assessment of goodwill. We discussed with management and assessed the reasonableness of allocation of goodwill to different CGUs. We involved our internal specialists to evaluate the assumptions and methodologies used by the Group, such as the pre-tax discount rate and terminal growth rate. We discussed with our internal specialists regarding their valuation results. We assessed the recoverable amount of goodwill by reviewing the operating cash flows of the cash-generating units, management's forecasts, and the underlying assumptions. We also focused on the adequacy of the Group's disclosures concerning the assumptions to which the outcome of the impairment test is most sensitive, such as the discount rate and terminal growth rate. They have the most significant effect on the determination of the recoverable amount of goodwill. We assessed the sufficiency of the sensitivity analysis performed by the directors of the Company.

Key audit matter	How our audit addressed the key audit matter
Recognition of deferred tax assets	
As at 31 December 2024, the balance of deferred tax assets amounted to HK$35,294,000, which was material to the consolidated financial statements. The deferred tax assets are recognised to the extent that it is probable that taxable profits would be available against which the deductible temporary differences and tax losses can be utilised. The process of estimating the amount and timing of future taxable profits is complex and involves estimates and judgements that may be affected by future operations, tax regulations and market or economic conditions. As a result, we identified the recognition of deferred tax assets as a key audit matter. We focused on this area because it requires a high level of management judgement and the amounts involved are significant. Related disclosures are included in notes 2.4, 3 and 28 to the consolidated financial statements.	We obtained an understanding of the deferred tax asset calculation and performed substantive audit procedures on the recognition of deferred tax balances based on local tax regulations, and on the analysis of the recoverability of the deferred tax assets. We evaluated the Group's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on budgets and plans, principally by performing sensitivity analyses and evaluating and testing the key assumptions used to determine the amounts recognised. We also involved our internal specialists to support us in these procedures in order to assess the accuracy of the deferred tax asset recognition. We also assessed the adequacy of related disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 THE DIRECTORS 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 IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated 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.

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

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

From the matters communicated with the Audit Committee, 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 Wan Yee Hooi.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	5	**2,401,322**	2,000,989
Cost of services provided		**(1,349,859)**	(1,150,832)
Gross profit		**1,051,463**	850,157
Other income and gains	5	**33,377**	39,903
Selling and marketing expenses		**(322,075)**	(284,855)
Administrative expenses		**(183,268)**	(203,076)
Research and development expenses		**(270,947)**	(231,533)
Finance costs	7	**(91,604)**	(92,252)
Share of profits and losses of an associate	18	**1**	1
Other expenses		**(30,253)**	(31,204)
PROFIT BEFORE TAX	6	**186,694**	47,141
Income tax expense	10	**(28,203)**	(47,351)
PROFIT/(LOSS) FOR THE YEAR		**158,491**	(210)
Attributable to:			
Owners of the Company		**142,727**	(7,818)
Non-controlling interests		**15,764**	7,608
		158,491	(210)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic			
— for profit/(loss) for the year (HK$)	12	**0.0631**	(0.0035)
Diluted			
— for profit/(loss) for the year (HK$)	12	**0.0588**	(0.0035)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**158,491**	(210)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(56,827)**	(46,060)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Foreign exchange reserve difference	**(10,224)**	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(67,051)**	(46,060)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**91,440**	(46,270)
Attributable to:		
Owners of the Company	**83,469**	(50,730)
Non-controlling interests	**7,971**	4,460
	91,440	(46,270)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**66,060**	70,831
Investment properties	14	**98,333**	70,234
Right-of-use assets	15(a)	**25,791**	13,014
Goodwill	16	**1,146,561**	1,170,392
Other intangible assets	17	**521,034**	436,696
Investments in associates	18	**962**	999
Financial assets at fair value through profit or loss	22	**208,967**	199,280
Deferred tax assets	28	**35,294**	86,615
Prepayments and deposits	21	**1,679**	2,485
Total non-current assets		**2,104,681**	2,050,546
CURRENT ASSETS			
Inventories	19	**16,824**	4,397
Trade receivables	20	**1,402,212**	1,057,247
Prepayments, other receivables and other assets	21	**168,877**	128,420
Tax recoverable		**3,998**	10,614
Pledged deposits	23	**—**	14,841
Cash and cash equivalents	23	**220,290**	240,043
Total current assets		**1,812,201**	1,455,562
CURRENT LIABILITIES			
Trade payables	24	**466,713**	450,875
Other payables and accruals	25	**80,841**	98,187
Interest-bearing borrowings	26	**428,010**	131,303
Lease liabilities	15(b)	**10,201**	8,398
Tax payable		**34,304**	43,284
Convertible bonds	27	**4,800**	4,680
Total current liabilities		**1,024,869**	736,727
NET CURRENT ASSETS		**787,332**	718,835
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,892,013**	2,769,381

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Convertible bonds	27	**201,184**	103,000
Interest-bearing borrowings	26	**362,286**	443,951
Lease liabilities	15(b)	**11,794**	5,143
Deferred tax liabilities	28	**24,812**	77,475
Total non-current liabilities		**600,076**	629,569
Net assets		**2,291,937**	2,139,812
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	**450**	441
Treasury shares	29	**(6,536)**	(32,604)
Equity component of convertible bonds	27	**13,362**	8,614
Reserves	31	**2,091,044**	1,977,715
		2,098,320	1,954,166
Non-controlling interests		**193,617**	185,646
Total equity		**2,291,937**	2,139,812

Yangbin Bernard WANG
Director

KWAN Ngai Kit
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital HK$'000	Treasury shares HK$'000	Equity component of convertible bonds HK$'000	Share premium* HK$'000	Merger reserve* HK$'000	Other reserve* HK$'000	Share compensation reserve* HK$'000	Exchange fluctuation reserve* HK$'000	Retained profits/ (accumulated losses)* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2024	441	(32,604)	8,614	1,878,806	2,916	199,151	61,015	(135,023)	(29,150)	1,954,166	185,646	2,139,812
Profit for the year	—	—	—	—	—	—	—	—	142,727	142,727	15,764	158,491
Exchange differences related to foreign operations	—	—	—	—	—	—	—	(59,258)	—	(59,258)	(7,793)	(67,051)
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	—	(59,258)	142,727	83,469	7,971	91,440
Equity-settled share compensation arrangements	7	30,193	—	(277)	—	—	6,508	—	—	36,431	—	36,431
Issue of convertible bonds	—	—	15,540	—	—	—	—	—	—	15,540	—	15,540
Redemption of convertible bonds	—	—	(8,614)	—	—	8,614	—	—	—	—	—	—
Conversion of convertible bonds	2	—	(2,178)	15,015	—	—	—	—	—	12,839	—	12,839
Shares repurchased under share award scheme	—	(4,125)	—	—	—	—	—	—	—	(4,125)	—	(4,125)
As at 31 December 2024	450	(6,536)	13,362	1,893,544	2,916	207,765	67,523	(194,281)	113,577	2,098,320	193,617	2,291,937

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital HK$'000	Treasury shares HK$'000	Equity component of convertible bonds HK$'000	Share premium* HK$'000	Merger reserve* HK$'000	Other reserve* HK$'000	Share compensation reserve* HK$'000	Exchange fluctuation reserve* HK$'000	Accumulated losses* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	417	(79,893)	8,614	1,405,598	2,916	199,151	69,089	(92,111)	(21,332)	1,492,449	181,186	1,673,635
Loss for the year	—	—	—	—	—	—	—	—	(7,818)	(7,818)	7,608	(210)
Exchange differences related to foreign operations	—	—	—	—	—	—	—	(42,912)	—	(42,912)	(3,148)	(46,060)
Total comprehensive (loss)/income for the year	—	—	—	—	—	—	—	(42,912)	(7,818)	(50,730)	4,460	(46,270)
Issue of shares	22	—	—	471,835	—	—	—	—	—	471,857	—	471,857
Equity-settled share compensation arrangements	2	48,599	—	1,373	—	—	(8,074)	—	—	41,900	—	41,900
Shares repurchased under share award scheme	—	(1,310)	—	—	—	—	—	—	—	(1,310)	—	(1,310)
As at 31 December 2023	441	(32,604)	8,614	1,878,806	2,916	199,151	61,015	(135,023)	(29,150)	1,954,166	185,646	2,139,812

