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AOM International

AOM INTERNATIONAL GROUP COMPANY LIMITED

權識國際集團股份有限公司

(formerly known as Kiu Hung International Holdings Limited 僑雄國際控股有限公司)*

(Incorporated in the Cayman Islands with limited liability and continued in Bermuda with limited liability)

(Stock Code: 00381)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “**Board**”) of AOM International Group Company Limited (formerly known as Kiu Hung International Holdings Limited) (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Revenue	4	386,662	383,923
Cost of sales		<u>(244,996)</u>	<u>(218,116)</u>
Gross profit		141,666	165,807
Other income	6	2,626	8,458
Other gains, net	6	889	8,975
Selling and distribution costs		(36,171)	(37,346)
Administrative expenses		(82,964)	(86,381)
Finance costs		(28,919)	(27,068)
Impairment loss under expected credit loss model, net		(8,979)	(27,454)
Impairment of investments in associates		–	(34,314)
(Loss)/gain on extinguishment of financial liabilities by issue of ordinary shares	17(g)/(d)	(17,186)	28,355
Cancellation of promissory notes	16	–	92,000
Share of results of associates		<u>(36,806)</u>	<u>(21,958)</u>
(Loss)/profit before income tax		(65,844)	69,074
Income tax expense	7	<u>(6,981)</u>	<u>(3,373)</u>
(Loss)/profit for the year	8	<u>(72,825)</u>	<u>65,701</u>
(Loss)/profit attributable to:			
— owners of the Company		(84,626)	37,213
— non-controlling interests		<u>11,801</u>	<u>28,488</u>
		<u>(72,825)</u>	<u>65,701</u>
(Loss)/earnings per share attributable to the owners of the Company		<i>HK cents</i>	<i>HK cents</i>
Basic and diluted (loss)/earnings per share	10	<u>(24.83)</u>	<u>39.06</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss)/profit for the year	<u>(72,825)</u>	<u>65,701</u>
Other comprehensive (loss)/income:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
(Deficit)/surplus on revaluation of properties	(2,985)	8,258
Deferred tax effect on revaluation of properties	547	(1,363)
<i>Items that may be reclassified to profit or loss:</i>		
Exchange difference arising from translation of foreign operations	(16,921)	(13,070)
Share of exchange translation difference of associates	(5,270)	(7,095)
Other comprehensive loss for the year, net of tax	<u>(24,629)</u>	<u>(13,270)</u>
Total comprehensive (loss)/income for the year	<u>(97,454)</u>	<u>52,431</u>
Total comprehensive (loss)/income attributable to:		
— owners of the Company	(106,094)	25,729
— non-controlling interests	8,640	26,702
	<u>(97,454)</u>	<u>52,431</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		99,722	107,820
Right-of-use assets		29,275	29,256
Investment properties		11,251	12,450
Goodwill		50,199	50,940
Other intangible assets		5,897	5,795
Investments in associates		204,894	246,969
Deposit paid for acquisition of property	<i>11</i>	48,423	–
Deferred income tax assets		70	1,589
Prepayment	<i>13</i>	13,900	–
		463,631	454,819
Current assets			
Inventories		97,643	87,910
Biological assets		7,615	5,051
Trade and bills receivables	<i>12</i>	57,429	57,229
Prepayments, deposits and other receivables	<i>13</i>	33,206	53,369
Tax recoverable		1,186	36
Bank balances and cash		135,901	111,867
		332,980	315,462
Current liabilities			
Trade payables	<i>14</i>	27,362	22,115
Accruals and other payables	<i>15</i>	125,693	117,517
Income tax payable		3,183	2,577
Lease liabilities		2,064	723
Borrowings		139,386	134,245
Amount due to an associate		167	172
Convertible bonds		61,553	–
		359,408	277,349
Net current (liabilities)/assets		(26,428)	38,113
Total assets less current liabilities		437,203	492,932

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Lease liabilities		4,168	1,846
Borrowings		–	7,572
Deferred income tax liabilities		12,964	12,927
Convertible bonds		36,422	130,611
		<u>53,554</u>	<u>152,956</u>
Net assets		<u>383,649</u>	<u>339,976</u>
Equity			
Share capital	<i>17</i>	78,924	9,667
Reserves		170,233	204,541
		<u>249,157</u>	<u>214,208</u>
Equity attributable to owners of the Company		<u>249,157</u>	<u>214,208</u>
Non-controlling interests		134,492	125,768
		<u>383,649</u>	<u>339,976</u>
Total equity		<u>383,649</u>	<u>339,976</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

AOM International Group Company Limited (formerly known as Kiu Hung International Holdings Limited) (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and continued in Bermuda with limited liability under the Companies Act 1981 of the Bermuda. The address of its registered office is The Penthouse Level, 5 Reid Street, Hamilton HM11, Bermuda. The address of its principal place of business is Flat E, 20/F., Lucky Plaza, 315–321 Lockhart Road, Wanchai, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Pursuant to the special meeting held on 7 November 2024, a special resolution was passed for the change of the name of the Company from “Kiu Hung International Holdings Limited” to “AOM International Group Company Limited”, and the secondary name in Chinese “權識國際集團股份有限公司” has been adopted in place of the unregistered Chinese name of “僑雄國際控股有限公司”, and the new names have been entered into the register maintained by the Registrar of Companies in Bermuda with effect from 8 November 2024. The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 29 November 2024 confirming the registration of the Company’s new English and Chinese names of “AOM International Group Company Limited” and “權識國際集團股份有限公司” respectively in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in (i) the manufacturing and trading of toys and gifts items, (ii) development, processing and manufacturing of Chinese herbs products, (iii) the investment in various businesses including fruit plantation, leisure and culture and (iv) trading of wine.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. The directors of the Company (“**Directors**”) consider HK\$ is the most appropriate presentation currency for the users of the Group’s financial statements as the Company is listed on the Stock Exchange. The functional currency of the Company’s major subsidiaries in the People’s Republic of China (“**PRC**”) and the United States of America (“**USA**”) is Renminbi (“**RMB**”) and United States dollars (“**US\$**”) respectively.

