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

(Stock code: 8291)

2026
Interim Report

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

Contents

Corporate Information

DIRECTORS

Executive Directors:

Mr. Wang Yun
Mr. Zou Yonggang

Independent Non-executive Directors:

Mr. Wong Sui Chi
Mr. Wu Chi King
Ms. Yin Suying

AUDIT COMMITTEE

Mr. Wong Sui Chi *(Chairman)*
Mr. Wu Chi King
Ms. Yin Suying

REMUNERATION COMMITTEE

Ms. Yin Suying *(Chairlady)*
Mr. Wong Sui Chi
Mr. Wu Chi King

NOMINATION COMMITTEE

Mr. Wu Chi King *(Chairman)*
Mr. Wong Sui Chi
Mr. Wang Yun

COMPANY SECRETARY

Ms. Tam Mei Chu

COMPLIANCE OFFICER

Mr. Wang Yun

AUTHORISED REPRESENTATIVES

Mr. Wang Yun
Ms. Tam Mei Chu

REGISTERED OFFICE

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Corporate Information (Continued)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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PRINCIPAL BANKERS

Dah Sing Bank Limited
China Merchants Bank Co., Ltd.
Suzhou Branch

AUDITOR

Jon Gepsom CPA Limited
Certified Public Accountants and
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STOCK CODE

8291

COMPANY'S WEBSITE

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

Financial Highlights

- The Group's revenue for the six months ended 30 June 2026 was approximately RMB37.9 million, representing an increase of approximately 55.3% when compared to the Group's revenue of approximately RMB24.4 million for the six months ended 30 June 2025.

- The Group recorded a loss attributable to owners of the Company of approximately RMB2.3 million for the six months ended 30 June 2026, as compared to a loss attributable to owners of the Company of approximately RMB0.1 million for the six months ended 30 June 2025.

- The board of Directors (the "Board") does not recommend the payment of interim dividend for the six months ended 30 June 2026 (2025: nil).

- As at 30 June 2026, the Group's total cash and bank balances were approximately RMB1.0 million (31 December 2025: RMB1.9 million). Gearing ratio of the Group, being the total interest-bearing debts over total assets of the Group, increased from approximately 190.2% as at 31 December 2025 to approximately 245.3% as at 30 June 2026.

Unaudited Condensed Consolidated Interim Results for the six months ended 30 June 2026

The Board announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2026, together with the comparative figures, as follows:

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

For the six months ended 30 June 2026

	Notes	**Six months ended 30 June**	
		2026	2025
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	2	**37,872**	24,396
Cost of sales		**(37,439)**	(23,279)
Gross profit		**433**	1,117
Other gains, net	2	**1,494**	2,150
Selling expenses		**(5)**	(93)
Administrative and other expenses		**(2,702)**	(2,477)
Reversal of impairment losses on trade receivables		**355**	–
Finance costs	3	**(1,891)**	(867)
Loss before income tax	5	**(2,316)**	(170)
Income tax expense	4	**(3)**	–
Loss for the period		**(2,319)**	(170)
Other comprehensive expense for the period			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of financial statements of foreign operations		**(451)**	(600)
Total comprehensive expense for the period		**(2,770)**	(770)

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

For the six months ended 30 June 2026

	Note	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Loss for the period attributable to:			
– owners of the Company		**(2,319)**	(147)
– non-controlling interests		**–**	(23)
		(2,319)	(170)
Total comprehensive expense for the period attributable to:			
– owners of the Company		**(2,770)**	(747)
– non-controlling interests		**–**	(23)
		(2,770)	(770)
			(Restated)
Loss per share	7		
– Basic and diluted (RMB cents)		**(4.35)**	(0.28)

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Non-current asset			
Property, plant and equipment	8	**1,056**	1,674
Current assets			
Inventories	9	**5,395**	5,395
Trade receivables	10	**5,598**	14,103
Financial assets at fair value through profit or loss	11	**16,590**	18,269
Prepayments and other receivables		**5,057**	2,629
Cash and bank balances		**1,034**	1,883
		33,674	42,279
Current liabilities			
Trade payables	12	**5,804**	14,654
Accruals and other payables		**4,813**	3,995
Borrowings	13	**76,176**	–
Bond payables	14	**9,003**	–
Income tax payable		**4**	1
		95,800	18,650
Net current (liabilities)/assets		**(62,126)**	23,629
Total assets less current liabilities		**(61,070)**	25,303

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2026

		As at	
	Notes	**30 June 2026 RMB'000 (Unaudited)**	31 December 2025 RMB'000 (Audited)
Non-current liabilities			
Borrowings	13	**–**	74,573
Bond payables	14	**–**	9,034
		–	83,607
Net liabilities		**(61,070)**	(58,304)
Capital and reserves			
Share capital	15	**279**	279
Reserves		**(61,349)**	(58,579)
Equity attributable to owners of the Company		**(61,070)**	(58,300)
Non-controlling interests		**–**	(4)
Capital deficiency		**(61,070)**	(58,304)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Equity attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserve fund RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2025	27,909	105,325	3,826	7,200	3,729	6,723	(35,783)	(212,487)	(93,558)	(40)	(93,598)
Loss for the period	–	–	–	–	–	–	–	(147)	(147)	(23)	(170)
Other comprehensive expense:											
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	(600)	–	–	(600)	–	(600)
Total comprehensive expense for the period	–	–	–	–	–	(600)	–	(147)	(747)	(23)	(770)
Lapse of share options (note 16)	–	–	–	–	(1,266)	–	–	1,266	–	–	–
Changes in equity for the period	–	–	–	–	(1,266)	(600)	–	1,119	(747)	(23)	(770)
At 30 June 2025 (unaudited)	27,909	105,325	3,826	7,200	2,463	6,123	(35,783)	(211,368)	(94,305)	(63)	(94,368)
At 1 January 2026	279	105,325	3	39,157	2,463	6,747	–	(212,274)	(58,300)	(4)	(58,304)
Loss for the period	–	–	–	–	–	–	–	(2,319)	(2,319)	–	(2,319)
Other comprehensive expense:											
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	(451)	–	–	(451)	–	(451)
Total comprehensive expense for the period	–	–	–	–	–	(451)	–	(2,319)	(2,770)	–	(2,770)
Disposal of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	–	4	4
Changes in equity for the period	–	–	–	–	–	(451)	–	(2,319)	(2,770)	4	(2,766)
At 30 June 2026 (unaudited)	279	105,325	3	39,157	2,463	6,296	–	(214,593)	(61,070)	–	(61,070)