* These reserve accounts comprise the consolidated reserves of HK$2,091,044,000 (2023: HK$1,977,715,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**186,694**	47,141
Adjustments for:			
Finance costs	7	**91,604**	92,252
Interest income	5	**(4,236)**	(4,434)
Depreciation of property, plant and equipment	13	**15,575**	9,489
Changes in fair value of investment properties	14	**(1,024)**	(3,468)
Depreciation of right-of-use assets	15(a)	**7,311**	11,898
Amortisation of other intangible assets	17	**112,239**	114,363
Impairment of financial assets	20	**7,871**	10,866
Changes in fair value of financial assets at fair value through profit or loss		**(13,801)**	(7,006)
Share of profits and losses of an associate	18	**(1)**	(1)
Loss on derecognition of financial liabilities measured at amortised cost		**11,728**	6,195
Equity-settled share compensation expense		**24,273**	41,900
		438,233	319,195
(increase)/decrease in inventories		**(12,427)**	12,695
Increase in trade receivables		**(352,836)**	(381,962)
Increase in prepayments, deposits and other assets		**(39,651)**	(14,475)
(Decrease)/increase in other payables and accruals		**(17,346)**	27,098
Increase in trade payables		**15,838**	171,184
Cash generated from operations		**31,811**	133,735
Interest received		**4,236**	4,434
Overseas taxes paid		**(31,910)**	(27,320)
Net cash flows from operating activities		**4,137**	110,849
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(13,128)**	(33,971)
Purchases of items of other intangible assets		**(211,842)**	(176,109)
Purchases of investment properties		**(29,637)**	(1,778)
Purchases of financial assets at fair value through profit or loss		**—**	(2,003)
Net cash flows used in investing activities		**(254,607)**	(213,861)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible bonds	27	**237,997**	—
Proceeds from issue of shares		**—**	471,857
Proceeds from exercise of share options		**12,158**	—
New bank loans		**577,796**	176,931
Repayment of interest-bearing borrowings		**(367,390)**	(603,880)
Redemption of convertible bonds	27	**(118,503)**	—
Withdrawal of pledged deposits for bank loans		**14,841**	193,002
Purchase of shares held under the share award scheme	29	**(4,125)**	(1,310)
Interest paid		**(83,330)**	(86,186)
Principal portion of lease payments	33(b)	**(11,844)**	(12,210)
Net cash flows from financing activities		**257,600**	138,204
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,130**	35,192
Cash and cash equivalents at beginning of year	23	**240,043**	226,495
Effect of foreign exchange rate changes, net		**(26,883)**	(21,644)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**220,290**	240,043
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**184,759**	169,770
Time deposits with original maturity of less than three months when acquired		**35,531**	70,273
Cash and cash equivalents as stated in the statement of cash flows	23	**220,290**	240,043

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

Vobile Group Limited was incorporated as an exempted company with limited liability in the Cayman Islands on 28 July 2016 under the Companies Law, Chapter 22 of the Cayman Islands. The registered address of the office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Group was principally engaged in providing Software as a Service ("SaaS").

Information about subsidiaries

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

Name	Place and date of incorporation/ registration and country/region of operation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the company		Principal activities
			Direct	Indirect	
Vobile, Inc. ("Vobile US") *	United States 20 May 2005	US$80,000	—	100%	SaaS
Vobile Group (HK) Limited ("Vobile HK")	Hong Kong 18 December 2014	HK$1,000,000	—	100%	SaaS
Hangzhou Vobile Technology Co. Ltd. ("Vobile Hangzhou")**	PRC/Mainland China 8 February 2018	RMB200,000,000	—	100%	SaaS
Zhejiang Vobile Media Technology Co. Ltd. ("Vobile Zhejiang")**	PRC/Mainland China 5 July 2021	RMB100,000,000	—	100%	SaaS
Hangzhou Particle Culture Technology Co., Ltd. ("Particle")***	PRC/Mainland China 15 December 2014	RMB41,523,808	—	61.18%	SaaS
Hangzhou New Particle Culture Technology Co., Ltd. ("New Particle")***	PRC/Mainland China 28 January 2022	RMB41,523,808	—	61.18%	SaaS
Zhejiang Yanhua Culture Technology Co. Ltd. ("Zhejiang Yanhua")***	PRC/Mainland China 6 June 2016	RMB100,000,000	—	61.18%	SaaS
Zhejiang Shanxun Network Technology Co. Ltd. ("Zhejiang Shanxun")***	PRC/Mainland China 13 October 2015	RMB20,000,000	—	61.18%	SaaS

Note:

* As at the date of this report, no audited financial statements of Vobile US have been prepared since the date of incorporation as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdictions of incorporation.

** Registered as wholly-foreign-owned enterprises under PRC law.

*** Registered as a limited liability company under PRC law.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations issued by the International Accounting Standards Board (the "IASB") and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations issued by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

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

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

Further information about those IFRSs that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements. The directors of the Group considered that the application of the above issued but not yet effective IFRSs will not have a material impact on the Group's consolidated financial results.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

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

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

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

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

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

Computer equipment	10% to 25%
Leasehold improvements	Over the shorter of lease terms and 20%
Furniture and fixtures	10% to 33%
Motor vehicles	20% to 25%
Houses and buildings	10%

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

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

Intangible assets (other than goodwill)

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

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 1 to 4 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee

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

(a) Right-of-use assets

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

Offices	2 to 6 years

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

(b) Lease liabilities

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, convertible bonds and Interest-bearing bank and other borrowings.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

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

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

Income tax

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

SaaS services

Revenue from the SaaS services is recognised over time or at a point in time with reference to the detailed terms of transactions as stipulated in the contracts entered into with its customers and counterparties.

Revenue on the SaaS services comprises the subscription-based SaaS business and the transaction-based SaaS business.

The subscription-based SaaS business provides IP protection services for content clients and platform clients on a subscription basis, and a monthly subscription fee is charged to customers. Revenue generated from subscription fees is recognised over the subscription period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

The transaction-based SaaS business generates revenue from the content monetization products. Revenue from the content monetization products is recognised when the relevant services are rendered.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Contract liabilities

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

Share-based payments

The Company operates a share award plan and a share option scheme. Employees (including directors) and consultants of the Group receive remuneration in the form of share-based payments, whereby they render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value of share award plan is determined by the closing price on the grant date in active markets. The fair value of share option is determined by an external valuer using a binomial lattice model, further details of which are given in note 30 to the financial statements.

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

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

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

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. 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.

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

The employees of the Group's subsidiaries which operate in the United States (the "US"). are required to participate in the federal social security program operated by the U.S. government. These subsidiaries are required to contribute certain percentage of their payroll costs to the social security program. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social security program.

No forfeited contributions may be used by the Company to reduce the existing level of contributions.

Borrowing costs

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the HK$. As at the end of the reporting period, the assets and liabilities of these entities are translated into HK$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK$ at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

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

Judgements

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

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Determining the nature of the entity's promise in granting a licence

Right to use

The Group generates revenue from sub-licensing content assets within its authorised scope for cash mainly with other online television broadcasting companies. For cash sub-licensing transactions, the Group is entitled to receive the sub-license fee under the sub-licensing arrangements and does not have any future obligation once it has provided the underlying content to the counterparty. The sub-licensing of content assets represents a licence of functional intellectual property which grants a right to use the Group's content assets and is recognised at the point in time when the content asset is made available for the customer's use and benefit.

Estimation uncertainty

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

3. SIGNIFICANT ACCOUNTING ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was HK$1,146,561,000 (2023: HK$1,170,392,000). Further details are given in note 16 to the financial statements.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

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

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an 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 it needs 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 (such as the subsidiary's stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses and deductible temporary differences at 31 December 2024 was HK$35,294,000 (2023: HK$86,615,000). Further details are contained in note 28 to the financial statements.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by HK$26,789,000 (2023: HK$51,632,000) Further details on deferred taxes are disclosed in note 28 to the financial statements.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2024, the best estimate of the carrying amount of capitalised development costs was HK$200,126,000 (2023: HK$169,486,000).

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a discounted cash flow method as detailed in note 37 to the financial statements. The valuation requires the Group to determine the expected future cash flows using rates currently available for instruments with similar terms, credit risk, remaining maturities; In addition, the Group makes estimates about the discount for illiquidity. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2024 was HK$61,481,000 (2023 HK$62,266,000). Further details are included in note 22 to the financial statements.

Fair value of call options

The call options have been valued based on a discounted cash flow method as detailed in note 37 to the financial statements. The valuation requires the Group to determine the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group classifies the fair value of these investments as Level 3. The fair value of the call options at 31 December 2024 was HK$147,486,000 (2023: HK$137,014,000). Further details are included in note 22 to the financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

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

Useful lives of property, plant and equipment and intangible assets

The Group determines the estimated useful lives and related depreciation/amortisation charges for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Estimation of fair value of investment properties

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

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

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

The carrying amount of investment properties at 31 December 2024 was HK$98,333,000 (2023: HK$70,234,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group had only one reportable operating segment, which was offering SaaS to help content owners protect their content from unauthorised use, measure the viewership of their content, and monetize their content during the year. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	2024 HK$'000	2023 HK$'000
Mainland China	**1,188,438**	1,002,314
United States	**1,184,267**	982,777
Other countries/regions	**28,617**	15,898
Total revenue	**2,401,322**	2,000,989

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

(b) Non-current assets

	2024 HK$'000	2023 HK$'000
Mainland China	**1,224,455**	1,137,390
United States	**623,424**	618,163
Other countries/regions	**12,541**	5,617
Total non-current assets	**1,860,420**	1,764,651

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

4. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

Revenue derived from sales to major customers, including sales to a group of entities which are known to be under common control with those customers, which accounted for 10% or more of the Group's revenue for the year ended 31 December 2024 is as follows:

	2024 HK$'000	2023 HK$'000
Customer A	363,130	356,129

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of services rendered during the year.

