

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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.

This announcement, 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 the 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 announcement 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 announcement misleading.

RESULTS

The board of directors (the “Board”) of Hong Kong Entertainment International Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	54,472	48,545
Cost of sales		(52,701)	(47,093)
Gross profit		1,771	1,452
Other income and losses, net	6	(3,697)	(726)
Selling and distribution expenses		(1,386)	(1,978)
Administrative and other expenses		(6,938)	(13,909)
Reversal of/(impairment losses) as trade and other receivables, net		4,974	(8,805)
Share of result of an associate		(112)	–
Finance costs	7	(1,566)	(3,072)
Loss before income tax	9	(6,954)	(27,038)
Income tax	8	–	–
Loss for the year		(6,954)	(27,038)
Other comprehensive (expense)/income for the year:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Release of exchange reserve upon disposal of a subsidiary		(5)	–
Exchange differences on translation of foreign operations		696	1,166
Other comprehensive income for the year		691	1,166
Total comprehensive expense for the year		(6,263)	(25,872)

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year attributable to:			
– Owners of the Company		(6,914)	(27,038)
– Non-controlling interests		(40)	–
		<u>(6,954)</u>	<u>(27,038)</u>
Total comprehensive expense for the year attributable to:			
– Owners of the Company		(6,223)	(25,872)
– Non-controlling interests		(40)	–
		<u>(6,263)</u>	<u>(25,872)</u>
Loss per share (RMB)			
– Basic and diluted	<i>11</i>	<u>(0.04)</u>	<u>(0.17)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		2,084	21,700
Right-of-use assets		–	1,128
Interest in an associate		–	–
		2,084	22,828
Current assets			
Inventories		8,526	17,477
Financial assets at fair value through profit or loss		9,541	12,965
Trade and bills receivables	<i>12</i>	14,640	30,590
Prepayments and other receivables		4,813	3,490
Pledged bank deposits		2,995	5,953
Cash and cash equivalents		4,099	20,348
		44,614	90,823
Current liabilities			
Trade and bills payables	<i>13</i>	52,993	51,738
Accruals and other payables		12,676	27,345
Borrowings	<i>14</i>	28,000	28,000
Income tax payable		54	1,153
		93,723	108,236
Net current liabilities		(49,109)	(17,413)
Total assets less current liabilities		(47,025)	5,415
Non-current liability			
Borrowings	<i>14</i>	46,573	92,750
Net liabilities		(93,598)	(87,335)
Capital and reserves			
Share capital	<i>15</i>	27,909	27,909
Reserves		(121,467)	(115,244)
Equity attributable to owners of the Company		(93,558)	(87,335)
Non-controlling interests		(40)	–
Capital deficiency		(93,598)	(87,335)

Notes:

1. CORPORATE INFORMATION

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, PO Box 1350, Clifton House, 75 Fort Street, 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 products in Hong Kong. The Group commenced the business of repackaging and sales of products during the year ended 31 December 2024.

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 functional currency of the Company is Hong Kong dollars (“HK\$”) while the functional currency of the subsidiary of the Company established in the PRC is Renminbi (“RMB”). For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency as to better reflect the financial results and performance of the main operation of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Application of amendments to HKFRS Accounting Standards

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards, a collective term which includes all applicable individual HKFRS Accounting Standards, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The following amendments are applied for the first time, and are mandatorily effective for the annual periods beginning on or after 1 January 2024:

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

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

(b) **New and amendments to HKFRS Accounting Standards in issue but not yet effective**

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

HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³

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

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date to be determined by the HKICPA

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new HKFRS Accounting Standard that are expected to have impact on the Group's accounting policies is provided below. Other amendments to HKFRS Accounting Standards and Interpretation are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

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

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

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and in compliance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) and with the disclosure requirements of the Hong Kong Companies Ordinance. Material accounting policies adopted by the Group are set out below.

Going concern consideration

For the year ended 31 December 2024, the Group incurred a net loss of approximately RMB6,954,000 and, as at 31 December 2024, the Group had net current liabilities and net liabilities of approximately RMB49,109,000 and RMB93,598,000 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 consolidated financial statements of the Group have 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 31 December 2024, after taking into consideration the followings:

- (a) as at 31 December 2024, the Group has unutilised banking facilities amounted to RMB52,000,000, which was valid until 2 September 2027, for financing the Tins Operation and fulfilling its financial obligation;
- (b) 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;
- (c) 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; and
- (d) a former director of the PRC subsidiary of the Company (who resigned as a director of the PRC subsidiary of the Company on 19 September 2024) (the “Former Director”) has agreed to provide adequate funds for the Tins Operation to meet its liabilities as they fall due.

