



2025 INTERIM REPORT

LUK HING ENTERTAINMENT GROUP HOLDINGS LIMITED

陸慶娛樂集團控股有限公司

Incorporated in the Cayman Islands with limited liability | Stock Code: 8052

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LUK HING ENTERTAINMENT GROUP

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

INTERIM RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six-month periods ended 30 June 2025, together with the unaudited comparative figures for the respective corresponding period in 2024, as follows:

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

		Six-month period ended 30 June	
	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	4	30,038	42,251
Other income and gain	5	606	21
Cost of inventories sold		(9,326)	(12,769)
Staff costs		(10,279)	(16,517)
Property rentals and related expenses		(2,130)	(3,132)
Advertising and marketing expenses		(32)	(215)
Other operating expenses		(5,605)	(5,793)
Depreciation and amortisation		(4,767)	(6,795)
Impairment losses under expected credit loss model, net of reversal		2,070	–
Impairment losses on plant and equipment		(244)	–
Finance costs	8	(489)	(527)
Loss before taxation		(158)	(3,476)
Taxation	6	–	–

	Notes	Six-month period ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss for the period		(158)	(3,476)
Other comprehensive income:			
Exchange difference on translating of financial statements of overseas subsidiaries		–	1
Total comprehensive loss for the period		(158)	(3,475)
Profit/(loss) for the period attributable to:			
Owners of the Company		7,476	(2,732)
Non-controlling interests		(7,634)	(744)
		(158)	(3,476)
Other comprehensive income for the period attributable to:			
Owners of the Company		–	1
Non-controlling interests		–	–
		–	1
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		7,476	(2,731)
Non-controlling interests		(7,634)	(744)
		(158)	(3,475)
Earnings/(loss) per share (HK cents)			
– Basic	7	1.36	(0.50)
– Diluted	7	1.36	(0.50)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Assets			
Non-current assets			
Plant and equipment	10	1,232	1,682
Right-of-use assets	11	7,771	12,263
Deposits	12	2,632	2,572
		11,635	16,517
Current assets			
Inventories		301	321
Account and other receivables	12	3,438	4,739
Cash and cash equivalents		750	3,972
		4,489	9,032

	Notes	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Liabilities			
Current liabilities			
Account and other payables	14	32,371	34,823
Income tax payables		183	183
Lease liabilities	11	7,832	8,764
Bank loans		7,588	8,798
Provision for reinstatement costs		—	836
		47,974	53,404
Net current liabilities		(43,485)	(44,372)
Total assets less current liabilities		(31,850)	(27,855)
Non-current liabilities			
Lease liabilities	11	158	4,012
Provision for reinstatement costs		680	663
		838	4,675
Net liabilities		(32,688)	(32,530)
Equity			
Share capital	15	54,826	54,826
Reserves		(63,622)	(71,098)
Equity attributable to owners of the Company		(8,796)	(16,272)
Non-controlling interests		(23,892)	(16,258)
Total equity		(32,688)	(32,530)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025

	Attributable to owners of the Company						Attributable to non-controlling interests		Total
	Share capital	Share premium	Share-based compensation losses	Exchange reserve	Accumulated losses	Other reserve	Sub-total		
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
As at 1 January 2024	54,826	94,952	665	(49)	(157,193)	(777)	(7,576)	(14,466)	(22,042)
Profit/(loss) for the period	-	-	-	-	(2,732)	-	(2,732)	(744)	(3,476)
Other comprehensive income/(loss) for the Period	-	-	-	1	-	-	1	-	1
As at 30 June 2024	54,826	94,952	665	(48)	(159,925)	(777)	(10,307)	(15,210)	(25,517)
As at 1 January 2025	54,826	94,952	665	(157)	(166,558)	-	(16,272)	(16,258)	(32,530)
Profit/(loss) for the period	-	-	-	-	7,476	-	7,476	(7,634)	(158)
Other comprehensive income/(loss) for the Period	-	-	-	-	-	-	-	-	-
As at 30 June 2025	54,826	94,952	665	(157)	(159,082)	-	(8,796)	(23,892)	(32,688)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six-month period ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Net cash generated from operating activities	3,301	5,909
Net cash used in investing activities	(69)	(237)
Net cash (used in) financing activities	(6,454)	(6,035)
Net decrease in cash and cash equivalents	(3,222)	(363)
Cash and cash equivalents at the beginning of the period	3,972	846
Effect of foreign exchange rate	–	1
Cash and cash equivalents at the end of the period	750	484
Represented by:		
Cash and bank balances	750	484

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Luk Hing Entertainment Group Holdings Limited (“the Company”) was incorporated in Cayman Islands on 30 November 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 11 November 2016, the Company’s shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1180, Cayman Islands and the principal place of business in Hong Kong is located at Unit 3C, 3/F, Yue Xiu Industrial Building, 87 Hung To Road, Kwun Tong, Kowloon. The Company is an investment holding company.