2. BASIS OF PREPARATION

(a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(b) Going concern basis

For the year ended 31 December 2024, the Group incurred a loss of approximately HK\$72,825,000 and as at that date, the Group had net current liabilities of approximately HK\$26,428,000 and secured other borrowings of HK\$67,572,000 together with accrued interest of HK\$30,650,000 has been defaulted. As at the date of issuance of the consolidated financial statements, no assets of the Group have been seized/frozen or restricted. 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. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group’s financial position, the Directors are implementing various plans and measures, as follows:

- (1) subsequent to 31 December 2024, the Group is negotiating with the lender of the defaulted loans for settlement/extension; and
- (2) the Group is considering to raise new capital by carrying out fund raising activities including but not limited to right issue, open offer, placing of new shares and issuance of convertible bonds.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation and outcome of the abovementioned plans and measures to be undertaken by the Group. The Directors are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2024. The Directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust 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 liabilities as current assets and liabilities respectively.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature — Dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

4. REVENUE

(a) Disaggregation of revenue from contracts with customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of toys and gifts items	239,744	262,377
Sales of Chinese herbs products	95,286	121,546
Sales of wines	51,632	–
	<u>386,662</u>	<u>383,923</u>
By revenue source		
<i>Manufacturing of goods items</i>		
— Toys and gifts items	146,093	135,940
— Chinese herbs products	95,286	121,546
<i>Trading of goods items</i>		
— Toys and gift items	93,651	126,437
— Wines	51,632	–
	<u>386,662</u>	<u>383,923</u>
Timing of revenue recognition		
At point in time	<u>386,662</u>	<u>383,923</u>

(b) Performance obligations for contracts with customers

Revenue from (1) sales of toys and gifts items, (2) sales of Chinese herbs products and (3) sales of wines are recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when to sell the goods, bears the risks of obsolescence and loss in relation to the goods. Invoices are usually payable within 90 days, 120 days and 30 days for sales of toys and gifts items, sales of Chinese herbs products and sales of wines respectively.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for toys and gifts items, Chinese herbs products and sales of wines such that the above information does not include information about revenue that the Group will be entitled to in future periods when it satisfies the remaining performance obligations under the contracts for sales of toys and gifts items, Chinese herbs products and wines that had an original expected duration of one year or less.

5. OPERATING SEGMENT INFORMATION

For the years ended 31 December 2024, the Group has seven (2023: six) reportable and operating segments as follows:

Exploration	—	Exploration of natural resources
Toys and gifts items	—	Manufacturing and trading of toys and gifts items
Fruit plantation	—	Investment in business related to fruit plantation
Leisure	—	Investment in the PRC outbound tourism and tea and wine products related business through associates of the Group
Culture	—	Trading of ceramic items
Chinese herbs	—	Development, processing and manufacturing of Chinese herbs
Wines	—	Trading of wines

Upon completion of acquisition of Fujian Laojiu Investment Co., Ltd on 31 May 2024, wines — Trading of wines business become the new reportable and operating segment of the Group for the year ended 31 December 2024.

The Group's reportable and operating segments are strategic business units that offer different products and services. They are managed separately because each business has different economic characteristics. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment results do not include corporate finance costs, fair value gain on convertible bonds — derivative component, (loss)/gain on extinguishment of financial liabilities by issue of shares, cancellation of promissory notes, other corporate income and expenses and fair value change on contingent consideration payables. Segment assets do not include assets at corporate level, bank balances and cash, prepayments, deposits and other receivables and right-of-use assets. Segment liabilities do not include liabilities at corporate level, borrowings, accruals and other payables, convertible bonds and lease liabilities.

(a) The segment results for the year ended 31 December 2024 and 2023:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss																
Year ended 31 December																
Revenue from external customers	-	-	239,744	262,377	-	-	-	-	-	-	95,286	121,546	51,632	-	386,662	383,923
Segment (loss)/profit	-	(11)	(12,386)	5,537	(33,886)	(31,786)	(3,125)	(45,383)	-	590	40,444	50,182	(748)	-	(9,701)	(20,871)
Unallocated amounts:																
Corporate finance costs															(27,077)	(25,417)
Fair value gain on convertible bonds — derivative component															1	112
(Loss)/gain on extinguishment of financial liabilities by issue of shares															(17,186)	28,355
Cancellation of promissory notes															-	92,000
Other corporate income and expenses															(18,862)	(13,483)
Fair value change on contingent consideration payables															-	5,005
(Loss)/profit for the year															<u>(72,825)</u>	<u>65,701</u>

Notes:

- (i) There were no inter-segment sales during the years.

(b) Segment assets:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 31 December																
Segment assets	2	2	213,413	234,889	125,974	162,044	89,917	95,909	-	-	295,213	277,029	22,137	-	746,656	769,873
Unallocated corporate assets																
Bank balances and cash															68	72
Prepayments, deposits and other receivables															49,604	336
Right-of-use assets															283	-
Total assets															796,611	770,281

(c) Segment liabilities:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 31 December																
Segment liabilities	(88)	(91)	(176,145)	(175,461)	(1,005)	(1,005)	(16,540)	(14,809)	-	-	(5,892)	(8,936)	(22,807)	-	(222,477)	(200,302)
Unallocated corporate liabilities																
Borrowings															(23,327)	(50,046)
Accruals and other payables															(68,894)	(49,346)
Convertible bonds															(97,975)	(130,611)
Lease liabilities															(289)	-
Total liabilities															(412,962)	(430,305)

(d) Other information:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines		Unallocated		Total		
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
Depreciation and amortisation	-	-	(7,990)	(9,190)	-	-	-	-	-	-	(8,678)	(6,550)	(656)	-	(192)	-	(17,516)	(15,740)	
Impairment/(reversal of impairment loss) of investment in associates	-	-	-	-	-	(35,814)	-	1,500	-	-	-	-	-	-	-	-	-	(34,314)	
Impairment loss under expected credit loss model, net	-	(11)	(7,362)	(1,895)	-	-	(204)	(24,026)	-	-	347	(354)	(158)	-	(1,602)	(1,168)	(8,979)	(27,454)	
Reversal of write-down of inventories	-	-	-	1,259	-	-	-	-	-	-	-	-	-	-	-	-	-	1,259	
Share of results of associates	-	-	-	-	(33,886)	899	(2,920)	(22,857)	-	-	-	-	-	-	-	-	-	(36,806)	(21,958)
Interest income	-	-	583	137	-	-	-	-	-	-	53	107	1	-	-	-	637	244	
Interest expenses	-	-	(1,723)	(8,792)	-	-	-	-	-	-	(57)	(59)	(40)	-	(27,099)	(18,217)	(28,919)	(27,068)	
Additions to segment non-current assets (note)	-	-	387	503	-	-	-	-	-	-	5,957	44,466	10,175	-	474	-	16,993	44,969	
Investment in associates included in segment assets	-	-	-	-	115,356	151,426	89,538	95,543	-	-	-	-	-	-	-	-	204,894	246,969	
Income tax (expense)/credit	-	-	(1,565)	2,774	-	3,129	-	-	-	-	(5,456)	(9,276)	40	-	-	-	(6,981)	(3,373)	

Note:

Non-current assets included property, plant and equipment, right-of-use assets and goodwill.