An analysis of revenue, other income and gains is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers		
Rendering of services	2,401,322	2,000,989

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024 HK$'000	2023 HK$'000
Types of services		
Subscription services	1,103,693	868,458
Value-added services	1,297,629	1,132,531
Total	2,401,322	2,000,989
Timing of revenue recognition		
Services transferred at a point in time	63,161	33,288
Services transferred over time	2,338,161	1,967,701
Total	2,401,322	2,000,989

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 HK$'000	2023 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Rendering of services	**3,710**	4,712

(ii) Performance obligations

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

The performance obligation is satisfied over time or at a point in time as services are rendered and advance payments are sometimes received for certain services. For SaaS services, payment is generally due within 30 days to 180 days.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**10,184**	3,710

	2024 HK$'000	2023 HK$'000
Other income and gains		
Changes in fair value of investment properties	**1,024**	3,468
Changes in fair value of financial assets at FVTPL	**15,522**	7,006
Interest income	**4,236**	4,434
Foreign exchange gains	**3,095**	5,875
Government grants*	**8,235**	18,927
Others	**1,265**	193
Total other income and gains	**33,377**	39,903

* There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	2024 HK$'000	2023 HK$'000
Cost of services provided	**1,349,859**	1,150,832
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):		
Wages and salaries	**174,056**	185,979
Equity-settled share compensation expense	**19,354**	35,565
Other benefits	**13,429**	17,955
Pension scheme contributions*	**5,234**	6,929
Total	**212,073**	246,428
Depreciation of items of property, plant and equipment (note 13)	**15,575**	9,489
Depreciation of right-of-use assets (note 15 (a))	**7,311**	11,898
Amortisation of other intangible assets (note 17)**	**112,239**	114,363
Lease payments not included in the measurement of lease liabilities (note 15 (c))	**5,524**	4,229
Impairment of trade receivables, net (note 20)	**7,871**	10,866
Research and development expenses	**270,947**	231,533
Auditor's remuneration	**4,800**	4,600
Bank interest income (note 5)	**(4,236)**	(4,434)
Government grant***	**(8,235)**	(18,927)
Changes in fair value of investment properties (note14)	**(1,024)**	(3,468)
Changes in fair value of financial assets at fair value through profit or loss	**(13,801)**	(7,006)
Foreign exchange differences, net	**(3,095)**	2,777

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** The amortisation of other intangible assets of HK$53,073,000 for the year is included in "Cost of services provided" in the consolidated statement of profit or loss.

*** There are no unfulfilled conditions or contingencies related to these grants.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK$'000	2023 HK$'000
Interest on other borrowings (including convertible bonds)	90,607	91,476
Interest on lease liabilities	997	776
Total	91,604	92,252

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2024 HK$'000	2023 HK$'000
Fees	3,379	3,122
Other emoluments:		
Salaries, allowances, and benefits in kind	4,271	4,295
Equity-settled share compensation expense	4,919	6,335
Performance-based bonus	—	—
Pension scheme contribution	—	—
Subtotal	9,190	10,630
Total	12,569	13,752

During the year, certain directors were granted share awards and share options, in respect of their services to the Group, under the share option scheme of the then ultimate holding company, further details of which are set out in note 30 to the financial statements. The fair value of share award, which has been recognised in profit or loss at the grant date, was determined as at the date of grant. The fair value of the share options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant. The amounts included in the financial statements for the current year are included in the above directors' and chief executive's remuneration disclosures.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

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

	2024 HK$'000	2023 HK$'000
Mr. Alfred Tsai Chu	**369**	371
Mr. Charles Eric Eesley	**369**	371
Mr. KWAN Ngai Kit	**388**	390
Total	**1,126**	1,132

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

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors, and the chief executive

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Equity-settled share compensation expense HK$'000	Performance-based bonus HK$'000	Pension scheme contribution HK$'000	Total HK$'000
2024						
Executive directors:						
— Mr. Yangbin Bernard Wang*	—	4,271	3,363	—	—	7,634
— Mr. Wong Wai Kwan**	1,087	—	389	—	—	1,476
Subtotal	1,087	4,271	3,752	—	—	9,110
Non-executive directors:						
— Mr. J David Wargo	311	—	389	—	—	700
— Mr. Chan Ching Yan Daniel**	295	—	389	—	—	684
— Mr. Tang Yi Hoi Hermes	544	—	389	—	—	933
— Ms. Chan, Laverna Jun Lin***	16	—	—	—	—	16
Subtotal	1,166	—	1,167	—	—	2,333
Total	2,253	4,271	4,919	—	—	11,443
2023						
Executive directors:						
— Mr. Yangbin Bernard Wang*	—	4,295	5,720	—	—	10,015
— Mr. Wong Wai Kwan	1,093	—	205	—	—	1,298
Subtotal	1,093	4,295	5,925	—	—	11,313
Non-executive directors:						
— Mr. J David Wargo	312	—	205	—	—	517
— Mr. Chan Ching Yan Daniel**	312	—	205	—	—	517
— Mr. Tang Yi Hoi Hermes	273	—	—	—	—	273
Subtotal	897	—	410	—	—	1,307
Total	1,990	4,295	6,335	—	—	12,620

* Mr. Yangbin Bernard Wang was also the chief executive officer of the Company.

** Mr. Chan Ching Yan Daniel resigned as the Company's non-executive director on 12 December 2024.

*** Ms. Chan, Laverna Jun Lin was appointed as the Company's non-executive director on 12 December 2024.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors, and the chief executive (Continued)

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to any of the persons who are directors of the Company, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

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

	2024 HK$'000	2023 HK$'000
Salaries, allowances, and benefits in kind	5,720	7,184
Performance-based bonus	2,393	980
Pension scheme contributions	—	210
Total	8,113	8,374

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

	Number of employees	
	2024	2023
HK$1,000,001 to HK$1,500,000	—	—
HK$1,500,001 to HK$2,500,000	4	4
HK$2,500,001 to HK$3,000,000	—	—
Total	4	4

During the prior years, share options were granted to a non-director and non-chief executive highest paid employee in respect of the services to the Group, further details of which are included in the disclosures in note 30 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSE

Income tax consists primarily of United States, Mainland China, Hong Kong and Japan enterprise income tax charged on the Group. United States income tax applicable to the Group is charged at the federal tax rate of 21% (2023: 21%) for the year ended 31 December 2024. The income tax applicable to profits arising in Hong Kong was provided at a statutory tax rate of 16.5% (2023: 16.5%) during the year ended 31 December 2024. The income tax applicable to profits arising in Mainland China was provided at a statutory tax rate of 25% (2023: 25%) during the year ended 31 December 2024 except for certain subsidiaries of the Group in Mainland China, that were accredited as a “High and New Technology Enterprise” and entitled to a preferential rate is 15% in 2023 to 2025. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The major components of income tax expense for the year are as follows:

	2024 **HK$'000**	2023 HK$'000
Current — United States		
Charge for the year	**1,132**	3,352
Current — Mainland China		
Charge for the year	**28,265**	33,885
Current — Australia		
Charge for the year	**139**	—
Current — Japan		
Charge for the year	**9**	10
Deferred tax (credit)/expense (note 28)	**(1,342)**	10,104
Total tax expense for the year	**28,203**	47,351

10. INCOME TAX EXPENSE (Continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2024 HK$'000	2023 HK$'000
Profit before tax	**186,694**	47,141
Tax at the statutory tax rate	**52,106**	9,900
U.S. state income taxes, net of federal benefit	**3,886**	7,420
Different tax rates for other jurisdictions	**(9,566)**	16,651
Expenses not deductible for tax	**141**	1,318
Income not subject to tax	**(6,421)**	—
Deductible temporary differences and tax losses not recognised	**26,789**	51,632
Additional deductible allowance for research and development costs	**(27,025)**	(32,849)
Others	**(11,707)**	(6,721)
Tax expense at the Group's effective tax rate	**28,203**	47,351

The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. While Hong Kong is in the process of seeking consultation on the implementation of the global minimum tax and domestic minimum top-up tax, it is expected that the new regime will come into effect for the Group's financial year beginning on 1 January 2025. Of the jurisdictions in which the Group operates, the United States has not yet adopted federal level legislation, but some states are studying the relevant rules, and Mainland China has not yet formally adopted the domestic legislation of the pillar two model rules, but relevant departments (such as the Ministry of Finance and the State Administration of Taxation) are studying how to incorporate the pillar two rules into the domestic tax system. Australia and Japan enacted Pillar Two legislation which is effective and is applicable to the Group for the year beginning on 1 January 2024.The Group has undertaken a preliminary assessment of the Pillar Two tax implications for the jurisdictions in which the Group operates and where Pillar Two legislation has been enacted . Based on the preliminary assessment and current financials, the Group does not expect to have any material Pillar Two exposure (including current tax) arising in these jurisdictions during the twelve months ended 31 December 2024. The Group has also applied the Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules*, temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

11. DIVIDENDS

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

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 2,263,077,536 (2023: 2,222,839,130) in issue during the year, as adjusted to reflect the issue of shares and exercise of share options during the year.