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

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial information of the Group has not been audited. The unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2025 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and in accordance with the applicable disclosure requirements of the GEM Listing Rules.

(b) Basis of measurement and going concern assumption

The unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2025 do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the audited annual financial statements included in the annual report of the Company dated 20 June 2025. The accounting policies adopted are consistent with those applied in the Group’s audited annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), except the new and revised HKFRSs, which are effective for the financial year beginning from 1 January 2025. The adoption of these new and revised HKFRSs has not had material impact on the unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2025. The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

As at 30 June 2025, the Group had net current liabilities and net liabilities of approximately HK\$43,485,000 and HK\$32,688,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and consequently, the Group may not be able to realise its assets and discharge its liabilities in the normal course of its business.

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

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

Having considered the above and after reviewing the cash flow forecast of the Group, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the six months ended 30 June 2025 on a going concern basis.

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

3. OPERATING SEGMENT

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

Information about geographical areas

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

	For the six-month period ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Hong Kong	30,038	42,251
	30,038	42,251

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

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Hong Kong	11,635	16,517
	11,635	16,517

Information about major customers

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue (2024: Nil).

4. REVENUE

Revenue represents the amounts received or receivable from the sales of food, beverage and other products, revenue from event organising (including sponsorship income, entrance fees income, events rental income and cloakroom income).

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

	For the six-month period ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>		
Sales of food, and other products	27,295	38,038
Sales of beverage	2,743	4,213
	30,038	42,251

5. OTHER INCOME AND GAIN

	For the six-month period ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Net foreign exchange gain	18	–
Other interest income	115	–
Others	23	21
Reversal of accrued expense	450	–
	606	21

6. TAXATION

	For the six-month period ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Income tax expenses		
– PRC Enterprise Income Tax	–	–

No provision for Hong Kong profits tax is made since the Hong Kong subsidiary has no estimated assessable profit for the six-month periods ended 30 June 2025 and 2024, respectively.

7. LOSS PER SHARE

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

	For the six-month period ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/loss for the purpose of basic and diluted loss per share	7,476	(2,732)
	'000	'000
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	548,256	548,256
Effect of dilutive potential ordinary shares:		
Options	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	548,256	548,256

For the six-month period ended 30 June 2025 and 2024, diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there were no potential dilutive ordinary shares in issue.

8. FINANCE COSTS

	For the six-month period ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	125	376
Interest on lease liabilities	263	144
Interest on provision for reinstatement costs	31	–
Others	70	7
	489	527

9. DIVIDEND

The Board does not recommend the payment of an interim dividend by the Company for the six-month period ended 30 June 2025 (2024: Nil).

10. PLANT AND EQUIPMENT

The Group acquired items of plant and equipment with cost amounting to HK\$69,000 and HK\$237,000 during the six-month period ended 30 June 2025 and 2024, respectively.

No items of plant and equipment were disposed during the six-month period ended 30 June 2025.

11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

Right-of-use assets

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
As at 1 January	12,263	4,087
Addition	–	408
Lease modification	–	18,714
Depreciation provided during the period/year	(4,492)	(10,513)
Impairment losses during the period/year	–	(433)
	7,771	12,263

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

During the period ended 30 June 2025, the Group leases 4 properties (as at 31 December 2024: 5 properties) for the operation of restaurant. Lease contracts are entered into for fixed term of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Lease liabilities

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Analysed as		
– Current	7,832	8,764
– Non-current	158	4,012
	7,990	12,776
Minimum lease payments due: Within one year	8,139	9,174
More than one year but not later than two years	56	4,070
	8,195	13,244
Less: Future finance charges	(205)	(468)
Present value of lease liabilities	7,990	12,776

The weighted average incremental borrowing rates applied to lease liabilities was 3.88% to 5.15% (as at 31 December 2024: 3.88% to 5.15%).

