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LUK HING ENTERTAINMENT GROUP

LUK HING ENTERTAINMENT GROUP HOLDINGS LIMITED

陸慶娛樂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8052)

**INTERIM RESULTS ANNOUNCEMENT FOR
THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Luk Hing Entertainment Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the interim results of the Group for the six months ended 30 June 2024. This announcement, containing the full text of the 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 the interim results.

On behalf of the Board

Luk Hing Entertainment Group Holdings Limited

Choi Siu Kit

Executive Director

Hong Kong, 30 August 2024

As at the date of this announcement, the executive Directors are Mr. Choi Siu Kit and Mr. Ying Kan Man; and the independent non-executive Directors are Ms. Tse Mei Ling, Mr. Mak Kwok Kwan Terence and Ms. Woo Man Hung.

This announcement, for which all 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 Stock Exchange’s website at www.hkexnews.hk, in the case of the announcement, on the “Latest Company Announcements” page for 7 days from the day of its posting. This announcement will also be published on the Company’s website at www.lukhing.com.

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 of the Stock Exchange 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 Luk Hing Entertainment Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

INTERIM RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six-month periods ended 30 June 2024, together with the unaudited comparative figures for the respective corresponding period in 2023, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six-month period ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	42,251	47,285
Other income and gain	5	21	717
Cost of inventories sold		(12,769)	(12,758)
Staff costs		(16,517)	(17,828)
Property rentals and related expenses		(3,132)	(3,729)
Advertising and marketing expenses		(215)	(144)
Other operating expenses		(5,793)	(6,501)
Depreciation and amortisation		(6,795)	(6,619)
Impairment losses under expected credit loss model, net of reversal		–	(662)
Impairment loss on investment in associate		–	(397)
Loss on financial guarantee		–	(917)
Fair value change of financial guarantee at fair value through profit or loss		–	(799)
Share of losses of joint ventures		–	–
Finance costs	8	(527)	(747)
Loss before taxation		(3,476)	(3,099)
Taxation	6	–	–

	Notes	Six-month period ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss for the period		(3,476)	(3,099)
Other comprehensive income:			
Exchange difference on translating of financial statements of overseas subsidiaries		1	1,569
Total comprehensive loss for the period		(3,475)	(1,530)
(Loss)/profit for the period attributable to:			
Owners of the Company		(2,732)	(3,807)
Non-controlling interests		(744)	708
		(3,476)	(3,099)
Other comprehensive income for the period attributable to:			
Owners of the Company		1	940
Non-controlling interests		-	629
		1	1,569
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(2,731)	(2,867)
Non-controlling interests		(744)	1,337
		(3,475)	(1,530)
			(Restated)
Loss per share (HK cents)			
– Basic	7	(0.50)	(3.01)
– Diluted	7	(0.50)	(2.99)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Assets			
Non-current assets			
Plant and equipment	10	2,438	4,100
Financial assets at fair value through profit or loss	11	6,354	6,354
Right-of-use assets	12	17,380	4,087
Deposits	13	2,706	–
		28,878	14,541
Current assets			
Inventories		436	487
Account and other receivables	13	3,402	7,075
Cash and cash equivalents		484	846
		4,322	8,408

	Notes	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Liabilities			
Current liabilities			
Account and other payables	15	21,462	19,316
Income tax payables		183	183
Lease liabilities	12	9,836	4,652
Bank loans		16,279	17,435
Provision for reinstatement costs		–	1,565
		47,760	43,151
Net current liabilities		(43,438)	(34,743)
Total assets less current liabilities		(14,560)	(20,202)
Non-current liabilities			
Lease liabilities	12	7,552	–
Amounts due to non-controlling interests		1,840	1,840
Provision for reinstatement costs		1,565	–
		10,957	1,840
Net liabilities		(25,517)	(22,042)
Equity			
Share capital	16	54,826	54,826
Reserves		(65,133)	(62,402)
Equity attributable to owners of the Company		(10,307)	(7,576)
Non-controlling interests		(15,210)	(14,466)
Total equity		(25,517)	(22,042)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2024

	Attributable to owners of the Company						Attributable to non-controlling interests		Total HK\$'000 (Unaudited)	
	Share capital HK\$'000 (Unaudited)	Share-based compensation			Exchange reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)		interests HK\$'000 (Unaudited)
		Share premium HK\$'000 (Unaudited)	losses HK\$'000 (Unaudited)	losses HK\$'000 (Unaudited)						
As at 1 January 2023	22,904	79,169	756	1,193	(172,183)	(3,440)	(71,601)	(36,117)	(107,718)	
Profit/(loss) for the period	-	-	-	-	(3,807)	-	(3,807)	708	(3,099)	
Other comprehensive income/(loss) for the Period	-	-	-	940	-	-	940	629	1,569	
Ordinary shares issued (Note 16)	4,509	2,705	-	-	-	-	7,214	-	7,214	
Transaction costs attributable to issue of new shares	-	(338)	-	-	-	-	(338)	-	(338)	
Lapsed of share options	-	-	(92)	-	92	-	-	-	-	
As at 30 June 2023	27,413	81,536	664	2,133	(175,898)	(3,440)	(67,592)	(34,780)	(102,372)	
As at 1 January 2024	54,826	94,952	665	(49)	(157,193)	(777)	(7,576)	(14,466)	(22,042)	
Profit/(loss) for the period	-	-	-	-	(2,732)	-	(2,732)	(744)	(3,476)	
Other comprehensive income/(loss) for the Period	-	-	-	1	-	-	1	-	1	
As at 30 June 2024	54,826	94,952	665	(48)	(159,925)	(777)	(10,307)	(15,210)	(25,517)	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six-month period ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	5,909	4,422
Net cash used in investing activities	(237)	(291)
Net cash (used in)/generated from financing activities	(6,035)	(5,411)
Net decrease in cash and cash equivalents	(363)	(1,280)
Cash and cash equivalents at the beginning of the period	846	626
Effect of foreign exchange rate	1	1,252
Cash and cash equivalents at the end of the period	484	598
Represented by:		
Cash and bank balances	484	598