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(3,332)**	(1,345)
Cash flows from investing activities		
Purchase of property, plant and equipment	**–**	(249)
Proceeds on disposal of property, plant and equipment	**–**	24
Purchase of financial assets at fair value through profit or loss	**–**	(2,260)
Proceeds on disposal of financial assets at fair value through profit or loss	**2,540**	1,231
Withdrawal of pledged bank deposits	**–**	2,995
Net cash from investing activities	**2,540**	1,741
Cash flow from financing activity		
Interest paid	**–**	(867)
Cash used in financing activity	**–**	(867)
Net decrease in cash and cash equivalents	**(792)**	(471)
Cash and cash equivalents at the beginning of the period	**1,883**	4,099
Effect on exchange rate changes on cash and cash equivalents	**(57)**	(63)
Cash and cash equivalents at the end of the period, representing cash and bank balances	**1,034**	3,565

Notes to the Unaudited Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2026

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

The Company is an investment holding company and its subsidiaries (collectively referred to as the "Group") are principally engaged in 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, all of which in the People's Republic of China (the "PRC"), including 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 unaudited condensed consolidated interim financial information, the Group adopted RMB as its presentation currency as to better reflect the financial results and performance of the main operation of the Group.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

The unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include explanations of events and transactions that are significant to an understanding of the changes in consolidated financial position and consolidated financial performance of the Group since the consolidated financial statements for the year ended 31 December 2025. These condensed consolidated interim financial information and notes thereon do not include all of the information required for the preparation of full set of consolidated financial statements in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), HKAS and interpretations ("Ints"), as issued by the HKICPA and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2025.

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

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

For the six months ended 30 June 2026

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

The accounting policies and method of computation adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2025, except for the adoption of amendments to HKFRS Accounting Standards as described below.

Going concern consideration

For the six months ended 30 June 2026, the Group incurred a net loss of approximately RMB2,319,000 and, as at 30 June 2026, the Group had net current liabilities and net liabilities of approximately RMB62,126,000 and RMB61,070,000 respectively. These events or conditions indicate the existence of a material uncertainty which might cast significant doubt on the Group's ability to continue as a going concern.

Nevertheless, the condensed consolidated interim financial information of the Group has been prepared on the going concern basis as the directors of the Company are of the view that the Group will have sufficient working capital to finance its operations and to fulfill its financial obligations as and when they fall due in the coming twelve months from 30 June 2026, after taking into consideration the followings:

(a) on 9 July 2026, the directors of the Company proposed to conduct a rights issue on the basis of three rights shares for every one share of the Company on a non-underwritten basis at a subscription price of HK$0.2 per each rights share (the "Rights Issue"). Upon completion of the Rights Issue, which is expected to be completed in October 2026, the estimated net proceeds of approximately HK$30,720,000, equivalent to approximately RMB26,643,000, will be raised assuming that all the rights shares are being placed by the placing agent;

(b) on 31 July 2026, the lender (the "Lender") of the borrowings with aggregate principal amount of approximately RMB74,573,000 agreed to extend the maturity date of portion of the other borrowings with aggregate principal amount of approximately RMB61,563,000 from 30 June 2027 to 30 June 2028 in order to provide liquidity of the Group;

(c) 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;

(d) the Group may consider to raise additional working capital by realising the listed equity securities held by the Group as needed; and

(e) the Group will continue 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.

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

For the six months ended 30 June 2026

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

The directors of the Company consider that, after taking into account the aforementioned plans and measures, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from 30 June 2026. Accordingly, the condensed consolidated interim financial information has been prepared on a going concern basis.

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

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards which are effective for the Group's financial year beginning 1 January 2026:

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to HKFRS Accounting Standards	Volume 11

The application of above amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's consolidated financial position and financial performance for the current and prior periods and/or on the disclosures set out in this condensed consolidated interim financial information.

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

For the six months ended 30 June 2026

2. REVENUE, OTHER GAINS, NET AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15 and recognised at a point in time:		
Manufacturing and sales of packaging products	**20,105**	20,403
Sales of customised packaging products and retail sales of products	**17,767**	3,993
	37,872	24,396
Other gains, net		
Realised and unrealised fair value gains of financial assets at fair value through profit or loss ("FVTPL")	**1,492**	2,146
Gain on disposal of property, plant and equipment (note 8)	**–**	4
Gain on disposal of subsidiaries	**2**	–
	1,494	2,150

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

For the six months ended 30 June 2026

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

Segment Information

The Group's businesses include 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, all of which in the PRC, including Hong Kong. The Group's chief operating decision maker (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 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:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
The PRC, excluding Hong Kong	**37,872**	20,403
Hong Kong of the PRC	**–**	3,993
	37,872	24,396

As at 30 June 2026 and 31 December 2025, the Group's non-current asset was 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 amounted to 10% (2025: 10%) or more of the Group's revenue is set out below:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Customer A (note (a))	**–**	4,406
Customer B (note (a))	**–**	3,910
Customer C (note (a))	**–**	2,670
Customer D (note (a))	**8,691**	–
Customer E (note (b))	**4,472**	–
Customer F (note (b))	**4,450**	–
Customer G (note (b))	**4,429**	–
Customer H (note (b))	**4,415**	–

Notes:

(a) Revenue from manufacturing and sales of packaging products.

(b) Revenue from sales of customised packaging products and retail sales of products.