12. ACCOUNT AND OTHER RECEIVABLES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Account receivables	1,273	3,748
Less: allowance for credit losses	(323)	(3,118)
	950	630
Other receivables	2,989	3,176
Less: allowance for credit losses	(2,531)	(2,776)
	458	400
Prepayments	1,268	1,789
Deposits	4,129	5,227
Less: allowance for credit losses	(734)	(735)
	3,395	4,492
Portion classified as non-current – Deposits	6,071 (2,632)	7,311 (2,572)
Current portion	3,439	4,739

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

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

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

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
0 to 30 days	611	626
31 to 60 days	253	4
61 to 90 days	86	–
91 to 120 days	–	–
	950	630

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

Movement in the accumulated allowance for credit losses of account receivables

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
As at 1 January	3,118	883
Written-off	(726)	(668)
(Reversal of)/allowance for ECL recognised during the period/year	(2,069)	2,903
	323	3,118

Movement in the accumulated allowance for credit losses of other receivables

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
As at 1 January	2,776	2,493
Disposal of a subsidiary	–	(4)
Written-off	(245)	–
Allowance for ECL recognised during the period/year	–	287
	2,531	2,776

Movement in the accumulated allowance for credit losses of deposits

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
As at 1 January	735	160
Written-off	(1)	–
Allowance for ECL recognised during the period/year	–	575
	734	735

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

As at 30 June 2025, the Group's deposits mainly represents rental deposits of approximately HK\$2,650,000 (as at 31 December 2024: HK\$3,866,000).

13. LOAN RECEIVABLES

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

As at 30 June 2025, the Group's loan receivables of approximately HK\$3,450,000 (as at 31 December 2024: HK\$3,450,000) which are past due 90 days or more. The directors of the Company consider credit risks have increased significantly for those past due more than 90 days and consider that the debtors were in financial difficulties. The Company has taken legal action against the individual to recover the outstanding receivables and considered the recoverability is remote. The loan receivables are considered as credit-impaired with ECL fully provided.

Included in the carrying amount of loan receivables as at 30 June 2025 is accumulated impairment losses of approximately HK\$3,450,000 (as at 31 December 2024: HK\$3,450,000).

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Loan receivables, gross	3,450	3,450
Less: Allowance for ECL	(3,450)	(3,450)
Loan receivables, net	—	—

14. ACCOUNT AND OTHER PAYABLES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Account payables	3,404	4,004
Rental payables	3,240	1,813
Other payables (note (i))	14,198	18,758
Loan from directors (note (ii))	850	750
Loan from shareholders (note (iii))	1,825	1,825
Accruals	8,368	6,934
Other tax payable	486	839
	32,371	34,823

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

Notes:

- (i) As at 30 June 2025, the other payables of the Group included the convertible promissory notes of approximately HK\$1,404,000 which were defaulted and are repayable on demand.
- (ii) As at 30 June 2025, the amount of approximately HK\$850,000 (as at 31 December 2024: HK\$750,000) was represented as a loan from director which was unsecured, carried an annual interest at 5.25% and was repayable within 1 year.
- (iii) As at 30 June 2025, the amount of approximately HK\$365,000 (as at 31 December 2024: HK\$365,000) represented loan from shareholders of a subsidiary of the Group was unsecured, interest-free, and repayable on demand.

As at 30 June 2025, the amount of approximately HK\$360,000 (as at 31 December 2024: HK\$360,000) represented loan from shareholders of the Group was unsecured, interest-free, and repayable on demand.

As at 30 June 2025, the amount of approximately HK\$1,100,000 (as at 31 December 2024: HK\$1,100,000) represented loan from shareholders of the Group was unsecured, with annual interest at 5.25% and repayable on demand.

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

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
0 to 30 days	1,006	1,401
31 to 60 days	412	691
61 to 90 days	731	528
91 to 120 days	1,255	1,384
	3,404	4,004

15. SHARE CAPITAL

The share capital of the Group as at 30 June 2025 and 31 December 2024 represented the share capital of the Company. Movements of the share capital of the Company are as follows:

	As at 30 June 2025		As at 31 December 2024	
	Number shares '000 (Unaudited)	Nominal value HK\$'000 (Unaudited)	Number shares '000 (Audited)	Nominal value HK\$'000 (Audited)
Authorised				
Ordinary share of HK\$0.1 each				
As at 1 January	1,000,000	100,000	1,000,000	100,000
	1,000,000	100,000	1,000,000	100,000
Issued and fully paid				
At 1 January	548,256	54,826	548,256	54,826
Ordinary shares issued	–	–	–	–
	548,256	54,826	548,256	54,826

16. CAPITAL COMMITMENTS

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

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Unpaid balance of capital contribution to subsidiaries in the PRC	18,207	18,207

17. MATERIAL RELATED PARTY TRANSACTIONS

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

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

	For the six-month period ended 30 June 2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Salaries and other short term employee benefits	532	935
Retirement scheme contributions	13	18
	545	953

(b) Other related party transactions:

Related parties	Nature of transactions	For the six-month period ended 30 June	
		2025	2024
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Zone One (CS) Limited (Note i)	Rental expenses	–	510
Choi Siu Kit (Note ii)	Loan interest expenses	19	7

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2025, the Group is primarily engaged in the operation of restaurants namely “HEXA” and “SIXA” in Hong Kong.