The calculation of the diluted earnings per share amounts for the year ended 31 December 2024 is based on the profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive share options into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2023 in respect of a dilution as the impact of the share option scheme had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of earnings per share attributable to owners of the Company for each of the years ended 31 December 2024 and 2023 are based on the following data:

	2024 **HK$'000**	2023 HK$'000
Profit/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculations	**142,727**	(7,818)
Interest on convertible bonds	**18,139**	10,644
Profit attributable to owners of the Company before interest on convertible bonds	**160,866***	2,826**
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**2,263,077,536**	2,222,839,130
Effect of dilution — Weighted average number of ordinary shares:		
Share options	**165,038,989**	192,399,671
Convertible bonds	**78,239,503**	21,992,481
Weighted average number of ordinary share for the purpose of diluted earnings/(loss) per share calculation	**2,506,356,028***	2,437,231,282**

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (Continued)

* Because the diluted earnings per share amount is increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year ended 31 December 2024 and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amount is based on the profit for the year ended 31 December 2024 attributable to owners of the Company of HK$142,727,000, and the weighted average number of ordinary shares of 2,428,116,525 in issue during the year ended 31 December 2024.

** Because the diluted loss per share amount is decreased when taking share options and convertible bonds into account, the share options and convertible bonds had an anti-dilutive effect on the basic loss per share for the year and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amount is based on the loss for the year of HK$7,818,000, and the weighted average number of ordinary shares of 2,222,839,130 in issue during the year of 2023.

13. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Buildings HK$'000	Under Construction HK$'000	Total HK$'000
31 December 2024:							
At 1 January 2024:							
Cost	74,536	13,177	4,819	3,153	10,333	7,103	113,121
Accumulated depreciation	(29,917)	(7,044)	(3,318)	(1,886)	(125)	—	(42,290)
Net carrying amount	44,619	6,133	1,501	1,267	10,208	7,103	70,831
At 1 January 2024: net of accumulated depreciation	44,619	6,133	1,501	1,267	10,208	7,103	70,831
Additions	6,095	22	71	—	—	6,940	13,128
Depreciation provided during the year	(12,786)	(1,841)	(319)	(387)	(242)	—	(15,575)
Transfers							
Exchange realignment	(1,433)	—	(267)	(26)	(244)	(354)	(2,324)
At 31 December 2024, net of accumulated depreciation	36,495	4,314	986	854	9,722	13,689	66,060
At 31 December 2024:							
Cost	78,385	13,188	4,552	3,119	10,085	13,689	123,018
Accumulated depreciation	(41,890)	(8,874)	(3,566)	(2,265)	(363)	—	(56,958)
Net carrying amount	36,495	4,314	986	854	9,722	13,689	66,060

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Computer equipment HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Buildings HK$'000	Under Construction HK$'000	Total HK$'000
31 December 2023:							
At 1 January 2023:							
Cost	40,797	14,421	5,539	3,177	—	17,697	81,631
Accumulated depreciation	(23,315)	(6,234)	(3,541)	(1,401)	—	—	(34,491)
Net carrying amount	17,482	8,187	1,998	1,776	—	17,697	47,140
At 1 January 2023: net of accumulated depreciation	17,482	8,187	1,998	1,776	—	17,697	47,140
Additions	33,863	—	108	—	—	—	33,971
Depreciation provided during the year	(6,603)	(1,840)	(434)	(487)	(125)	—	(9,489)
Transfers	—	—	—	—	10,400	(10,400)	—
Exchange realignment	(123)	(214)	(171)	(22)	(67)	(194)	(791)
At 31 December 2023, net of accumulated depreciation	44,619	6,133	1,501	1,267	10,208	7,103	70,831
At 31 December 2023:							
Cost	74,536	13,177	4,819	3,153	10,333	7,103	113,121
Accumulated depreciation	(29,917)	(7,044)	(3,318)	(1,886)	(125)	—	(42,290)
Net carrying amount	44,619	6,133	1,501	1,267	10,208	7,103	70,831

14. INVESTMENT PROPERTIES

	2024 HK$'000	2023 HK$'000
Carrying amount at 1 January	**70,234**	66,446
Additions	**29,637**	1,778
Net gain from a fair value adjustment	**1,024**	3,468
Exchange realignment	**(2,562)**	(1,458)
Carrying amount at 31 December	**98,333**	70,234

14. INVESTMENT PROPERTIES (Continued)

The Group's investment properties consist of commercial properties in the Mainland China, the investment properties under construction amounted to HK$86,889,000 which will be held under leasehold interests to earn rentals and for capital appreciation after completion are measured using the fair value model, and are classified and accounted for as investment properties. The fair value as at 31 December 2024 assessed by the third-party amounted to HK$98,333,000. In determining the fair value of the relevant investment properties, the Group engages in independent professional property valuers to perform the valuation. The management works closely with the independent professional property valuers to establish the appropriate valuation techniques and inputs to the model. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management reports the valuation report and findings to the Board of Directors of the Group yearly to explain the cause of fluctuations in the fair value of the investment properties.

Fair value hierarchy

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

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Commercial properties	**—**	**—**	**98,333**	**98,333**

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	—	—	70,234	70,234

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

14. INVESTMENT PROPERTIES (Continued)

As at 31 December 2024, the investment properties at fair value of HK$98,333,000 held by the Group were located in the Mainland China, which were held to earn rentals and for capital appreciation and the Group has the ownership certificate.

The Group measured investment properties using the market approach cause the investment properties were held to earn rentals and for capital appreciation and below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

		Valuation techniques	Significant unobservable inputs	Range or weighted average
Commercial properties	2024	Direct comparison	Market unit sale rate RMB/square metre ("sq.m")	14,265 to 20,837
Commercial properties	2023	Direct comparison	Market unit sale rate RMB/square metre ("sq.m")	17,879 to 20,297

15. LEASES

The Group as a lessee

The Group has lease contracts for office rental used in its operations. Leases of offices generally have lease terms between 2 and 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	2024 Office HK$'000	2023 Office HK$'000
Carrying amount at 1 January	**13,014**	20,129
Additions	**20,641**	4,998
Depreciation charge	**(7,311)**	(11,898)
Exchange realignment	**(553)**	(215)
Carrying amount at 31 December	**25,791**	13,014

15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

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

	2024 Lease liabilities HK$'000	2023 Lease liabilities HK$'000
Carrying amount at 1 January	13,541	21,191
New leases	20,641	4,998
Accretion of interest recognised during the year	997	776
Payments	(12,841)	(12,986)
Exchange realignment	(343)	(438)
Carrying amount at 31 December	21,995	13,541
Analysed into:		
Current portion	10,201	8,398
Non-current portion	11,794	5,143

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

The Group has applied the practical expedient to all eligible rent concessions granted by the lessors for leases of offices during the year.

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

	2024 HK$'000	2023 HK$'000
Nominal interest on lease liabilities	997	776
Depreciation charge of right-of-use assets	7,311	11,898
Expense relating to short-term leases (included in administrative expenses)	5,524	4,229
Total amount recognised in profit or loss	13,832	16,903

(d) The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

16. GOODWILL

	2024 HK$'000	2023 HK$'000
As at 1 January	**1,170,392**	1,184,396
Exchange realignment	**(23,831)**	(14,004)
As at 31 December	**1,146,561**	1,170,392

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Content Monetization cash-generating unit ("CM CGU");
- Content Protection cash-generating unit ("CP CGU"); and
- Particle Technology cash-generating unit ("Particle Technology CGU").

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	CM CGU		CP CGU		Particle Technology CGU		Total	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Carrying amount of goodwill	**552,165**	555,195	**52,671**	52,960	**541,725**	562,237	**1,146,561**	1,170,392

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Content Monetization cash-generating unit

The recoverable amount of Content Monetization cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 13% as at 31 December 2024 (2023: 14.2%). The growth rate used to extrapolate the cash flows of the Content Monetization cash-generating unit beyond the five-year period was 2% as at 31 December 2024 (2023: 2%), which was the same as the long-term average growth rate of the industry.

Content Protection cash-generating unit

The recoverable amount of Content Protection cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 13% as at 31 December 2024 (2023: 14.2%). The growth rate used to extrapolate the cash flows of the Content Protection cash-generating unit beyond the five-year period was 2% as at 31 December 2024 (2023: 2%), which was the same as the long-term average growth rate of the industry.

Particle Technology cash-generating unit

The recoverable amount of Particle Technology cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a six-year period approved by senior management. The discount rate applied to the cash flow projections was 13% as at 31 December 2024 (2023: 14.2%). The growth rate used to extrapolate the cash flows of the Particle Technology cash-generating unit beyond the five-year period was 2% as at 31 December 2024 (2023: 2%), which was the same as the long-term average growth rate of the industry.

Assumptions were used in the value in use calculation of Software as a Service cash-generating units for 31 December 2024 and 31 December 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rates — The discount rates used are after tax and reflect specific risks relating to the relevant units.

Terminal growth rate — The terminal growth rate is based on the estimation of the long-term rate of inflation.

The values assigned to the key assumptions on market development of CGUs and discount rates are consistent with external information sources.

