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Hong Kong Entertainment International Holdings Limited

港娛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8291)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

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 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 2025, together with the comparative figures for the year ended 31 December 2024, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Revenue	5	45,313	54,472
Cost of sales		(44,055)	(52,701)
Gross profit		1,258	1,771
Other income, gains and (losses), net	6	8,205	(3,697)
Selling and distribution expenses		(94)	(1,386)
Administrative and other expenses		(4,552)	(6,938)
(Impairment losses)/reversal of impairment losses on trade and other receivables, net		(588)	4,974
Share of result of an associate		–	(112)
Finance costs	7	(915)	(1,566)
Profit/(loss) before income tax		3,314	(6,954)
Income tax expense	8	(1)	–
Profit/(loss) for the year	9	3,313	(6,954)
Other comprehensive income/(expense) for the year:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Release of exchange reserve upon disposal of subsidiaries		245	(5)
Exchange differences arising on translation of financial statements of foreign operations		(221)	696
Other comprehensive income for the year		24	691
Profit/(loss) and total comprehensive income/(expense) for the year		3,337	(6,263)

	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit/(loss) for the year attributable to:			
– Owners of the Company		3,277	(6,914)
– Non-controlling interests		36	(40)
		<u>3,313</u>	<u>(6,954)</u>
 Total comprehensive income/(expense) for the year attributable to:			
– Owners of the Company		3,301	(6,223)
– Non-controlling interests		36	(40)
		<u>3,337</u>	<u>(6,263)</u>
			(Restated)
 Earnings/(loss) per share (RMB)			
– Basic and diluted	<i>11</i>	<u>0.06</u>	<u>(0.13)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,674	2,084
Right-of-use assets		–	–
Interest in an associate		–	–
		<u>1,674</u>	<u>2,084</u>
Current assets			
Inventories		5,395	8,526
Financial assets at fair value through profit or loss		18,269	9,541
Trade receivables	<i>12</i>	14,103	14,640
Prepayments and other receivables		2,629	4,813
Pledged bank deposits		–	2,995
Cash and cash equivalents		1,883	4,099
		<u>42,279</u>	<u>44,614</u>
Current liabilities			
Trade and bills payables	<i>13</i>	14,654	52,993
Accruals and other payables		3,995	12,676
Borrowings	<i>14</i>	–	28,000
Income tax payable		1	54
		<u>18,650</u>	<u>93,723</u>
Net current assets/(liabilities)		<u>23,629</u>	<u>(49,109)</u>
Total assets less current liabilities		<u>25,303</u>	<u>(47,025)</u>
Non-current liabilities			
Bond payables		9,034	–
Borrowings	<i>14</i>	74,573	46,573
		<u>83,607</u>	<u>46,573</u>
Net liabilities		<u>(58,304)</u>	<u>(93,598)</u>
Capital and reserves			
Share capital	<i>15</i>	279	27,909
Reserves		(58,579)	(121,467)
Equity attributable to owners of the Company		<u>(58,300)</u>	<u>(93,558)</u>
Non-controlling interests		(4)	(40)
Capital deficiency		<u>(58,304)</u>	<u>(93,598)</u>

Notes:

1. CORPORATE INFORMATION

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 the Group is principally engaged in the manufacturing and sales of packaging products, provision of customised packaging service and retail sales of products, including but not limited to daily necessities and food products, all of which in the People's Republic of China (the "PRC") and in Hong Kong.

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.

The functional currency of the Company is Hong Kong dollars ("HK\$") while the functional currency of the subsidiaries 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, which collectively includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (the "Ints") as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are mandatorily effective for the annual periods beginning on or after 1 January 2025.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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The application of above 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 of the Group.

(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 were relevant to the Group and have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Directors anticipate that all of the pronouncements of new and amendments to HKFRS Accounting Standards 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 Int 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 will replace HKAS 1 – Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the consolidated financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities’ net profit will not change.
- Management-defined performance measures (“MPMs”) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for the MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., realised gain on disposal of financial assets at fair value through profit or loss ("FVTPL") and unrealised fair value gains on financial assets at FVTPL) into the new categories, namely investing and financing categories.
- The Group disclosed certain MPMs (e.g., adjusted operating profits and adjusted EBITDA) in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the consolidated financial statements.
- The consolidated statement of cash flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

3. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as 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

As at 31 December 2025, the Group had net liabilities of approximately RMB58,304,000. This condition indicates 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 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 2025, after taking into consideration the followings:

- (a) the Group may seek other financing resources (including but not limited to issue of shares or bonds or obtain other credit facilities) to meet its liabilities and obligations as and when they fall due;
- (b) the Group continues to improve the operating efficiency by implementing measures to tighten the cost controls over various operating expenses and streamline the operating efficiency to reduce manufacturing costs in order to enhance its profitability and to improve the cash flows from its operation in the future; and
- (c) a former director of a subsidiary of the Company has agreed to provide adequate funding to support the manufacturing and sales of packaging products to meet its liabilities as they fall due.