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Luk Hing Entertainment Group Holdings Limited (“the Company”) was incorporated in Cayman Islands on 30 November 2015 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. On 11 November 2016, the Company’s shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1180, Cayman Islands and the principal place of business in Hong Kong is located at Unit 3C, 3/F, Yue Xiu Industrial Building, 87 Hung To Road, Kwun Tong, Kowloon. The Company is an investment holding company.

The directors of the Company regard Welmen Investment Co. Ltd, a company incorporated in the British Virgin Islands as the ultimate holding company.

The Company and its subsidiaries (collectively referred as the “Group”) are principally engaged in the food and beverage and entertainment industry. The Group’s principal activities are operation of clubs and restaurants, organising music-related featured events as well as granting loans to entities in the food and beverage and entertainment industries (“Money Lending Business”).

The functional currency of the subsidiaries established in Macau is Macau Pataca (“MOP”), the functional currency of the subsidiaries established in the People’s Republic of China (the “PRC”) is Renminbi (“RMB”) and the functional currency of the Company and Hong Kong operating subsidiaries is Hong Kong dollars (HK\$).

The consolidated financial statements are presented in HK\$ for the convenience of the investors as the shares of the Company are listed on the GEM of the Stock Exchange. All values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial information of the Group has not been audited. The unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2024 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and in accordance with the applicable disclosure requirements of the GEM Listing Rules.

(b) Basis of measurement and going concern assumption

The unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2024 do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the audited annual financial statements included in the annual report of the Company dated 28 March 2024. The accounting policies adopted are consistent with those applied in the Group’s audited annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), except the new and revised HKFRSs, which are effective for the financial year beginning from 1 January 2024. The adoption of these new and revised HKFRSs has not had material impact on the unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2024. The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

As at 30 June 2024, the Group had net current liabilities and net liabilities of approximately HK\$43,438,000 and HK\$25,517,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and consequently, the Group may not be able to realise its assets and discharge its liabilities in the normal course of its business.

In order to ensure the Group's ability to operate as a going concern, the directors of the Company have implemented measures to deal with the conditions referred to above, as follows:

- (i) the management will continue to negotiate with banks for renewing banking facilities. Based on the latest communications with the banks, the directors of the Company are not aware of any intention of the banks to withdraw their bank facilities or require early repayment of the loans, and the directors believe that the existing bank facilities will be renewed when their current terms expire given the good track records and relationships the Group has with the banks;
- (ii) the management will consider other financing arrangements and fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support the continuing growth of the Company; and
- (iii) the directors of the Company will continue to implement stronger measures aiming at improving the working capital and cash flows of the Group, including closely monitoring incurrence of other operating expenses.

Having considered the above and after reviewing the cash flow forecast of the Group, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the six months ended 30 June 2024 on a going concern basis.

Provided that the above-mentioned plans and measures can be successfully achieved and improve the liquidity position of the Group, the Directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the interim financial statements have been prepared on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities. The effect of these adjustments have not been reflected in the interim financial statements.

3. OPERATING SEGMENT

Information reported internally to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group is principally engaged in food and beverage and entertainment. A single management team reports to the chief operating decision makers who comprehensively manages such entire business segment. Accordingly, the Group does not have separately reportable segments.

Information about geographical areas

The Group's business and non-current assets are located in Hong Kong and the PRC. The Group's revenue from external customers based on the location of the customers is detailed as below:

	For the six-month period ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Hong Kong	42,251	47,285
	42,251	47,285

The Group's location of non-current assets is detailed as below:

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
	Hong Kong	28,878
	28,878	14,541

Information about major customers

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue (2023: Nil).

4. REVENUE

Revenue represents the amounts received or receivable from the sales of food, beverage and other products and loan interest income from Money Lending Business.

An analysis of the Group's revenue for the period is as follows:

	For the six-month period ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>		
Sales of food, and other products	38,038	43,097
Sales of beverage	4,213	4,188
	42,251	47,285
Revenue from other sources:		
Loan interest income	–	–
	42,251	47,285

5. OTHER INCOME AND GAIN

	For the six-month period ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net foreign exchange loss	–	(294)
Consultancy and management fee income	–	300
COVID-19 related rental concession	–	226
Financial guarantee income	–	397
Others	21	88
	21	717

6. TAXATION

	For the six-month period ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Income tax expenses		
– PRC Enterprise Income Tax	–	–

No provision for Hong Kong profits tax is made since the Hong Kong subsidiary has no estimated assessable profit for the six-month periods ended 30 June 2024 and 2023, respectively.