BUSINESS REVIEW

In the first half of 2025, the Group focused on HEXA as the sole core outlet after closing SIXA on 24 March 2025. To sustain traffic and brand visibility, HEXA launched an 8th-anniversary set menu and a lunchtime half-price dim sum offer, which helped soften a slight year-on-year decline in visitor numbers. The operating environment remained challenging as inbound tourism coexisted with value-seeking spending patterns among Mainland visitors and cautious local demand. In response, the Group tightened cost control through workforce optimisation and supplier re-pricing, and concentrated resources on HEXA with ongoing menu engineering to balance margin and volume.

Looking to the second half, the Group will continue time-band promotions and themed menus to stimulate off-peak demand, maintain strict cost discipline and supply chain optimisation to defend margins, and adjust pricing and product mix in line with market conditions.

FINANCIAL REVIEW

Revenue

Total revenue of the Group decreased by 29.1% from approximately HK\$42.3 million in the first half of 2024 to approximately HK\$30.0 million in the same period of 2025 the main reason for the decline in revenue is that customers’ spending patterns are gradually shifting towards consumption in mainland China.

Expenses

Cost of inventories sold mainly represents for the costs of beverage, food and other products sold. It decreased by 27.3% from approximately HK\$12.8 million in the first half of 2024 to approximately HK\$9.3 million in the same period of 2025 which was in line with the decrease of revenue.

Staff costs is one of the major components of the Group's operating expenses, which mainly consists of Directors' emoluments, salaries, retirement benefit scheme contribution and other benefits. Staff costs decreased by 95.4% from approximately HK\$16.5 million in the first half of 2024 to approximately HK\$10.3 million in the same period of 2025. The decreased mainly caused by SIXA ceased operation on 24 March 2025 and the stringent cost control measure.

Property rentals and related expenses decreased by 32.3% from approximately HK\$3.1 million in the first half of 2024 to approximately HK\$2.1 million in the same period of 2025. The decreased mainly caused by SIXA ceased operation on 24 March 2025 and the stringent cost control measure on the rental fee of the head quarter.

Advertising and marketing expenses decreased by 85.1% from approximately HK\$215,000 in the first half of 2024 to approximately HK\$32,000 in the same period of 2025. The decreased mainly caused by SIXA ceased operation on 24 March 2025 and the stringent cost control measure.

Other operating expenses represent expenses incurred for the operations. These include mainly cleaning and laundry, utilities, credit card commission, repair and maintenance and legal and professional fee. Other operating expenses decreased by 3.4% from approximately HK\$5.8 million in the first half of 2024 to approximately HK\$5.6 million in the same period of 2025. The decreased mainly caused by SIXA ceased operation on 24 March 2025.

Depreciation and amortization decreased by 29.4% from approximately HK\$6.8 million in the first half of 2024 to approximately HK\$4.8 million in the same period of 2025. The decreased mainly caused by SIXA ceased operation on 24 March 2025.

Loss Attributable to Owners of the Company

Net profit attributable to owners of the Company was approximately HK\$7.5 million in the first half of 2025 compared to that of approximately HK\$2.7 million net loss in the same period of 2024 caused by SIXA ceased operation on 24 March 2025 and the reversal of expected credit loss approximately HK\$2.1 million in the first half of 2025.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Below is a summary of the key financial ratio:

	Notes	As at 30 June 2025	As at 31 December 2024
Current ratio	1	0.1	0.2
Quick ratio	2	0.1	0.2
Debt ratio	3	302.7%	227.3%
Gearing ratio	4	N/A	N/A

Notes:

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

The Group had cash and cash equivalents of approximately HK\$0.8 million as at 30 June 2025 (31 December 2024: approximately HK\$4.0 million).

As at 30 June 2025, the Group had external borrowing of approximately HK\$7.6 million (31 December 2024: approximately HK\$8.8 million). A series of plans and measures have been taken to mitigate liquidity pressure and to improve the financial position of the Group, for details please refer to Note 2.

CHARGES ON ASSETS

As at 30 June 2025, the Group did not have any charges on its assets.

FOREIGN EXCHANGE EXPOSURE

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

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

Save for those disclosed in this interim report, the Group did not have any other contingent liabilities and capital commitment as at 30 June 2025.