(e) **Geographical information:**

	Revenue		Non-current assets	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The PRC (including Hong Kong)	147,696	122,084	454,801	435,322
The USA	238,852	261,792	1,539	1,581
Canada	–	47	–	–
Samoa	–	–	7,221	16,327
Others ¹	114	–	–	–
	<u>386,662</u>	<u>383,923</u>	<u>463,561</u>	<u>453,230</u>

Note: Non-current assets excluded deferred tax assets.

¹ Others include Asia.

The geographical analysis of revenue is based on location of customers which is determined based on the location at which the goods were delivered and information about the geographical analysis of non-current assets, which include goodwill, property, plant and equipment, right-of-use assets, investment properties, other intangible asset, investments in associates, deposit paid for acquisition of property and prepayment, is classified in accordance with geographical location of the assets or the associates' country of domicile at the end of the reporting period.

Revenue from customers of the corresponding years which contributed more than 10% of the Group's total revenue for the year represented approximately 73% of the total Group's revenue for the year ended 31 December 2024 (2023: 59%), which are shown as follows:

	2024	2023
	HK\$'000	HK\$'000
Customer A ¹	123,231	98,818
Customer B ²	57,003	76,442
Customer C ³	51,528	N/A ⁴
Customer D ¹	<u>50,655</u>	<u>52,533</u>

¹ Revenue from toys and gifts item.

² Revenue from Chinese herbs.

³ Revenue from wine.

⁴ The corresponding revenue did not contribute 10% or more of the total revenue of the Group in the respective year.

6. OTHER INCOME/OTHER GAINS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Bank interest income	638	244
Rental income from investment properties	405	385
Written back of interest payable on promissory note	–	4,132
Written back of accrued expenses (<i>Note</i>)	1,172	3,020
Others	411	677
	<u>2,626</u>	<u>8,458</u>
Other gains, net		
Fair value loss on investment properties	(925)	(989)
Fair value gain on contingent consideration payables	–	5,005
Fair value gain on convertible bonds — derivative component	1	112
Gain on disposal of a subsidiary	–	589
Net foreign exchange loss	1,813	4,258
	<u>889</u>	<u>8,975</u>

Note:

During the year ended 31 December 2024, the Group recognised an over provision in the amount of approximately HK\$1,172,000 in respect of provision for rental expenses. Details of the information are set out in the note 18(b) to the announcement.

During the year ended 31 December 2023, the Group reviewed its accrued expenses which included provisions for legal and professional fees recognised based on mandates entered into years ago. The Group determined that the services set out in the respective mandates were not provided and no payments were requested by the respective professional parties. Thus, having reviewed these accruals the Directors concluded that the accrued expenses of approximately HK\$3,020,000 be written back in the year ended 31 December 2023.

7. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	719	973
Overprovision in prior year	<u>(2)</u>	<u>(163)</u>
	<u>717</u>	<u>810</u>
Current tax — Overseas		
Provision for the year	<u>5,093</u>	<u>11,257</u>
Total current tax	5,810	12,067
Deferred income tax	<u>1,171</u>	<u>(8,694)</u>
Income tax expense	<u><u>6,981</u></u>	<u><u>3,373</u></u>

Under the two-tiered profits tax rates regime, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Other subsidiaries of the Company are subject to Hong Kong Profits Tax at the rate of 16.5% for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxations on overseas profits have been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

8. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of sales		
Amortisation of other intangible assets	2,874	2,778
Cost of materials consumed	190,861	164,500
Depreciation of property, plant and equipment	2,902	1,835
Depreciation of right-of-use assets	2,710	922
Licence fee	9,891	9,891
Reversal of write-down of inventories	–	(1,259)
Royalty fee	17,496	17,496
Salaries, bonus and allowance (including directors' remuneration)	11,721	13,951
Subcontracting fee	1,396	1,396
Others	5,145	6,606
	<u>244,996</u>	<u>218,116</u>
Selling and distribution costs		
Advertising and promotional costs	2,832	5,235
Amortisation of intangible assets	–	12
Research and development costs	6,258	5,429
Sales commission	5,922	6,032
Salaries, bonus and allowance (including directors' remuneration)	9,507	8,170
Testing	2,254	2,213
Couriers	2,860	3,297
Others	6,538	6,958
	<u>36,171</u>	<u>37,346</u>
Administrative expenses		
Auditor's remuneration		
— Provision for the year	2,512	2,428
— Over-provision in previous year	(318)	(9)
Consultancy fee	1,165	2,647
Depreciation of property, plant and equipment	7,697	8,855
Depreciation of right-of-use assets	1,333	1,338
Entertainment	3,835	5,668
Expense relating to short-term leases	5,580	5,750
Write-off of property, plant and equipment	47	73
Written off of other intangible assets	953	–
Legal and professional fees	2,786	3,045
Salaries, bonus and allowance (including directors' remuneration)	37,722	36,565
Retirement benefits scheme contributions	3,064	2,765
Others	16,588	17,256
	<u>82,964</u>	<u>86,381</u>

9. DIVIDEND

The Directors did not recommend the payment of any dividend for the years ended 31 December 2024 and 2023.

10. (LOSS)/EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted loss per share	<u>(84,626)</u>	<u>37,213</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>340,870</u>	<u>95,278</u>
(Loss)/earnings per share		
Basic (loss)/earnings per share (<i>HK cents</i>)	<u>(24.83)</u>	<u>39.06</u>

Note: The weighted average number of ordinary shares for the year ended 31 December 2024 and 2023 has been retrospectively adjusted for the two-to-one share consolidation (“**2024 Share Consolidation**”) of the Company which became effective on 16 January 2024. The (loss)/earnings per share calculations for 2024 and 2023 have been adjusted so as to be based on the new number of shares under the 2024 Share Consolidation.

Diluted (loss)/earnings per share

For the years ended 31 December 2024 and 31 December 2023, the computation of the basic and diluted (loss)/earnings per share are the same as the convertible bonds are anti-dilutive.