7. LOSS PER SHARE

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

	For the six-month period ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss for the purpose of basic and diluted loss per share	(2,732)	(3,807)
	'000	'000 (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	548,256	126,673
Effect of dilutive potential ordinary shares:		
Options	–	840
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	548,256	127,513

The weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share has been adjusted for the consolidation of shares on 4 July 2023. Details of consolidation of shares are set out in the Note 16.

For the six-month period ended 30 June 2024 and 2023, diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares in issue.

8. FINANCE COSTS

	For the six-month period ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	376	349
Interest on lease liabilities	144	380
Others	7	18
	527	747

9. DIVIDEND

The Board does not recommend the payment of an interim dividend by the Company for the six-month period ended 30 June 2024 (2023: Nil).

10. PLANT AND EQUIPMENT

The Group acquired items of plant and equipment with cost amounting to HK\$237,000 and HK\$291,000 during the six-month period ended 30 June 2024 and 2023, respectively.

No items of plant and equipment were disposed during the six-month period ended 30 June 2024.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Life insurance policy	6,354	6,354

The Group entered into life insurance policies with an insurance company to insure against the death and permanent disability of Mr. Choi Siu Kit, the executive director of the Company. Under the policies, the beneficiary and policy holder is the Company, and the total insured sum is approximately HK\$6,000,000. The contracts will be terminated on the occurrence of the earliest of the death of the executive director insured or other terms pursuant to the contracts. The Company has paid out the total insurance premium with an aggregate amount of approximately HK\$6,000,000 at the inception of the policies. The Group may request a surrender of the contracts at any time and receive cash back based on the cash value at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged.

12. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

Right-of-use assets

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
As at 1 January	4,087	13,521
Addition	18,188	–
Depreciation provided during the period/year	(4,895)	(9,434)
Termination of leases	–	–
Exchange alignment	–	–
	17,380	4,087

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities.

During the period ended 30 June 2024, the Group leases 2 properties (as at 31 December 2023: 2 properties) for the operation of restaurant. Lease contracts are entered into for fixed term of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Lease liabilities

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Analysed as		
– Current	9,836	4,652
– Non-current	7,552	–
	17,388	4,652
Minimum lease payments due: Within one year	10,621	4,749
More than one year but not later than two years	7,929	–
	18,550	4,749
Less: Future finance charges	(1,162)	(97)
Present value of lease liabilities	17,388	4,652

The weighted average incremental borrowing rates applied to lease liabilities was 5.15% (as at 31 December 2023: 5.15%).

13. ACCOUNT AND OTHER RECEIVABLES

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Account receivables	1,513	2,408
Less: allowance for credit losses	(883)	(883)
	630	1,525
Other receivables	2,862	2,909
Less: allowance for credit losses	(2,493)	(2,493)
	369	416
Prepayments	456	614
Deposits	4,813	4,680
Less: allowance for credit losses	(160)	(160)
	4,653	4,520
	6,108	7,075
Portion classified as non-current		
– Deposits	(2,706)	–
Current portion	3,402	7,075

For account receivables, the Group allows credit period of within 60 days which are agreed with its debtors.

The Group seeks to maintain strict control over its outstanding receivables. Long outstanding balances are reviewed regularly by senior management. In view of the aforementioned and the fact that account receivables of the Group relate to a large number of diversified customers, there is no significant concentration of credit risk. Account receivables are non-interest-bearing.

The following is an aged analysis of account receivables, net of allowance for credit losses/doubtful debts, presented based on the invoice date at the end of the reporting period:

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
0 to 30 days	450	1,396
31 to 60 days	–	44
61 to 90 days	172	85
91 to 120 days	8	–
Over 120 days	–	–
	630	1,525

The Group's account receivables mainly represented VIP customer receivables and the credit card sales receivables.

Movement in the accumulated allowance for credit losses of account receivables

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
As at 1 January	883	656
Disposal of a subsidiary	–	(96)
Written-off	–	(372)
Allowance for ECL recognised during the period/year	–	695
	883	883

Movement in the accumulated allowance for credit losses of other receivables

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
As at 1 January	2,493	3,873
Disposal of a subsidiary	–	(551)
Written-off	–	(449)
Reversal of ECL recognised during the period/year	–	(380)
	2,493	2,493

Movement in the accumulated allowance for credit losses of deposits

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
As at 1 January	160	109
Disposal of a subsidiary	–	(2)
Allowance for ECL recognised during the period/year	–	53
	160	160

In determining the recoverability of account and other receivables, the Group considers any change in the credit quality of the account and other receivables from the date credit was initially granted up to the end of each reporting period.

As at 30 June 2024, the Group's deposits mainly represents rental deposits of approximately HK\$4,019,000 (as at 31 December 2023: HK\$3,902,000).

14. LOAN RECEIVABLES

Loan receivables arise from the Group's Money Lending Business which grants loans to entities in the food and beverage and entertainment industry. The gross loan receivables of approximately HK\$3,450,000 were carrying interest at 10% per annum from 31 December 2021. The loan receivables were recoverable according to repayment schedules, normally with contractual maturity within one year.

