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Hong Kong Entertainment International Holdings Limited
港娛國際控股有限公司

(formerly known as “Wan Cheng Metal Packaging Company Limited 萬成金屬包裝有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8291)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Hong Kong Entertainment International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited results of the Group for the six months ended 30 June 2024. This announcement, containing the full text of the 2024 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of interim results.

By order of the Board

Hong Kong Entertainment International Holdings Limited

Wang Shuai

Executive Director

Hong Kong, 30 August 2024

As at the date of this announcement, the executive Directors are Mr. Wang Shuai, Mr. Wang Yun and Mr. Zou Yonggang and the independent non-executive Directors are Mr. Wong Sui Chi Frankie and Mr. Wu Chi King.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.irasia.com/listco/hk/hkentertainment/.

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2024
INTERIM REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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Corporate Information

DIRECTORS

Executive Directors:

Mr. Wang Shuai (Appointed on
17 April 2024)
Mr. Wang Yun
Mr. Zou Yonggang

Independent Non-executive Directors:

Mr. Wong Sui Chi Frankie
Mr. Wu Chi King
Ms. Ha Yee Lan Elaine
(Resigned on 17 June 2024)

AUDIT COMMITTEE

Mr. Wong Sui Chi Frankie (*Chairman*)
Mr. Wu Chi King
Ms. Ha Yee Lan Elaine
(Resigned on 17 June 2024)

REMUNERATION COMMITTEE

Mr. Wang Yun (*Chairman*)
Mr. Wong Sui Chi Frankie
Mr. Wu Chi King
Ms. Ha Yee Lan Elaine
(Resigned on 17 June 2024)

NOMINATION COMMITTEE

Mr. Wu Chi King (*Chairman*)
Mr. Wong Sui Chi Frankie
Mr. Wang Yun
Ms. Ha Yee Lan Elaine
(Resigned on 17 June 2024)

COMPANY SECRETARY

Ms. Tam Mei Chu

COMPLIANCE OFFICER

Mr. Wang Yun

AUTHORISED REPRESENTATIVES

Mr. Wang Yun
Ms. Tam Mei Chu

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

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Hi-tech Industrial Development Zone
Ronggui Street, Shunde District
Foshan City, Guangdong Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, V. Heun Building
138 Queen's Road Central
Central, Hong Kong

Corporate Information (Continued)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Dah Sing Bank Limited
Guangdong Shunde Rural Commercial
Bank Company Limited, Ronggui Branch

AUDITOR

Jon Gepsom CPA Limited
(Appointed on 29 January 2024)
Certified Public Accountants
Registered Public Interest Entity Auditor
1003-1005, 10/F
Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

STOCK CODE

8291

COMPANY'S WEBSITE

<https://www.irasia.com/listco/hk/hkentertainment/>

Financial Highlights

- The Group's revenue for the six months ended 30 June 2024 was approximately RMB38.1 million, representing an increase of approximately 174.1% when compared to the Group's revenue of approximately RMB13.9 million for the six months ended 30 June 2023.
- The Group recorded a loss attributable to owners of the Company of approximately RMB11.1 million for the six months ended 30 June 2024, as compared to a loss attributable to owners of the Company of approximately RMB5.2 million for the six months ended 30 June 2023.
- The board of Directors (the "Board") does not recommend the payment of interim dividend for the six months ended 30 June 2024 (2023: nil).
- As at 30 June 2024, the Group's total cash and bank balances were approximately RMB10.6 million (31 December 2023: RMB26.3 million). Gearing ratio of the Group increased from approximately 24.6% as at 31 December 2023 to approximately 29.3% as at 30 June 2024.

Unaudited Condensed Consolidated Interim Results for the six months ended 30 June 2024

The Board of the Company announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024, together with the comparative unaudited figures for the six months ended 30 June 2023, as follows:

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	2	38,080	13,923
Cost of sales		(37,284)	(12,851)
Gross profit		796	1,072
Other losses, net	2	(5,516)	(1,445)
Selling expenses		(770)	(678)
Administrative and other expenses		(3,984)	(3,336)
Finance cost	3	(1,659)	(766)
Loss before income tax	5	(11,133)	(5,153)
Income tax	4	–	–
Loss for the period attributable to owners of the Company		(11,133)	(5,153)
Other comprehensive income/(loss) for the period:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		492	69
Release of exchange reserve upon disposal of a subsidiary		(7)	–
Other comprehensive income for the period		485	69
Total comprehensive loss for the period attributable to owners of the Company		(10,648)	(5,084)
Loss per share	7		
– basis and diluted (RMB cents)		(6.96)	(3.22)