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

For the six months ended 30 June 2026

3. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on borrowings (note 13)	**1,603**	867
Interest expense on bond payables (note 14)	**288**	–
	1,891	867

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
– PRC Enterprise Income Tax ("EIT")	**3**	–

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%. No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2026 and 2025 as the Group has no assessable profits derived in Hong Kong.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries of the Group is 25% for the six months ended 30 June 2026 and 2025, except for Suzhou Wanyingcheng Material Technology Co., Ltd.* (蘇州萬贏成材料科技有限公司), an indirect wholly-owned subsidiary of the Company, which is qualified as a micro and small enterprise under the relevant PRC tax regulations and EIT rate of 5% is being applied.

The Group is not subject to taxation in other jurisdictions for the six months ended 30 June 2026 and 2025.

* The English name is for identification purpose only

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

For the six months ended 30 June 2026

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories recognised as an expense	**37,439**	23,279
Depreciation of property, plant and equipment	**618**	595
Expense related to short-term leases	**531**	17

6. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2026, nor has any dividend been proposed since the end of the reporting period (2025: nil).

7. LOSS PER SHARE

The calculation of basic loss per share are based on the Group's loss for the period attributable to owners of the Company of approximately RMB2,319,000 (2025: RMB147,000) and the weighted average number of shares of 53,333,333 (2025: 53,333,333 (restated)) in issue during the six months ended 30 June 2026.

The weighted average number of shares used in the calculation of basic and diluted loss per share for the six months ended 30 June 2025 was adjusted as a result of the share consolidation (the "Share Consolidation") completed on 16 September 2025 (note 15 (i)).

The diluted loss per share is the same with the basic loss per share for the six months ended 30 June 2026 and 2025 since the exercise of the outstanding share options of the Company was not assumed as its exercise would have decreased in loss per share.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired of property, plant and equipment with cost of approximately RMB249,000 (2026: nil).

During the six months ended 30 June 2025, the Group disposed of property, plant and equipment with net book value of approximately RMB20,000 (2026: nil) with sales proceeds of approximately RMB24,000 (2026: nil), resulting gain on disposal of property, plant and equipment of approximately RMB4,000 (2026: nil) (note 2).

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

For the six months ended 30 June 2026

9. INVENTORIES

	As at	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Raw materials	**4,208**	2,752
Finished goods	**1,187**	2,643
	5,395	5,395

10. TRADE RECEIVABLES

	As at	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables arising from contracts with customers	**5,831**	14,691
Less: allowance for expected credit losses ("ECL")	**(233)**	(588)
	5,598	14,103

The credit terms granted to individual customers varies on a customer by customer basis which is determined by management of the Group with reference to the creditability of a respective customer. The general credit period ranged from 60-90 days (31 December 2025: 60-90 days).

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

	As at	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 1 month	**4,809**	9,633
More than 1 month but not more than 3 months	**–**	4,470
More than 3 months but not more than 6 months	**789**	–
	5,598	14,103

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

For the six months ended 30 June 2026

11. FINANCIAL ASSETS AT FVTPL

	As at	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Held for trading:		
– listed equity securities in Hong Kong	**16,530**	17,919
– listed equity securities in the United States (the "U.S.")	**60**	350
	16,590	18,269

The fair value of listed equity securities are based on bid prices as quoted in the Stock Exchange and other stock exchange as at the end of each reporting period.

12. TRADE PAYABLES

	As at	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade payables	**5,804**	14,654

The credit period granted by suppliers is normally 60 days (31 December 2025: 60 days).

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

	As at	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 1 month	**4,978**	14,654
More than 3 months but not more than 6 months	**826**	–
	5,804	14,654

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

For the six months ended 30 June 2026

13. BORROWINGS

	As at	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Unsecured borrowings	**76,176**	74,573
Carrying amount repayable (based on schedule repayment dates)		
On demand or within one year	**76,176**	–
After one year but within two years	**–**	74,573
	76,176	74,573
Carrying amount repayable on demand or within one year and shown under current liabilities	**(76,176)**	–
Amount shown under non-current liabilities	**–**	74,573

As at 30 June 2026, unsecured borrowings with aggregate principal amount of approximately RMB74,573,000 (31 December 2025: RMB74,573,000) were due to the independent third party not connected with the Group (31 December 2025: former director of the Company) and such amounts were non-trade nature, unsecured and carried interest rate of 4.3% per annum. As at 30 June 2026, the interest portion of the unsecured borrowings was approximately RMB1,603,000 (31 December 2025: nil). The original maturity date of the unsecured borrowings was 30 June 2027.

On 30 June 2026, demand letter has been issued by the Lender for the request for early repayment of certain portion of the unsecured borrowings with principal amount of HK$15,000,000, equivalent to approximately RMB13,010,000, on or before 30 November 2026. The remaining portion of unsecured borrowings of approximately RMB61,563,000 continued as repayable on 30 June 2027. Both portions of the unsecured borrowings were classified as current liabilities as at 30 June 2026.

Subsequent to the end of the reporting period, on 31 July 2026, the Lender agreed to extend the maturity date of the remaining portion of unsecured borrowings of approximately RMB61,563,000 from 30 June 2027 to 30 June 2028.

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

For the six months ended 30 June 2026

14. BOND PAYABLES

On 28 November 2025, the Company issued an unsecured bond (the "Bond 1") with principal amount of HK$5,000,000, equivalent to approximately RMB4,494,000, to an independent third party not connected with the Group at a cash consideration of HK$5,000,000, equivalent to approximately RMB4,494,000. Bond 1 carried interest rate of 6.5% per annum, payable on maturity date of 27 November 2030. The effective interest rate of the Bond 1 is 5.8% per annum.

On 1 December 2025, the Company issued another unsecured bond (the "Bond 2") with principal amount of HK$5,000,000, equivalent to approximately RMB4,494,000, to an independent third party not connected with the Group at a cash consideration of HK$5,000,000, equivalent to approximately RMB4,494,000. Bond 2 carried interest rate of 6.5% per annum, payable on maturity date of 30 November 2030. The effective interest rate of the Bond 2 is 5.8% per annum.