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

On 14 July 2025, Betula Profit Holdings Limited (the "Target Company"), a non wholly-owned subsidiary of the Company, entered into a subscription agreement with the Futian Asia Holdings Limited (the "Subscriber"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Target Company has conditionally agreed to issue convertible bonds (the "Convertible Bonds") in the aggregate principal amount of HK\$3,000,000 (the "Subscription Agreement"). The Convertible Bonds will be convertible into equity interests of the Target Company upon the terms and conditions specified in the Subscription Agreement. Upon full conversion and based on the conversion price of HK\$0.0247 per conversion share, 121,426,951 conversion shares, representing approximately 81% of the issued share capital of the Target Company as enlarged by the conversion shares (assuming there is no other change in the issued share capital of the Target Company from the date of the announcement and up to the date of conversion), will be allotted and issued to the bondholder. For details, please see the announcement of the Company dated 14 July 2025.

Save for those disclosed in this interim report, there were no other significant investments held by the Group as at 30 June 2025, nor were there other material acquisitions and of subsidiaries and affiliated companies by the Group during the period.

EMPLOYEES AND REMUNERATION POLICY

The Group had a total of 49 employees as at 30 June 2025 (2024: 87 employees). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. We actively refine our staff structure by adopting the human resources philosophy of “making the best use of ability” and offer reasonable yet competitive compensation packages. The Group has developed a number of rules and regulations to provide provisions on remuneration, dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity and other benefits as well as welfare for employees. Other benefits include contributions to statutory mandatory provident fund schemes to its qualified Hong Kong employees.

OUTLOOK

In the second half of 2025, the Group expects value sensitivity to remain elevated amid a mixed recovery in tourism and continued prudence among local diners.

With SIXA closed and resources concentrated on HEXA, management will prioritise disciplined execution at the flagship outlet: sharpening menu engineering and pricing to protect average check, deploying time-band promotions and themed offerings to lift off-peak utilisation, and reinforcing service standards to sustain repeat patronage. Cost control will remain a core focus through lean staffing, tighter procurement terms and ongoing operational efficiency initiatives, supported by supply-chain optimisation to mitigate food cost volatility. The Group will calibrate marketing around high-traffic periods and key festive seasons to capture incremental demand, while remaining prudent on capital commitments and monitoring lease economics and finance costs.

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

Choi Siu Kit

Executive Director

Hong Kong, 29 August 2025

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

As at 30 June 2025, the interests and short position of the Directors and the Company's chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules were as follows:

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

Notes:

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

Save as disclosed above and so far as is known to the Directors, as at 30 June 2025, none of the Directors and the Company’s chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2025, the person (other than the Directors or the Company's chief executives) or company who or which had an interest and short position in the shares and underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Name of shareholder	Nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of shareholding interest
Restoran Oversea (CST) Sdn Bhd ("Restoran Oversea") (Note 2)	Beneficial owner	158,988,000 ordinary shares (L)	29.00%
Welmen Investment Co. Ltd ("Welmen") (Note 3)	Beneficial owner	109,350,000 ordinary shares (L)	19.95%
Yui Tak Investment Limited ("Yui Tak") (Note 3)	Interest of a controlled corporation	109,350,000 ordinary shares (L)	19.95%
Mr. Choi Yat Hon (Note 4)	Interest of a controlled corporation, interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%
Mr. Au Wai Pong Eric (Note 4)	Interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%
Mr. Au Ka Wai (Note 4)	Interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%
Mr. Yeung Chi Shing (Note 4)	Interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%

Name of shareholder	Nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of shareholding interest
Ms. Chan Ting Fai (Note 5)	Interest of spouse	109,350,000 ordinary shares (L)	19.95%
Ms. Lee Wan (Note 6)	Interest of spouse	109,350,000 ordinary shares (L)	19.95%
Trendy Pleasure Limited ("Trendy") (Note 7)	Beneficial owner	30,000,000 ordinary shares (L)	5.47%
Saint Lotus Cultural Development Group Co., Limited ("Saint Lotus") (Note 7)	Interest of a controlled corporation	30,000,000 ordinary shares (L)	5.47%
Mr. Zhang Jianguang (Note 7)	Interest of a controlled corporation	30,000,000 ordinary shares (L)	5.47%

Notes:

- (1) The letter "L" denotes the person's long position in the shares of the Company.
- (2) Restoran Oversea is a company incorporated in Malaysia with limited liability and wholly and beneficially owned by Oversea Enterprise Berhad.
- (3) Welmen is owned as to 30.3111% by Yui Tak and Yui Tak is owned as to 50% by Mr. Choi Yat Hon and as to 50% by Mr. Choi Siu Kit. By virtue of the SFO, each of Mr. Choi Yat Hon and Mr. Choi Siu Kit is deemed to be interested in 30.3111% of the issued share capital of Welmen held by Yui Tak and 19.95% of the issued share capital of the Company held by Welmen.