Unaudited Condensed Consolidated Statement of Financial Position

	Notes	As at	
		30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	19,852	21,700
Right-of-use assets		1,116	1,128
Interest in an associate		113	–
		21,081	22,828
Current assets			
Inventories	9	25,858	17,477
Trade and bills receivables	10	24,420	30,590
Financial assets at fair value through profit or loss		7,777	12,965
Prepayments and other receivables		5,739	3,490
Pledged bank deposits		2,578	5,953
Cash and cash equivalents		7,999	20,348
		74,371	90,823
Current liabilities			
Trade and bills payables	11	39,827	51,738
Accruals and other payables		31,705	27,345
Borrowings	12	28,000	28,000
Income tax payable		1,153	1,153
		100,685	108,236
Net current liabilities		(26,314)	(17,413)
Total assets less current liabilities		(5,233)	5,415

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

	Notes	As at	
		30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Non-current liability			
Borrowings	12	92,750	92,750
Net liabilities		(97,983)	(87,335)
Capital and reserves			
Share capital	13	27,909	27,909
Reserves		(125,892)	(115,244)
		(97,983)	(87,335)

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Statutory reserve fund	Capital reserve	Share option reserve	Exchange reserve	Other reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (audited)	27,909	105,325	3,826	7,200	4,703	4,866	(35,783)	(179,509)	(61,463)
Loss for the period	-	-	-	-	-	-	-	(5,153)	(5,153)
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	69	-	-	69
Total comprehensive income/(loss) for the period	-	-	-	-	-	69	-	(5,153)	(5,084)
Lapse of share options (note 14)	-	-	-	-	(495)	-	-	495	-
Changes in equity for the period	-	-	-	-	(495)	69	-	(4,658)	(5,084)
At 30 June 2023 (unaudited)	27,909	105,325	3,826	7,200	4,208	4,935	(35,783)	(184,167)	(66,547)
At 1 January 2024 (audited)	27,909	105,325	3,826	7,200	4,208	6,032	(35,783)	(206,052)	(87,335)
Loss for the period	-	-	-	-	-	-	-	(11,133)	(11,133)
Other comprehensive income/(loss):									
Exchange differences on translating foreign operations	-	-	-	-	-	492	-	-	492
Release of exchange reserve upon disposal of a subsidiary (note 15)	-	-	-	-	-	(7)	-	-	(7)
Total comprehensive income/(loss) for the period	-	-	-	-	-	485	-	(11,133)	(10,648)
Lapse of share options (note 14)	-	-	-	-	(479)	-	-	479	-
Changes in equity for the period	-	-	-	-	(479)	485	-	(10,654)	(10,648)
At 30 June 2024 (unaudited)	27,909	105,325	3,826	7,200	3,729	6,517	(35,783)	(216,706)	(97,983)

Unaudited Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Net cash used in operating activities	(14,409)	(4,346)
Net cash generated from investing activities	3,455	–
Net cash used in financing activities	(1,659)	(766)
Net decrease in cash and cash equivalents	(12,613)	(5,112)
Cash and cash equivalents at the beginning of the period	20,348	30,913
Effect on exchange rate changes	264	69
Cash and cash equivalents at the end of the period	7,999	25,870

Notes to the Unaudited Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Hong Kong Entertainment International Holdings Limited (formerly known as Wan Cheng Metal Packaging Company Limited) (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong is 18/F, V. Heun Building, 138 Queen’s Road Central, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (i) manufacturing and sales of tinplates and tinplate packaging products (the “Tin Operations”) in the People’s Republic of China (the “PRC”); and (ii) repackaging and sales of cosmetic products in Hong Kong. The Group commenced the business of repackaging and sales of cosmetic products during the year ended 31 December 2023.

The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 18 July 2017.

Pursuant to a special resolution passed at the extraordinary general meeting of the Company on 31 May 2024, the name of the Company was changed from Wan Cheng Metal Packaging Company Limited (萬成金屬包裝有限公司) to Hong Kong Entertainment International Holdings Limited (港娛國際控股有限公司) with effect from 4 June 2024.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The preparation of an unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include explanations of events and transactions that are significant to an understanding of the changes in consolidated financial position and consolidated financial performance of the Group since the consolidated financial statements for the year ended 31 December 2023. These condensed consolidated interim financial information and notes thereon do not include all of the information required for the preparation of full set of consolidated financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

The accounting policies and method of computation adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023, except adoption of amendments to HKFRSs as described below.

Going concern consideration

For the six months ended 30 June 2024, the Group incurred a net loss of approximately RMB11,133,000 and, as at 30 June 2024, the Group had net current liabilities and net liabilities of approximately RMB26,314,000 and RMB97,983,000 respectively. These events or conditions indicate the existence of a material uncertainty which might cast significant doubt on the Group's ability to continue as a going concern.

Nevertheless, the condensed consolidated interim financial information of the Group has been prepared on the going concern basis as the directors of the Company are of the view that the Group will have sufficient working capital to finance its operations and to fulfill its financial obligations as and when they fall due in the coming twelve months from 30 June 2024, after taking into consideration the followings:

- (a) the Group may seek other financing resources (including but not limited to issue of shares or obtain other credit facilities) to meet its liabilities and obligations as and when they fall due; and
- (b) the Group continues to improve the operating efficiency by implementing measures to tighten the cost controls, over various operating expenses in order to enhance its profitability and to improve the cash flows from its operation in the future.