As at 31 December 2023, the Group's loan receivables of approximately HK\$3,450,000 (2022: HK\$3,450,000) which are past due 90 days or more. The directors of the Company consider credit risks have increased significantly for those past due more than 90 days and consider that the debtors were in financial difficulties. The Company has taken legal action against the individual to recover the outstanding receivables and considered the recoverability is remote. The loan receivables are considered as credit-impaired with ECL fully provided.

Included in the carrying amount of loan receivables as at 30 June 2024 is accumulated impairment losses of approximately HK\$3,450,000 (as at 31 December 2023: HK\$3,450,000).

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Loan receivables, gross	3,450	3,450
Less: Allowance for ECL	(3,450)	(3,450)
Loan receivables, net	–	–

15. ACCOUNT AND OTHER PAYABLES

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Account payables	3,084	2,989
Rental payables	1,737	599
Other payables (note (i))	8,383	9,132
Loan from directors (note (ii))	793	750
Loan from shareholders (note (iii))	2,138	1,082
Accruals	5,327	4,764
	21,462	19,316

The credit period on account payables are generally within 45 days.

Notes:

- (i) As at 30 June 2024, the other payables of the Group included the convertible promissory notes of approximately HK\$1,404,000 which were defaulted and are repayable on demand.
- (ii) As at 30 June 2024, the amount of approximately HK\$793,000 (as at 31 December 2023: HK\$750,000) was represented as a loan from director which was unsecured, carried an annual interest at 5.25% and was repayable within 1 year.

(iii) As at 30 June 2024, the amount of approximately HK\$1,465,000 (as at 31 December 2023: HK\$365,000) was represented as a loan from shareholders of a subsidiary of the Group and was unsecured, carried an annual interest at 5.25%, and repayable on demand.

As at 30 June 2024, the amount of approximately HK\$673,000 (as at 31 December 2023: HK\$717,000) was represented as a loan from shareholders of the Group and was unsecured, interest-free, and repayable on demand.

Included in account payables are creditors with the following ageing analysis, based on the invoice dates, as of the end of the reporting period:

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
0 to 30 days	1,390	219
31 to 60 days	60	103
61 to 90 days	111	15
91 to 120 days	1,523	6,230
	3,084	6,567

16. SHARE CAPITAL

The share capital of the Group as at 30 June 2024 and 31 December 2023 represented the share capital of the Company. Movements of the share capital of the Company are as follows:

	As at 30 June 2024		As at 31 December 2023	
	Number shares '000 (Unaudited)	Nominal value HK\$'000 (Unaudited)	Number shares '000 (Audited)	Nominal value HK\$'000 (Audited)
Authorised				
Ordinary share of HK\$0.01 each (before share consolidation) and HK\$0.1 each (after share consolidation)				
As at 1 January	1,000,000	100,000	10,000,000	100,000
Share consolidation (Note (iii))	-	-	(9,000,000)	-
	1,000,000	100,000	1,000,000	100,000
Issued and fully paid				
At 1 January	548,256	54,826	2,290,400	22,904
Ordinary shares issued (Note (i) and (ii))	-	-	725,008	31,922
Share consolidation (Note (iii))	-	-	(2,467,152)	-
	548,256	54,826	548,256	54,826

Notes:

- (i) On 24 February 2023, the Company entered into the placing agreement (“the Placing Agreement”) with Sanston Financial Group Limited (the “Placing Agent”), pursuant to which the Placing Agent had agreed to place, and the Company has conditionally agreed to allot and issue, a total of 450,880,000 shares of HK\$0.016 each for a cash consideration of approximately HK\$7,214,000 to independent third parties (“the Placing”). Further details were set out in the Company’s announcement dated 24 February 2023. Completion of the Placing took place on 17 March 2023 pursuant to the terms and conditions of the Placing Agreement. The 450,880,000 placing shares represent approximately 19.69% and 16.45% of the issued share capital of the Company immediately before and after the completion of the Placing. The shares issued rank pari passu in all respects with the then existing shares. The net proceeds of the Placing are approximately HK\$6,876,000. Proceeds of approximately HK\$4,509,000, representing the par value of the shares issued, were credited to the share capital of the Company and the remaining proceeds of approximately HK\$2,367,000 net of share issue expense were credited to the share premium account. The net proceeds have been fully utilised.
- (ii) On 18 August 2023, the Company issued 274,128,000 ordinary shares at a subscription price of HK\$0.16 per rights share, in connection with the rights issue on the basis of one rights share for every one share held by the qualifying shareholders on the record date (the “Rights Issue”), resulting in net proceeds of HK\$40.9 million. Accordingly, the number of issued shares of the Company increased from 274,128,000 shares to 548,256,000 shares. Details of the Rights Issue are set out in the Company’s circular dated 9 June 2023, the prospectus dated 14 July 2023 and the Company’s announcement dated 4 August 2023 and 18 August 2023.
- (iii) On 4 July 2023, every ten issued and unissued shares of par value HK\$0.01 each in the share capital of the Company was consolidated into one share of par value HK\$0.1 (the “Share Consolidation”). Following the Share Consolidation on 4 July 2023, 2,741,280,000 shares in the issued share capital of the Company were consolidated into 274,128,000 consolidated shares. Details of the Share Consolidation are set out in the Company’s announcements dated 6 April 2023 and the Company’s circular dated 9 June 2023.

17. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period contracted but not provided for in the financial statements were as follows:

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Unpaid balance of capital contribution to subsidiaries in the PRC	29,479	29,714

18. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the unaudited condensed consolidated interim financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Compensation paid to key management personnel of the Group:

	For the six-month period ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries and other short term employee benefits	935	902
Retirement scheme contributions	18	19
	953	921

(b) Other related party transactions:

Related parties	Nature of transactions	For the six-month period ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Zone One (CS) Limited (Note i)	Rental expenses	510	510
Choi Siu Kit (Note ii)	Loan interest expenses	7	86

Notes:

- i. Zone One (CS) Limited is held by Mr. Choi Kuen Kwan and Ms. Lo Mong Yee, who are the father and the mother of Mr. Choi Siu Kit, who is the executive Directors.
- ii. Mr. Choi Siu Kit is the executive Director.

19. LITIGATION AND CONTINGENT LIABILITIES

Except for the litigations disclosed in the Group's annual report for the year ended 31 December 2023 and in this interim report, there are no other material litigations filed against the Group or remain active during the six months period ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2024, the Group is primarily engaged in the operation of restaurants namely "HEXA" and "SIXA" in Hong Kong.

BUSINESS REVIEW

In the changing patterns of spending by consumers, including northbound travel trends and consumers making budget conscious choices, has made the business environment of the food and beverage industry in Hong Kong challenging.

The Group's business has been gradually recovering from the effects of the epidemic, the post-pandemic economic rebound has not been sustained. The restaurant business continues to contribute a stable source of income to the Group. Consumer downgrading has led to a decline in revenue, making the food and beverage industry still challenging. However, the Group remains resolute and will continue to introduce distinctive menus regularly to attract more customers, catering to the evolving consumer preferences.

FINANCIAL REVIEW

Revenue

Total revenue of the Group decreased by 10.6% from approximately HK\$47.3 million in the first half of 2023 to approximately HK\$42.3 million in the same period of 2024 the main reason for the decline in revenue is that customers' spending patterns are gradually shifting towards consumption in mainland China.

Expenses

Cost of inventories sold mainly represents for the costs of beverage, food and other products sold. It recorded approximately HK\$12.8 million in the first half of 2024, remain at a same level as the same period of 2023.

Staff costs is one of the major components of the Group's operating expenses, which mainly consists of Directors' emoluments, salaries, retirement benefit scheme contribution and other benefits. Staff costs decreased by 7.3% from approximately HK\$17.8 million in the first half of 2023 to approximately HK\$16.5 million in the same period of 2024. Staff costs resumed to normal along with rebound of sales revenue for which the increased impact was partially offset by the stringent cost control measure.

Property rentals and related expenses decreased by 16.2% from approximately HK\$3.7 million in the first half of 2023 to approximately HK\$3.1 million in the same period of 2024 resulted from the decrease of HEXA contingent rental expenses in line with the decrease of HEXA revenue.

Advertising and marketing expenses increased by 49.3% from approximately HK\$144,000 in the first half of 2023 to approximately HK\$215,000 in the same period of 2024 due to the rebound of sales revenue.

Other operating expenses represent expenses incurred for the operations. These include mainly cleaning and laundry, utilities, credit card commission, repair and maintenance and legal and professional fee. Other operating expenses decreased by 10.8% from approximately HK\$6.5 million in the first half of 2023 to approximately HK\$5.8 million in the same period of 2024. The decreased mainly caused by the stringent cost control measure on legal and professional fee.

Depreciation and amortization increased by 3% from approximately HK\$6.6 million in the first half of 2023 to approximately HK\$6.8 million in the same period of 2024. This was mainly due to the new equipment in SIXA from the first quarter of 2024.

Loss Attributable to Owners of the Company

Net loss attributable to owners of the Company was approximately HK\$2.7 million in the first half of 2024 compared to that of approximately HK\$3.8 million in the same period of 2023 caused by the absence of the loss on financial guarantee expenses of HK\$0.9 million in the first half of 2023.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Below is a summary of the key financial ratio:

	Notes	As at 30 June 2024	As at 31 December 2023
Current ratio	1	0.1	0.2
Quick ratio	2	0.1	0.2
Debt ratio	3	176.9%	196.0%
Gearing ratio	4	N/A	N/A

Notes:

1. Current ratio is calculated by dividing total current assets by total current liabilities as at the respective period end.
2. Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the respective period end.
3. Debt ratio is calculated by dividing total liabilities by total assets as at the respective period end.
4. Gearing ratio is calculated by dividing total borrowings by total equity attributable to owners of the Group as at the respective period end.

The Group had cash and cash equivalents of approximately HK\$0.5 million as at 30 June 2024 (31 December 2023: approximately HK\$0.8 million).

As at 30 June 2024, the Group had external borrowing of approximately HK\$16.3 million (31 December 2023: approximately HK\$17.4 million). A series of plans and measures have been taken to mitigate liquidity pressure and to improve the financial position of the Group, for details please refer to Note 2.

CHARGES ON ASSETS

As at 30 June 2024, the Group did not have any charges on its assets except the pledge of the life insurance policy to China Citic Bank International Limited for the revolving loan facility of HK\$5.1 million for the life insurance policy premium financing.