- (4) On 2 March 2016, Mr. Choi Yat Hon, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai, Mr. Yeung Bernard Sie Hong and Mr. Yeung Chi Shing entered into an acting in concert confirmation whereby each of them confirmed that since 31 January 2011, they acted in concert with each other when dealing with matters concerning operation management, accounts, finance and treasury and human resources management of the Group, details of which are set out in the Prospectus. On 20 August 2019, Mr. Yeung Bernard Sie Hong sold all his shares in Welmen to Mr. Choi Kuen Kwan (father of Mr. Choi Yat Hon and Mr. Choi Siu Kit). On 4 June 2020, Mr. Choi Kuen Kwan sold 50% and 50% of his shares in Welmen to Mr. Choi Yat Hon and Mr. Choi Siu Kit respectively. As such, pursuant to the acting in concert arrangement, each of Mr. Choi Yat Hon, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai and Mr. Yeung Chi Shing is deemed to be interested in 19.95% of the issued share capital of the Company held by Welmen.
- (5) Ms. Chan Ting Fai is the spouse of Mr. Choi Siu Kit. By virtue of the SFO, Ms. Chan Ting Fai is deemed to be interested in 19.95% of the issued share capital of the Company in which Mr. Choi Siu Kit is interested.
- (6) Ms. Lee Wan is the spouse of Mr. Au Wai Pong Eric. By virtue of the SFO, Ms. Lee Wan is deemed to be interested in 19.95% of the issued share capital of the Company in which Mr. Au Wai Pong Eric is interested.
- (7) Trendy Pleasure Limited is wholly owned by Saint Lotus and Saint Lotus is wholly owned by Mr. Zhang Jianguang. By virtue of the SFO, each of Saint Lotus and Mr. Zhang Jianguang is deemed to be interested in 5.47% of the issued share capital of the Company held by Trendy.

Save as disclosed above and so far as is known to the Directors, as at 30 June 2025, no other interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six-month period ended 30 June 2025.

INTEREST IN A COMPETING BUSINESS

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

Mr. Choi Siu Kit, our executive Director, is engaged in certain restaurant and bar business in Hong Kong before the Listing (the “Retained HK Restaurant and Bar Business”). Set out below are the details of his interests in the Retained HK Restaurant and Bar Business during the six-month period ended 30 June 2025:

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

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

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

Saved as disclosed, during the six-month period ended 30 June 2025, none of the Directors or the controlling shareholders of the Company, neither themselves nor their respective close associates (as defined in the GEM Listing Rules) engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

SHARE OPTION SCHEME

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

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

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

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

SHARE OPTIONS

No share option was granted to eligible participants of the Group during the six months ended 30 June 2025. The movements of share options under the Share Option Scheme during the six months ended 30 June 2025 are as follows:

			Number of share options							
			Outstanding				Share option			Outstanding
			Exercise	Exercise	as at	Granted	Exercised	Cancelled	adjustment	Lapsed
Category/	Date/	Period	Price Per	1 January	during the	during the	during the	during the	during the	30 June
Name of Grantee	Date of Grant	Period	Share	2025	period	period	period	period	period	2025
Employees and	2 October 2018	(Note 1)	HK\$0.5921	771,180	–	–	–	–	–	771,180
Consultants	2 October 2018	(Note 2)	HK\$0.5921	771,180	–	–	–	–	–	771,180
	2 October 2018	(Note 3)	HK\$0.5921	451,390	–	–	–	–	–	451,390
	2 October 2018	(Note 4)	HK\$0.5921	257,060	–	–	–	–	–	257,060
Total				2,250,810	–	–	–	–	–	2,250,810

The number of share options available for grant under the Share Option Scheme as at 1 January 2025 and 30 June 2025 was 585,769 and 585,769 respectively.

Notes:

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

The Share Option Scheme will expire on 11 November 2026. The Share Option Scheme has a remaining life of approximately 1.20 years as at the date of this report.

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

CORPORATE GOVERNANCE PRACTICES

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

The Company adopted and complied with the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix C1 to the GEM Listing Rules during the six months ended 30 June 2025.

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed in this report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the six months ended 30 June 2025 and remain so as at the date of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). Having made specific enquiries in writing to the Directors, each of the Directors confirmed that he/she had complied with the Model Code in connection with the Company's securities during the six months ended 30 June 2025.