The Directors 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 2025. 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 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 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 the manufacturing and sales of packaging products, provision of customised packaging services and retail sales of products, including but not limited to daily necessities and food products. The Group's chief operating decision makers (the "CODM") have been identified as the executive Directors. 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The PRC, excluding Hong Kong	37,612	40,305
Hong Kong of the PRC	7,701	14,167
	45,313	54,472

As at 31 December 2025 and 2024, 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% (2024: 10%) or more of the Group's total revenue is set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A ¹	N/A²	11,735

¹ Revenue from the manufacturing and sales of packaging products.

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

5. REVENUE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15 and recognised at a point in time:		
Manufacturing and sales of packaging products	37,612	40,305
Sales of customised packaging products and retail sales of products	<u>7,701</u>	<u>14,167</u>
	<u>45,313</u>	<u>54,472</u>

6. OTHER INCOME, GAINS AND (LOSSES), NET

Other income and gains/(losses) during the year ended 31 December 2025 are presented in the followings:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income from bank deposits	1	39
Realised gains on disposal of financial assets at FVTPL	24	–
Unrealised fair value gains/(losses) on financial assets at FVTPL	8,166	(3,804)
(Loss)/gain on disposal of subsidiaries	(253)	55
Gain on disposal of an associate	9	–
Gain on disposal of property, plant and equipment and right-of-use assets	12	132
Other gains/(losses), net	<u>246</u>	<u>(119)</u>
	<u>8,205</u>	<u>(3,697)</u>

7. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Imputed interest on bond payables	48	–
Interest on borrowings	<u>867</u>	<u>1,566</u>
	<u>915</u>	<u>1,566</u>

8. INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax – The PRC Enterprise Income Tax (“EIT”) Provision for the year	<u>1</u>	<u>–</u>

9. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year is arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Auditor’s remuneration	552	554
Cost of inventories recognised as expenses	44,055	52,701
Depreciation of property, plant and equipment	1,232	1,835
Depreciation of right-of-use assets	–	24
Expenses related to short-term lease	1,065	232
Staff costs (excluding directors’ emoluments):		
– Salaries, allowances and benefits in kind	1,425	2,137
– Contributions to defined contribution plans	171	280
	<u>1,596</u>	<u>2,417</u>

10. DIVIDENDS

The board of Directors does not recommend payment of any dividend for the year ended 31 December 2025 (2024: nil).

11. EARNINGS/(LOSS) PER SHARE

For the year ended 31 December 2025, the calculation of basic earnings per share is based on the Group’s profit for the year attributable to owners of the Company of approximately RMB3,277,000 and the weighted average number of shares of 53,333,333 in issue, as adjusted by the share consolidation completed on 16 September 2025 (note 15(i)), during the year ended 31 December 2025.

For the year ended 31 December 2024, the calculation of basic loss per share is based on the Group’s loss for the year attributable to owners of the Company of approximately HK\$6,914,000 and the weighted average number of shares of 53,333,333 in issue, restated as a result of the share consolidation of the Company completed on 16 September 2025 (note 15(i)), during the year ended 31 December 2024.

The computation of diluted earnings per share for the year ended 31 December 2025 does not assume the exercise of the Company’s outstanding share options because the exercise price of those share options was higher than the average market price for shares for the year ended 31 December 2025.

The diluted loss per share is the same with the basic loss per share for the year ended 31 December 2024 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 RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables arising from contracts with customers, gross	14,691	22,850
Less: allowance for expected credit losses (“ECL”)	<u>(588)</u>	<u>(8,210)</u>
Trade receivables arising from contracts with customers, net	<u>14,103</u>	<u>14,640</u>

The credit term granted to individual customers varies on a customer by customer basis which is determined by management with reference to the creditability of respective customer. The general credit period is 60-90 days (2024: 180 days).