As at 31 December 2025, both Bond 1 and Bond 2 were classified as non-current liabilities.

On 30 June 2026, demand letter has been issued by the bondholder of the Bond 1 and Bond 2 for the request for early repayment of the Bond 1 and Bond 2 with whole principal amount and the accrued interest. Such bond payables, together with the interest portion, became repayable on demand and were classified as current liabilities as at 30 June 2026.

The movement of the Bond 1 and Bond 2 are presented as follows:

	Bond 1 RMB'000	Bond 2 RMB'000	Total RMB'000
At 1 January 2025	–	–	–
Issue of the Bond 1 and Bond 2	4,494	4,494	8,988
Imputed interest	25	23	48
Exchange re-alignment	(1)	(1)	(2)
At 31 December 2025 (audited) and 1 January 2026	**4,518**	**4,516**	**9,034**
Imputed interest (note 3)	**144**	**144**	**288**
Exchange re-alignment	**(160)**	**(159)**	**(319)**
At 30 June 2026 (unaudited)	**4,502**	**4,501**	**9,003**

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

For the six months ended 30 June 2026

15. SHARE CAPITAL

	Number of shares	Amount HK$'000	Equivalent to RMB'000
Authorised			
At 1 January 2025, ordinary shares of HK$0.20 each	500,000,000	100,000	83,490
Share Consolidation (note (i))	(333,333,334)	–	–
Share sub-division (note (iii))	16,500,000,000	–	–
At 31 December 2025 (audited), 1 January 2026 and 30 June 2026 (unaudited), ordinary shares of HK$0.006 each	**16,666,666,666**	**100,000**	**83,490**
Issued and fully paid			
At 1 January 2025, ordinary shares of HK$0.20 each	160,000,000	32,000	27,909
Share Consolidation (note (i))	(106,666,667)	–	–
Share reduction (note (ii))	–	(31,680)	(27,630)
At 31 December 2025 (audited), 1 January 2026 and 30 June 2026 (unaudited), ordinary shares of HK$0.006 each	**53,333,333**	**320**	**279**

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

(i) Share Consolidation

Every three shares with par value of HK$0.20 each were consolidated into one issued consolidated share with par value of HK$0.60 each.

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

For the six months ended 30 June 2026

15. SHARE CAPITAL (Continued)

(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.

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

For the six months ended 30 June 2026

16. SHARE OPTION SCHEMES

On 23 June 2017, a share option scheme (the "Old Share Option Scheme") has been approved and adopted by shareholders' resolution. Unless otherwise cancelled or amended subject to resolution passed at general meeting of the Company, the Old Share Option Scheme remained in force for ten years from 23 June 2017 to 22 June 2027. The Old Share Option Scheme was terminated and the new share option scheme (the "New Share Option Scheme") has been adopted on 17 June 2026, which were both approved by the shareholders' resolution passed at the annual general meeting of the Company on 17 June 2026. The New Share Option Scheme remains in force for ten years from 17 June 2026 to 16 June 2036.

The adoption of the New Share Option Scheme was to conform with the new requirements under the GEM Listing Rules.

The primary purpose of the New Share Option Scheme is to provide and give the eligible participants (the "Eligible Participants"), including employees and directors of the Group (the "Employee Participants"), and the directors and employees (whether full time or part time) of the related entity (the "Related Entity Participants"), an opportunity to have a personal stake in the Company and will help motivate the Eligible Participants in optimising their performance and efficiency, attract and retain the Eligible Participants whose contributions are important to the long-term growth and profitability of the Group.

With respect to the Employee Participants, the board of directors of the Company will consider all relevant factors including (i) their educational and professional qualifications, and knowledge in the industry; (ii) their skills, knowledge, experience, expertise and other relevant personal qualities; (iii) their length of engagement or employment with the Group; (iv) their performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; and (v) their contribution made or expected to be made to the growth of the Group.

With respect to the Related Entity Participants, the board of directors of the Company will consider all relevant factors including (i) the positive impact brought by, or expected from, the Related Entity Participant on the Group's business in terms of an increase in revenue or profits and/or an addition of expertise to the Group; (ii) the period of engagement or employment of the Related Entity Participant by the Group; (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has or is expected to refer or introduce opportunities to the Group which have or are likely to materialise into further business relationships; and (v) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship. For the avoidance of doubt, the key external partners eligible under the New Share Option Scheme are limited solely to the Related Entity Participants, and no independent contractors, consultants, agents, or other third-party service providers (whether corporates or individuals) shall fall within the scope of the Eligible Participants under any circumstances.

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

For the six months ended 30 June 2026

16. SHARE OPTION SCHEMES (Continued)

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. A nominal consideration of HK$1 is payable by the grantee on acceptance of the grant of an option. The subscription price of the options under the New Share Option Scheme shall be a price solely determined by the board of directors of the Company and notified to a participant and shall not be less than the higher of: (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange for the five consecutive business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share of the Company on the date of grant of the option.

The Company may seek approval of the shareholders in a general meeting to refresh the 10% limit after 3 years from the date of adoption of the New Share Option Scheme, or the date of the shareholders' approval for the last refreshment, provided that the total number of shares which may be allotted and issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of the number of shares in issue (excluding Treasury Shares) as at the date of approval of the limit.

Under the New Share Options Scheme, an option must be held by the grantee for at least twelve (12) months before the option can be exercised. However, where the Eligible Participant is an Employee Participant, the remuneration committee (in the case where the Employee Participant is a Director or a senior manager of the Company) or the board of directors of the Company (in the case where such Employee Participant is neither a director of the Company nor a senior manager) shall have the authority to determine shorter vesting period, if the remuneration committee (or, as the case may be, the directors of the Company) considers that a shorter vesting period is appropriate to align with the purpose of the New Share Option Scheme.