The directors of the Company consider that, after taking into account the aforementioned measures, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from 30 June 2024. Accordingly, the condensed consolidated interim financial information has been prepared on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Should the Group be unable to achieve the above plans and measures such that it would not be continued as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, where applicable. The effect of these adjustments has not been reflected in the condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

Adoption of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and Interpretation which are effective for the Group's financial year beginning 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs and Interpretation in the current interim period has had no material impact on the Group's consolidated financial positions and financial performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial information.

2. REVENUE, OTHER LOSSES, NET AND SEGMENT INFORMATION

The Group's principal activities are (i) the Tin Operations in the PRC; and (ii) repackaging and sales of cosmetic products in Hong Kong.

Revenue from the Group's principal activities is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15 and recognised at a point in time:		
Revenue from sales of tinplate packaging products and tinplates	38,080	13,923
Other losses, net		
Realised and unrealised fair value losses of financial assets at fair value through profit or loss	(5,571)	(1,445)
Gain on disposal of a subsidiary (note 15)	55	-
	(5,516)	(1,445)

There was no revenue generated from repackaging and sales of cosmetic products during the six months ended 30 June 2024 and 2023.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

2. REVENUE, OTHER LOSSES, NET AND SEGMENT INFORMATION (Continued)

Segment Information

The Group's businesses include (i) the Tin Operations in the PRC; and (ii) repackaging and sales of cosmetic products in Hong Kong which commenced during the year ended 31 December 2023. The Group's chief operating decision makers (the "CODM") have been identified as the executive directors of the Company. The information reported to the CODM, for the purpose of resources allocation and assessment of performance, does not contain discrete operating segment financial information and the CODM reviewed the financial results of the Group as a whole. Accordingly, no segment information is presented.

The Group's revenue from external customers by geographical location of customers is detailed below:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
The PRC, excluding Hong Kong	38,080	13,923

Over 90% of the Group's non-current assets are located in the PRC, excluding Hong Kong, as at 30 June 2024 and 31 December 2023. Accordingly, no geographical information of non-current assets was disclosed.

Information about major customers

Revenue from major customers, each of whom amounted to 10% (2023: 10%) or more of the Group's revenue is set out below:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Customer A (notes (a) and (b))	N/A	2,320
Customer B (note (a))	5,636	1,818
Customer C (notes (a) and (b))	N/A	1,405
Customer D (notes (a) and (b))	14,094	N/A

Notes:

- Revenue from sales of tinplate packaging products and tinplates.
- The corresponding revenue did not contribute over 10% of the total revenue of the Group for the corresponding period.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

3. FINANCE COST

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest expense on bank borrowings and bills payables	1,659	766

4. INCOME TAX

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million (2023: HK\$2 million) of profits of the qualifying group entity will be taxed at 8.25% (2023: 8.25%), and profits above HK\$2 million (2023: HK\$2 million) will be taxed at 16.5% (2023: 16.5%). The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2023: 16.5%). No Hong Kong Profits Tax was provided for the six months ended 30 June 2024 and 2023 as the Group incurred tax losses in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the enterprise income tax rate of the PRC subsidiary of the Group is 25% for the six months ended 30 June 2024 and 2023. No provision for the PRC enterprise income tax has been provided for the six months ended 30 June 2024 and 2023 as the PRC subsidiary of the Group incurred tax losses in the PRC.

The Group is not subject to taxation in other jurisdictions for the six months ended 30 June 2024 and 2023.

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Cost of inventories recognised as an expense	37,284	12,851
Depreciation of property, plant and equipment	1,948	4,219
Depreciation of right-of-use assets	12	77

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

6. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

7. LOSS PER SHARE

The calculation of basic loss per share are based on the Group's loss for the year attributable to owners of the Company of approximately RMB11,133,000 (2023: RMB5,153,000) and the weighted average number of shares of 160,000,000 (2023: 160,000,000) in issue during the six months ended 30 June 2024.

The diluted loss per share is the same with the basic loss per share for the six months ended 30 June 2024 and 2023 since the exercise of the outstanding share options of the Company was not assumed as its exercise would have decreased in loss per share.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, acquisition of property, plant and equipment of RMB100,000 was made by the Group (2023: nil).

9. INVENTORIES

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Raw materials	13,125	13,828
Work-in-progress	661	957
Finished goods	12,072	2,692
	25,858	17,477

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

10. TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade receivables arising from contracts with customers	30,529	41,536
Bills receivables	6,662	1,825
	37,191	43,361
Less: allowance for expected credit losses ("ECL")	(12,771)	(12,771)
	24,420	30,590

The credit terms granted to individual customers varies on a customer by customer basis which is determined by management with reference to the creditability of a respective customer.

The general credit period ranged from 30 to 120 days (31 December 2023: 30 to 120 days).