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the six months ended 30 June 2025 (30 June 2024: Nil).

AUDIT COMMITTEE

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

The financial information contained in this interim report has not been audited by the Company's external auditor. The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six-month period ended 30 June 2025.

DISCLOSEABLE TRANSACTION IN RELATION TO RENEWAL OF LEASE AGREEMENT

On 8 May 2024, Betula Profit Holdings Limited (the "Lessee"), a company which was incorporated in Hong Kong with limited liability and is an indirect non-wholly owned subsidiary of the Company and Newfoundworld Site 11 Holdings Limited ("NS11") entered into the supplemental letter (the "Supplemental Letter") for renewal of the lease in respect of the premises (the "Swire Premises") located at Unit 601, 6/F, Citygate, 18-20 Tat Tung Road, Tung Chung, Lantau, Hong Kong for a term commencing from 16 April 2024 to 15 April 2025 (both days inclusive).

The aggregate amount payable under the Supplemental Letter is approximately HK\$3.5 million subject to additional turnover rent representing the amount by which 12% of the monthly gross sales turnover exceeds the monthly basic rent of each calendar month in accordance with the lease (the "Swire Lease") of Swire Premises pursuant to the terms and conditions of the Supplemental Letter. The amount payable by the Lessee are expected to be financed by the internal resources of the Group.

The rent is determined after arm's length negotiations between Lessee and NS11 after taking into consideration the prevailing market price of comparable premises in the vicinity of the Swire Premises.

As one or more of the applicable percentage ratio(s) exceed 5% but are all less than 25%, the entering into the Supplemental Letter constitutes a discloseable transaction of the Company and is therefore subject to the requirements of notification and announcement but exempted from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

For details, please refer to the announcement of the Company dated 6 November 2024.

MAJOR TRANSACTION IN RELATION TO RENEWAL OF LEASE AGREEMENT

On 24 June 2024, the Lessee and Harbour City Estates Limited ("HCE") entered into the harbour city lease agreement (the "Harbour City Lease Agreement") for renewal of the lease in respect of the premise located at Shop OTE 101, Ground Floor, Ocean Terminal, Harbour City, Canton Road, Tsim Sha Tsui (the "Harbour City Premises") for a term commencing from 26 June 2024 to 25 June 2026 (both days inclusive). HCE is the duly authorised agent of Wharf Realty Limited which is the landlord under the Harbour City Lease Agreement.

The aggregate amount payable under the Harbour City Lease Agreement is approximately HK\$15.9 million subject to additional turnover rent representing the amount by which 12% of the monthly gross sales turnover exceeds the monthly basic rent of each calendar month in accordance with the lease (the "Harbour City Lease") of Harbour City Premises pursuant to the terms and conditions of the Harbour City Lease Agreement. The amount payable by the Lessee are expected to be financed by the internal resources of the Group.

The rent is determined after arm's length negotiations between Lessee and HCE after taking into consideration the prevailing market price of comparable premises in the vicinity of the Harbour City Premises.

As one or more of the applicable percentage ratio(s) exceed 25%, but all of the applicable percentage ratios are less than 75%, the entering into the Harbour City Lease Agreement constitutes a major transaction of the Company, which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this report, the extraordinary general meeting to approve the Harbour City Lease Agreement has not yet been convened.

For details, please refer to the announcement of the Company dated 6 November 2024.

REMEDIAL ACTIONS

The Company regrets that it did not duly comply with the notification, announcement and shareholders' approval requirements under Rule 19.34, 19.38 and 19.40 of the GEM Listing Rules by omitting to issue an announcement and circular for shareholders' approval at the relevant time of entering into the Harbour City Lease Agreement and the Supplemental Letter. The Company did not announce the details of the Harbour City Lease Agreement and the Supplemental Letter in a timely manner pursuant to the GEM Listing Rules due to inadvertent oversight of the implementation of HKFRS 16 in relation to lease. The accounting manager of the Group responsible for the renewal was not aware that pursuant to HKFRS 16, entering into the Harbour City Lease Agreement and the Supplemental Letter will require the Group to recognize the premises as a right-of-use asset and such will be regarded as an acquisition of asset by the Group. Furthermore, since the Harbour City Lease Agreement and the Supplemental Letter did not involve any acquisition of assets in substance, the accounting manager of the Group did not realize that a size test should be conducted before the execution of the Harbour City Lease Agreement and the Supplemental Letter.