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 31 December 2024. Accordingly, the consolidated financial statements have 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 consolidated financial statements.

4. SEGMENT INFORMATION

The Group's businesses include (i) the Tin Operations; and (ii) repackaging and sales of products which were 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.

Geographical information

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
The PRC, excluding Hong Kong	40,305	44,843
Hong Kong of the PRC	14,167	3,702
	<u>54,472</u>	<u>48,545</u>

As at 31 December 2024 and 2023, all the Group's non-current assets (excluding interest in an associate) are located in the PRC, excluding Hong Kong. Accordingly, no geographical information of non-current assets was disclosed.

Information about major customers

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A ¹	11,735	16,333
Customer B ¹	N/A ²	7,768

¹ Revenue from the Tins Operation.

² The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year.

5. REVENUE

	2024 RMB'000	2023 RMB'000
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	37,584	42,152
Revenue from sales of tinplates	2,721	2,691
Revenue from repackaging and sales of products	14,167	3,702
	<u>54,472</u>	<u>48,545</u>

6. OTHER INCOME AND LOSSES, NET

Other income and gains/(losses) during the year ended 31 December 2024 are presented in the followings:

	2024 RMB'000	2023 RMB'000
Interest income from bank deposits	39	3
(Losses)/gains on fair value changes of financial assets at FVTPL, net	(3,804)	414
Gain on disposal of a subsidiary	55	–
Gain on disposal of property, plant and equipment and right-of-use assets	132	–
Others	(119)	(1,143)
	<u>(3,697)</u>	<u>(726)</u>

7. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expense on lease liabilities	–	1,425
Interest expense on borrowings	1,566	1,647
	<u>1,566</u>	<u>3,072</u>

8. INCOME TAX

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 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 years ended 31 December 2024 and 2023 as the Group has no assessable profits derived 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 both years. No provision for the PRC enterprise income tax has been provided for the years ended 31 December 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 during the years ended 31 December 2024 and 2023.

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2024 RMB'000	2023 RMB'000
Auditor's remuneration	554	543
Cost of inventories recognised as expenses	52,701	40,759
Depreciation of property, plant and equipment	1,835	1,864
Depreciation of right-of-use assets	24	24
Expenses related to short-term lease	232	590
Staff costs (excluding directors' remuneration):		
– Salaries, allowances and benefits in kind	2,137	2,577
– Contributions to defined contribution plans (<i>note</i>)	280	350
	<u>2,417</u>	<u>2,927</u>

Note: There were no forfeited contributions utilised to reduce future contributions during the years ended 31 December 2024 and 2023.

10. DIVIDENDS

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

11. 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 RMB6,914,000 (2023: RMB27,038,000) and the weighted average number of shares of 160,000,000 (2023: 160,000,000) in issue during the year ended 31 December 2024.

The diluted loss per share is the same with the basic loss per share for the years ended 31 December 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.

12. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables arising from contracts with customers	22,850	41,536
Bills receivables	–	1,825
	<u>22,850</u>	<u>43,361</u>
Less: allowance for ECL	<u>(8,210)</u>	<u>(12,771)</u>
	<u>14,640</u>	<u>30,590</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	1,473	4,021
More than 1 month but not more than 3 months	2,578	7,928
More than 3 months but not more than 6 months	3,399	3,824
More than 6 months but not more than 1 year	7,190	6,552
More than 1 year	—	8,265
	<u>14,640</u>	<u>30,590</u>

13. TRADE AND BILLS PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	43,009	45,043
Bills payables	9,984	6,695
	<u>52,993</u>	<u>51,738</u>

The credit period granted by suppliers normally is 90 days (2023: 90 to 120 days).