The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the New Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the 1% limit in any 12-month period up to and including the date of such further grant must be separately approved by the shareholders in a general meeting of the Company with such grantee and his associates abstaining from voting. The number and terms (including the exercise price) of options to be further granted must be fixed before the approval of the shareholders and the date of the board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under the GEM Listing Rules.

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

For the six months ended 30 June 2026

16. SHARE OPTION SCHEMES (Continued)

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the directors of the Company to each grantee, which period may commence from the date of offer for the grant of the option is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

The total number of shares available for issue under the New Share Option Scheme was 5,333,333, representing 10% of the issued share capital of the Company (excluding treasury shares) as at the date of this interim report. The maximum number of the shares that may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option scheme of the Group) under the New Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of all the 53,333,333 shares of the Company in issue (excluding treasury shares).

During the six months ended 30 June 2026, no share options were granted, exercised, lapsed nor cancelled under the New Share Option Scheme (year ended 31 December 2025: nil).

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

For the six months ended 30 June 2026

16. SHARE OPTION SCHEMES (Continued)

As at 30 June 2026, the number of shares may be issued in respect of which options had been granted and remained outstanding under the Old Share Option Scheme was 839,781 (31 December 2025: 2,519,352), representing 1.57% (31 December 2025: 1.57%) of the shares of the Company in issue at that date.

Details and the movement of the options granted under the Old Share Option Scheme are as follows:

		Exercise price			Number of share options			
Date of grant	Exercisable period	As at 1 January 2025 (Note (i))	As at 31 December 2025 (Note (i))	As at 30 June 2026 (Note (ii))	As at 1 January 2025 (Audited)	Lapsed during the year ended 31 December 2025 (Audited)	Adjustment during the year ended 31 December 2025 (Note (iii)) (Audited)	As at 31 December 2025 (audited), 1 January 2026 and 30 June 2026 (unaudited)
10 April 2019	10 April 2019 – 9 April 2029	HK$1.981	HK$1.981	HK$5.943	2,519,352	-	(1,679,571)	839,781
6 April 2022	6 April 2022 – 5 April 2025	HK$0.400	N/A	N/A	8,256,000	(8,256,000)	-	-
					10,775,352	(8,256,000)	(1,679,571)	839,781
Exercisable as at the end of the reporting period								839,781
Weighted average exercise price					HK$0.770	HK$0.400	HK$1.981	HK$5.943

Notes:

(i) The exercise price of the share options under the Old Share Option Scheme has been adjusted by (i) the share consolidation of every four existing shares of the Company consolidated into one consolidated share of the Company on 20 September 2022; (ii) the rights issue on 8 January 2021; and (iii) the rights issue on 28 October 2022.

(ii) The exercise price of the share options under the Old Share Option Scheme has been further adjusted by the Share Consolidation on 16 September 2025.

(iii) During the year ended 31 December 2025, the number of outstanding share options under the Old Share Option Scheme has been adjusted from 2,519,352 to 839,781 as a result of the Share Consolidation, with the corresponding adjustment on the exercise price of the share options, with the total exercisable value of the outstanding share options remaining unchanged.

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

For the six months ended 30 June 2026

16. SHARE OPTION SCHEMES (Continued)

The following table discloses movement of the Company's share options under the Old Share Option Scheme held by the employees and consultants of the Group:

			Number of share options			
Category of participants	Date of grant	Exercisable period	As at 1 January 2025 (Audited)	Lapsed during the year ended 31 December 2025 (Audited)	Adjustment during the year ended 31 December 2025 (Audited)	As 31 December 2025 (audited), 1 January 2026 and 30 June 2026 (unaudited)
Employees	10 April 2019	10 April 2019 – 9 April 2029	2,204,440	–	(1,469,629)	734,811
	6 April 2022	6 April 2022 – 5 April 2025	8,256,000	(8,256,000)	–	–
Consultants	10 April 2019	10 April 2019 – 9 April 2029	314,912	–	(209,942)	104,970
			10,775,352	(8,256,000)	(1,679,571)	839,781

During the six months ended 30 June 2025, as a result of the lapse of 8,256,000 share options (2026: nil), RMB1,266,000 (2026: nil) has been debited to share option reserve and reclassified to accumulated losses.

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

For the six months ended 30 June 2026

16. SHARE OPTION SCHEMES (Continued)

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

	6 April 2022	10 April 2019
Exercise price (HK$)*	0.1032	0.156
Expected volatility (%)	135	40
Expected option life (years)	3	10
Expected dividend yield (%)	–	–
Risk-free interest rate (%)	0.213	1.651
Fair value per share option at grant date (HK$)*	0.05	0.08

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

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

* The exercise price and the fair value per share option at grant date presented in the table were not adjusted for any adjustments arising from the share consolidations and rights issues.

17. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: Unobservable inputs for the asset or liability.

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

For the six months ended 30 June 2026

17. FAIR VALUE MEASUREMENT (Continued)

The Group's financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

	As at	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Financial assets at FVTPL:		
– Listed equity securities in Hong Kong and the U.S. measured at fair value hierarchy Level 1 with reference to the bid prices as quoted in the stock exchanges	**16,590**	18,269

There were no transfers between Levels during the six months ended 30 June 2026 and year ended 31 December 2025.

Fair value of financial instruments that are not measured at fair value on a recurring basis

The directors of the Company considered that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated interim financial information are not materially differ from their fair values.

18. EVENTS AFTER THE REPORTING PERIOD

(i) As disclosed in note 13, on 31 July 2026, the Lender agreed to extend the maturity date of the remaining portion of unsecured borrowings of approximately RMB61,563,000 from 30 June 2027 to 30 June 2028.

(ii) On 9 July 2026, the directors of the Company proposed the Rights Issue on the basis of the three rights shares for every one share of the Company on a non-underwritten basis at a subscription price of HK$0.2 per each rights share. Upon completion of the Rights Issue, which is expected to be completed in October 2026, the estimated net proceeds of approximately HK$30,720,000, equivalent to approximately RMB26,643,000, will be raised assuming that all the rights shares are being placed by the placing agent. Up to the date of this unaudited condensed consolidated interim financial information, the Rights Issue has not yet been completed.

