# CHINA HEALTHWISE HOLDINGS LIMITED
# 中國智能健康控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 348)**

## UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the "**Board**" or "**Directors**") of China Healthwise Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the "**Group**") for the six months ended 30 June 2025 together with the comparative figures for the corresponding period for the six months ended 30 June 2024. These interim consolidated financial statements have not been audited but have been reviewed by the Company's Audit Committee.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2025*

| | | **Unaudited** | |
|---|---|---|---|
| | *Notes* | **For the six months ended 30 June 2025** *HK$'000* | For the six months ended 30 June 2024 *HK$'000* |
| Revenue | *4* | **51,060** | 60,932 |
| Cost of sales | | **(34,527)** | (41,271) |
| Gross profit | | **16,533** | 19,661 |
| Other income, gains and losses, net | *4* | **12,022** | (5,432) |
| Selling and distribution expenses | | **(14,066)** | (14,779) |
| General and administrative expenses | | **(7,860)** | (18,069) |
| Finance costs | *5* | **(6,768)** | (4,658) |
| Reversal of impairment loss/(impairment loss) under expected credit loss model, net | | **3,115** | (5,557) |
| Impairment loss on right-of-use assets | *10* | **(1,444)** | – |

| | Notes | Unaudited<br>**For the six months ended 30 June 2025**<br>***HK$'000*** | For the six months ended 30 June 2024<br>*HK$'000* |
|---|---|---|---|
| Profit/(loss) before income tax | | **1,532** | (28,834) |
| Income tax (expense)/credit | *6* | **(114)** | 171 |
| Profit/(loss) for the period | *7* | **1,418** | (28,663) |
| **Other comprehensive income for the period, net of tax:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| — Exchange differences arising from translation of foreign operations | | **1** | 3 |
| Other comprehensive income for the period, net of tax | | **1** | 3 |
| Total comprehensive income/(loss) for the period | | **1,419** | (28,660) |
| Profit/(loss) for the period attributable to owners of the Company | | **1,418** | (28,663) |
| Total comprehensive income/(loss) for the period attributable to owners of the Company | | **1,419** | (28,660) |
| Profit/(loss) per share | | | |
| — Basic and diluted | *9* | **0.18 cents** | (3.72) cents |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2025*

| | Notes | **Unaudited At 30 June 2025 HK$'000** | Audited At 31 December 2024 HK$'000 |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *10* | **360** | 408 |
| Right-of-use assets | *10* | **8,492** | 6,963 |
| Financial assets at fair value through profit or loss | *12* | **713** | 576 |
| Loan receivables | *11* | **530** | 849 |
| | | **10,095** | 8,796 |
| **Current assets** | | | |
| Inventories | | **35,675** | 49,770 |
| Trade and other receivables, deposits and prepayments | *13* | **6,550** | 8,845 |
| Derivative financial assets | | **1,800** | 2,200 |
| Loan receivables | *11* | **9,609** | 7,719 |
| Financial assets at fair value through profit or loss | *12* | **42,807** | 35,015 |
| Cash and cash equivalents | | **4,366** | 9,701 |
| | | **100,807** | 113,250 |
| **Current liabilities** | | | |
| Trade and other payables and accrued charges | *14* | **16,622** | 33,490 |
| Lease liabilities | | **6,150** | 5,222 |
| Borrowings | *15* | **32,391** | 32,572 |
| Tax payable | | **1,714** | 1,714 |
| | | **56,877** | 72,998 |
| **Net current assets** | | **43,930** | 40,252 |
| **Total assets less current liabilities** | | **54,025** | 49,048 |

| | Notes | Unaudited<br>At<br>30 June<br>2025<br>*HK$'000* | Audited<br>At<br>31 December<br>2024<br>*HK$'000* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | | **4,075** | 2,644 |
| Convertible loan notes | | **14,858** | 14,300 |
| Bonds payable | | **50,455** | 49,000 |
| Deferred tax liabilities | | **1,598** | 1,484 |
| | | **70,986** | 67,428 |
| **Net liabilities** | | **(16,961)** | (18,380) |
| **EQUITY** | | | |
| Share capital | *16* | **7,705** | 7,705 |
| Reserves | | **(24,666)** | (26,085) |
| **Capital deficiency** | | **(16,961)** | (18,380) |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

These unaudited condensed consolidated interim financial statements are presented in Hong Kong Dollar ("**HK$**") and all values are rounded to the nearest thousand ("**HK$'000**"), unless otherwise stated.