17. OTHER INTANGIBLE ASSETS

	Deferred development costs HK$'000	Software HK$'000	Copyright HK$'000	Technology HK$'000	Customer relationship HK$'000	Total HK$'000
31 December 2024:						
Cost at 1 January 2024, net of accumulated amortisation	169,486	78,475	48,657	75,348	64,730	436,696
Additions	190,266	860	20,716	—	—	211,842
Transfer	(154,703)	154,703	—	—	—	—
Amortisation provided during the year	—	(20,389)	(47,271)	(16,779)	(27,800)	(112,239)
Exchange realignment	(4,923)	(4,084)	(1,559)	(2,499)	(2,200)	(15,265)
At 31 December 2024	200,126	209,565	20,543	56,070	34,730	521,034
At 31 December 2024						
Cost	200,126	254,544	52,378	116,623	116,102	739,773
Accumulated amortisation	—	(44,979)	(31,835)	(60,553)	(81,372)	(218,739)
Net carrying amount	200,126	209,565	20,543	56,070	34,730	521,034

	Deferred development costs HK$'000	Software HK$'000	Copyright HK$'000	Technology HK$'000	Customer relationship HK$'000	Total HK$'000
31 December 2023:						
Cost at 1 January 2023, net of accumulated amortisation	169,327	19,521	7,576	95,329	96,303	388,056
Additions	74,381	5,246	96,482	—	—	176,109
Transfer	(60,895)	60,895	—	—	—	—
Amortisation provided during the year	(4,796)	(7,091)	(55,423)	(17,866)	(29,187)	(114,363)
Exchange realignment	(8,531)	(96)	22	(2,115)	(2,386)	(13,106)
At 31 December 2023	169,486	78,475	48,657	75,348	64,730	436,696
At 31 December 2023						
Cost	182,560	91,069	112,754	120,058	120,073	626,514
Accumulated amortisation	(13,074)	(12,594)	(64,097)	(44,710)	(55,343)	(189,818)
Net carrying amount	169,486	78,475	48,657	75,348	64,730	436,696

18. INVESTMENTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Share of net assets	961	998
Share of profits and losses of associates	1	1
Total	962	999

As at 31 December 2024, Global Mutual Entertainment Network (Beijing) Co., Ltd. and Shanghai Lijiu Network Technology Co., Ltd. are associates of the Group, and the proportions of the Group's ownership are 33% and 45.9%, respectively.

19. INVENTORIES

	2024 HK$'000	2023 HK$'000
Projects costs	16,824	4,397

20. TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	1,421,752	1,068,916
Impairment	(19,540)	(11,669)
Net carrying amount	1,402,212	1,057,247

The Group's trading terms with its customers are mainly on credit. The credit period is generally 10 to 180 days for customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are unsecured and non-interest-bearing.

20. TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 year	1,345,764	1,033,610
1 to 2 years	53,558	23,637
2 to 3 years	2,890	—
Total	1,402,212	1,057,247

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

	2024 HK$'000	2023 HK$'000
At beginning of year	11,669	803
Impairment of trade receivables, net	7,871	10,866
At end of year	19,540	11,669

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than 3 years and are not subject to enforcement activity.

20. TRADE RECEIVABLES (Continued)

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

As at 31 December 2024

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.05%	1.67%	12.74%	70.75%	1.37%
Gross carrying amount (HK$'000)	1,099,586	250,909	61,378	9,879	1,421,752
Expected credit losses (HK$'000)	553	4,178	7,820	6,989	19,540

As at 31 December 2023

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.08%	4.71%	19.46%	100%	1.09%
Gross carrying amount (HK$'000)	946,250	92,423	29,348	895	1,068,916
Expected credit losses (HK$'000)	714	4,349	5,711	895	11,669

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 HK$'000	2023 HK$'000
Prepayments	128,652	91,777
Deposits and other receivables	41,904	39,128
Total	170,556	130,905
Portion classified as current assets	168,877	128,420
Non-current portion	1,679	2,485

Other receivables and other assets mainly represent rental deposits and deposits with suppliers. The financial assets included in the above balances relate to deposits and receivables for which there was no recent history of default. The Group has thereby concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the rates for other receivables and other assets. Since other receivables and other assets are related to receivables which are still in current and the payment is not due, the expected credit loss rates of deposits and other receivables are assessed to be minimal. Other receivable due from related party in 2024 is HK$170,000. (2023: HK$2,209,000). Details of the amounts due from related parties are disclosed in note 35 to the financial statements.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK $'000	2023 HK $'000
Call options	147,486	137,014
Other unlisted investments, at fair value	61,481	62,266
Total	208,967	199,280

The above equity investments were classified as financial assets at FVTPL as the Group has not elected to recognise the fair value gain or loss through other comprehensive income. The above unlisted investments were asset management schemes managed by non-bank financial institutions. The above call option is a derivative financial instrument which allow the Group, at the Group's discretion, to acquire the remaining 38.82% in Particle Technology at consideration of RMB542 million in steps in 2025. The call options in the purchase agreement had been recognised initially at HK$130,154,000, which was measured at fair value. The management remeasured its fair value at each reporting date using valuation techniques based on the estimate of future performance of Particle Technology and other future market conditions. The fair value was classified as Level 3 fair value hierarchy.

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 HK$'000	2023 HK$'000
Cash and bank balances	184,759	169,770
Time deposits	35,531	85,114
Subtotal	220,290	254,884
Less: Pledged time deposits:		
Pledged for bank loans	—	14,841
Cash and cash equivalents	220,290	240,043
Denominated in HK$	22,374	4,086
Denominated in USD	91,137	126,324
Denominated in RMB	104,112	123,019
Denominated in JPY	2,050	1,102
Denominated in AU$	617	353
Total cash and cash equivalents and pledged time deposits	220,290	254,884

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits earn interest at deposit rates proposed by the banks. The bank balances are deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. TRADE PAYABLES

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

	2024 HK$'000	2023 HK$'000
Within 1 year	466,713	450,875

The trade payables are non-interest-bearing and are normally settled on within 1-year terms.

25. OTHER PAYABLES AND ACCRUALS

	Notes	2024 HK$'000	2023 HK$'000
Other payables	(a)	**49,781**	65,238
Accruals		**4,431**	7,886
Contract liabilities	(b)	**10,184**	3,710
Payroll and welfare accruals		**16,445**	21,353
Total		**80,841**	98,187

Notes:

(a) Other payables are non-interest-bearing and repayable on demand.

(b) Details of contract liabilities are as follows:

	2024 HK$'000	2023 HK$'000
Short-term advances received from customers		
Rendering of services	**10,184**	3,710

Contract liabilities include short-term advances received to render services. The increase in contract liabilities in 2024 and 2023 was mainly due to the increase in short-term advances received from customers in relation to the provision of render services at the end of the year.

26. INTEREST-BEARING BORROWINGS

	2024 HK$'000	2023 HK$'000
Current		
Lease liabilities	10,201	8,398
Bank loans — secured	302,441	53,992
Bank loans — unsecured	125,569	77,311
Subtotal — current	438,211	139,701
Convertible bonds	4,800	4,680
Total — current	443,011	144,381
Non-current		
Lease liabilities	11,794	5,143
Bank loans — secured	362,286	443,951
Subtotal — non-current	374,080	449,094
Convertible bonds	201,184	103,000
Total — non-current	575,264	552,094
Total	1,018,275	696,475

Bank and other borrowings carry a weighted average effective interest rate at 7.4% (2023: 13.2%) and will mature during the years from 2025 to 2034 (2023: from 2024 to 2026). Convertible bonds carry a weighted average effective interest rate at 7.4% (2023: 10.7%) and will mature during the years from 2026 to 2027 (2023: 2025).

26. INTEREST-BEARING BORROWINGS (Continued)

	2024 HK$'000	2023 HK$'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	428,010	131,303
In the second year	84,679	195,204
In the third to five years, inclusive	242,491	248,747
Beyond five years	35,116	—
Subtotal	790,296	575,254
Other borrowings repayable:		
Within one year	15,001	13,078
In the second year	127,945	108,143
In the third to five years, inclusive	85,033	—
Subtotal	227,979	121,221
Total	1,018,275	696,475

The secured bank loans (including current and non-current) of HK$664,727,000 are all secured by the shares, intellectual properties and bank balances of all material non-Mainland China subsidiaries of the Group.

27. CONVERTIBLE BONDS

On 16 August 2022, the Company issued convertible bonds in an aggregate principal amount of HK$117,000,000 to Lucion International Investment Limited, an investment holding company incorporated in Hong Kong. The convertible bonds have an initial conversion price of HK$5.32 per share. The convertible bonds are convertible into shares of the Company. The convertible bonds bear simple interest on their outstanding principal amount at the rate of 4% per annum, are payable semi-annually in arrears, and will mature in three years from the issue date. The annual effective interest rate of the debt component is 10.69%. The convertible bonds were fully redeemed on 20 December 2024.

On 24 May 2024, the Company issued convertible bonds in an aggregate principal amount of HK$159,997,200. The convertible bonds have an initial conversion price of HK$1.87 per Share. The convertible bonds are convertible into shares of the Company. The convertible bonds bear simple interest on their outstanding principal amount at the rate of 3% per annum, are payable semi-annually in arrears, and will mature in two years from the issue date. The annual effective interest rate of the debt component is 7.6%.