FOREIGN EXCHANGE EXPOSURE

The Group's principal operations are primarily conducted and recorded in Hong Kong dollar ("HK\$"), Macau Patacas ("MOP") and Renminbi ("RMB"). The financial statements of foreign operations are translated into HK\$ which is the Company's functional and presentation currency. The exchange rate between HK\$ and MOP remained relatively stable historically, the Group does not expect fluctuations in the values of these currencies to have a material impact on its operations. During the period under review, a significant portion of revenues are denominated in Hong Kong dollar.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

Save for those disclosed in this interim report, the Group did not have any other contingent liabilities and capital commitment as at 30 June 2024.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save for those disclosed in this interim report, there were no other significant investments held by the Group as at 30 June 2024, nor were there other material acquisitions and of subsidiaries and affiliated companies by the Group during the period.

EMPLOYEES AND REMUNERATION POLICY

The Group had a total of 87 employees as at 30 June 2024 (2023: 85 employees). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. We actively refine our staff structure by adopting the human resources philosophy of "making the best use of ability" and offer reasonable yet competitive compensation packages. The Group has developed a number of rules and regulations to provide provisions on remuneration, dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity and other benefits as well as welfare for employees. Other benefits include contributions to statutory mandatory provident fund schemes to its qualified Hong Kong employees.

OUTLOOK

As more time is required for a complete economic recovery, the Group will adopt a prudent approach on the business development of the restaurant industry.

Looking forward to the second half of 2024, inflationary pressures, the risk of financing costs will be a key concern for the Group as its business operation is inevitably relying on capital leverage. The change of dining habits of customers after COVID-19 would also be a critical factor affecting the Group's operation.

The Group completed share consolidation and rights issue in 2023 to enhanced its working capital and improve its financial position. The board believes that the rest of 2024 would recover further and the Group will plan to continue optimizing its existing operations to enhance operational efficiency. At the same time, the Group's management is exploring investment opportunities in the restaurant and/or new business sectors.

Overall, the Company will continue to review its existing business on a regular basis and is committed to improving the business operations and financial position of the Group, while trying to identify potential business and investment opportunities to expand its source of income. Despite the uncertain and challenging business environments in Hong Kong, we will try our best to leverage our brand and network in order to improve our financial positions for our shareholders.

Choi Siu Kit

Executive Director

Hong Kong, 30 August 2024

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

As at 30 June 2024, the interests and short position of the Directors and the Company's chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Director/ Chief Executive	Name of Group member/ associated corporation	Nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of shareholding interest
Mr. Choi Siu Kit (Notes 2 and 3)	The Company	Interest of a controlled corporation, interest held jointly with another person	109,350,000 ordinary shares of the Company (L)	19.95%
	Welmen	Interest of a controlled corporation	3,031.11 ordinary shares of Welmen (L)	30.3111%
		Beneficial owner	1,262.225 ordinary shares of Welmen (L)	12.62225%

Notes:

- (1) The letter "L" denotes the person's long position in the shares of the Company or the relevant associated corporation.
- (2) On 2 March 2016, Mr. Choi Yat Hon, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai, Mr. Yeung Bernard Sie Hong and Mr. Yeung Chi Shing entered into an acting in concert confirmation whereby each of them confirmed that since 31 January 2011, they acted in concert with each other when dealing with matters concerning operation management, accounts, finance and treasury and human resources management of the Group, details of which are set out in the Prospectus. On 20 August 2019, Mr. Yeung Bernard Sie Hong sold all his shares in Welmen to Mr. Choi Kuen Kwan (father of Mr. Choi Yat Hon and Mr. Choi Siu Kit). On 4 June 2020, Mr. Choi Kuen Kwan sold 50% and 50% of his shares in Welmen to Mr. Choi Yat Hon and Mr. Choi Siu Kit respectively. As such, pursuant to the acting in concert arrangement, each of Mr. Choi Yat Hon, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai and Mr. Yeung Chi Shing is deemed to be interested in 19.95% of the issued share capital of the Company held by Welmen.
- (3) Welmen is owned as to 30.3111% by Yui Tak Investment Limited ("Yui Tak") and Yui Tak is owned as to 50% by Mr. Choi Yat Hon and as to 50% by Mr. Choi Siu Kit. By virtue of the SFO, each of Mr. Choi Yat Hon and Mr. Choi Siu Kit is deemed to be interested in 30.3111% of the issued share capital of Welmen held by Yui Tak and 19.95% of the issued share capital of the Company held by Welmen.