An ageing analysis of the Group's trade and bills receivables, net of allowance of ECL, and based on invoice date, which approximates to respective revenue recognition date, is as follows:

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within 1 month	2,923	4,021
More than 1 month but not more than 3 months	7,693	7,928
More than 3 months but not more than 6 months	3,325	3,824
More than 6 months but not more than 1 year	6,542	6,552
More than 1 year	3,937	8,265
	24,420	30,590

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

11. TRADE AND BILLS PAYABLES

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade payables	39,827	45,043
Bills payables	–	6,695
Trade and bills payables	39,827	51,738

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

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within 1 month	3,843	5,312
More than 1 month but not more than 3 months	4,281	12,552
More than 3 months but not more than 6 months	6,325	2,867
More than 6 months but not more than 1 year	10,375	16,328
More than 1 year	15,003	14,679
	39,827	51,738

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

12. BORROWINGS

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Current liabilities		
Secured bank borrowings	28,000	28,000
Non-current liability		
Unsecured borrowings	92,750	92,750
	120,750	120,750
Carrying amount repayable based on scheduled repayments dates set out in the loan agreement		
Within one year	28,000	28,000
After one year but less than two years	92,750	92,750
	120,750	120,750
Amount shown under non-current liability	(92,750)	(92,750)
Amount shown under current liabilities	28,000	28,000

As at 30 June 2024, all bank borrowings are interest bearing at PRC loan prime rate over a spread and are at interest rate of 4.4% per annum at the date of drawdown (31 December 2023: 4.4% per annum).

As at 30 June 2024, unsecured borrowings of RMB92,750,000 (31 December 2023: RMB92,750,000) are due to a director of the PRC subsidiary of the Company. The amount is non-trade nature, unsecured, interest-free and repayable on 30 June 2026 (31 December 2023: 30 June 2025).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

12. BORROWINGS (Continued)

As at 30 June 2024 and 31 December 2023, the secured bank borrowings are secured/guaranteed by the followings:

- (i) certain buildings included in the property, plant and equipment of the Group;
- (ii) right-of-use assets of the Group; and
- (iii) corporate guarantees from a related company of the Group and personal guarantees provided by the directors of the PRC subsidiaries of the Company.

The unutilised banking facilities in respect of bank borrowings as at 30 June 2024 amounted to RMB52,000,000 (31 December 2023: RMB52,000,000).

13. SHARE CAPITAL

	Number of shares '000	Nominal value of ordinary shares HK\$'000	Equivalent to RMB'000
Authorised:			
Ordinary shares of HK\$0.20 each			
As at 1 January 2023 (audited),			
31 December 2023 (audited),			
1 January 2024 (audited) and			
30 June 2024 (unaudited)			
	500,000	100,000	83,490
Issued and fully paid:			
Ordinary shares of HK\$0.20 each			
As at 1 January 2023 (audited),			
31 December 2023 (audited),			
1 January 2024 (audited) and			
30 June 2024 (unaudited)			
	160,000	32,000	27,909

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

14. SHARE OPTION SCHEME

On 23 June 2017, a share option scheme has been approved and adopted by shareholders' resolution (the "Share Option Scheme"). Unless otherwise cancelled or amended subject to resolution passed at general meeting of the Company, the Share Option Scheme will remain in force for ten years from 23 June 2017.

The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented participants (as defined below), to strive for future developments and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Group attained through their efforts and contributions.

Eligible participants (the "Participants") of the Share Option Scheme include any directors (including executive directors and independent non-executive directors) and employees of the Group, any directors or employees of a company or entity in which the Group has invested in, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, any directors or employees of any service providers of any members of the Group.

Notwithstanding any other provisions of the Share Option Scheme, the maximum number of shares in respect of which share options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of shares in issue from time to time. No share option may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.

Any grant of options to any directors, chief executive or substantive shareholders (as such terms as defined in the GEM Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme or any other share option scheme of the Company or any of its subsidiaries shall be subject to the prior approval of the independent non-executive directors or shareholders of the Company as the case may be. Without prior separate approval from the Company's shareholders, the maximum number of shares issued and to be issued in respect of which options granted and may be granted to a substantial shareholder or an independent non-executive director of the Company in the 12-month period up to and including the date of such grant shall not (i) exceed 0.1% of the shares of the Company in issue on the date of such grant; and (ii) have an aggregate value, based on the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

14. SHARE OPTION SCHEME (Continued)

The subscription price for the shares under the Share Option Scheme shall be a price determined by the board of directors of the Company at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which a share option is granted; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which a Share Option is granted; and (iii) the nominal value of a share.

Offer of a share option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the share option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

As at 30 June 2024, the number of shares may be issued in respect of which options had been granted and remained outstanding under the Share Option Scheme was 10,775,352 (2023: 12,839,352), representing 6.7% (31 December 2023: 8.0%) of the shares of the Company in issue at that date.