27. CONVERTIBLE BONDS (Continued)

On 9 November 2024, the Company issued zero coupon convertible bonds in an aggregate principal amount of HK$78,000,000. The convertible bonds have an initial conversion price of HK$1.95 per Share. The convertible bonds are convertible into shares of the Company. The convertible bonds do not bear any interest and will mature in three years from the issue date. The annual effective interest rate of the debt component is 6.9%. On 29 November 2024, the bondholders converted convertible bonds in the principal amount of HK$15,600,000 into 8,000,000 shares with conversion price of HK$1.95 per share.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	2024 **HK$'000**	2023 HK$'000
Liability component at 1 January	**107,680**	101,686
Nominal value of convertible bonds issued during the year	**237,997**	—
Equity component	**(15,540)**	—
Liability component at the issuance date	**330,137**	—
Interest expense	**18,139**	10,644
Interest paid	**(10,559)**	(4,446)
Repayment	**(118,503)**	—
Conversion of convertible bonds	**(12,839)**	—
Exchange realignment	**(391)**	(204)
Liability component at 31 December	**205,984**	107,680
Interest payable classified as current liabilities	**(4,800)**	(4,680)
Non-current portion	**201,184**	103,000

28. DEFERRED TAX

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

Deferred tax liabilities

	Fair Value of investment property HK$'000	Intangible assets (including goodwill) HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 January 2023	—	74,541	892	75,433
Deferred tax charged/(credited) to profit or loss during the year (note 10)	—	2,934	(476)	2,458
At 31 December 2023 and 1 January 2024	—	77,475	416	77,891
Deferred tax charged/(credited) to profit or loss during the year (note 10)	2,862	(9,290)	4,558	(1,870)
At 31 December 2024	**2,862**	**68,185**	**4,974**	**76,021**

Deferred tax assets

	Losses available for offsetting against future taxable profits HK$'000	Lease liabilities HK$'000	Research and development costs HK$'000	Others HK$'000	Total HK$'000
At 1 January 2023	54,237	866	12,629	26,945	94,677
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(22,875)	(491)	4,576	11,144	(7,646)
At 31 December 2023 and 1 January 2024	31,362	375	17,205	38,089	87,031
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(22,055)	3,607	2,751	15,169	(528)
At 31 December 2024	**9,307**	**3,982**	**19,956**	**53,258**	**86,503**

28. DEFERRED TAX (Continued)

Deferred tax assets (Continued)

As at 31 December 2024, deferred tax assets related to Vobile US have been calculated at a composite statutory tax rate of 27.73%, which consisted of a federal income tax rate of 21% and multiple state income tax rates.

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

	2024 HK$'000	2023 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**35,294**	86,615
Net deferred tax liabilities recognised in the consolidated statement of financial position	**24,812**	77,475

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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

	2024 HK$'000	2023 HK$'000
Tax losses	**24,263**	49,480
Deductible temporary differences	**2,526**	2,152
	26,789	51,632

At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries and associates will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$657,970,000 at 31 December 2024 (2023: HK$402,202,000).

29. SHARE CAPITAL

	2024 HK$'000	2023 HK$'000
Issued and fully paid (US$0.000025 per share):		
2,284,443,656 ordinary shares (2023: 2,240,443,656 ordinary shares)	**450**	441

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK$'000	Number of treasury shares	Treasury shares HK$'000	Number of treasury shares for the Plan	Treasury shares HK$'000
At 1 January 2023	2,117,596,656	417	—	—	28,878,462	(79,893)
Shares repurchased for share award plan (a)	—	—	—	—	450,000	(1,310)
Transferred during the year for share award plan (a)	—	—	—	—	(17,553,194)	48,599
Issue of shares (b)	114,127,000	22	—	—	—	—
Exercise of share options (c)	8,720,000	2	—	—	—	—
At 31 December 2023 and 1 January 2024	2,240,443,656	441	—	—	11,775,268	(32,604)
Shares repurchased for share award plan (a)	—	—	—	—	590,000	(698)
Transferred during the year for share award plan (a)	—	—	—	—	(10,904,370)	30,193
Shares repurchased (d)	—	—	1,445,000	(3,427)	—	—
Issue of shares upon conversion of convertible bonds (e)	8,000,000	2	—	—	—	—
Exercise of share options (f)	36,000,000	7	—	—	—	—
At 31 December 2024	2,284,443,656	450	1,445,000	(3,427)	1,460,898	(3,109)

Notes:

(a) On 6 May 2019, the Board adopted a 10-year share award plan (the "Plan") to incentivise, recognise and reward the contributions of certain eligible persons ("Eligible Persons") to the growth and development of the Group.

Pursuant to the Plan, the ordinary shares of US$0.000025 each in the capital of the Company will be acquired by the trustee at the cost of the Company and will be held in trust for the Eligible Persons before vesting. The total number of shares granted under the Plan shall be limited to 10% of the total issued share capital of the Company.

The Board has delegated the power and authority to a trustee to handle operational matters of the Plan but all major decisions in relation to the Plan shall be made by the Board unless expressly provided for in the Plan rules pursuant to the Plan or the Board resolves to delegate such power to the trustee.

29. SHARE CAPITAL (Continued)

Notes: (Continued)

(a) (Continued)

Pursuant to the Plan rules, the Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit, select any participants for participation in the Plan as Eligible Persons and determine the number of awarded shares.

In 2024, 590,000 shares (2023: 450,000) were purchased by the trustees and 10,904,370 shares (2023: 17,553,194 shares) were granted and transferred under the Plan. The purchase of shares by a trustee for settlement of awards under the Plan are referred to as "treasury shares for the Plan" and included in "treasury shares" in the consolidated statement of financial position, but do not constitute "treasury shares" under the Hong Kong Listing Rules.

	2024			2023
	Weighted average grant price HK$ per share	**Number of options '000**	Weighted average grant price HK$ per share	Number of options '000
Share awards during the year	**1.2200**	**10,904,370**	2.6438	17,553,194

(b) On 7 February 2023, the Company completed the placement of 114,127,000 Shares to no less than six placees at a subscription price of HK$4.12 per Share.

(c) In 2023, the subscription rights attaching to 8,600,000 and 120,000 share options were exercised at the subscription price of HK$0.875 and US$0.03125 per share, respectively, resulting in the issue of 8,720,000 shares for a total cash consideration, before expenses, of HK$7,555,000. An amount of HK$3,578,000 was transferred from the share compensation reserve to share capital upon the exercise of the share options.

(d) In 2024, the Company bought back 1,445,000 shares on the market. The shares were acquired at a consideration of HK$3,418,000 and an average price before expenses of HK$2.3654 per share, with prices ranging from HK$2.22 to HK$2.53. The total amount of HK$3,427,000 paid to acquire the shares has been deducted from total equity.

(e) On 9 November 2024, the Company issued zero coupon convertible bonds in the aggregate principal amount of HK$78,000,000 to bondholders. On 29 November 2024, the bondholders converted convertible bonds in the principal amount of HK$15,600,000 into 8,000,000 shares with a conversion price of HK$1.95 per share.

(f) In 2024, the subscription rights attaching to 32,000,000 and 4,000,000 share options were exercised at the subscription price of US$0.034375 and HK$0.875 per share, respectively, resulting in the issue of 36,000,000 shares for a total cash consideration, before expenses, of HK$12,088,000. An amount of HK$4,483,000 was transferred from the share compensation reserve to share capital upon the exercise of the share options.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 30 to the financial statements.

30. SHARE OPTION SCHEME

The Company operates a Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme for the purpose of providing additional incentive to eligible participants of the Group and to promote the success of the Group's operations. Eligible participants of the Pre-IPO Share Option Scheme include employees, Directors, consultants and advisers of the Group, and they could exercise with prices of no less than 100% of the fair value of a share on the date of grant. The Pre-IPO Share Option Scheme became effective on December 30, 2016 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Post-IPO Share Option Scheme became effective on December 8, 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Any options granted to a participant who is a director, chief executive or substantial shareholder of the Company or any of their respective associates under the scheme shall be approved by the independent non-executive directors of the Company and in the event that the proposed participant is an independent non-executive director of the Company, the vote of such independent non-executive director shall not be counted for the purpose of approving such grant.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

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

The following share options were outstanding under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme during the year:

	2024		2023	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**3.7080**	**181,120**	3.8338	199,840
Granted during the year	**2.1800**	**22,950**	—	—
Exercised during the year	**0.337**	**(36,000)**	0.8663	(8,720)
Forfeited during the year	**—**	**—**	8.7000	(10,000)
At 31 December	**4.2214**	**168,070**	3.7080	181,120

30. SHARE OPTION SCHEME (Continued)

The exercise prices and exercise periods of the share options outstanding as at 31 December 2024 and 2023 are as follows:

2024

Number of options '000	Exercise price HK$ per share	Exercise period
12,800	0.8750	30 July 2023 to 30 July 2030
4,000	1.0200	9 September 2022 to 9 September 2030
4,000	1.0200	9 September 2023 to 9 September 2030
112,000	5.0000	12 January 2022 to 12 January 2031
5,000	8.7000	23 July 2023 to 23 July 2031
7,320	5.0000	8 July 2023 to 7 July 2032
22,950	2.1800	30 September 2025 to 30 September 2034

2023

Number of options '000	Exercise price HK$ per share	Exercise period
32,000	0.2698	25 April 2019 to 25 April 2027
16,800	0.8750	30 July 2023 to 30 July 2030
4,000	1.0200	9 September 2022 to 9 September 2030
4,000	1.0200	9 September 2023 to 9 September 2030
112,000	5.0000	12 January 2022 to 12 January 2031
5,000	8.7000	23 July 2023 to 23 July 2031
7,320	5.0000	8 July 2023 to 7 July 2032

On 30 September 2024, the Company granted 22,950,000 share options to 27 eligible employees pursuant to the Share Option Scheme. The options carry an exercise price of HK$2.18 per share. 20% of the granted options will vest on the first anniversary of the commencement date of the vesting period; and the remaining 80% will vest in equal monthly installments over the subsequent 48 months following the first anniversary, provided that the grantees remain in continuous service with the Company as of each respective vesting date. The options are exercisable from 30 September 2024 and will expire on 30 September 2034.