**Going concern**

As at 30 June 2025, the Group had net liabilities of HK$16,961,000.

In view of such circumstances, the Directors have given careful consideration to the future liquidity, operating performance of the Group, and are of the opinion that the Group will be able to meet the funding needs of operations and repay the outstanding interest bearing borrowings and liabilities. In order to improve the Group's financial position, the Directors have been implementing various measures as follows:

i. taking active measures to collect loan receivables to improve operating cash flows and its financial position;

ii. reviewing its investments and actively considering to realise certain financial assets at fair value through profit or loss, in order to enhance the cash flow position of the Group whenever it is necessary; and

iii. implementing an active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group.

The Directors have carried out detail review on the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next twelve-month period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the unaudited condensed consolidated interim financial statements for the period ended 30 June 2025 on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the unaudited condensed consolidated interim financial statements to adjust the value 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. The effects of these adjustments have not been reflected in the unaudited condensed consolidated interim financial statements.

## 2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2025 for the preparation of the Group's unaudited condensed consolidated interim financial statements:

| | |
|---|---|
| Amendments to HKAS 21 and HKFRS 1 | Lack of Exchangeability |

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial statements.

## 3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2024 annual financial statements.

## 4. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET AND SEGMENTAL INFORMATION

The Group is principally engaged in sale of Chinese health products, money lending business and investment in financial instruments. Revenue and other income, gains and losses, net recognised during the period are as follows:

| | **Unaudited** | |
|---|---|---|
| | **For the six months ended 30 June 2025** | For the six months ended 30 June 2024 |
| | ***HK$'000*** | *HK$'000* |
| Revenue from contracts with customers | | |
| — Trading of Chinese health products | **50,975** | 60,426 |
| Revenue from other sources: | | |
| — Interest income | **323** | 611 |
| — Loss on disposal of financial instruments, net | **(238)** | (105) |
| | **51,060** | 60,932 |
| Disaggregation of revenue from contracts with customers: | | |
| Timing of revenue recognition from contracts with customers | | |
| At a point in time | **50,975** | 60,426 |
| Other income, gains and losses, net | | |
| Fair value gain/(loss) on financial assets at fair value through profit or loss ("**FVTPL**") | **12,410** | (5,431) |
| Fair value loss on derivative financial assets at FVTPL | **(400)** | – |
| Loss on written off of property, plant and equipment | **–** | (2) |
| Interest income on bank deposits | **–** | 1 |
| Others | **12** | – |
| | **12,022** | (5,432) |

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's chief operating decision marker (the "**CODM**") for their assessment of performance and resource allocation. The Group has identified the following reportable segments from its operations:

- Chinese health products: sale of Chinese health products
- Money lending business: granting loans
- Investment in financial instruments: investing in financial instruments

**(a) Segment revenue and results**

Segment revenue represents revenue generated from external customers. There were no inter-segment sales during the six months ended 30 June 2025 and 30 June 2024. Corporate revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit/(loss) that is used by the CODM for assessment of segment performance.

**For the six months ended 30 June 2025**

| | **Chinese health products** *HK$'000* **(Unaudited)** | **Money lending business** *HK$'000* **(Unaudited)** | **Investment in financial instruments** *HK$'000* **(Unaudited)** | **Reportable segment total** *HK$'000* **(Unaudited)** |
|---|---|---|---|---|
| Revenue from external customers | **50,975** | **323** | **(238)** | **51,060** |
| Segment (loss)/profit before income tax | **(4,399)** | **869** | **11,369** | **7,839** |

For the six months ended 30 June 2024

| | Chinese health products *HK$'000* (Unaudited) | Money lending business *HK$'000* (Unaudited) | Investment in financial instruments *HK$'000* (Unaudited) | Reportable segment total *HK$'000* (Unaudited) |
|---|---|---|---|---|
| Revenue from external customers | 60,426 | 611 | (105) | 60,932 |
| Segment loss before income tax | (1,996) | (13,739) | (6,415) | (22,150) |

| | Unaudited For the six months ended 30 June 2025 HK$'000 | For the six months ended 30 June 2024 HK$'000 |
|---|---|---|
| Reportable segment profit/(loss) | **7,839** | (22,150) |
| Fair value loss on derivative financial assets at FVTPL | **(400)** | – |
| Unallocated finance costs | **(4,729)** | (2,789) |
| Unallocated corporate expenses | | |
| — Staff costs | **(669)** | (3,420) |
| — Others | **(509)** | (475) |
| Consolidated profit/(loss) before income tax | **1,532** | (28,834) |