Date of grant	Exercisable period	Exercise price (note)				Number of share options						
		Before the Share Consolidation and the Rights Issue 1 and the	Before the Share Consolidation and the Rights Issue 2 and after the	Before the Rights Issue 2 and after the	Before the Rights Issue 1 and the	As at						
						Consolidation	Consolidation	Consolidation	Consolidation	Lapsed during		As at 30 June 2024
										As at 31 December 2023	As at 31 December 2023	
Rights Issue 2	Rights Issue 1	Rights Issue 1	Rights Issue 2	1 January 2023	31 December 2023	1 January 2024	30 June 2024	30 June 2024				
		(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(unaudited)	(unaudited)			
10 April 2019	10 April 2019 – 9 April 2020	HK\$0.78	HK\$0.511	HK\$2.044	HK\$1.981	2,519,352	-	2,519,352	-	2,519,352		
18 May 2020	18 May 2020 – 17 May 2023	HK\$0.274	HK\$0.18	HK\$0.718	HK\$0.696	3,149,200	(3,149,200)	-	-	-		
20 May 2021	20 May 2021 – 19 May 2024	HK\$0.131	N/A	HK\$0.524	HK\$0.508	2,064,000	-	2,064,000	(2,064,000)	-		
6 April 2022	6 April 2022 – 5 April 2025	HK\$0.1032	N/A	HK\$0.413	HK\$0.400	8,256,000	-	8,256,000	-	8,256,000		
						15,986,552	(3,149,200)	12,839,352	(2,064,000)	10,775,352		
	Exercisable as at the end of the reporting period							12,839,352		10,775,352		
	Weighted average exercise price					HK\$0.7214	HK\$0.696	HK\$0.7276	HK\$0.508	HK\$0.770		

Note: The exercise price of the share options has been adjusted by (i) the share consolidation on 20 September 2022 (the "Share Consolidation"), which the exercise price has been increased according to the Share Consolidation; (ii) the right issue on 8 January 2021 (the "Rights Issue 1"), which the details of the adjustments on the exercise price have been set out in the Company's announcement dated 11 January 2021; and (iii) the rights issue on 28 October 2022 (the "Rights Issue 2"), which the details of the adjustments on the exercise price have been set out in the Company's announcement dated 27 October 2022.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

14. SHARE OPTION SCHEME (Continued)

The following table discloses movement of the Company's share options held by the directors, employees and consultants:

Category of Participants	Date of grant	Exercisable period	Number of share options				
			Lapsed during		As at		As at 30 June 2024 (unaudited)
			As at 1 January 2023 (audited)	the year ended 31 December 2023 (audited)	31 December 2023 and 1 January 2024 (audited)	Lapsed during the six months 30 June 2024 (unaudited)	
			1 January 2023 (audited)	31 December 2023 (audited)	1 January 2024 (audited)	30 June 2024 (unaudited)	
Executive director – Mr. Wang Yun	18 May 2020	18 May 2020 – 17 May 2023	314,920	(314,920)	-	-	-
	20 May 2021	20 May 2021 – 19 May 2024	774,000	-	774,000	(774,000)	-
Executive director – Mr. Zou Yonggang	18 May 2020	18 May 2020 – 17 May 2023	314,920	(314,920)	-	-	-
	20 May 2021	20 May 2021 – 19 May 2024	774,000	-	774,000	(774,000)	-
Independent non-executive director – Ms. Ha Yee Lan Elaine (resigned on 17 June 2024)	18 May 2020	18 May 2020 – 17 May 2023	314,920	(314,920)	-	-	-
	20 May 2021	20 May 2021 – 19 May 2024	516,000	-	516,000	(516,000)	-
Employees	10 April 2019	10 April 2019 – 9 April 2029	2,204,440	-	2,204,440	-	2,204,440
	18 May 2020	18 May 2020 – 17 May 2023	2,204,440	(2,204,440)	-	-	-
	6 April 2022	6 April 2022 – 5 April 2025	8,256,000	-	8,256,000	-	8,256,000
Consultants	10 April 2019	10 April 2019 – 9 April 2029	314,912	-	314,912	-	314,912
			15,988,552	(3,149,200)	12,839,352	(2,064,000)	10,775,352

During the six months ended 30 June 2024, RMB479,000 (2023: RMB495,000) has been debited to share option reserve and reclassified to accumulated losses as a result of the lapse of 2,064,000 (2023: 3,149,200) share options during the six months ended 30 June 2024.

During the six months ended 30 June 2024 and 2023, no share options have been granted by the Company.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

14. SHARE OPTION SCHEME (Continued)

The fair value of share options at grant date was calculated using the binomial option pricing model. The inputs into the model were as follows:

	6 April 2022	21 May 2021	18 May 2020	10 April 2019
Exercise price (HK\$)*	0.1032	0.131	0.274	0.156
Expected volatility (%)	135	139	43	40
Expected option life (years)	3	3	3	10
Expected dividend yield (%)	–	–	–	–
Risk-free interest rate (%)	0.213	0.213	0.306	1.651
Fair value per share option at grant date (HK\$)*	0.05	0.07	0.07	0.08

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The binomial option pricing model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the Company's directors' best estimate. The value of a share option varies with different variables of certain subjective assumptions.