Details are set out in the Company's announcement dated 9 July 2026 and the Company's circular dated 12 August 2026.

Management Discussion and Analysis

BUSINESS ACTIVITIES

The Group is principally engaged into in 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, all of which in the People's Republic of China (the "PRC"), including Hong Kong. The shares of the Company were listed on GEM of the Stock Exchange (the "Listing") on 18 July 2017.

BUSINESS REVIEW AND PROSPECT

During the six months ended 30 June 2026, the Group derived revenue principally from the sales of packaging products, provision of customised packaging services and retail sales of products, including but not limited to daily necessities and food products, all of which in the PRC, including Hong Kong.

The Group recorded an increase in revenue by approximately RMB13.5 million, or approximately 55.3%, from approximately RMB24.4 million for the six months ended 30 June 2025 to approximately RMB37.9 million for the six months ended 30 June 2026, which was due to the increase in the sales demand of the Group's services and products as the Group expanded the product mix during the six months ended 30 June 2026.

The Group recorded a loss of approximately RMB2.3 million for the six months ended 30 June 2026 as compared to approximately RMB0.1 million for the six months ended 30 June 2025. The increase was mainly attributable to (i) decrease in realised and unrealised fair value gains of financial assets at FVTPL of approximately RMB1.5 million (2025: RMB2.1 million) recognised during the six months ended 30 June 2026; and (ii) increase of finance costs from approximately RMB0.9 million for the six months ended 30 June 2025 to approximately RMB1.9 million for the six months ended 30 June 2026.

Management Discussion and Analysis (Continued)

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 Chinese Mainland.

As part of its strategy to broaden revenue streams, the Group plans to expand its sales channels to attract new customers for its comprehensive products 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 flows, 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 unsecured borrowings and related accrued interest of approximately RMB76.2 million (31 December 2025: RMB74.6 million) as at 30 June 2026.

The Group had bond payables of approximately RMB9.0 million (31 December 2025: RMB9.0 million) as at 30 June 2026.

As at 30 June 2026, none of the assets of the Group has been pledged to secure any loan granted to the Group (31 December 2025: Nil).

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2026, the Group derived the revenue principally from the sales of packaging products, provision of customised packaging services and retail sales of products, including but not limited to daily necessities and food products, all of which in the PRC, including Hong Kong.

Revenue increased by approximately RMB13.5 million, or approximately 55.3%, from approximately RMB24.4 million for the six months ended 30 June 2025 to approximately RMB37.9 million for the six months ended 30 June 2026. Such increase was mainly due to the increase in the sales demand of the Group's services and products as the Group expanded the product mix during the six months ended 30 June 2026.

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 RMB14.1 million, or approximately 60.5% from approximately RMB23.3 million for the six months ended 30 June 2025 to approximately RMB37.4 million for the six months ended 30 June 2026. Such increase was consistent with the increase in revenue for the six months ended 30 June 2026.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB1.1 million for the six months ended 30 June 2025 to approximately RMB0.4 million for the six months ended 30 June 2026.

Gross profit margin decreased from approximately 4.6% for the six months ended 30 June 2025 to 1.1% for the six months ended 30 June 2026. The decrease was mainly due to the decrease in average selling price of the Group's products.

Management Discussion and Analysis (Continued)

Other gains, net

Other gains, net mainly represented the realised and unrealised fair value gains of financial assets at FVTPL, which realised and unrealised fair value gains of financial assets at FVTPL of approximately RMB1.5 million (2025: RMB2.1 million) was recognised during the six months ended 30 June 2026 as a result of the improvement in the Hong Kong stock market.

Selling expenses

The Group's selling expenses mainly included transportation costs for its logistic team, staff costs, entertainment expenses and consumables. Selling expenses decreased by approximately 94.6% from approximately RMB93,000 for the six months ended 30 June 2025 to approximately RMB5,000 for the six months ended 30 June 2026.

Administrative and other expenses

The Group's administrative and other expenses mainly included staff costs, short-term lease expenses, other tax expenses, depreciation, travelling and entertainment, office consumables and supplies, legal and professional fees, listing expenses and other miscellaneous administrative expenses which slightly increased by approximately RMB0.2 million or 8.0% from approximately RMB2.5 million for the six months ended 30 June 2025 to approximately RMB2.7 million for the six months ended 30 June 2026.

Finance costs

The Group's finance costs represented interest expenses on bond payables and borrowings. The finance costs increased by approximately RMB1.0 million, or approximately 111.1%, from approximately RMB0.9 million for the six months ended 30 June 2025 to approximately RMB1.9 million for the six months ended 30 June 2026. Such increase was mainly due to the higher borrowings balance during the six months ended 30 June 2026.

Management Discussion and Analysis (Continued)

Loss for the period

As a result of the cumulative factors discussed above, the loss for the six months ended 30 June 2026 increased from approximately RMB0.2 million for the six months ended 30 June 2025 to approximately RMB2.3 million for the six months ended 30 June 2026.

Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2026 (2025: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2026, the Group funded its liquidity primarily through cash inflows from operating and investing activities.

As at 30 June 2026, the Group's total cash and bank balances were approximately RMB1.0 million (31 December 2025: RMB1.9 million). Gearing ratio of the Group increased from approximately 190.2% as at 31 December 2025 to approximately 245.3% as at 30 June 2026. Gearing ratio is defined as total interest-bearing debts over total assets as at the end of the reporting period.

TREASURY POLICIES

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

Management Discussion and Analysis (Continued)

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

An analysis of the Group's performance during the period using KPIs in the section "Financial Review" on pages 33 to 35 of this interim report.

PRINCIPAL RISKS, UNCERTAINTY AND RISK MANAGEMENT

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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not carry out any material acquisition nor disposal of any subsidiaries for the six months ended 30 June 2026 (2025: Nil).