**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segment:

| | **Unaudited At 30 June 2025** ***HK$'000*** | Audited At 31 December 2024 *HK$'000* |
|---|---|---|
| **Segment assets** | | |
| — Chinese health products | **55,349** | 75,206 |
| — Money lending business | **10,177** | 8,760 |
| — Investment in financial instruments | **43,520** | 35,591 |
| Segment assets | **109,046** | 119,557 |
| Unallocated corporate assets | | |
| — Cash and cash equivalents | **56** | 138 |
| — Derivative financial assets | **1,800** | 2,200 |
| — Others *(Note)* | **–** | 151 |
| Consolidated total assets | **110,902** | 122,046 |

| | Unaudited At 30 June 2025 HK$'000 | Audited At 31 December 2024 HK$'000 |
|---|---|---|
| **Segment liabilities** | | |
| — Chinese health products | **34,154** | 45,314 |
| — Money lending business | **2,570** | 806 |
| — Investment in financial instruments | **18,295** | 20,586 |
| Segment liabilities | **55,019** | 66,706 |
| Unallocated corporate liabilities | | |
| — Convertible loan notes | **14,858** | 14,300 |
| — Bonds payable | **50,455** | 49,000 |
| — Others *(Note)* | **7,531** | 10,420 |
| Consolidated total liabilities | **127,863** | 140,426 |

*Note:* Other unallocated corporate assets and liabilities include certain other receivables, deposits and prepayments, certain other payables and accrual charges and deferred tax liabilities.

**(c) Information about the Group's revenue by geographical region**

| | Unaudited | |
|---|---|---|
| | **For the six months ended 30 June 2025** | For the six months ended 30 June 2024 |
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **51,060** | 60,932 |

*Note:* Revenue from trading of Chinese health products, interest income and sale of financial instruments are disclosed by location of operations and location where the products are delivered.

**(d) Information on major customers**

For the six months ended 30 June 2025 and 2024, no external customer contributed 10% or more to the Group's revenue.

## 5. FINANCE COSTS

| | Unaudited<br>For the six months ended 30 June 2025<br>*HK$'000* | For the six months ended 30 June 2024<br>*HK$'000* |
|---|---|---|
| Interest on borrowings | **1,692** | 1,535 |
| Interest on lease liabilities | **347** | 334 |
| Interest on convertible loan notes | **1,061** | 2,789 |
| Interest on bonds payable | **3,668** | – |
| | **6,768** | 4,658 |

## 6. INCOME TAX (EXPENSE)/CREDIT

| | Unaudited<br>For the six months ended 30 June 2025<br>*HK$'000* | For the six months ended 30 June 2024<br>*HK$'000* |
|---|---|---|
| Deferred tax (expense)/credit | **(114)** | 171 |

Hong Kong Profits Tax is calculated at 8.25% on the estimated assessable profits up to HK$2,000,000 and 16.5% on any part of the estimated assessable profits over HK$2,000,000. No Hong Kong Profits Tax was provided for the Company's subsidiaries in Hong Kong for the six months ended 30 June 2025 and 2024 as they either did not derive any assessable profits from Hong Kong or had estimated tax losses brought forward to offset against the estimated assessable profits.

Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No Enterprise Income Tax has been provided as the Company's subsidiary in the PRC did not derive any assessable profits from the PRC for the six months ended 30 June 2025 and 2024.