11. DEPOSIT PAID FOR ACQUISITION OF PROPERTY

On 24 October 2024, Kiu Hung (Fujian) Investment Co., Ltd, a wholly-owned subsidiary of the Group in the PRC entered into a sales and purchase agreement an independent third party not connected with the Group for the purchase of 2,580.49 squares metres of office space in Beijing, the PRC for a consideration of RMB51,678,000 (equivalent to approximately HK\$56,283,000) as its new headquarters in the PRC for the wine segment. The original land use right certificate have been held by an independent lawyer, 福建乾順律師事務所, as security until the completion of the sale. A refundable deposits of RMB45,000,000 (equivalent on approximately HK\$49,010,000) was paid to the vendor on 25 October 2024 and included as deposit at 31 December 2024 (2023: Nil). The acquisition is expected to be completed within the next 12 months. An impairment loss of HK\$587,000 was recognised for the year ended 31 December 2024 (2023: nil). At the date of issuance of the consolidated financial statements, the purchases is not yet completed.

12. TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables — contracts with customers	70,173	51,127
Less: Allowance for credit losses	<u>(18,846)</u>	<u>(11,661)</u>
Trade receivables, net	51,327	39,466
Bills receivables	<u>6,102</u>	<u>17,763</u>
	<u><u>57,429</u></u>	<u><u>57,229</u></u>

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	22,844	13,867
31 days to 90 days	22,327	20,961
91 days to 180 days	6,156	2,168
181 days to 360 days	—	1,869
Over 360 days	<u>—</u>	<u>601</u>
	<u><u>51,327</u></u>	<u><u>39,466</u></u>

As of 31 December 2024, trade receivables of approximately HK\$2,694,000 (2023: HK\$17,604,000) were past due and net of allowance. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables based on due date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	2,694	14,417
91 days to 180 days	—	1,608
181 days to 360 days	<u>—</u>	<u>1,579</u>
	<u><u>2,694</u></u>	<u><u>17,604</u></u>

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade deposits	<i>(a)</i>	5,338	5,550
Deposit and other receivables	<i>(b)</i>	17,752	45,167
Prepayment	<i>(c)</i>	24,016	2,652
		<u>47,106</u>	<u>53,369</u>
		2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Analysed as:			
Non-current		13,900	–
Current		33,206	53,369
		<u>47,106</u>	<u>53,369</u>

(a) At 31 December 2024, trade deposits of approximately HK\$5,338,000 in relation to the Group's toy business (2023: HK\$5,550,000) for purchases toys and gift.

(b) At 31 December 2024, deposits and other receivable included Nil in relation to the purchase of plant seeds, fertilisation and cultivation for plantation of Chinese herbs in the PRC (2023: HK\$32,551,000) and amount due from an associate HK\$10,618,000 (2023: HK\$10,618,000).

Moreover, at 31 December 2024 deposits and other receivables include HK\$967,000 (2023: Nil) for other receivables and HK\$3,206,000 (2023: HK\$1,116,000) for other tax recoverable.

(c) As 31 December 2024, Hubei Jincaotang, a subsidiary of the Group, entered into a three-year contract to cultivate for plant which includes sowing, fertilising, irrigation and related labour costs.

14. TRADE PAYABLES

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	19,692	14,062
31 days to 90 days	2,901	4,776
91 days to 180 days	1,138	2,693
181 days to 360 days	1,841	2
Over 360 days	1,790	582
	<u>27,362</u>	<u>22,115</u>

15. ACCRUALS AND OTHER PAYABLES

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other payables	<i>(a)</i>	62,369	64,353
Obligation under share re-purchase arrangement	<i>17(a)</i>	8,000	8,000
Other accruals		17,559	10,484
Accrued salaries		25,996	17,612
Accrued professional fees		5,501	11,942
VAT payables		3,450	2,785
Receipts in advance		586	415
Due to related parties		2,232	1,926
		125,693	117,517

(a) Other payables comprised:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Overpayment from customer	16,000	14,760
Amounts due to former directors <i>(i)</i>	6,045	6,045
Guo Jing Sheng (“ Mr. Guo ”) <i>(ii)</i>	9,538	9,600
Royalty payable	3,958	6,108
Commission payable	5,082	6,093
Others	21,746	21,747
	62,369	64,353

(i) The amounts are interest free and without fixed repayment terms.

(ii) As at 31 December 2024 and 2023, included in other payables is an amount due to Mr. Guo of approximately HK\$9,538,000 (2023: HK\$9,600,000) in relation outstanding borrowings. Details per note 18(a) to the announcement.

16. PROMISSORY NOTES

	<i>Notes</i>	Total <i>HK\$'000</i>
At 1 January 2023		164,820
Cancellation of promissory notes	<i>(a)</i>	(92,000)
Cancellation of promissory notes	<i>(b)</i>	(60,000)
Settlement by issuance of shares		(7,631)
Repayment of promissory notes		(5,189)
At 31 December 2023 and 2024		—

- (a) At 31 December 2022 are promissory notes with an aggregate principal amount of HK\$92,000,000 were issued by the Company on 23 April 2015, as part of the consideration for the acquisition of an associate. The investment cost in this associate was fully impaired and written off in prior years. The promissory notes were unsecured, non-interest bearing and had a maturity period of one year after the date of issue. On 16 December 2015, the promissory note were replaced by new promissory notes of the same aggregate principal amount of HK\$92,000,000 (the “**Promissory Note**”) with maturity date of 31 December 2016.

On 30 December 2016, the Company engaged its legal advisers to issue a legal letter (the “**Letter**”) to Unicorn Sino Limited (“**Unicorn**”), the vendor of the associate. As set out in the Letter, the Company had relied on the representations of Ms. Wei, the ultimate sole beneficial owner of Unicorn, in particular, the business plan presented by Unicorn to the Company, when the Company and its subsidiaries entered into the sale and purchase agreement (as amended by the supplemental agreement dated 16 December 2015) and the Shareholders’ Agreement (as amended by the supplemental agreement dated 16 December 2015) (collectively, the “**Agreements**”) with Unicorn.

It was subsequently discovered that the representations made by Ms. Wei in respect of the business of the associate were false and misleading. Based on the legal advice from a senior counsel, the Agreements were void or voidable by reason of fraudulent misrepresentation and the Promissory Note could be rescinded, and Unicorn could not enforce the Promissory Note against the Company. In the opinion of the Directors, the financial effects of the rescission, would be recognised when the Promissory Note is legally extinguished.