The fair value of the share options granted during the year was HK$24,220,000 (2023: Nil), of which the Group recognised a share option expense of HK$3,761,000 during the year ended 31 December 2024.

30. SHARE OPTION SCHEME (Continued)

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2024
Share price	2.18
Historical volatility	53.58%
Risk-free interest rate	2.82%
Expected life of option	10
Dividend yield (%)	0%

The 36,000,000 share options exercised during the year resulted in the issue of 36,000,000 ordinary shares of the Company and new share capital of HK$7,000 (before issue expenses), as further detailed in note 29 to the financial statements.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 62 and 63 of the financial statements.

Merger reserve

The merger reserve represents those reserves arising from the reorganisation for the purpose of listing. Details of the movements in the merger reserve are set out in the consolidated statement of changes in equity.

Other reserve

The other reserve of the Group represents certain assignments and share-based payments under the share option scheme made by the Then Ultimate Holding Company on behalf of the Group.

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
Particle Technology	61.18249%	61.18249%

	2024 HK'000	2023 HK'000
Profit for the year allocated to non-controlling interests:		
Particle Technology	15,764	7,608
Accumulated balances of non-controlling interests at the reporting date:		
Particle Technology	193,617	185,646

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Particle Technology

	2024 HK'000	2023 HK'000
Revenue	773,552	702,111
Total expenses	(732,942)	(682,512)
Profit for the year	40,610	19,599
Total comprehensive income for the year	40,610	11,490
Current assets	951,139	857,676
Non-current assets	265,287	284,611
Current liabilities	(692,025)	(623,600)
Non-current liabilities	(25,614)	(40,434)
Net decrease in cash and cash equivalents	(2,070)	(7,593)

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$20,641,000 (2023: HK$4,998,000) and HK$20,641,000 (2023: HK$4,998,000), respectively, in respect of lease arrangements for offices.

(b) Changes in liabilities arising from financing activities

2024

	Bank loans HK$'000	Lease liabilities HK$'000	Convertible bonds HK$'000
At 1 January 2024	575,254	13,541	107,680
Changes from financing cash flows	222,134	(11,844)	119,494
New leases	—	20,641	—
Equity component	—	—	(15,540)
Interest expense	72,468	997	18,139
Interest paid classified as financing cash flows	(71,774)	(997)	(10,559)
Conversion of convertible bonds	—	—	(12,839)
Exchange realignment	(7,786)	(343)	(391)
At 31 December 2024	790,296	21,995	205,984

2023

	Bank loans HK$'000	Lease liabilities HK$'000	Convertible bonds HK$'000
At 1 January 2023	1,003,886	21,191	101,686
Changes from financing cash flows	(507,913)	(12,210)	(4,446)
New leases	—	4,998	—
Interest expense	80,832	776	10,644
Interest paid classified as financing cash flows	—	(776)	—
Exchange realignment	(1,551)	(438)	(204)
At 31 December 2023	575,254	13,541	107,680

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 HK$'000	2023 HK$'000
Within operating activities	5,524	4,229
Within financing activities	11,844	12,210
Total	17,368	16,439

34. COMMITMENTS

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

	2024 HK$'000	2023 HK$'000
Buildings	—	33,958

35. RELATED PARTY TRANSACTIONS

(a) Names and relationships of related parties:

Name	Relationship
上海粒玖網絡科技有限公司 Shanghai Lijiu Network Technology Co., Ltd.	Other related parties

(b) Outstanding balances with related parties

Due from related parties included in other receivables

	2024 HK$'000	2023 HK$'000
Shanghai Lijiu Network Technology Co., Ltd.	170	—
UHD Big Data Solutions Co., Ltd	—	2,209

Amounts due from related party is non-trade in nature, unsecured, interest-free and has no fixed terms of repayment.

35. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Group

	2024 HK$'000	2023 HK$'000
Short term employee benefits	12,344	12,094
Post-employment benefits	—	—
Equity-settled share option expense	7,157	6,335
Total compensation paid to key management personnel	19,501	18,429

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2024 are as follows:

2024

Financial assets

	Financial assets at FVTPL HK$'000	Financial assets at amortised HK$'000	Total HK$'000
Trade receivables	—	1,402,212	1,402,212
Financial assets included in prepayments, other receivables and other assets	—	41,904	41,904
Financial assets at fair value through profit or loss	208,967	—	208,967
Pledged deposits	—	—	—
Cash and cash equivalents	—	220,290	220,290
Total	208,967	1,664,406	1,873,373

36. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2024 (Continued)

Financial liabilities

	Financial liabilities at amortised HK$'000
Trade payables	**466,713**
Interest-bearing borrowings	**790,296**
Convertible bonds	**205,984**
Financial liabilities included in other payables and accruals	**54,212**
Total	**1,517,205**

2023

Financial assets

	Financial assets at FVTPL HK$'000	Financial assets at amortised HK$'000	Total HK$'000
Trade receivables	—	1,057,247	1,057,247
Financial assets included in prepayments, other receivables and other assets	—	39,128	39,128
Financial assets at fair value through profit or loss	199,280	—	199,280
Pledged deposits	—	14,841	14,841
Cash and cash equivalents	—	240,043	240,043
Total	199,280	1,351,259	1,550,539

36. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2023 (Continued)

Financial liabilities

	Financial liabilities at amortised HK$'000
Trade payables	450,875
Interest-bearing borrowings	575,254
Convertible bonds	107,680
Financial liabilities included in other payables and accruals	73,124
Total	1,206,933

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Financial liabilities				
Convertible bounds	**205,984**	107,680	**218,847**	111,103
Interest-bearing borrowings	**362,286**	443,951	**359,333**	427,343

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, current interest-bearing bank borrowings, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. The carrying amount of interest-bearing bank borrowings approximates fair value due to variable interest rate terms stick to the market interest rate.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the convertible bonds and non-current interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing borrowings as at 31 December 2024 were assessed to be insignificant. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

For the unlisted investment fund measured at FVTPL, management assessed the fair value based on the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In addition, the Group makes estimates about the discount for illiquidity.

The call options measured at FVTPL are measured using a Black-Scholes model The model incorporates various unobservable valuation inputs including the historical volatility, risk-free interest rate, expected life of option and weighted average share price. The carrying amounts of call option are the same as its fair values.

Significant unobservable valuation inputs for the fair value measurement of the call options are as follows:

	2024	2023
Historical volatility	**78.06%**	58.68%
Risk-free interest rate	**0.939%**	1.97%
Expected life of option	**0.4**	0.4
Weighted average share price	**1.16**	1.19
Weighted average fair value of the options	**0.27**	0.24

A significant increase (decrease) in the profit before tax of the Particle Technology would result in a significant increase (decrease) in the fair value of the call options. A significant increase (decrease) in the discount rate would result in a significant decrease (increase) in the fair value of the call options.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets at fair value through profit or loss	**—**	**—**	**208,967**	**208,967**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	—	—	199,280	199,280

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

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

	2024 HK$'000	2023 HK$'000
Financial assets at fair value through profit or loss		
At 1 January	199,280	193,481
Purchases	—	2,003
Total profit recognised in the statement of profit or loss included in other income	13,801	7,006
Exchange realignment	(4,114)	(3,210)
At 31 December	208,967	199,280

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 31 December 2023.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise other borrowings, convertible bonds and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2024			
Bank borrowings	**100**	**(5,486)**	**(5,082)**
Bank borrowings	**(100)**	**5,486**	**5,082**
2023			
Bank borrowings	100	(8,926)	(8,926)
Bank borrowings	(100)	8,926	8,926

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the major foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax arising from USD and RMB denominated financial instruments and the Group's equity due to the changes of exchange fluctuation reserves of certain overseas subsidiaries of which the functional currencies are currencies other than HK$.