## 7. PROFIT/(LOSS) FOR THE PERIOD

| | Unaudited For the six months ended 30 June 2025 *HK$'000* | For the six months ended 30 June 2024 *HK$'000* |
|---|---|---|
| Profit/(loss) before income tax is stated after charging the following: | | |
| Cost of inventories sold | **31,666** | 41,271 |
| Depreciation of right-of-use assets | **2,975** | 3,357 |
| Depreciation of property, plant and equipment | **132** | 183 |
| Staff costs (including directors' emoluments): | | |
| — salaries and allowances | **11,508** | 21,262 |
| — contribution to retirement benefit scheme | **428** | 481 |
| | **11,936** | 21,743 |

## 8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## 9. PROFIT/(LOSS) PER SHARE

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

| | Unaudited For the six months ended 30 June 2025 *HK$'000* | For the six months ended 30 June 2024 *HK$'000* |
|---|---|---|
| **Profit/(loss)** | | |
| Profit/(loss) for the purpose of basic and diluted profit/(loss) per share | **1,418** | (28,663) |

| | Unaudited | |
|---|---|---|
| | **For the six months ended 30 June 2025** | For the six months ended 30 June 2024 |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted profit/(loss) per share | **770,480,836** | 770,480,836 |

The computation of diluted profit/(loss) per share for six months ended 30 June 2025 and 2024 does not assume the conversion of the Company's outstanding convertible loan notes since their assumed exercise would result in a increase/decrease in profit/(loss) per share.

## 10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group acquired property, plant and equipment with a cost of HK$84,000 (six months ended 30 June 2024: HK$141,000). The Group has entered into lease for retail shops and offices in Hong Kong during the six months ended 30 June 2025 and accordingly additional right-of-use assets amounted to approximately HK$5,948,000 (six months ended 30 June 2024: HK$1,552,000) have been recognised during the current period.

During the six months ended 30 June 2025, due to continued losses for several retail shops of the Chinese health products segment, the Directors considered there was indication for impairment of property, plant and equipment and right-of-use assets with carrying amount of HK$263,000 (31 December 2024: HK$180,000) and HK$9,482,000 (31 December 2024: HK$4,223,000) respectively. The Group estimates the recoverable amount of those retail shops, each representing a Cash-generating unit ("**CGU**"), to which the assets belong when it is not possible to estimate their recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of CGUs was based on the value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and pre-tax discount rate of 14%. Other key assumption for the value in use calculation relates to the estimation of cash flows which include budgeted sales, such estimation is based on the CGUs' past performance and the Directors' expectations for the market development. The growth rate used to extrapolate the cash flows beyond the five-year period is 2.5%, which do not exceed the long term growth rate for the industry in the corresponding country.

During the six months ended 30 June 2025, the Group recognised impairment loss of nil (six months ended 30 June 2024: nil) and HK$1,444,000 (six months ended 30 June 2024: nil) on property, plant and equipment and right-of-use assets respectively as the carrying amounts of these assets exceeded the recoverable amount at 30 June 2025. As the carrying amounts of these assets have been reduced to their recoverable amounts, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment loss.

## 11. LOAN RECEIVABLES

| | **Unaudited At 30 June 2025** *HK$'000* | Audited At 31 December 2024 *HK$'000* |
|---|---|---|
| Loan receivables arising from money lending business | **307,111** | 308,655 |
| Less: allowance for expected credit loss ("**ECL**"), net | **(296,972)** | (300,087) |
| | **10,139** | 8,568 |

All loans are denominated in HK$. The loan receivables are unsecured and carry effective interest ranging from 8%–13% per annum (31 December 2024: 8%–13% per annum). A maturity profile of the loan receivables (net of allowance for ECL) at the end of the reporting periods, based on the maturity date is as follows:

| | **Unaudited At 30 June 2025** *HK$'000* | Audited At 31 December 2024 *HK$'000* |
|---|---|---|
| Within one year | **9,609** | 7,719 |
| Over one year | **530** | 849 |
| | **10,139** | 8,568 |

Included in the loan receivables is a loan to the ultimate holding company of a substantial shareholder of the Company amounted to HK$6,268,000 (31 December 2024: HK$7,092,000).

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **Unaudited At 30 June 2025** *HK$'000* | Audited At 31 December 2024 *HK$'000* |
|---|---|---|
| Listed equity securities in Hong Kong | | |
| — Current | **42,807** | 35,015 |
| Unlisted equity securities | | |
| — Non-current | **713** | 576 |
| | **43,520** | 35,591 |

Fair value of listed equity securities is determined based on quoted bid prices in the Stock Exchange. Fair value of unlisted equity securities is determined based on valuation using asset-based approach.