Save as disclosed above and so far as is known to the Directors, as at 30 June 2024, none of the Directors and the Company's chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2024, the person (other than the Directors or the Company's chief executives) or company who or which had an interest and short position in the shares and underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Name of shareholder	Nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of shareholding interest
Welmen Investment Co. Ltd ("Welmen") (Note 2)	Beneficial owner	109,350,000 ordinary shares (L)	19.95%
Yui Tak Investment Limited ("Yui Tak") (Note 2)	Interest of a controlled corporation	109,350,000 ordinary shares (L)	19.95%
Trendy Pleasure Limited ("Trendy") (Note 3)	Beneficial owner	30,000,000 ordinary shares (L)	5.47%
Saint Lotus Cultural Development Group Co., Limited ("Saint Lotus") (Note 3)	Interest of a controlled corporation	30,000,000 ordinary shares (L)	5.47%
Mr. Zhang Jianguang (Note 3)	Interest of a controlled corporation	30,000,000 ordinary shares (L)	5.47%
Mr. Choi Yat Hon (Note 4)	Interest of a controlled corporation, interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%
Mr. Au Wai Pong Eric (Note 4)	Interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%

Name of shareholder	Nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of shareholding interest
Mr. Au Ka Wai (Note 4)	Interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%
Mr. Yeung Chi Shing (Note 4)	Interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%
Ms. Chan Ting Fai (Note 5)	Interest of spouse	109,350,000 ordinary shares (L)	19.95%
Ms. Lee Wan (Note 6)	Interest of spouse	109,350,000 ordinary shares (L)	19.95%
Restoran Oversea (CST) Sdn Bhd ("Restoran Oversea") (Note 7)	Interest of a controlled corporation	158,988,000 ordinary shares (L)	29.00%

Notes:

- (1) The letter "L" denotes the person's long position in the shares of the Company.
- (2) Welmen is owned as to 30.3111% by Yui Tak and Yui Tak is owned as to 50% by Mr. Choi Yat Hon and as to 50% by Mr. Choi Siu Kit. By virtue of the SFO, each of Mr. Choi Yat Hon and Mr. Choi Siu Kit is deemed to be interested in 30.3111% of the issued share capital of Welmen held by Yui Tak and 19.95% of the issued share capital of the Company held by Welmen.
- (3) Trendy Pleasure Limited is wholly owned by Saint Lotus and Saint Lotus is wholly owned by Mr. Zhang Jianguang. By virtue of the SFO, each of Saint Lotus and Mr. Zhang Jianguang is deemed to be interested in 5.47% of the issued share capital of the Company held by Trendy.

- (4) On 2 March 2016, Mr. Choi Yat Hon, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai, Mr. Yeung Bernard Sie Hong and Mr. Yeung Chi Shing entered into an acting in concert confirmation whereby each of them confirmed that since 31 January 2011, they acted in concert with each other when dealing with matters concerning operation management, accounts, finance and treasury and human resources management of the Group, details of which are set out in the Prospectus. On 20 August 2019, Mr. Yeung Bernard Sie Hong sold all his shares in Welmen to Mr. Choi Kuen Kwan (father of Mr. Choi Yat Hon and Mr. Choi Siu Kit). On 4 June 2020, Mr. Choi Kuen Kwan sold 50% and 50% of his shares in Welmen to Mr. Choi Yat Hon and Mr. Choi Siu Kit respectively. As such, pursuant to the acting in concert arrangement, each of Mr. Choi Yat Hon, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai and Mr. Yeung Chi Shing is deemed to be interested in 19.95% of the issued share capital of the Company held by Welmen.
- (5) Ms. Chan Ting Fai is the spouse of Mr. Choi Siu Kit. By virtue of the SFO, Ms. Chan Ting Fai is deemed to be interested in 19.95% of the issued share capital of the Company in which Mr. Choi Siu Kit is interested.
- (6) Ms. Lee Wan is the spouse of Mr. Au Wai Pong Eric. By virtue of the SFO, Ms. Lee Wan is deemed to be interested in 19.95% of the issued share capital of the Company in which Mr. Au Wai Pong Eric is interested.
- (7) Restoran Oversea is a company incorporated in Malaysia with limited liability and wholly and beneficially owned by Oversea Enterprise Berhad.

Save as disclosed above and so far as is known to the Directors, as at 30 June 2024, no other interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASES, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

INTEREST IN A COMPETING BUSINESS

The Directors are interested in certain restaurant businesses in Macau (the “Retained Macau Restaurant Business”). Compared to the Group’s current clubbing business in Macau, the Retained Macau Restaurant Business has different industry nature, opening business hours and target customers. Accordingly, our Directors are of the view that the Retained Macau Restaurant Business are clearly delineated from the Group’s businesses and will not compete (either directly or indirectly) or are not likely to compete with the Group’s businesses.

Mr. Choi Siu Kit, our executive Director, is engaged in certain restaurant and bar business in Hong Kong before the Listing (the “Retained HK Restaurant and Bar Business”). Set out below are the details of his interests in the Retained HK Restaurant and Bar Business during the six-month period ended 30 June 2024:

Name of entity	Nature of interests
Mighty Force Catering Group Limited (Note)	Approximately 50% of issued share capital was held by Mr. Choi Siu Kit’s spouse, who was also a director
Sham Tseng Chan Kee Roasted Goose Company Limited (Note)	Approximately 7.5% of issued share capital was held by Mr. Choi Siu Kit’s spouse
Eastern Full Limited (Note)	Approximately 7.5% of issued share capital was held by Mr. Choi Siu Kit’s spouse

Note: Operate/franchise restaurants with trading name of Sham Tseng Chan Kee in Hong Kong

As Mr. Choi Siu Kit had engaged the Retained HK Restaurant and Bar Business before the Group’s Listing, such business is excluded from the Group and is not covered by the Deed of Non-competition entered between the Controlling Shareholders and the Company.