CONTINGENT LIABILITIES

As at 30 June 2026, there were no significant contingent liabilities for the Group (2025: Nil).

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 18 to the condensed consolidated interim financial information.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group employed 46 employees (31 December 2025: 58 employees). Staff costs of the Group (including Directors' emoluments, wages, salaries and other benefits and contribution to defined contribution pension plans) amounted to approximately RMB1.0 million for the six months ended 30 June 2026 (2025: RMB1.3 million). The Group will endeavor to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions and that employees' overall remuneration is determined based on the Group's and the employees' qualifications and performance.

Management Discussion and Analysis (Continued)

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2026, the Group held 17 listed equity securities in Hong Kong with the fair value of approximately RMB16.6 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 major equity investments, which has been classified under financial assets at FVTPL, in terms of fair value as at 30 June 2026, are as follows:

Company name/stock code	% of shareholding as at 30 June 2026	Fair value gains/(losses) for the six months ended 30 June 2026 RMB'000	Fair value as at 30 June 2026 RMB'000	% of total assets of the Group as at 30 June 2026
Equity securities listed in Hong Kong				
Luxxu Group Limited ("Luxxu") (1327) (note (a))	4.0%	4,719	11,236	32.4%
China Investment and Finance Group Limited ("CIFG") (1226) (note (b))	0.4%	238	1,413	4.1%
Harbour Digital Asset Capital Limited ("HDAC") (913) (note (c))	2.9%	(1,474)	1,244	3.6%
Other listed equity securities			2,697	7.7%
			16,590	47.8%

Management Discussion and Analysis (Continued)

SIGNIFICANT INVESTMENTS HELD (Continued)

Notes:

(a) Luxxu and its subsidiaries are principally engaged in (i) the manufacture and sale of own-branded watches and jewellery, including but not limited to diamond watches, tourbillon watches and luxury jewellery accessories, original equipment manufacturer watches and third-party watches; and (ii) provision of exhibition services. Based on Luxxu's annual report for the year ended 31 December 2025, revenue and loss of Luxxu and its subsidiaries was approximately RMB42,073,000 and RMB21,687,000 respectively.

As at 30 June 2026, the Group owned 10,364,000 shares in Luxxu, representing 4.0% equity interests in Luxxu with a carrying amount of the Group's interests in Luxxu of approximately RMB11.2 million, representing approximately 32.4% of the total assets of the Group as at 30 June 2026. Up to 30 June 2026, no dividend was received from Luxxu. The fair value of the equity interests in Luxxu is based on quoted market prices.

(b) CIFG and its subsidiaries are principally engaged in investment holding and trading of securities. Based on CIFG's annual report for the year ended 31 March 2026, revenue and profit of CIFG and its subsidiaries was approximately HK$4,171,000 and HK$139,532,000 respectively.

As at 30 June 2026, the Group owned 1,810,000 shares in CIFG, representing 0.4% equity interest in CIFG with a carrying amount of the Group's interest in CIFG of approximately RMB1.4 million, representing approximately 4.1% of the total assets of the Group as at 30 June 2026. Up to 30 June 2026, no dividend was received from CIFG. The fair value of the equity interest in CIFG is based on quoted market prices.

(c) HDAC and its subsidiaries are principally engaged in investment in listed and unlisted financial assets. Based on HDAC's annual report for the year ended 31 December 2025, revenue and profit of HDAC and its subsidiaries were approximately HK$1,819,000 and HK$147,440,000 respectively.

As at 30 June 2026, the Group owned 10,390,000 shares in HDAC, representing 2.9% equity interests in HDAC with a carrying amount of the Group's interests in HDAC of approximately RMB1.2 million, representing approximately 3.6% of the total assets of the Group as at 30 June 2026. Up to 30 June 2026, no dividend was received from HDAC. The fair value of the equity interests in HDAC is based on quoted market prices.

Management Discussion and Analysis (Continued)

SIGNIFICANT INVESTMENTS HELD (Continued)

None of the investments included in other listed equity securities represented more than 5% of the total assets of the Group as at 30 June 2026.

Investment Policy & Objectives

The Company's primary objective is to achieve long-term capital appreciation and high growth through a diversified portfolio of listed equity securities to make use of our idle money. While our strategic focus is on long-term value creation, the Company retains the flexibility to realize short-term gains when opportunities arise, though such trading activity is not the norm. Our permissible investments are exclusively listed shares on recognized global exchanges. The portfolio will remain diversified across a minimum number of holdings to mitigate risk. The Company is prohibited from using excessive leverage, investing in unlisted securities, or engaging in speculative derivative trading. All decisions are guided by rigorous fundamental analysis.

Risk Management & Control Measures

To safeguard our portfolio, the Company employs a disciplined risk management framework. Liquidity risk is proactively managed by imposing a stringent tiered limit structure: the allocation to any single less-liquid security is capped at a lower threshold than for liquid holdings, and the aggregate allocation to all such securities is strictly limited to a defined percentage of the total portfolio. This ensures ample overall liquidity for the Company. Position sizing and diversification risk are controlled by maintaining a diversified portfolio with pre-defined limits, ensuring no single investment exceeds a small percentage of the portfolio's value. Counterparty Risk is minimized by executing all trades through reputable, regulated financial institutions.

Management Discussion and Analysis (Continued)

SIGNIFICANT INVESTMENTS HELD (Continued)

Approval and Oversight Mechanisms for Investment Decisions

The Company's investment decisions are governed by a multi-layered approval, which led by our Executive Directors, Mr. Wang Yun and Mr. Zou Yonggang, and oversight framework designed to ensure strict compliance with the GEM Listing Rules and strategic alignment. The Board of Directors retains ultimate authority for approving all material investments, particularly those constituting notifiable transactions.