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	2,762	5,312
More than 1 month but not more than 3 months	12,276	12,552
More than 3 months but not more than 6 months	6,142	2,867
More than 6 months but not more than 1 year	14,957	16,328
Over 1 year	16,856	14,679
	<u>52,993</u>	<u>51,738</u>

14. BORROWINGS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current liabilities		
Secured bank borrowings	28,000	28,000
Non-current liabilities		
Unsecured borrowings	46,573	92,750
	<u>74,573</u>	<u>120,750</u>

15. SHARE CAPITAL

	Number of ordinary shares of HK\$0.20 each '000	Amount HK\$'000	Equivalent to RMB'000
Authorised, ordinary shares of HK\$0.20 each			
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	500,000	100,000	83,490
Issued and fully paid, ordinary shares of HK\$0.20 each			
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	160,000	32,000	27,909

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Activities

The Group is principally engaged in manufacturing and sales of tinplate packaging products and repackaging services in the PRC and Hong Kong. The shares of the Company were listed on the GEM of the Stock Exchange on 18 July 2017 (the “Listing Date”). Since the listing of the Company’s shares 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 year ended 31 December 2024, the Group derived the revenue principally from the sale of tinplate packaging products in the PRC and also provision of repackaging services in Hong Kong. The major products were tin cans and steel pails, which are generally used for storing paint and coatings, and other packaging materials, which are generally used for packing consumables.

The Group recorded an increase in revenue by approximately RMB6.0 million, or approximately 12.4%, from approximately RMB48.5 million for the year ended 31 December 2023 to approximately RMB54.5 million for the year ended 31 December 2024, which was contributed by the increase in the sales demands of the Group’s repackaging services during the year.

The loss for the year ended 31 December 2024 was approximately RMB7.0 million as compared to loss for the year of approximately RMB27.0 million for the year ended 31 December 2023. Such decrease was mainly due to the net reversal of as trade and other receivables and decrease in administrative and other expenses as the Group is executing a cost control strategy.

Looking forward, the Group is going to further consolidate its market share in the tinplate packaging business and to continue to expand its products and services portfolio. As part of its strategy to expand its revenue stream, the Group will plan to expand the sales channel in order to focus on the soliciting of new customers for its product and services portfolio. Despite of the uncertainties of sluggish China economy, the Group aim to achieve stable growth and reduce the concentration risk in any single customer group by the expansion of the customer base. Besides, in order to improve the Group’s cash flow, the management team aims to adopt cost control strategy which including but not limited to minimise the fixed overhead costs.

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.

Debts and Charge on Assets

The Group had secured borrowings of RMB28.0 million (2023: RMB28.0 million) and unsecured borrowings of approximately RMB46.6 million (2023: RMB92.8 million) as at 31 December 2024.

The bank borrowings and other banking facilities are secured/guaranteed by:

- (a) Pledge of buildings held by the Group with net carrying amount of approximately RMBnil million (2023: RMB0.9 million) as at 31 December 2024;
- (b) Pledge of right-of-use assets by the Group with carrying amount of approximately RMBnil million (2023: RMB1.1 million) as at 31 December 2024; and
- (c) Personal guarantees executed by the directors of the subsidiaries.

The unutilised banking facilities in respect of bank acceptance bills as at 31 December 2024 are amounted to RMBnil million (2023: nil).

The unutilised banking facilities in respect of bank borrowings as at 31 December 2024 are amounted to approximately RMB52.0 million (2023: RMB52.0 million).

Financial Review

Revenue

During the year ended 31 December 2024, the Group derived the revenue principally from the sale of tinplate packaging products in the PRC and also provision of repackaging services in Hong Kong. The Group generally recognises revenue from the sales of tinplate packaging products upon delivery of the products to the customers with their acceptance of the Group's products and also recognises revenue from the provision of repackaging services upon the completion of services to the customers.

Revenue increased by approximately RMB6.0 million, or approximately 12.4%, from approximately RMB48.5 million for the year ended 31 December 2023 to approximately RMB54.5 million for the year ended 31 December 2024. Such increase was mainly due to the increase in sales demand of the Group's repackaging services during the year.

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 RMB5.6 million, or approximately 11.9% from approximately RMB47.1 million for the year ended 31 December 2023 to approximately RMB52.7 million for the year ended 31 December 2024. Such increase was consistent with increase in revenue.

Gross profit and gross profit margin

Gross profit increased from approximately RMB1.5 million for the year ended 31 December 2023 to approximately RMB1.8 million for the year ended 31 December 2024.

Gross profit margin increased from approximately 3.0% for the year ended 31 December 2023 to 3.3% for the year ended 31 December 2024. The increase was mainly due to the net effect of the increase in the portion of sales from repackaging and sales of products for the year ended 31 December 2024 comparing with that for the year ended 31 December 2023.