It is always the intention of the Company to fully comply with the GEM Listing Rules. The Directors, having been fully informed of all the facts of the Harbour City Lease and the Swire Lease, consider that the failure to comply with Chapter 19 of the GEM Listing Rules in respect of the Harbour City Lease and the Swire Lease was inadvertent and can be avoided going forward. The Group has taken the incident seriously and shall implement the following remedial measures to strengthen the Group's internal control and to prevent re-occurrence of similar incidents:

1. the Company will provide the Board members, the senior management, and responsible staff of the Group with appropriate training to enhance their knowledge of the GEM Listing Rules, particularly regarding notifiable and connected transactions under Chapters 19 and 20 of the GEM Listing Rules and refine their ability to identify potential issues at an early stage.

2. the company secretary of the Company, who is also a member of the Hong Kong Institute of Certified Public Accountants, would conduct a training with the accounting manager and the finance team, to highlight potential accounting matters that may have implications on the GEM Listing Rules, including but not limited to the effect of HKFRS 16 and size tests under notifiable and connected transactions, in order to enhance the staff's awareness on compliance of GEM Listing Rules.
3. to prevent similar incidents, the management of the Company is committed to strengthening internal control over the procedures for all transactions under Chapters 19 and 20 of the GEM Listing Rules. The Company will also conduct an annual review of existing reporting procedures regarding the monitoring of notifiable and connected transactions. External professionals will be consulted during the review process, if necessary.
4. the Company will strengthen the coordination and reporting arrangements for notifiable transactions among various departments of the Company to ensure due compliance with the GEM Listing Rules. Prior to entering into any transaction which is not in the ordinary and usual course of business of the Group in the future where the disclosure threshold is met, the company secretary of the Company will be notified and the draft agreements will be circulated for review to assess the relevant implications under the GEM Listing Rules and to ensure compliance with the relevant requirements under the GEM Listing Rules.
5. a letter will be issued to all the Directors, senior management and finance team of the Company and subsidiaries of the Group to remind them of the strict compliance with the internal control procedures and in particular, to consult the financial controller, company secretary or the legal advisor (where appropriate) of the Company prior to entering into any transactions which may constitute notifiable transaction or connected transaction or any other transaction that may be subject to any reporting, announcement or shareholders' approval requirements under the GEM Listing Rules or other applicable laws or regulations.

ISSUE OF CONVERTIBLE BONDS BY A NON-WHOLLY-OWNED SUBSIDIARY AND MAJOR TRANSACTION RELATING TO DEEMED DISPOSAL OF INTEREST IN A NON WHOLLY-OWNED SUBSIDIARY

On 14 July 2025, Betula Profit Holdings Limited (the “Target Company”), a non wholly-owned subsidiary of the Company, entered into the subscription agreement (the “Subscription Agreement”) with Futian Asia Holdings Limited (the “Subscriber”), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Target Company has conditionally agreed to issue convertible bonds bearing an interest of 10% per annum, in the aggregate principal amount of HK\$3,000,000 (the “Convertible Bonds”). The Convertible Bonds will be convertible into equity interests of the Target Company upon the terms and conditions specified in the Subscription Agreement. Upon full conversion and based on the Conversion Price of HK\$0.0247 per conversion share, 121,426,951 conversion shares will be allotted and issued to the holder of the Convertible Bonds.

If the Convertible Bonds has not been converted by the date of its maturity, the Group will incur interest expenses calculated at 10% per annum on the outstanding principal amount of the Convertible Bond. In the event that the Convertible Bond is fully converted at the conversion price of HK\$0.0247, the equity interest held by the Company in the Target Company would decrease to approximately 13.2%.

The issuance of the Convertible Bonds constitutes a deemed disposal of equity interest in a non-wholly owned subsidiary under Rules 19.29 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the issuance of conversion shares is more than 25% but are less than 75%, the issuance of conversion shares constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholder’s approval requirements under Chapter 19 of the GEM Listing Rules.

For details, please refer to the announcement of the Company dated 14 July 2025.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed above, the Company does not have any material subsequent events after 30 June 2025 and up to the date of this interim report which would materially affect the Group’s operating and financial performance.

MATERIAL LITIGATION

Saved as disclosed in this interim report, the Company was not involved in any other material litigation or arbitration for the six months ended 30 June 2025. The Directors are also not aware of any other material litigation or claims that are pending or threatened against the Group for the six months ended 30 June 2025.

BOARD OF DIRECTORS

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

Executive Directors

Mr. Choi Siu Kit

Mr. Ying Kan Man

Independent non-executive Directors

Ms. Tse Mei Ling

Mr. Lynch Stephen Joseph Chor

Ms. Woo Man Hung

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

Hong Kong, 29 August 2025