An internal compliance team, comprising a lawyer and two finance managers, has been formally established. This team is responsible for the initial screening of all proposed transactions involving the trading or subscription of listed securities. Its primary function is to perform the requisite size tests to determine if any applicable percentage ratio exceeds 5%, thereby potentially classifying it as a notifiable transaction.

The governance procedure mandates that if the compliance team identifies a transaction where any percentage ratio exceeds 5%, it must immediately report its findings to the company secretary and provide all relevant details. The transaction cannot be executed until approved. The company secretary then conducts a thorough review to assess the transaction's compliance with all applicable requirements under the GEM Listing Rules. If confirmed as a notifiable transaction, the proposal, along with all related documentation, is formally escalated to the Board of Directors for final approval. This enhanced policy and procedure, which centralizes oversight and mandates pre-approval checks, has been fully implemented to prevent any recurrence of non-compliance.

The Company's securities trading and financial investment activities are primarily led by our Executive Director, Mr. Wang Yun, who possesses over 10 years' experience in financial markets. His expertise is central to the investment identification, analysis, and execution of all investment opportunities. In line with sound corporate governance practices, Mr. Wang Yun's proposed strategies and significant transactions are subject to a rigorous review and approval process overseen by our other Executive Director, Mr. Zou Yonggang. This dual-control mechanism ensures robust oversight, risk assessment, and strategic alignment. Furthermore, it is our standard practice to base all investment decisions on comprehensive due diligence, predefined investment mandates that clearly outline risk parameters and asset allocations, and regular reporting to the Board to ensure full transparency and accountability. This structured approach ensures that our activities are conducted prudently and in the best interests of the Company and its shareholders.

Management Discussion and Analysis (Continued)

SIGNIFICANT INVESTMENTS HELD (Continued)

Approval and Oversight Mechanisms for Investment Decisions (Continued)

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 six months ended 30 June 2026, the Group did not hedge any exposure to foreign exchange risk.

CAPITAL STRUCTURE

As at 30 June 2026, 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 interim 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 interim report, the Group did not have other plans for material investments or capital assets as at 30 June 2026.

Disclosure of Other Information

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

As at 30 June 2026, save as disclosed elsewhere in the report, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

MEASURE TO ENHANCE SHAREHOLDERS' VALUE

The Company is committed to enhancing long-term shareholder value through a disciplined and strategic capital allocation framework, designed to balance returns to shareholders with the necessary funding for operational excellence and future growth. Our strategy is centered on generating sustainable profitability from our core business operations, which provides the foundational cash flow for all capital allocation decisions.

Our formal dividend policy is designed to balance the rewarding of shareholders with the need to retain capital for future growth opportunities. The Board will consider declaring dividends based on a comprehensive review of factors including, but not limited to, the Company's annual net profits, cash flow position, future investment requirements, overall financial health, and general market conditions. The objective is to provide shareholders with a stable and sustainable return, without compromising the Company's operational integrity or strategic flexibility.

Disclosure of Other Information (Continued)

MEASURE TO ENHANCE SHAREHOLDERS' VALUE (Continued)

Our broader capital allocation strategy prioritizes the following, in order of precedence:

1. Funding Daily Operations and Core Business Growth: First and foremost, capital is allocated to ensure the smooth and efficient daily operation of the Company, including working capital needs, essential capital expenditures, and initiatives aimed at strengthening our core business and competitive position.

2. Strategic Reinvestment for Returns: After providing for operational needs, retained earnings are allocated to our financial investment activities. These are not undertaken for speculative purposes but are a strategic function to generate additional returns on surplus capital. All such investments are governed by a strict risk management framework – including position sizing limits, liquidity tiers, and diversification requirements – and are focused on listed securities to ensure transparency and liquidity.

3. Returns to Shareholders: Excess capital beyond the identified needs for operations, reinvestment, and a strong balance sheet may be returned to shareholders through dividends or other means, subject to Board approval.

All material allocation decisions, including any potential special dividends or share buy-backs, require full Board approval, ensuring they align with our overarching goal of maximizing shareholder value over the long term.

Disclosure of Other Information (Continued)

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

As at 30 June 2026, 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.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the Articles of Association of the Company;
- the applicable restrictions and requirements under the laws of the Cayman Islands;
- any banking or other funding covenants by which the Company is bound from time to time;
- the investment and operating requirements of the Company; and
- any other factors that have material impact on the Company.

Disclosure of Other Information (Continued)

SHARE OPTION SCHEME

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

Up to 30 June 2026, 839,781 share options has been granted by the Company and remained outstanding 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.

			Number of share options							
Category of participants	Date of grant	Vesting period	Outstanding as at 1 January 2026	Granted during the period ended 30 June 2026	Exercised during the period ended 30 June 2026	Lapsed/ cancelled during the period ended 30 June 2026	Forfeited during the period ended 30 June 2026	Outstanding as at 30 June 2026	Exercisable period	Exercise price per share (HK$)
Employees										
	10 April 2019	No	734,811	–	–	–	–	734,811	10 years	5.943
Consultants										
	10 April 2019	No	104,970	–	–	–	–	104,970	10 years	5.943
			839,781	–	–	–	–	839,781		

Disclosure of Other Information (Continued)

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2026.

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 June 2026, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

As at 30 June 2026, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DIRECTORS' SECURITIES TRANSACTIONS

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that up to the date of this interim report, the Company has applied the principles and complied with all the applicable code provisions set out in Appendix C1 – Corporate Governance Code to the GEM Listing Rules ("CG Code").

Disclosure of Other Information (Continued)

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established an audit committee (the "Audit Committee") with written terms of reference aligned with the provision of the code provisions set out in Appendix C1 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Wong Sui Chi (chairman), Mr. Wu Chi King and Ms. Yin Suying, all of whom are independent non-executive Directors.

The Audit Committee had reviewed with the management of the Company the accounting principles and practices adopted by the Group and this report. The condensed consolidated interim financial information for the six months ended 30 June 2026 is unaudited, but has been reviewed by the Audit Committee.

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

Hong Kong, 28 August 2026

As at the date of this report, 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.