Based on the latest legal opinion from the Company’s external legal lawyer, the Promissory Note have been time-barred under the Limitation Ordinance and therefore, the promissory notes of HK\$92,000,000 was expired and derecognised, with the corresponding amount recognised as income during the year ended 31 December 2023.

- (b) At 31 December 2022, included in the promissory notes with the principal amount of HK\$60,000,000 are in relation to trade deposits for the purchase of wine and juice (2023: nil). The promissory notes was cancelled on 20 October 2023.

17. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each (2023: HK\$0.05 each)			
Authorised:			
At 1 January 2023		198,605,703,079	1,986,056
2023 share consolidation	<i>(b)</i>	<u>(158,884,562,464)</u>	<u>–</u>
At 31 December 2023		39,721,140,615	1,986,056
2024 share consolidation	<i>(c)</i>	<u>(19,860,570,308)</u>	<u>–</u>
At 31 December 2024		<u>19,860,570,307</u>	<u>1,986,056</u>
		Number of shares	Amount <i>HK\$'000</i>
	<i>Notes</i>		
Issued and fully paid:			
At 1 January 2023		921,487,724	9,214
Issue of shares			
— 2023 share consolidation	<i>(b)</i>	<u>(737,190,180)</u>	<u>–</u>
— loan capitalisation	<i>(d)</i>	<u>9,210,000</u>	<u>461</u>
At 31 December 2023 and 1 January 2024		193,507,544	9,675
Issue of shares			
— 2024 share consolidation	<i>(c)</i>	<u>(96,753,772)</u>	<u>–</u>
— conversion of convertible bonds	<i>(e)</i>	<u>150,000,000</u>	<u>15,000</u>
— placement of shares	<i>(f)</i>	<u>470,000,000</u>	<u>47,000</u>
— loan capitalisation	<i>(g)</i>	<u>72,570,754</u>	<u>7,257</u>
At 31 December 2024		<u>789,324,526</u>	<u>78,932</u>

	Notes	Number of shares		Amount	
		2024	2023	2024	2023
				HK\$'000	HK\$'000
Classified as:					
Share capital		789,244,526	193,347,544	78,924	9,667
Obligation under share repurchase arrangement	(a)	<u>80,000</u>	<u>160,000</u>	<u>8</u>	<u>8</u>
		<u>789,324,526</u>	<u>193,507,544</u>	<u>78,932</u>	<u>9,675</u>

Note:

- (a) On 21 May 2019, the Company issued and allotted 80,000,000 ordinary shares of the Company at HK\$0.10 per share (the “**Shares**”) as settlement sum for HK\$8,000,000 as partial settlement of Mr. Guo’s debt of HK\$17,600,000. As there is a buy-back clause for the Shares by the Company contained in the Settlement Deed, the Shares for HK\$8,000,000 are classified as financial liabilities and presented as obligation under share repurchase arrangement instead of equity under share capital as at 30 June 2022 and 31 December 2021.

On 15 May 2020, the Company received a writ of summons from Mr. Guo demanding an order that the Company buy back the shares from Mr. Guo. As at the date of this announcement, the Company is liaising with Mr. Guo about the buy-back of the shares.

On 27 June 2022, the Company completed the 2022 share consolidation, as a result of the share consolidation, total number of ordinary shares due to Mr. Guo was adjusted from 4,000,000 ordinary shares to 800,000 ordinary shares. Also, total amount of ordinary shares due to the Mr. Guo was adjusted from HK\$40,000 to HK\$8,000 effect by the capital reduction.

On 28 April 2023, the Company completed the share consolidation, refer to note (b), as a result of the 2023 share consolidation, total number of ordinary shares due to Mr. Guo was adjusted from 800,000 ordinary shares to 160,000 ordinary shares to reflect the share consolidation.

On 18 January 2024, the Company completed the share consolidation, refer to note (c), as a result of the 2024 share consolidation, total number of ordinary shares due to Mr. Guo was adjusted from 160,000 ordinary shares to 80,000 ordinary shares to reflect the share consolidation.

- (b) On 28 April 2023, pursuant to the special resolution passed and effective on the same date, the Company implemented the share consolidation on the basis that every five (5) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.05 each (the “**2023 Share Consolidation**”). Details of the 2023 Share Consolidation is disclosed in the announcements of the Company dated 6 April 2023 and 28 April 2023.
- (c) Pursuant to the special resolution passed on 16 January 2024 and became effective on 18 January 2024, the Company implemented the share consolidation on the basis of every two (2) issued and unissued existing shares of HK\$0.05 each will be consolidated into one (1) consolidated share of HK\$0.1 each (the “**2024 Share Consolidation**”). Details of 2024 Share Consolidation is disclosed in the circular of the Company dated 27 December 2024 and announcement of the Company dated 16 January 2024.

- (d) On 23 June 2023, the Company issued and allotted 9,210,000 ordinary shares at the market price of HK\$0.298 each to a creditor in settlement of the amount due to her of approximately HK\$31,100,000 which was included in promissory notes of approximately HK\$7,631,000 and accrual and other payables of approximately HK\$23,469,000 and a gain on extinguishment of financial liabilities by issue of ordinary shares of approximately HK\$28,355,000 was recognised. Details of the loan capitalisation is disclosed in the announcements of the Company dated 9 June 2023 and 23 June 2023.
- (e) Between 2 May 2024 to 23 May 2024, 150,000,000 ordinary shares was issued and allotted to the convertible bond holders upon conversion of the 2024 Convertible Bonds with a principal amount of HK\$45,000,000.
- (f) On 30 September 2024, the Company completed the placement of 470,000,000 ordinary shares to not less than six places at the placing price of HK\$0.111 per placing share. The net proceeds from the Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK\$51,300,000. HK\$51,000,000 of the net proceeds from the placement will be utilised to repay the outstanding amount of the Hubei CB in full and the remaining net proceeds from the placement of HK\$300,000 for general working capital of the Company. Details of the placement is set out in the circular of the Company dated 19 August 2024 and in the announcements of the Company on 16 August 2024, 9 September 2024 and 30 September 2024.
- (g) On 17 May 2024, the Company issued and allotted 19,350,000 ordinary shares at the subscription price of HK\$0.147 per share to a creditor in settlement of the amount due to her of approximately HK\$19,200,000 which was included in other loan and a gain on extinguishment of financial liabilities by issue of ordinary shares of approximately HK\$16,343,000 was recognised. Details of loan capitalisation is disclosed in the announcements of the Company dated 3 May 2024 and 17 May 2024. In addition, on 10 October 2024, the Company issued and allotted 53,220,754 ordinary shares at the market price of HK\$0.78 each to a creditor in settlement of the amount due to her of approximately HK\$7,980,000 which was included in other loan and a loss on extinguishment of financial liabilities by issue of ordinary shares of approximately HK\$33,529,000 was recognised. Details of the loan capitalisation is disclosed in the announcements of the Company dated 9 June 2023 and 23 June 2023. Details are set out in the announcement of the Company dated 2 October 2024 and 10 October 2024 (“**2024 Loan Capitalisation**”). The excess of the fair value of the shares issued to the creditors as at the date of settlement over the carrying amount of the liability owed to the creditor is recognised as loss on extinguishment of the financial liability in the consolidated statement of profit or loss.