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	9,633	1,473
More than 1 month but not more than 3 months	4,470	2,578
More than 3 months but not more than 6 months	–	3,399
More than 6 months but not more than 1 year	<u>–</u>	<u>7,190</u>
	<u>14,103</u>	<u>14,640</u>

13. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	14,654	43,009
Bills payables	<u>–</u>	<u>9,984</u>
	<u>14,654</u>	<u>52,993</u>

The credit period granted by suppliers normally is 60 days (2024: 90 days).

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	14,654	2,762
More than 1 month but not more than 3 months	–	12,276
More than 3 months but not more than 6 months	–	6,142
More than 6 months but not more than 1 year	–	14,957
Over 1 year	<u>–</u>	<u>16,856</u>
	<u>14,654</u>	<u>52,993</u>

The bills payables as at 31 December 2024 were secured by pledged bank deposits of the Group (2025: nil).

14. BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current liabilities		
Secured bank borrowings	–	28,000
Non-current liabilities		
Unsecured borrowings	<u>74,573</u>	<u>46,573</u>
	<u><u>74,573</u></u>	<u><u>74,573</u></u>

15. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>	Equivalent to <i>RMB'000</i>
Authorised:			
At 1 January 2024, 31 December 2024 and 1 January 2025, ordinary shares of HK\$0.20 each	500,000,000	100,000	83,490
Share consideration (<i>note (i)</i>)	(333,333,334)	–	–
Capital reduction (<i>note (ii)</i>) and share sub-division (<i>note (iii)</i>)	<u>16,500,000,000</u>	<u>–</u>	<u>–</u>
At 31 December 2025, ordinary shares of HK\$0.006 each	<u><u>16,666,666,666</u></u>	<u><u>100,000</u></u>	<u><u>83,490</u></u>
Issued and fully paid:			
At 1 January 2024, 31 December 2024 and 1 January 2025, ordinary shares of HK\$0.20 each	160,000,000	32,000	27,909
Share consolidation (<i>note (i)</i>)	(106,666,667)	–	–
Capital reduction (<i>note (ii)</i>)	<u>–</u>	<u>(31,680)</u>	<u>(27,630)</u>
At 31 December 2025, ordinary shares of HK\$0.006 each	<u><u>53,333,333</u></u>	<u><u>320</u></u>	<u><u>279</u></u>

Pursuant to an extraordinary general meeting held on 12 September 2025, the special resolution approving the capital reorganisation (the “Capital Reorganisation”) comprising the share consolidation (the “Share Consolidation”), the capital reduction (the “Capital Reduction”) and the share sub-division (the “Share Sub-division”) was duly passed by way of poll and took effect on 16 September 2025 for (i) the Share Consolidation and 22 December 2025 for (ii) the Capital Reduction and (iii) the Share Sub-division. Details of which are as follows:

(i) Share Consolidation

Every three issued shares with par value of HK\$0.20 each in the share capital of the Company were consolidated into one issued consolidated share with par value of HK\$0.60 each.

(ii) Capital Reduction

The par value of each issued consolidated share was reduced from HK\$0.60 to HK\$0.006 by cancelling the paid-up share capital of the Company to the extent of HK\$0.594 on each issued consolidated share, the credit arising from rounding down the total number of consolidated shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a consolidated share in the total number of consolidated shares in the issued share capital of the Company which may arise from the Share Consolidation. Together, a credit of approximately HK\$31,680,000, equivalent to approximately RMB27,630,000, arose as a result of the Capital Reduction. Such credit was transferred to a distributable reserve account of the Company.

(iii) Share Sub-division

Each of the authorised but unissued shares with par value of HK\$0.60 each was sub-divided into 100 new shares with par value of HK\$0.006 each.

Upon the completion of the Share Consolidation on 16 September 2025, the number of authorised share capital has been decreased from 500,000,000 shares at par value of HK\$0.2 each to 166,666,666 at par value of HK\$0.6 each, while the number of issued and fully paid shares has been decreased from 160,000,000 at par value of HK\$0.2 each to 53,333,333 of HK\$0.6 each.

Upon the completion of the Share Reduction and Share Sub-division on 22 December 2025, the number of authorised share capital has been increased from 166,666,666 shares at par value of HK\$0.6 each to 16,666,666,666 at par value of HK\$0.006 each, while the number of issued and fully paid shares remained unchanged from 53,333,333 at par value of HK\$0.6 each to 53,333,333 of HK\$0.006 each. Debit of share capital of HK\$31,680,000, equivalent to approximately RMB27,630,000, and a corresponding credit of accumulated losses, being the distributable reserve of the Company, were recognised during the year ended 31 December 2025.