## 13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | **Unaudited At 30 June 2025** *HK$'000* | Audited At 31 December 2024 *HK$'000* |
|---|---|---|
| Trade receivables | **2,211** | 4,680 |
| Less: allowance for ECL | **(616)** | (616) |
| | **1,595** | 4,064 |
| Deposits and other receivables | **3,247** | 3,434 |
| Prepayments | **1,708** | 1,347 |
| | **6,550** | 8,845 |

The ageing analysis of the trade receivables is as follows:

| | **Unaudited At 30 June 2025** *HK$'000* | Audited At 31 December 2024 *HK$'000* |
|---|---|---|
| 0–90 days | **1,591** | 4,060 |
| Over 365 days | **4** | 4 |
| | **1,595** | 4,064 |

The Group's sales are on open account terms. Credit terms are reviewed on a regular basis. The normal credit period ranges from 30 to 90 days but business partners with strong financial backgrounds may be offered longer credit terms.

## 14. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

| | **Unaudited At 30 June 2025** *HK$'000* | Audited At 31 December 2024 *HK$'000* |
|---|---|---|
| Trade payables | **4,486** | 18,069 |
| Other payables and accrued charges | **12,136** | 15,421 |
| | **16,622** | 33,490 |

The ageing analysis of the trade payables is as follows:

| | **Unaudited At 30 June 2025** *HK$'000* | Audited At 31 December 2024 *HK$'000* |
|---|---|---|
| 0–90 days | **4,347** | 17,930 |
| Over 365 days | **139** | 139 |
| | **4,486** | 18,069 |

## 15. BORROWINGS

| | **Unaudited At 30 June 2025** *HK$'000* | Audited At 31 December 2024 *HK$'000* |
|---|---|---|
| Margin loans from securities brokers | **16,581** | 18,872 |
| Other loan | **15,810** | 13,700 |
| | **32,391** | 32,572 |

At 30 June 2025, the Group had margin loans from securities brokers of HK$16,581,000 (31 December 2024: HK$18,872,000). The margin loans are interest-bearing from 8% to 10% (31 December 2024: 8% to 10%) per annum, repayable on demand and are secured by a portfolio of listed equity securities with carrying amounts of HK$42,807,000 (31 December 2024: HK$35,015,000).

At 30 June 2025, the Group had other loan of HK$15,810,000 (31 December 2024: HK$13,700,000). The other loan is interest-bearing at 12% (31 December 2024: 12%) per annum, secured by share charge over issued shares in a subsidiary of the Group and guaranteed by the Company. As the other loan contains a repayable on demand clause, the entire outstanding balance of the other loan was classified under current liabilities.

## 16. SHARE CAPITAL

| | Authorised | | | |
|---|---|---|---|---|
| | Convertible cumulative redeemable preference shares of US$100,000 each | | Ordinary shares of HK$0.01 each | |
| | *Number of shares* | *US$'000* | *Number of shares '000* | *HK$'000* |
| At 31 December 2024 (audited), 1 January 2025 and 30 June 2025 (unaudited) | 40 | 4,000 | 150,000,000 | 1,500,000 |

| | Issued and fully paid | | | |
|---|---|---|---|---|
| | Convertible cumulative redeemable preference shares of US$100,000 each | | Ordinary shares of HK$0.01 each | |
| | *Number of shares* | *US$'000* | *Number of shares '000* | *HK$'000* |
| At 31 December 2024 (audited), 1 January 2025 and 30 June 2025 (unaudited) | – | – | 770,481 | 7,705 |

## 17. SHARE OPTION SCHEME

**2012 Share Option Scheme**

The Company adopted the share option scheme pursuant to the resolution passed by the shareholders of the Company at the general meeting held on 14 September 2012 (the "**2012 Share Option Scheme**"). Under the terms of the 2012 Share Option Scheme, the 2012 Share Option Scheme would remain in force for a period of ten (10) years commencing on the date on which it is adopted and has expired on 14 September 2022.

No further options can be offered or granted upon the expiration of the 2012 Share Option Scheme. As at 30 June 2025 and 2024 and 31 December 2024, there were no outstanding options under the 2012 Share Option Scheme.