* The exercise price and the fair value per share option at grant date presented in the table were not adjusted for the Share Consolidation, the Rights Issue 1 and Rights Issue 2.

15. DISPOSAL OF A SUBSIDIARY

On 22 May 2024, the Company entered into a sale and purchase agreement with an independent third party of the Group (the "Purchaser") for the disposal (the "Disposal") of 51% equity interest in Wancheng Group Limited ("Wancheng Group"), a wholly-owned subsidiary of the Company before the Disposal and its principal activities are repackaging and sales of cosmetic products, at a cash consideration of HK\$180,000, equivalent to approximately RMB165,000. The Disposal was for the purpose of expanding the repackaging and sales of cosmetic products of the Group with the access to the Purchaser's existing sales channels, distribution networks and customer relationships in order to increase the overall revenue and improve market shares in such industry. The Disposal was completed on 22 May 2024. Details are set out in the Company's announcements dated 22 May 2024 and 3 June 2024.

Immediately after the Disposal, the Company retained 49% equity interest in Wancheng Group and such equity interest was classified as interest in an associate accounted for equity method.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2024

15. DISPOSAL OF A SUBSIDIARY (Continued)

Analysis of assets and liabilities of Wancheng Group over which control was lost at the date of the completion of the Disposal was as follows:

	RMB'000 (unaudited)
Trade receivables	841
Trade payables	(414)
Accruals and other payables	(197)
<hr/>	
Net assets disposed of	230

Gain on disposal of Wancheng Group is as follows:

	RMB'000 (unaudited)
Consideration received	165
Net assets disposed of	(230)
Add: fair value of the 49% equity interest retained and classified as interest in an associate	113
Add: release of cumulative exchange difference in respect of the net assets of Wancheng Group	7
<hr/>	
Gain on disposal of a subsidiary (note 2)	55

Management Discussion and Analysis

BUSINESS ACTIVITIES

The Group is principally engaged in (i) manufacturing and sales of tinplate packaging products in the PRC; and (ii) repackaging and sales of cosmetic products in Hong Kong. The shares of the Company were listed on the GEM of the Stock Exchange (the “Listing”) on 18 July 2017 (the “Listing Date”). Since the listing of the Company’s share on the GEM of the Stock Exchange, there has been no significant change in the business operations of the Group.

BUSINESS REVIEW AND PROSPECT

During the six months ended 30 June 2024, the Group derived the revenue principally from the sales of tinplate packaging products in the PRC. The major products were tin cans and steel pails, which are generally used for storing paint and coatings.

The Group recorded an increase in revenue by approximately RMB24.2 million, or approximately 174.1%, from approximately RMB13.9 million for the six months ended 30 June 2023 to approximately RMB38.1 million for the six months ended 30 June 2024, which was due to the increase of the sales demand of the Group’s products as a result of gradual recovery of the PRC economy during the six months ended 30 June 2024.

The Group recorded a loss of approximately RMB11.1 million for the six months ended 30 June 2024 as compared to approximately RMB5.2 million for the six months ended 30 June 2023. The increase was mainly attributable to (i) the increase in selling expenses; (ii) the increase in administrative and other expenses; and (iii) the increase in other losses, net comparing with the corresponding period in 2023.

Looking forward, the Group is going to further consolidate its market share in the tinplate packaging business and to continue to expand domestically by implementing the following business strategies:

For steel pails, the Group is going to upgrade the existing production line for production of steel pails to meet the potential growth on the Group’s revenue from the sales of steel pails so as to maintaining its competitiveness.

Management Discussion and Analysis (Continued)

For tin cans, the Group upgraded of its existing production lines. The Group considers that upgrading of the production line will enhance the overall production efficiency as well as to have better control over the operating costs, and ultimately enhance the profitability.

As part of its strategy to expand its market share, the Group will attend certain exhibition for coatings and coating related products. The Group also plan to expand the sales team with experienced staff in order to focus on the soliciting of new customers for its product portfolio. The Group aim to achieve stable growth and reduce the concentration risk in any single customer group by the expansion of the customer base.

With the Group's experienced management team and reputation in the market, the Directors consider the Group to be well-positioned to compete against its competitors and future challenges. Apart from the above, the Group should continue to expand and develop the repackaging and retail business (the "Repackaging and Retail Business"). After reviewing the business operations performance of the existing products portfolio and to further develop the Repackaging and Retail Business, the Board considers that the Group should expand the products portfolio in the Repackaging and Retail Business in order to (i) increase overall revenue by expanding the target market and attracting more customer; and (ii) improve market shares by increasing product range to strengthen the Group's position and competitiveness in the industry. The Board considers that the repackaging and retail of food products, including but not limited to health food and tea, can generate a higher profit margin than cosmetic products. As such, the Group should further expand our products portfolio to food products and allocate more resources to food products instead of cosmetic products.