Other income and losses, net

Other income and losses, net mainly represents, interest income from bank deposits and gains/losses on fair value changes of financial assets at fair value through profit or loss (“FVTPL”), net. The Group record an increase in other losses, net by approximately RMB3.0 million, or approximately 428.6% from losses of approximately RMB0.7 million for the year ended 31 December 2023 to loss of approximately RMB3.7 million for the year ended 31 December 2024. The increase mainly due to the recognition of gains of approximately RMB0.4 million arising from fair value changes of financial assets at FVTPL for the year ended 31 December 2023, while loss of approximately RMB3.8 million has been recognised for the year ended 31 December 2024.

Selling expenses

The Group’s selling expenses mainly included transportation costs for its logistic team, staff costs, advertising expenses, entertainment expenses and consumables and the amount was approximately RMB1.4 million and RMB2.0 million for the year ended 31 December 2024 and 2023 respectively. The decrease mainly due to decrease in advertising expenses.

Administrative and other expenses

The Group’s administrative and other expenses mainly included staff costs, building administrative fees, other tax expenses, depreciation and amortisation, travelling and entertainment, office consumables and supplies, legal and professional fees and other miscellaneous administrative expenses. The Group recorded a decrease in administrative and other expenses by approximately RMB7.0 million, or approximately 50.4%, from approximately RMB13.9 million for the year ended 31 December 2023 to approximately RMB6.9 million for the year ended 31 December 2024. The decrease mainly represent the decrease in depreciation and staff cost as the Group is executing a cost control strategy.

Finance costs

The Group’s finance costs mainly comprised of interest expenses on bank borrowings, lease liabilities. The finance costs decreased by approximately RMB1.5 million, or approximately 48.4%, from approximately RMB3.1 million for the year ended 31 December 2023 to approximately RMB1.6 million for the year ended 31 December 2024. Such decrease was mainly due to the decrease in average interest rate of interest-bearing bank borrowings and the average balance of the lease liabilities during the year ended 31 December 2024 as compared to the year ended 31 December 2023.

Loss for the year

As a result of the cumulative factors discussed above, the loss for the year ended 31 December 2024 was approximately RMB7.0 million as compared to loss for the year ended 31 December 2023 of approximately RMB27.0 million. Such decrease was mainly due to the net reversal of as trade and other receivables and decrease in administrative and other expense for the year ended 31 December 2024.

Dividends

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

LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, the Group funded its liquidity primarily through cash inflows from operating activities and debt financing.

As at 31 December 2024, the Group's total cash and cash equivalents were approximately RMB4.1 million (2023: RMB20.3 million). Gearing ratio of the Group increased to 60.0% as at 31 December 2024 from 24.6% as at 31 December 2023. Gearing ratio is defined as total interest-bearing debt over total assets as at the end of the reporting period. Current ratio of the Group decreased to 0.48 as at 31 December 2024 from 0.84 as at 31 December 2023.

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.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not carry out any material acquisition nor disposal of any subsidiaries for the year ended 31 December 2024.

CONTINGENT LIABILITIES

As at 31 December 2024, there were no significant contingent liabilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 115 employees (2023: 92 employees). Staff costs of the Group (including Directors' remuneration, wages, salaries and other benefits and contribution to defined contribution plans) amounted to approximately RMB2.9 million for the year ended 31 December 2024 (2023: RMB3.4 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.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2024, the Group held 16 listed equity securities in Hong Kong with the fair value of RMB9.5 million. In light of the recent volatile financial market in Hong Kong, the Group intends to diversify its investment portfolio in order to reduce the relevant concentration and investment risks and will closely monitor the performance of this business. The Group will keep adopting a prudent investment attitude and develop its investment strategy with the aim to improve the capital usage efficiency and generate additional investment returns on the idle funds of the Group.

Details of the Group's top held-for-trading investments, in terms of fair value as at 31 December 2024, are as follows:

Company Name/Stock Code	% of shareholding as at 31 December 2024	Fair value gain/(loss) for the year ended 31 December 2024 <i>RMB'000</i>	Fair value as at 31 December 2024 <i>RMB'000</i>	% of total assets of the Group as at 31 December 2024
Securities listed in Hong Kong				
Harbour Digital Asset Capital Limited ("HDAC") (913) <i>(Note (a))</i>	2.9%	(3,804)	3,711	7.9%
Others <i>(Note (b))</i>			5,830	12.5%
			9,541	20.4%

Notes:

- (a) HDAC is principally engaged in the investments in listed and unlisted securities. As disclosed in the interim report of HDAC for the six months ended 30 June 2024, it recorded unaudited net loss attributable to its owners of HK\$45.9 million for the six months ended 30 June 2024.
- (b) The Group's investment strategy is to deliver a diversified and flexible achieve high growth, while the traditional business of the Group will continue its stable growth. The Group's total investment in HDAC was approximately HK\$1.4 million. As at 31 December 2024, the Group owned 10,390,000 shares of HDAC, representing 2.9% equity interests in HDAC with a carrying amount of the Group's interest in HDAC of approximately RMB3.7 million, representing approximately 7.9% of the total assets of the Company as at 31 December 2024. Up to 31 December 2024, no dividends was received from HDAC. The fair value of HDAC is based on quoted market prices.
- (c) Save as disclosed above, none of these investments represented more than 5% of the total assets of the Group as at 31 December 2024.

Looking ahead, the Directors believe that the future performance of the above investments held by the Group will be volatile and substantially affected by overall economic environment, equity market conditions, investor sentiment and the business performance and development of the investee companies. Accordingly, the Group will continue to maintain a diversified portfolio of investment of various industries to minimise the possible financial risks. Also, the Directors will cautiously assess the performance progress of the investment portfolio from time to time.

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 year ended 31 December 2024, the Group did not hedge any exposure to foreign exchange risk.

CAPITAL STRUCTURE

As at 31 December 2024, the Company's issued share capital was HK\$32,000,000, equivalent to approximately RMB27,909,000, and the number of its issued ordinary share was 160,000,000 of HK\$0.2 each. Except for the changes mentioned elsewhere in this annual report, there has been no change in the capital structure of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, the Group did not have other plans for material investments or capital assets as at 31 December 2024.

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

Save as disclosed elsewhere in the annual report, as at 31 December 2024, 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 31 December 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 conditional 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.

Up to 31 December 2024, 10,775,352 share options are outstanding 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 31 December 2024	Exercisable period	Exercise price per share (HK\$)
			Outstanding as at 1 January 2024	Granted during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Lapsed/ cancelled during the year ended 31 December 2024	Forfeited during the year ended 31 December 2024			
Executive director										
Mr. Wang Yun	20 May 2021	No	774,000	–	–	(774,000)	–	–	3 years	0.508
Mr. Zou Yonggang	20 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)	20 May 2021	No	516,000	–	–	(516,000)	–	–	3 years	0.508
Employees										
	10 April 2019	No	2,204,440	–	–	–	–	2,204,440 (note i)	10 years	1.981
	6 April 2022	No	8,256,000	–	–	–	–	8,256,000 (note ii)	3 years	0.400
Consultants										
	10 April 2019	No	314,912	–	–	–	–	314,912 (note iii)	10 years	1.981
			12,839,352	–	–	(2,064,000)	–	10,775,352		

Notes:

- (i) The share options have been granted to 7 employees and each of them hold 314,920 share options.
- (ii) The share options have been granted to 10 employees and each of them hold 825,600 share options.
- (iii) The share options have been granted to consultant A.

Pursuant to the service agreement entered into the Company and consultant A, consultant A make use of her professional knowledge and experience to monitor and improve the production efficiency for the Company which is considered as Consultant of the Group in the technical area.

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

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

As at 31 December 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.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that the Company has applied the principles and complied with all the applicable code provisions set out in Appendix 15 to the GEM Listing Rules.

AUDIT COMMITTEE

The consolidated financial statements of the Group for the year ended 31 December 2024 have been reviewed by the audit committee of the Company. The audit committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2024 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF JON GEPSOM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditor, Jon Gepsom CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Jon Gepsom CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Jon Gepsom CPA Limited on the preliminary announcement.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT PREPARED BY THE AUDITOR OF THE COMPANY

The Company would like to provide an extract from the independent auditor's report prepared by Jon Gepsom CPA Limited on the Group's consolidated financial statements for the year ended 31 December 2024 as set out below:

Material Uncertainty Related to Going Concern

We draw attention to note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB6,954,000 for the year ended 31 December 2024 and, as at that date, the Group had net current liabilities and net liabilities of approximately RMB49,109,000 and RMB93,598,000 respectively. As stated in note 3 to the consolidated financial statements, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

By order of the Board
Hong Kong Entertainment International Holdings Limited
Wang Yun
Executive Director

Hong Kong, 31 March 2025

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, Mr. Wu Chi King and Ms. Yin Suying.

This announcement, for which the Directors 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 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 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 <https://www.irasia.com/listco/hk/hkentertainment/>.