**New Share Option Scheme**

In view of the amendments to Chapter 17 of the Listing Rules relating to share scheme which came into effect on 1 January 2023, the Company adopted a new share option scheme (the "**New Share Option Scheme**") pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting held on 15 August 2024 (the "**Adoption Date**"). Details of the New Share Option Scheme are set out in the Company's circular dated 26 July 2024. A summary of the 2024 Share Option Scheme is as follows:

*(a) Purpose*

The purpose of the New Share Option Scheme is to recognise and acknowledge the contributions which the Eligible Participants (defined as below) have made or may make to the Group.

*(b) Eligible Participants*

Eligible participants (the "**Eligible Participants**") include Directors, employees (whether full-time or part time) of the Company, the directors and employees (whether full-time or part time) of the holding companies, fellow subsidiaries or associated companies of the Company, suppliers, contractors, distributors, agents, consultants and advisers, other service providers provided that the Board of Directors may have absolute discretion to determine whether or not one falls within the above category. The eligibility of each of the Eligible Participant shall be determined by the Board of Directors or a committee of the Board of Directors.

*(c) Total number of options available for grant*

As at 31 December 2024, 1 January 2025 and 30 June 2025, the total number of options available for grant under the New Share Option Scheme is 77,048,083.

As at 31 December 2024, 1 January 2025 and 30 June 2025, within the total number of options which available for grant under the New Share Option Scheme, the number of options available for grant to the service provider is 7,704,808.

*(d) Total number of shares available for issue*

As at 31 March 2025, being the report date of the Company's 2024 annual report, and the date of this interim result announcement, the total number of shares available for issue under the New Share Option Scheme is 77,048,083, representing 10% of the Company's shares in issue.

*(e) Maximum entitlement of each participant*

Unless approved by the shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each Eligible Participant in any twelve (12)-month period up to and including the date of such grant must not exceed 1% of the Company's shares in issue (excluding treasury shares of the Company).

Any share options to a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates, where the total number of shares issued and to be issued upon exercise of all share options granted or to be granted to such person in any twelve (12)-month period up to and including the date of such grant exceed 0.1% of the Company's shares in issue (excluding treasury shares of the Company), are subject to approval by the shareholders of the Company.

*(f)* *Period within which the share options may be exercised*

The exercise period of the share options granted is determined by the Board of Directors, but in any event no later than ten years from the date of the grant.

*(g)* *Vesting period*

Save for the circumstances prescribed in the Company's circular dated 26 July 2024, the share options must be held by the grantee for at least twelve (12) months before the share options can be exercised.

*(h)* *Amount payable on acceptance of the share options and the period within which payments must be made*

The acceptance of an offer of a grant of share options must be made within 30 days from the date of the offer with a payment of a non-refundable nominal consideration of HK$1 by the grantee.

*(i)* *Basis of determining the exercise price*

The exercise price of a share option to subscribe for the Company's shares shall be not less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day, (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five (5) consecutive trading days immediately preceding the date of the offer, and (iii) the nominal value of the shares on the date of the offer.

*(j)* *Remaining life*

The New Share Option Scheme shall be valid and effective for a period of ten years from the Adoption Date ending on 15 August 2034.

No share option was granted, exercised, lapsed or cancelled during the period/year ended 30 June 2025 and 31 December 2024 under the New Share Option Scheme.

As at 30 June 2025 and 31 December 2024, there was no outstanding share options under New Share Option Scheme.

## 18. CONTINGENT LIABILITIES

At 30 June 2025 and 31 December 2024, the Group had no contingent liabilities.

## 19. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2025 and 30 June 2024, the Group had the following transactions with related parties:

| | | Unaudited | |
|---|---|---|---|
| **Related party relationship** | **Types of transaction** | **For the six months ended 30 June 2025** *HK$'000* | For the six months ended 30 June 2024 *HK$'000* |
| Ultimate holding company of a substantial shareholder of the Company | Interest income | **270** | 380 |
| Fellow subsidiary of a substantial shareholder of the Company | Expenses relating to short-term leases | **180** | 796 |

As at 30 June 2025 and 30 June 2024, the Group had the following balances with related parties:

| **Related party relationship** | **Types of balance** | **Unaudited At 30 June 2025** *HK$'000* | Audited At 30 June 2024 *HK$'000* |
|---|---|---|---|
| Ultimate holding company of a substantial shareholder of the Company | Loan receivables | **6,268** | 7,092 |

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

## 20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current period's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (2024: Nil).