Details of the Capital Reorganisation are set out in the Company's announcements dated 22 July 2025 and 22 December 2025 and the Company's Circular dated 20 August 2025.

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.

16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period on 9 January 2026 and 12 January 2026, the Group disposed of certain financial assets at FVTPL with an aggregate fair value of approximately HK\$2,700,000, equivalent to approximately RMB2,427,000, as at 31 December 2025. The disposal was completed at a cash consideration of approximately HK\$2,909,000, equivalent to approximately RMB2,615,000. A net realised gain on disposal of financial assets at FVTPL of approximately RMB188,000 is recognised upon the completion of the above-mentioned disposal.

Details are set out in the Company's announcement dated 13 January 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Activities

The Group is principally engaged in the manufacturing and sales of packaging products, the provision of customised packaging services, and the retail sale of products, including but not limited to daily necessities and food products, 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 2025, the Group derived the revenue principally from the sale of packaging and other retail products and also provision of customised packaging services in the PRC and Hong Kong. Our major products consist of a diverse range of packaging materials designed to meet the specific packaging needs of various products. Beyond supplying these materials, we develop tailored solutions that consider our clients’ brand identity and adapt to prevailing market conditions. Furthermore, we also engage in the distribution of the products of our clients and suppliers, offering a more comprehensive service.

The Group recorded a decrease in revenue by approximately RMB9.2 million, or approximately 16.9%, from approximately RMB54.5 million for the year ended 31 December 2024 to approximately RMB45.3 million for the year ended 31 December 2025, which was contributed by the decrease in the average selling price of the Group’s packaging products and decrease in sales demand of repackaging services and retail sales during the year.

The profit for the year ended 31 December 2025 was approximately RMB3.3 million as compared to loss for the year of approximately RMB7.0 million for the year ended 31 December 2024. Such turnaround was mainly due to the fair value gain of the listed investment, and decrease in administrative and other expenses as the Group is executing a cost control strategy.

Looking forward, the Group is committed to further consolidating its market presence across a diversified range of packaging materials and customised packaging solutions, while continuing to expand its retail business of daily necessities and food products in both Hong Kong and the PRC. Leveraging our dual presence in these two key markets, we are well-positioned to serve a diverse clientele from Hong Kong’s brands and discerning consumers to the vast and growing customer base in Mainland China.

As part of its strategy to broaden revenue streams, the Group plans to expand its sales channels to attract new customers for its comprehensive product and service portfolio across both jurisdictions. Amidst China’s economic rebalancing where external demand remains robust but domestic consumption recovery faces structural headwinds — the Group aims to achieve stable growth and reduce concentration risk by diversifying its customer base across its packaging and retail segments in Hong Kong and the PRC. The Chinese government’s intensified policy efforts to boost domestic demand, including consumption subsidies and social welfare enhancements, are expected to gradually support market sentiment and create new opportunities for our retail and packaging services.

Furthermore, to improve the Group's cash flow, the management team remains focused on implementing cost control strategies, including but not limited to minimising fixed overhead costs, while capitalising on growth opportunities arising from the evolving market landscape.

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 bond payables of RMB9.0 million (2024: Nil), secured borrowings of Nil (2024: RMB28.0 million) and unsecured borrowings of approximately RMB74.6 million (2024: RMB46.6 million) as at 31 December 2025.

As at 31 December 2024, bank borrowings of approximately RMB28,000,000 were secured by the leasehold land and buildings of a company wholly-owned by the former director. The unutilised banking facilities in respect of these bank borrowings amounted to RMB52,000,000, and these facilities originally remained valid until 2 September 2027. As at 31 December 2025, there was no such banking facilities.

Financial Review

Revenue

During the year ended 31 December 2025, the Group derived the revenue principally from manufacturing and sales of packaging products, the provision of customised packaging services, and the retail sale of products, including but not limited to daily necessities and food products, in the PRC and Hong Kong. The Group generally recognises revenue from the sales of packaging and retail 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 customised packaging services upon the completion of services to the customers.

Revenue decreased by approximately RMB9.2 million, or approximately 16.9%, from approximately RMB54.5 million for the year ended 31 December 2024 to approximately RMB45.3 million for the year ended 31 December 2025. Such decrease was mainly due to the decrease in average selling prices of the Group's packaging products and the decrease in sales demand of the repackaging services and retail sales during the year.