18. LITIGATIONS

(a) Guo Jingsheng

On 8 June 2016 and 19 July 2016, the Company and a director of the Company received from Mr. Guo a writ of summons and an indorsement of claim issued by the High Court, respectively, against the Company as borrower and the director Yu Wan Kong, Dennis of the Company as guarantor for the outstanding amount of borrowing including interests of approximately HK\$13,921,000.

A deed of settlement (the “**Settlement Deed**”) was made between the Company, the director of the Company and Mr. Guo on 29 April 2019. Pursuant to the Settlement Deed, the Company would issue 80,000,000 ordinary shares of the Company at HK\$0.10 per share (the “**Shares**”) for the settlement of HK\$8,000,000 as partial settlement of Mr. Guo’s debt of approximately HK\$17,600,000 as at 29 April 2019. The Settlement Deed contains a buy-back clause for the Shares by the Company should the quoted market price of the Company’s shares fail to reach at least HK\$0.10 per share within one year from the date of issue of the Shares. The Company issued and allotted the Shares to Mr. Guo on 21 May 2019. On 15 May 2020 and 8 June 2020, the Company received a writ of summons from Mr. Guo demanding an order that the Company buy back the Shares from Mr. Guo.

As at the date of this announcement, the Company is liaising with Mr. Guo about the buy-back of the Shares and the remaining outstanding amount of borrowings of approximately HK\$9,538,000 (2023: HK\$9,600,000), which is included in accruals and other payables as at 31 December 2024 and 2023.

(b) Everbright Centre

Pursuant to a tenancy agreement dated 23 September 2014 entered into between Everbright Centre Company Limited (“**Everbright Centre**”) (formerly known as Wing Siu Company Limited) as landlord and Super Dragon Management Limited (“**Super Dragon**”), a wholly-owned subsidiary of the Company, as tenant, and the Company as guarantor to Super Dragon, for a lease of premises for a term of three years from 15 December 2014 to 14 December 2017.

On 8 August 2016, Super Dragon and the Company received from Everbright Centre a writ of summons issued by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) with an indorsement of claim against Super Dragon and the Company jointly for (i) vacant possession of the premises; (ii) the outstanding total amount of rent, management fees, interests and other charges of approximately HK\$3,886,000 as at 1 August 2016; (iii) rent, management fees and rates to the date of delivery of vacant possession of the Wanchai Property; (iv) damage for breach of the tenancy agreement to be assessed; (v) interest; (vi) costs; and (vii) further or other relief.

The Company vacated from the premises in the third quarter of 2017 and has settled part of the amount claimed above. Based on the notice from lawyer on 13 August 2024, an amount of approximately HK\$149,000 as settlement of the outstanding rentals and interest (2023: part of the amount HK\$250,000). An over provision in the amount of approximately HK\$1,172,000 was recognised for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

In the year 2024, the global economy faced multifaceted pressures, including high inflation, escalating international trade tensions, and geopolitical turmoil, leading to a slowdown in growth. Despite these challenges, China's economy showcased strong resilience in the complex global market, driven by robust macroeconomic control and domestic demand stimulation. In view of this, the Group started wine trading business during the year 2024. This move is in line with the Group's diversified investment strategy to ensure the Company's long-term development.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2024 (the “**Year**”), the Group recorded turnover of approximately HK\$386.7 million (2023: HK\$383.9 million), representing a decrease of approximately 0.7% as compared with last year.

The Group's loss attributable to equity holders of the Company for the Year was approximately HK\$84.6 million (2023: profit attributable HK\$37.2 million), representing a decrease of approximately HK\$121.8 million comparing to last year. The decrease in profit attributable to equity holders of the Company for the Year was mainly attributable to (i) the loss on loan capitalisation of the financial liabilities approximately HK\$17.2 million by the issue of new ordinary shares, during the Year; and (ii) share of results of associates amounted to HK\$36.8 million. Basic loss per share for the Year was HK cents 24.83 (2023: Basic earnings per share HK cents 39.06).

BUSINESS AND OPERATIONAL REVIEW

Segmental Information Analysis

During the Year, the Group has seven reportable segments, namely “Manufacturing and trading of toys and gifts items”, “Exploration of natural resources”, “Fruit plantation”, “Leisure”, “Culture”, “Chinese herbs” and “Wines”.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business has different economic characteristics.

Manufacturing and Trading of Toys and Gifts Items

Turnover from toys and gifts business for the Year was approximately HK\$239.7 million (2023: HK\$262.4 million), representing a decrease of approximately 8.7% comparing to last year. The decrease in turnover was mainly attributable to the decrease in revenue generated from the North America. The gross profit margin was increased, which was 37.7% (2023: 37.1%) during the Year, showing the production and logistic cost was decreased with a diversified category of products launched to the market.

Exploration of Natural Resources

The Group owns the minor interest of exploration rights of Bayanhushuo Coal Field and Guerbanhada Coal Mine, all located in Inner Mongolia Autonomous Region (the “**Inner Mongolia**”), the PRC with total estimated coal resources of approximately 500.05 million tonnes under the JORC Code.

The retained equity interest was regarded as financial assets at FVTOCI since the Group has no significant influence to participate in the financial and operating policy decisions of the Investment Group.

In the opinion of the directors of the Company as at 31 December 2024, the Investment Group is still unable to generate cash flows to the Group due to the absence of the mining rights of coal mines concerned. Fair value of approximately HK\$3,435,000 was recognised for the year ended 31 December 2020 to fully write down the carry amount of the investment and no reversal of impairment for the years ended 31 December 2024 and 2023.