Saved as disclosed, during the six-month period ended 30 June 2024, none of the Directors or the controlling shareholders of the Company, neither themselves nor their respective close associates (as defined in the GEM Listing Rules) engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 18 October 2016 (the "Share Option Scheme") to recognize and acknowledge the contributions made by any individual who is an employee of our Group (including directors) or any entity in which our Company holds any equity interest (the "Invested Entity") and such other persons who has or will contribute to our Company as approved by our Board from time to time (the "Participants"), to attract skilled and experienced personnel, to incentivize them to remain with our Company and to motivate them to strive for the future development and expansion of our Company and its subsidiaries, by providing them with the opportunity to acquire equity interests in our Company.

The Share Option Scheme became effective on the date of the Company's listing (i.e. 11 November 2016) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme may not exceed 10% of the shares of the Company in issue. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million (or such other amount as permissible under the GEM Listing Rules from time to time), are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within such time to be determined by the Board and upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised. The exercise price of the share options shall be not less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets on the date on which the option is offered, which must be a business day (the “Offer Date”); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the par value of the Shares.

SHARE OPTIONS

No share option was granted to eligible participants of the Group during the six months ended 30 June 2024. The movements of share options under the Share Option Scheme during the six months ended 30 June 2024 are as follows:

Category/ Name of Grantee	Date of Grant	Exercise Date/ Period	Exercise Price Per Share	Number of share options						Outstanding as at 30 June 2024
				Outstanding		Share option			Outstanding	
				as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled during the period	adjustment during the period		
Employees and Consultants	2 October 2018	(Note 1)	HK\$0.5921	771,180	-	-	-	-	-	771,180
	2 October 2018	(Note 2)	HK\$0.5921	771,180	-	-	-	-	-	771,180
	2 October 2018	(Note 3)	HK\$0.5921	451,390	-	-	-	-	-	451,390
	2 October 2018	(Note 4)	HK\$0.5921	257,060	-	-	-	-	-	257,060
Total				2,250,810	-	-	-	-	-	2,250,810

The number of share options available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024 was 585,769 and 585,769 respectively.

Notes:

1. Subject to fulfillment of the pre-determined vesting conditions, the share options shall be vested and exercisable from 2 October 2018 to 1 October 2028.
2. Subject to fulfillment of the pre-determined vesting conditions, the share options shall be vested and exercisable from 2 October 2019 to 1 October 2028.
3. Subject to fulfillment of the pre-determined vesting conditions, the share options shall be vested and exercisable from 2 October 2020 to 1 October 2028.
4. Subject to fulfillment of the pre-determined vesting conditions, the share options shall be vested and exercisable from 2 October 2021 to 1 October 2028.

The Share Option Scheme will expire on 11 November 2026. The Share Option Scheme has a remaining life of approximately 2.2 years as at the date of this report.

A total of 2,836,579 Shares are available for issue under the Share Option Scheme, representing approximately 0.52% of the Company's total number of issued Shares as at the date of this Report.

CORPORATE GOVERNANCE PRACTICES

The Group recognises the importance of transparency and accountability, and the Board believes that Shareholders can benefit from good corporate governance. Therefore, the Group strives to achieve sound corporate governance standards in order to maintain the trust and confidence of customers, suppliers and employees, as well as other stakeholders. We believe that this can create long term value for the shareholders of the Company and is beneficial for the Group's sustainable growth.

The Company adopted and complied with the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix C1 to the GEM Listing Rules during the six months ended 30 June 2024.

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed in this report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the six months ended 30 June 2024 and remain so as at the date of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). Having made specific enquiries in writing to the Directors, each of the Directors confirmed that he/she had complied with the Model Code in connection with the Company's securities during the six months ended 30 June 2024.

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraph D.3.3 and D.3.7 of the Corporate Governance Code. As of the date of this report, the audit committee is chaired by our independent non-executive Director, Ms. Tse Mei Ling, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules and consists of two other independent non-executive Directors, Mr. Mak Kwok Kwan Terence and Ms. Woo Man Hung. The primary responsibilities of the audit committee include but without limitation the following: (i) assisting the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management systems; (ii) overseeing the audit process; and (iii) performing other duties and responsibilities as assigned by the Board.

The financial information contained in this interim report has not been audited by the Company's external auditor. The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six-month period ended 30 June 2024.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed above, the Company does not have any material subsequent events after 30 June 2024 and up to the date of this interim report which would materially affect the Group's operating and financial performance.

MATERIAL LITIGATION

Saved as disclosed in this interim report, the Company was not involved in any other material litigation or arbitration for the six months ended 30 June 2024. The Directors are also not aware of any other material litigation or claims that are pending or threatened against the Group for the six months ended 30 June 2024.

BOARD OF DIRECTORS

As at the date of this report, the Directors are:

Executive Directors

Mr. Choi Siu Kit

Mr. Ying Kan Man (*appointed on 2 April 2024*)

Independent non-executive Directors

Ms. Tse Mei Ling

Mr. Mak Kwok Kwan Terence

Ms. Woo Man Hung

By Order of the Board of
LUK HING ENTERTAINMENT GROUP HOLDINGS LIMITED
Choi Siu Kit
Executive Director

Hong Kong, 30 August 2024