Cost of sales

Cost of sales mainly comprised the cost of materials and consumables, staff costs, depreciation, utilities, transportation and repair and maintenance costs. The cost of sales decreased by approximately RMB8.6 million, or approximately 16.3% from approximately RMB52.7 million for the year ended 31 December 2024 to approximately RMB44.1 million for the year ended 31 December 2025. Such decrease was consistent with decrease in revenue.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB1.8 million for the year ended 31 December 2024 to approximately RMB1.3 million for the year ended 31 December 2025.

Gross profit margin decreased from approximately 3.3% for the year ended 31 December 2024 to 2.8% for the year ended 31 December 2025. The decrease was mainly due to the net effect of the decrease in the portion of sales from repackaging and the decrease in average selling price of the Group's packaging products for the year ended 31 December 2025 comparing with that for the year ended 31 December 2024.

Other income, gains and losses, net

Other income, gains and losses, net mainly represents sales of scrap materials, 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 recorded an other income, gains of approximately RMB8.2 million, turnaround from losses of approximately RMB3.8 million for the year ended 31 December 2024. The turnaround mainly due to the recognition of gains of approximately RMB8.2 million arising from fair value changes of financial assets at FVTPL for the year ended 31 December 2025, 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 RMB0.1 million and RMB1.4 million for the year ended 31 December 2025 and 2024 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 RMB2.3 million, or approximately 33.3%, from approximately RMB6.9 million for the year ended 31 December 2024 to approximately RMB4.6 million for the year ended 31 December 2025. 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 interest expenses on bank borrowings and lease liabilities. The finance costs decreased by approximately RMB0.7 million, or approximately 43.8%, from approximately RMB1.6 million for the year ended 31 December 2024 to approximately RMB0.9 million for the year ended 31 December 2025. Such decrease was mainly due to the decrease in average balance of the interest-bearing bank borrowings during the year ended 31 December 2025 as compared to the year ended 31 December 2024.

Profit for the year

As a result of the cumulative factors discussed above, the profit for the year ended 31 December 2025 was approximately RMB3.3 million as compared to loss for the year ended 31 December 2024 of approximately RMB7.0 million. Such turnaround was mainly due to the fair value gain of the listed investment, and other receivables and decrease in administrative and other expense for the year ended 31 December 2025.

Dividends

The Board does not recommend the payment of final dividend for the year ended 31 December 2025.

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 2025, the Group's total cash and cash equivalents were approximately RMB1.9 million (2024: RMB4.1 million). Gearing ratio of the Group increased to 190.2% as at 31 December 2025 from 60.0% as at 31 December 2024. 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 increased to 2.27 as at 31 December 2025 from 0.48 as at 31 December 2024.

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.

KEY PERFORMANCE INDICATORS ("KPIS") WITH THE STRATEGY OF THE GROUP

An analysis of the Group's performance during the year using KPIs is set out in the section "Financial Review" in the annual report.

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 2025.

CONTINGENT LIABILITIES

As at 31 December 2025, there were no significant contingent liabilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed 56 employees (2024: 75 employees). Staff costs of the Group (including Directors' remuneration, wages, salaries and other benefits and contribution to defined contribution plans) amounted to approximately RMB2.1 million for the year ended 31 December 2025 (2024: RMB2.9 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 2025, the Group held 17 listed equity securities in Hong Kong and the United States with the fair value of RMB18.3 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 2025, are as follows:

Company Name/Stock Code	% of shareholding as at 31 December 2025	Fair value gains/(losses) for the year ended 31 December 2025 <i>RMB'000</i>	Fair value as at 31 December 2025 <i>RMB'000</i>	% of total assets of the Group as at 31 December 2025
Securities listed in Hong Kong				
Luxxu Group Limited ("Luxxu") (1327) <i>(Note (a))</i>	4.81%	5,352	6,800	15.5%
AI Energy Engineering Holdings Limited ("AI Energy") (1751) <i>(Note (b))</i>	0.71%	2,517	3,092	7.0%
Harbour Digital Asset Capital Limited ("HDAC") (913) <i>(Note (c))</i>	2.93%	(765)	2,802	6.4%
Others <i>(Note (d))</i>			5,575	12.7%
			<u>18,269</u>	<u>41.6%</u>

Notes:

- (a) Luxxu is principally engaged in the manufacture and sales of own-branded watches and jewellery, including but not limited to diamond watches, tourbillon watches and luxury jewellery watches, OEM watches and third-party watches and assists customers to hold exhibition. As disclosed in the interim report of Luxxu for the six months ended 30 June 2025, it recorded unaudited net loss attributable to its owners of RMB5.6 million for the six months ended 30 June 2025.