Fruit Plantation

(a) Multijoy Group

Multijoy Developments Limited, 40% equity interest of which was acquired by the Group, together with its subsidiaries (the “**Multijoy Group**”) is principally engaged in the business of holding of forestry concession rights in relation to a parcel of forest land situated in Nanfeng County, Fuzhou City, Jiangxi Province, the PRC with an aggregate site area of approximately 1,765.53 Chinese mu (the “**Forest Land**”). The cooperation agreement with an independent third party has expired during the Year. The Multijoy Group is changing the use of land and developing a diversified ecological sightseeing farm business on the Forest Land.

The Group’s share of result of loss amounted to approximately HK\$24.8 million for the Year (2023: profit of HK\$2.0 million).

(b) *USO Management & Holding Co. Ltd (“USO”)*

USO entered into a development cooperation agreement with Plantation Construction & Development Co Ltd. (the “**Development Company**”), pursuant to which USO and the Development Company will jointly develop the leased properties. The management expected that the leased properties will be mainly developed for commercial purposes such as residential properties and hotels, residential villas, high-end hotel and casino, and ancillary public amenities. Under the impact of weak global economic environment, the commencement date of construction of the luxury hotel and casino, as well as the first 100 residential villas is delayed, and expected to be taken place in October 2025. The management of the Group is assessing the operational and financial impacts of the proposed arrangements to the Group.

The Group’s share of result of loss amounted to approximately HK\$9.1 million for the Year (2023: loss of HK\$1.1 million).

Leisure

(a) *Tea related business*

In the recent years, the competition in tea industries becomes more fierce as the traditional sales model is facing a keen competition from those online business platform. During the Year, Fujian Yuguo has continued to fine-tune its operation model to meet its customers’ needs, including but not limited to provide more attractive terms to its selected customers to increase its competitiveness in the markets.

The Group’s share of result of loss amounted to approximately HK\$20,000 (2023: loss of HK\$47,000) for the year.

(b) *Wine related business*

Wine culture forms an important part and has a long history in the Chinese culture. In view of the increase in the living standard of the Chinese people in the recent years, the Group is optimistic about the future growth in the wine industry and has intention to invest in the wine business, especially for the yellow wine products. Since the end of 2016, the Group has invested in the yellow base wine.

As stated in the Company’s announcement dated 18 March 2020, the acquisition of 20% equity interest in Anhui Fu Lao was completed on 31 May 2018. However, due to the lack of cooperation from the administrator of the deceased vendor of Anhui Fu Lao (the “**Administrator**”), the transfer procedures of 20% equity to the Group remains incomplete. Based on the legal opinion, the directors of the Company believe that the Group could obtain a court order to enforce the transfer of 20% equity from the Administrator to the Group. Details of the updated case, please refer to the Company’s announcement dated 14 March 2023.

Based on the legal opinion from the PRC lawyers, the Group have two years right to enforce the judgment on the Administrators. As at the date of issuance of the consolidated financial statements, the transfer of ownership is yet to be completed and the directors are of the opinion it is in the interest of Anhui Fu Lao’s to allow the business to continue to operate normally. Based on the legal opinion, completed within 6 months of application expected before end of August 2025.

The Group’s share of result of loss amounted to HK\$2.9 million for the Year (2023: loss of HK\$22.8 million).

(c) *Outbound tourism*

No turnover from outbound tourism business for the Year and 2023.

Culture

No turnover from culture business for the Year and 2023.

Chinese Herbs

Hubei Jincaotang Pharmaceutical Co., Ltd. (湖北金草堂藥業有限公司), 51% equity interest of which was acquired by the Group in 2021, is principally engaged in the business of Chinese herbs and the decoction business in Mainland China. Turnover from the Chinese herbs related business for the Year was approximately HK\$95.3 million (2023: HK\$121.5 million).

The Company has invested in multiple Traditional Chinese herbs medicine (“**TCM**”) herbs plantation bases in 2024. The management is of the view that by having its own TCM herbs plantation bases, the Company can exercise greater control over the plantation process and quality assurance. This allows for the implementation of specific cultivation techniques, adherence to quality standards, and the ability to customize farming practices to meet the Company’s requirements. Furthermore, by upgrading the production base, the Company can streamline operations, increase productivity, and meet the growing demand for high-quality Chinese herbs.

The management believes that establishing its own TCM herbs plantation bases and enhancing the existing TCM production bases are critical strategic moves for the Chinese Herbs Business. These measures will not only ensure a stable and high-quality supply of Chinese herbs but also contribute to the sustainable growth of the business in alignment with the government's policies to optimise the TCM industry.

Wines

On 31 May 2024, Kiu Hung (Fujian) Investment Limited, a wholly owned indirect subsidiary of the Group entered into a sales and purchase agreement with Jiang Ping, independent third party for the acquisition 60% of the equity interest in Fujian Laojiu Investment Co., Ltd (“**Fujian Laojiu**”). Fujian Laojiu is principally engaged in the wine trading business in Mainland China. Turnover from the Wines business for the Year was approximately HK\$51.6 million (2023: Nil).

Geographical Information

During the Year, the Group recorded revenue in North America (includes the USA and Canada) of approximately HK\$239 million as compared to approximately HK\$262 million last year and represented approximately 61.8% (2023: approximately 68.2%) of the Group's total revenue. Revenue in the PRC (including Hong Kong) amounted to approximately HK\$147.7 million for the Year as compared to approximately HK\$122.1 million last year and represented approximately 38.2% (2023: approximately 31.8%) of the Group's total revenue of the Year.

Selling and Distribution Costs

The amount of the selling and distribution costs for the Year was approximately HK\$36.2 million (2023: approximately HK\$37.3 million). The decrease was mainly attributable by the decrease in advertising and promotional costs of the toys segment during the Year.

Administrative Expenses

Administrative expenses for the Year decreased by approximately 3.9% to approximately HK\$83 million as compared to approximately HK\$86.4 million in the previous year. The decrease in administrative expenses was mainly attributable the decrease in entertainment and consultancy fee during the Year.

Finance Costs

Finance costs for the Year increased by approximately 6.8% to approximately HK\$28.9 million as compared to approximately HK\$27.1 million in the previous year. The increase in finance costs was mainly attributable by the increase in convertible bond interest during the Year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group generally finances its operations with internally generated cash flow and facilities provided by its bankers in Hong Kong and in PRC. As at 31 December 2024, the Group had bank balances and cash of approximately HK\$135.9 million (2023: HK\$111.9 million). The Group's bank balances and cash were mostly denominated in Hong Kong dollars, United States Dollars and Renminbi.