	(Decrease)/ increase in USD/RMB rate %	Increase/ (decrease) in profit before tax HK$'000
2024		
If the Hong Kong dollar weakens against the USD	**(5)**	**1,870**
If the Hong Kong dollar strengthens against the USD	**5**	**(1,870)**
If the Hong Kong dollar weakens against the RMB	**(5)**	**10,096**
If the Hong Kong dollar strengthens against the RMB	**5**	**(10,096)**
2023		
If the Hong Kong dollar weakens against the USD	(5)	466
If the Hong Kong dollar strengthens against the USD	5	(466)
If the Hong Kong dollar weakens against the RMB	(5)	7,350
If the Hong Kong dollar strengthens against the RMB	5	(7,350)

* Excluding retained profits

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval from management.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	—	—	—	1,421,752	1,421,752
Financial assets included in prepayments, other receivables and other assets — Normal**	41,904	—	—	—	41,904
Cash and cash equivalents — not yet past due	220,290	—	—	—	220,290
Total	262,194	—	—	1,421,752	1,683,946

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	—	—	—	1,068,916	1,068,916
Financial assets included in prepayments, other receivables and other assets					
— Normal**	39,128	—	—	—	39,128
Pledged deposits					
— not yet past due	14,841	—	—	—	14,841
Cash and cash equivalents					
— not yet past due	240,043	—	—	—	240,043
Total	294,012	—	—	1,068,916	1,362,928

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

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

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, pledged deposits, other receivables and amounts due from and to related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. In addition, trade receivables are monitored on an ongoing basis and the Group's exposure to bad debt is not significant.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

At the end of the reporting period, the Group had certain concentrations of credit risk as 20.5% (2023: 16.6%) and 53.6% (2023: 52.4%) of the Group's trade receivables were due from the Group's largest customer and five largest customers, respectively.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2024

	On demand HK$'000	Within 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
Trade payables	—	466,713	—	466,713
Lease liabilities	—	10,800	12,390	23,190
Convertible bonds	—	4,800	240,397	245,197
Interest-bearing borrowings	—	432,567	460,253	892,820
Financial liabilities included in other payables and accruals	54,212	—	—	54,212
Total	54,212	914,880	713,040	1,682,132

2023

	On demand HK$'000	Within 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
Trade payables	—	450,875	—	450,875
Lease liabilities	—	8,780	5,396	14,176
Convertible bonds	—	4,680	121,680	126,360
Interest-bearing borrowings	—	193,048	516,599	709,647
Financial liabilities included in other payables and accruals	73,124	—	—	73,124
Total	73,124	657,383	643,675	1,374,182

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes other borrowings and convertible bonds less cash and cash equivalents. Capital includes equity attributable to owners of the Company.

The gearing ratios as at the end of the reporting periods were as follows:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Interest-bearing bank borrowing	**790,296**	575,254
Convertible bonds, the liability component	**205,984**	107,680
Less: Cash and cash equivalents and pledged deposits	**(220,290)**	(254,884)
Net debt	**775,990**	428,050
Equity attributable to owners of the Company	**2,098,320**	1,954,166
Net debt and equity	**2,874,310**	2,382,216
Gearing ratio	**27%**	18%

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	176,298	163,326
CURRENT ASSETS		
Prepayments	8,300	2,124
Due from subsidiaries	2,720,779	2,567,359
Cash and cash equivalents	440	14,985
Total current assets	2,729,519	2,584,468
CURRENT LIABILITIES		
Due to subsidiaries	352,716	268,749
Interest-bearing borrowings	156,375	—
Other payables and accruals	10,790	4,961
Convertible bonds	4,800	4,680
Total current liabilities	524,681	278,390
NET CURRENT ASSETS	2,204,838	2,306,078
TOTAL ASSETS LESS CURRENT LIABILITIES	2,381,136	2,469,404
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	299,076	443,951
Convertible bonds	201,184	103,000
Total non-current liabilities	500,260	546,951
Net assets	1,880,876	1,922,453
EQUITY		
Share capital	450	441
Treasury shares	(6,536)	(32,604)
Reserves (note)	1,886,962	1,954,616
Total equity	1,880,876	1,922,453

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Attributable to owners of the Company					
	Share premium HK$'000	**Other reserve** HK$'000	**Equity component of convertible bonds** HK$'000	**Share Option reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2023	1,405,598	199,151	8,614	69,089	(115,896)	1,566,556
Loss for the year	—	—	—	—	(77,074)	(77,074)
Issue of convertible bonds	471,835	—	—	—	—	471,835
Equity-settled share compensation arrangement	1,373	—	—	(8,074)	—	(6,701)
At 31 December 2023 and 1 January 2024	1,878,806	199,151	8,614	61,015	(192,970)	1,954,616
Loss for the year	—	—	—	—	(102,262)	(102,262)
Issue of convertible bonds	—	—	15,540	—	—	15,540
Redemption of convertible bonds	—	8,614	(8,614)	—	—	—
Conversion of convertible bonds	15,015	—	(2,178)	—	—	12,837
Equity-settled share-based payment arrangements	(277)	—	—	6,508	—	6,231
At 31 December 2024	1,893,544	207,765	13,362	67,523	(295,232)	1,886,962

40. EVENTS AFTER THE REPORTING PERIOD

On 18 February 2025, the Company entered into a subscription agreement with the Investor to issue convertible bonds in the aggregate principal amount of HK$234 million. The convertible bonds have an initial conversion price of HK$4.18 per Share. The convertible bonds are convertible into shares of the Company. The convertible bonds do not bear any interest and will mature in three years from the issue date. The issuance of the convertible bonds has not been completed as at the date of this report.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	Year ended 31 December				
	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Results					
Revenue	**2,401,322**	2,000,989	1,442,670	686,528	340,294
Profit/(loss) before tax	**186,694**	47,141	92,542	(14,876)	67,138
Income tax (expense)/credit	**(28,203)**	(47,351)	(34,439)	(7,801)	14,049
Profit/(loss) for the year	**158,491**	(210)	58,103	(22,677)	81,187

CONSOLIDATED ASSETS AND LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Total assets	**3,916,882**	3,506,108	3,260,325	1,770,150	1,153,538
Total liabilities	**(1,624,945)**	(1,366,296)	(1,586,690)	(233,827)	(364,672)
Non-controlling interests	**(193,617)**	(185,646)	(181,186)	—	—
Total equity attributable to owners of the Company	**2,098,320**	1,954,166	1,492,449	1,536,323	788,866

DEFINITIONS

In this report, unless the context otherwise requires, the following expressions shall have the following meanings:

"Adviser"	internal control review adviser
"AGM"	annual general meeting
"Articles"	the Company's articles of association
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Bondholder"	Lucion International Investment Limited, a company incorporated under the laws of Hong Kong with limited liability
"CG Code"	the corporate governance code as set out in Appendix C1 to the Listing Rules
"Company"	Vobile Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange
"CPD"	continuous professional development
"Determination Date"	a date on which the exercisability of the Share Options is determined, which shall be a day on which the Stock Exchange is open for trading
"Directors"	the directors of the Company
"DTC"	direct-to-consumer
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"FVTPL"	fair value through profit or loss
"Group"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"IP"	Intellectual property
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Market Capitalisation of the Company on a Determination Date"	the lower of the six-month market capitalisation of the Company on the Determination Date or the thirty-day market capitalisation on the Determination Date
"Market Capitalisation Milestone"	the milestones for exercisability of the tranches of the share options comprising the achievement of increases in Market Capitalisation of the Company on a Determination Date in nine US$1 billion increments
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules

DEFINITIONS

"Ms. Chan"	Ms. CHAN, Laverna Jun Lin
"Mr. Chan"	Mr. CHAN Ching Yan Daniel
"Mr. Chu"	Mr. Alfred Tsai CHU
"Mr. Eesley"	Mr. Charles Eric EESLEY
"Mr. Ho"	Mr. HO Sai Hong Vincent
"Mr. Kwan"	Mr. KWAN Ngai Kit
"Mr. Tang"	Mr. TANG Yi Hoi Hermes
"Mr. Wargo"	Mr. J David WARGO
"Mr. Wong"	Mr. WONG Wai Kwan
"Operational Milestones"	the vesting criteria for a tranche of the share option relating to annual revenue of the Company on a Determination Date or annual adjusted EBITDA of the Company on a Determination Date
"Particle Technology"	Hangzhou Particle Culture Technology Co., Ltd. and its subsidiaries and Hangzhou New Particle Culture Technology Co., Ltd. and its subsidiaries
"PRC" or "China"	the People's Republic of China. For the purposes of this annual report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
"Pre-IPO Share Option Scheme"	the share option scheme of the Company adopted on 30 December 2016
"Post-IPO Share Option Scheme"	the share option scheme of the Company adopted on 8 December 2017
"RMB" or "Renminbi"	the lawful currency of the PRC
"SaaS"	Software as a Service
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of US$0.000025 each (before the Share Subdivision: US$0.0001 each) in the share capital of the Company
"Share Award Plan"	the share award plan adopted by the Company on 6 May 2019, as amended from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$" or "USD"	the lawful currency of the United States
"Vobile HK"	Vobile Group (HK) Limited, a wholly owned subsidiary of the Company