DEBTS AND CHARGE ON ASSETS

The Group had total borrowings of RMB120.8 million as at 30 June 2024 and 31 December 2023.

The bank borrowings and other banking facilities are secured by:

- (a) Pledge of buildings held by the Group with net carrying amount of approximately RMB0.9 million as at 30 June 2024 and 31 December 2023;
- (b) Pledge of right-of-use assets by the Group with carrying amount of approximately RMB1.1 million as at 30 June 2024 and 31 December 2023; and
- (c) Corporate guarantees from a related company of the Group and personal guarantees provided by the directors of the PRC subsidiary of the Company.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2024, the Group derived the revenue principally from the sale of tinplate packaging products in the PRC. The Company is an investment holding company and its subsidiaries (together with the Company collectively referred to as the “Group”) are principally engaged in (i) manufacturing and sales of tinplates and tinplate packaging products (the “Tin Operations”) in the PRC; and (ii) repackaging and sales of cosmetic products in Hong Kong.

Revenue increased by approximately RMB24.2 million, or approximately 174.1%, from approximately RMB13.9 million for the six months ended 30 June 2023 to approximately RMB38.1 million for the six months ended 30 June 2024. Such increase was mainly due to the increase of the sales demand of the Group’s products as a result of gradual recovery of the PRC economy during the six months ended 30 June 2024.

Cost of sales

Cost of sales mainly comprised the cost of tinplate coil, tinplate processing costs, ancillary materials and consumables, staff costs, depreciation, utilities and repair and maintenance costs. The cost of sales increased by approximately RMB24.4 million, or approximately 189.1% from approximately RMB12.9 million for the six months ended 30 June 2023 to approximately RMB37.3 million for the six months ended 30 June 2024. Such increase was consistent with the increase in revenue for the six months ended 30 June 2024.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB1.1 million for the six months ended 30 June 2023 to approximately RMB0.8 million for the six months ended 30 June 2024.

Gross profit margin decreased from approximately 7.7% for the six months ended 30 June 2023 to 2.1% for the six months ended 30 June 2024. The decrease was mainly due to the decrease in average selling price of the Group’s products.

Management Discussion and Analysis (Continued)

Other losses, net

Other losses, net mainly represents the realised and unrealised fair value losses of financial assets at fair value through profit or loss, which increased from approximately RMB1.4 million for the six months ended 30 June 2023 to approximately RMB5.6 million for the six months ended 30 June 2024.

Selling expenses

The Group's selling expenses mainly included transportation costs for its logistic team, staff costs, entertainment expenses and consumables and the selling expenses remained stable at approximately RMB0.8 million and RMB0.7 million for the six months ended 30 June 2024 and 2023 respectively.

Administrative and other expenses

The Group's administrative and other expenses mainly included staff costs, building administrative fees, other tax expenses, depreciation, travelling and entertainment, office consumables and supplies, legal and professional fees, listing expenses and other miscellaneous administrative expenses which increased by approximately RMB0.7 million or 21.2% from approximately RMB3.3 million for the six months ended 30 June 2023 to approximately RMB4.0 million for the six months ended 30 June 2024. The increase was mainly due to the increase in professional fees as a result of the increase in revenue and its operation.

Finance cost

The Group's finance cost represents interest expenses on bank borrowings and bills payables. The finance cost increased by approximately RMB0.9 million, or approximately 112.5%, from approximately RMB0.8 million for the six months ended 30 June 2023 to approximately RMB1.7 million for the six months ended 30 June 2024. Such increase was mainly due to the increase in usage of bills payables with the increased purchases during the six months ended 30 June 2024.

Management Discussion and Analysis (Continued)

Loss for the period

As a result of the cumulative factors discussed above, the loss for the six months ended 30 June 2024 increased from approximately RMB5.2 million for the six months ended 30 June 2023 to approximately RMB11.1 million for the six months ended 30 June 2024. Such loss was mainly attributable to (i) the increase in finance cost; (ii) the increase in other losses, net and (iii) the decrease in gross profit.

Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2024, the Group funded its liquidity primarily through cash inflows operating activities.

As at 30 June 2024, the Group's total cash and bank balances were approximately RMB8.0 million (31 December 2023: RMB20.3 million). Gearing ratio of the Group increased from approximately 25% as at 31 December 2023 to approximately 29% as at 30 June 2024. Gearing ratio is defined as total interest-bearing debt over total assets as at the end of the reporting period.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that it can meet the funding requirements.

Management Discussion and Analysis (Continued)

KEY PERFORMANCE INDICATORS (“KPIs”) WITH THE STRATEGY OF THE GROUP

An analysis of the Group’s performance during the period using KPIs in the section “Financial Review” on pages 27 to 29 of this interim report.