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 Luxxu was approximately HK\$2.2 million. As at 31 December 2025, the Group owned 10,364,000 shares of Luxxu, representing 4.81% equity interests in Luxxu with a carrying amount of the Group's interest in Luxxu of approximately HK\$7.6 million (approximately RMB6.8 million), representing approximately 15.5% of the total assets of the Company as at 31 December 2025. Up to 31 December 2025, no dividends was received from Luxxu. The fair value of Luxxu is based on quoted market prices.

- (b) AI Energy is principally engaged principally engaged in the provision of concrete demolition services in Hong Kong and Macau mainly as a subcontractor. As disclosed in the interim report of AI Energy for the six months ended 30 June 2025, it recorded unaudited net loss attributable to its owners of HK\$4.6 million for the six months ended 30 June 2025.

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 AI Energy was approximately HK\$1.4 million. As at 31 December 2025, the Group owned 1,720,000 shares of AI Energy, representing 0.71% equity interests in AI Energy with a carrying amount of the Group's interest in AI Energy of approximately HK\$3.4 million (approximately RMB3.1 million), representing approximately 7.0% of the total assets of the Company as at 31 December 2025. Up to 31 December 2025, no dividends was received from AI Energy. The fair value of AI Energy is based on quoted market prices.

- (c) 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 2025, it recorded unaudited net profit attributable to its owners of HK\$7.2 million for the six months ended 30 June 2025.

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 2025, the Group owned 10,390,000 shares of HDAC, representing 2.93% equity interests in HDAC with a carrying amount of the Group's interest in HDAC of approximately HK\$3.1 million (approximately RMB2.8 million), representing approximately 6.4% of the total assets of the Company as at 31 December 2025. Up to 31 December 2025, no dividends was received from HDAC. The fair value of HDAC is based on quoted market prices.

- (d) Save as disclosed above, none of these investments represented more than 5% of the total assets of the Group as at 31 December 2025.

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 2025, the Group did not hedge any exposure to foreign exchange risk.

CAPITAL STRUCTURE

As at 31 December 2025, the Company's issued share capital was HK\$320,000, equivalent to approximately RMB279,000, and the number of its issued ordinary share was 53,333,333 of HK\$0.006 each. Except for the changes mentioned elsewhere in this announcement, 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 announcement, the Group did not have other plans for material investments or capital assets as at 31 December 2025.

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

Save as disclosed elsewhere in the announcement, as at 31 December 2025, 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 2025, 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 2025, 839,781 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\$0.006 each of the Company.

Category of participants	Date of grant	Vesting period	Number of share options				Adjustment during the year ended 31 December 2025	Outstanding as at 31 December 2025	Exercisable period	Exercise price per share (HK\$)
			Outstanding as at 1 January 2025	Granted during the year ended 31 December 2025	Exercised during the year ended 31 December 2025	Lapsed/ cancelled during the year ended 31 December 2025				
Executive director	10 April 2019	No	2,204,440	-	-	-	(1,469,629)	734,811 <i>(note i)</i>	10 years	5.943
	6 April 2022	No	8,256,000	-	-	(8,256,000)	-	-	3 years	0.400
Consultants	10 April 2019	No	314,912	-	-	-	(209,942)	104,970 <i>(note ii)</i>	10 years	5.943
			<u>10,775,352</u>	<u>-</u>	<u>-</u>	<u>(8,256,000)</u>	<u>(1,679,571)</u>	<u>839,781</u>		

Notes:

- (i) The share options have been granted to 7 employees and each of them hold 104,973 share options.
- (ii) 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 2025.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ COMPETING INTERESTS

As at 31 December 2025, 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 2025 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 2025 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 2025 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 2025 as set out below:

Material Uncertainty Related to Going Concern

We draw attention to note 3 to the consolidated financial statements, which indicates the Group had net liabilities of approximately RMB58,304,000. As stated in note 3 to the consolidated financial statements, this condition indicates 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 2026

As at the date of this announcement, the executive Directors are 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/>.