As at 31 December 2024, the Group's borrowings amounted to approximately HK\$139.4 million (2023: HK\$141.8 million). The Group's borrowings were mainly denominated in Hong Kong dollars, United States Dollars and Renminbi.

The Group monitors its capital using a gearing ratio, which is the Group's net debt (comprising trade payables, accruals and other payables, lease liabilities, borrowings, amount due to an associate and convertible bonds less bank balances and cash) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 December 2024 was 68% (2023: 89.1%).

As the majority of the Group's transactions and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, the Group's exposure to exchange rate fluctuation was relatively insignificant, and the Group had not used any financial instruments for hedging during the Year.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

Acquisition of a subsidiary

On 31 May 2024, Kiu Hung (Fujian) Investment Limited, a wholly owned indirect subsidiary of the Group entered into a sales and purchase agreement with Jiang Ping, independent third party for the acquisition 60% of the equity interest in Fujian Laojiu for a consideration of RMB1 (equivalent to approximately HK\$1) as supplemented by the subsequent capital injection of RMB1,000,000 (equivalent to approximately HK\$1,077,000) on 1 June 2024. Fujian Laojiu is principally engaged in the trading of wines in the PRC. The acquisition has been accounted for as acquisition of business using the acquisition method. The acquisition was completed on 5 June 2024.

DEPOSIT PAID FOR ACQUISITION OF PROPERTY

On 24 October 2024, Kiu Hung (Fujian) Investment Co., Ltd, a wholly-owned subsidiary of the Group in the PRC entered into a sales and purchase agreement with, an independent third party not connected with the Group for the purchase of 2,580.49 squares metres of office space in Beijing, the PRC for a consideration of RMB51,678,000 (equivalent to approximately HK\$56,283,000) as its new headquarters in the PRC for the wine segment. The original land use right certificates have been held by an independent lawyer 福建乾順律師事務所 as security until the completion of the sale. A refundable deposit of RMB45,000,000 (equivalent to approximately HK\$49,010,000) was paid to the seller on 25 October 2024 and included as a deposit at 31 December 2024 (2023: Nil). The acquisition is expected to be completed within the next 12 months. An impairment loss of HK\$587,000 was recognised for the year ended 31 December 2024 (2023: nil). At the date of issuance of the consolidated financial statements, the acquisition is not yet completed.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2024 and 2023.

CAPITAL COMMITMENT

As at 31 December 2024 and 2023, the Group had no significant capital commitment.

DIVIDEND

The Directors do not recommend any payment of final dividend for the years ended 31 December 2024 and 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the years ended 31 December 2024 and 2023.

PROSPECTS

The Group has been reviewing its existing operations from time to time and exploring other investment opportunities that have earning potentials in order to expand its existing operations and diversify its businesses and income base to maximize the interests of the Group and the shareholders as a whole.

CAPITAL STRUCTURE

On 17 May 2024, 19,350,000 Subscription Shares were allotted and issued to the Subscriber at the Subscription Price of HK\$0.13 per Subscription Share pursuant to the terms of the Subscription Agreement.

On 30 September 2024, 470,000,000 Placing Shares had been placed by the Placing Agent to not less than six Placers at Placing Price of HK\$0.111 per Placing Share pursuant to the terms and conditions of the Placing Agreement.

On 10 October 2024, 53,220,754 Subscription Shares were allotted and issued to the Subscriber at the Subscription Price of HK\$0.150 per Subscription Share pursuant to the terms and conditions of the Subscription Agreement.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 December 2024, the Group had a total of 321 employees (2023: 387 employees). The Group maintains good working relations with its employees and has committed itself to staff training and development. Remuneration packages are maintained at a competitive level and are being reviewed on a yearly basis. Bonus and share options are awarded to employees according to the assessment of individual performance and industrial practice.

SCOPE OF WORK

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Group's auditors, KTC Partners CPA Limited, to the amounts as set out in the Group's consolidated financial statements for year ended 31 December 2024. The work performed by KTC Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s audited consolidated financial statements for the year ended 31 December 2024. The report includes a material uncertainty related to going concern, paragraph without qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 3.2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately HK\$72,825,000 for the year ended 31 December 2024 and as of that date, the Group was in net current liability position of approximately HK\$26,428,000 and secured other borrowings of HK\$67,572,000 together with accrued interest of HK\$30,650,000 has been defaulted. As at the date of issuance of the consolidated financial statements, no assets of the Group have been seized/frozen or restricted. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to ensuring high standards of corporate governance. During the Year, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 “Corporate Governance Code and Corporate Governance Report” to the Listing Rules, except for the deviation from code provisions A.6.7 of the Corporate Governance Code as described below.

Code Provision A.6.7

Under code provision A.6.7 of the Corporate Governance Code, the independent non-executive Directors should attend the general meetings. However, the independent non-executive Directors, Ms. Wei Yu, Ms. Chen Yuxin and Mr. Wang Xiao Ning, had other important engagements at the same time and did not attend the annual general meeting of the Company held on 25 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all directors have fully complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

AUDIT COMMITTEE

The audit committee assists the Board in meeting its responsibilities for ensuring effect systems of financial reporting process, risk management, internal control and compliance, and in meeting its external financial reporting objectives. The audit committee of the Company comprises Mr. Chak Ching Long, Mr. Wang Xiao Ning and Ms. Chen Yuxin, all independent non-executive Directors of the Company. The audit committee members have reviewed the final results announcement of the Group for the year ended 31 December 2024.

PUBLICATION OF RESULTS

This announcement of results of the Company has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kh381.com). The annual report of the Company for the year ended 31 December 2024 containing all the information required by Appendix 16 “Disclosure of Financial Information” to the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all shareholders, customers, suppliers, business partners, banks, professional parties and employees of the Group for their continuous support.

By order of the Board
AOM International Group Company Limited
Yang Ling
Chairman

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises five executive Directors, Mr. Yang Ling, Mr. Li Lizhong, Mr. Liu Mingqing, Mr. Sun Weiwei and Mr. Yang Bincheng, one non-executive Director, Mr. Tang Sing Hing, Kenny and three independent non-executive Directors, Mr. Chak Ching Long, Mr. Wang Xiao Ning and Ms. Chen Yuxin.

* *For identification purposes only*