PRINCIPAL RISKS, UNCERTAINTY AND RISK MANAGEMENT

The Group’s credit risk is primarily attributable to its trade and bills receivables, other receivables and cash at banks. We have a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade receivables and other receivables, individual credit evaluations are performed on customers. These evaluations focus on their past history of making payments when due and current ability to pay, and take into account information specific to them as well as pertaining to the economic environment in which the customers operate.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not carry out any material acquisition nor disposal of any subsidiaries for the six months ended 30 June 2024.

CONTINGENT LIABILITIES

As at 30 June 2024, there were no significant contingent liabilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed 102 employees (31 December 2023: 92 employees). Staff costs of the Group (including Directors’ remuneration, wages, salaries and other benefits and contribution to defined contribution pension plans) amounted to approximately RMB1.8 million for the six months ended 30 June 2024 (2023: RMB2.1 million). The Group will endeavor to ensure that the employees’ salary levels are in line with industry practice and prevailing market conditions and that employees’ overall remuneration is determined based on the Group’s and the employees’ qualifications and performance.

Management Discussion and Analysis (Continued)

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investment for the six months ended 30 June 2024.

FOREIGN EXCHANGE EXPOSURE

The Group's main operations are in the PRC with most of its transactions settled in RMB. The Directors are of the opinion that the Group's exposure to foreign exchange risk is insignificant. During the six months ended 30 June 2024, the Group did not hedge any exposure to foreign exchange risk.

CAPITAL STRUCTURE

The shares of the Company was successfully listed on the GEM of the Stock Exchange on 18 July 2017. The share capital of the Company only comprises of ordinary shares. As at 30 June 2024, the Company's issued and fully paid capital and total capital deficiency amounted to approximately RMB27,909,000 and RMB97,983,000 respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, the Group did not have other plans for material investments or capital assets as at 30 June 2024.

Disclosure of Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2024, save as disclosed elsewhere in the report, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2024, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person (other than the Directors and chief executive of the Company disclosed above) had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") on 23 June 2017. For the principal terms of the Share Option Scheme, please refer to "D. Share Option Scheme" in Appendix V to the Prospectus.

Disclosure of Other Information (Continued)

SHARE OPTION SCHEME (Continued)

Up to 30 June 2024, 10,775,352 share options has been granted by the Company pursuant to such Share Option Scheme. The options are unlisted. Each option gives the holder the right to subscribe for one share of HK\$0.20 each of the Company.

Category of participants	Date of grant	Vesting period	Number of share options					Outstanding as at 30 June 2024	Exercisable period	Exercise price per share (HK\$)
			Outstanding as at 1 January 2024	Granted during the period ended 30 June 2024	Exercised during the period ended 30 June 2024	Lapsed/ cancelled during the period ended 30 June 2024	Forfeited during the period ended 30 June 2024			
Executive directors										
Mr. Wang Yun	19 May 2021	No	774,000	-	-	(774,000)	-	-	3 years	0.508
Mr. Zou Yonggang	19 May 2021	No	774,000	-	-	(774,000)	-	-	3 years	0.508
Independent non-executive director										
Ms. Ha Yee Lan Elaine (Resigned on 17 June 2024)	19 May 2021	No	516,000	-	-	(516,000)	-	-	3 years	0.508
Employees										
	10 April 2019	No	2,204,440	-	-	-	-	2,204,440	10 years	1.981
	6 April 2022	No	8,256,000	-	-	-	-	8,256,000	3 years	0.400
Consultants										
	10 April 2019	No	314,912	-	-	-	-	314,912	10 years	1.981
			<u>12,839,352</u>	<u>-</u>	<u>-</u>	<u>(2,064,000)</u>	<u>-</u>	<u>10,775,352</u>		

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

Disclosure of Other Information (Continued)

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 June 2024, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

As at 30 June 2024, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted written guidelines regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all Directors, the Directors confirmed that they have complied with the required standard of dealings and the said guidelines regarding Directors' securities transactions up to the date of this report.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that up to the date of this interim report, the Company has applied the principles and complied with all the applicable code provisions set out in Appendix 15 – Corporate Governance Code to the GEM Listing Rules ("CG Code").

Disclosure of Other Information (Continued)

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established an audit committee (the “Audit Committee”) with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Wong Sui Chi (chairman) and Mr. Wu Chi King, all of whom are independent non-executive Directors.

The Audit Committee had reviewed with the management of the Company the accounting principles and practices adopted by the Group and this report. The condensed consolidated interim financial information for the six months ended 30 June 2024 is unaudited, but has been reviewed by the Audit Committee.

By order of the Board

Hong Kong Entertainment International Holdings Limited

Wang Shuai

Executive Director

Hong Kong, 30 August 2024

As at the date of this report, the executive Directors are Mr. Wang Shuai, Mr. Wang Yun and Mr. Zou Yonggang and the independent non-executive Directors are Mr. Wong Sui Chi and Mr. Wu Chi King.