## RESULTS, BUSINESS REVIEW AND PROSPECTS

### Results

For the six months ended 30 June 2025 (the "**Period**"), the Group's revenue decreased by approximately ("**approx.**") 16% to approx. HK$51 million, compared to approx. HK$61 million for the six months ended 30 June 2024 (the "**Corresponding Period**"). Gross profit margin remained stable at approx. 32% for the six months ended 30 June 2025 and 2024. Overall, the profit attributable to owners of the Company was approx. HK$1 million during the Period compared to a loss attributable to the owners of the Company of approx. HK$29 million during the Corresponding Period.

### Business Review

The Group recorded a decrease in revenue by approx. 16% for the Period compared to the revenue of the Group for the Corresponding Period because of (1) the decrease in revenue from the Chinese health products segment from approx. HK$60 million during the Corresponding Period to approx. HK$51 million during the Period; (2) the decrease in revenue from the money lending segment from approx. HK$1 million during the Corresponding Period to approx. HK$0.3 million during the Period; and (3) the increase in realised loss recognised upon disposal of the financial assets at FVTPL from approx. HK$0.1 million during the Corresponding Period to approx. HK$0.2 million during the Period.

The gross profit margin remained stable at approx. 32% for both periods ended 30 June 2025 and 2024.

Other income, gains and losses, net for the six months ended 30 June 2025 amounted to net gain of approx. HK$12 million (2024: net loss of HK$5 million). Other income, gains and losses, net mainly represented fair value gain on financial assets at FVTPL of approx. HK$12 million during the Period (2024: loss of HK$5 million).

Selling and distribution expenses for the six months ended 30 June 2025 remained stable and amounted to approx. HK$14 million, compared to approx. HK$15 million during the Corresponding Period. This modest reduction reflects the Group's effective cost-control measures, strategically balanced with sustained expenses in promotional activities and events in order to maintain market visibility and engagement with customers in relation to the Chinese health products business.

General and administrative expenses for the six months ended 30 June 2025 decreased significantly from approx. HK$18 million during the Corresponding Period to approx. HK$8 million during the Period. The substantial drop in amounts is mainly due to various cost-saving measures implemented by the Group during the Period, with a particular focus on streamlining the structure of the management team of the Group and adjustments on their remunerations.

Finance costs for the six months ended 30 June 2025 and 2024 represented interest expenses on borrowings, lease liabilities, bonds payable and convertible loan notes in aggregate amounted to approx. HK$7 million and approx. HK$5 million respectively. The increase in amounts was mainly due to 15% effective interest rate per annum was adopted to calculate the interests on 2024 Bonds (defined in section headed "Group Resources and Liquidity"), whereas effective interest rate of 8% per annum was adopted in the Corresponding Period for the calculation of the interests on 2018 Convertible Bonds (defined in section headed "Group Resources and Liquidity").

Reversal of impairment loss/impairment loss under the expected credit loss model, net, provided for the six months ended 30 June 2025 and 2024 amounted to a reversal of impairment loss of approx. HK$3 million and an impairment loss of approx. HK$6 million, respectively. Impairment assessment on the Group's loan receivables was performed by the Directors at the end of the Period using the "expected credit loss model" established by HKFRS 9 Financial Instruments. A reversal of impairment loss was recognised during the Period, reflecting an improved credit risk profile of a customer under the ECL assessment with partial repayments made during the Period for loan receivables previously impaired.

Impairment loss on right-of-use assets for the period ended 30 June 2025 amounted to approx. HK$1 million (2024: nil) resulting from certain loss-making shops operated by the Group's Chinese health products segement. Impairment loss on right-of-use assets was determined by comparing the carrying amounts of the assets to their recoverable amounts, calculated using the value-in-use method.

The Group achieved profit attributable to the owners of the Company of approx. HK$1 million during the Period compared with loss for the Corresponding Period of approx. HK$29 million. The turnaround from loss to profit is mainly due to (1) a reversal of impairment loss recognised under the ECL model in respect of the Group's loan receivables of approx. HK$3 million for the Period, as compared to an impairment loss of approx. HK$6 million for the Corresponding Period; (2) the decrease in general and administrative expenses from approx. HK$18 million for the Corresponding Period to approximately HK$8 million for the Period attributed to the effective cost-saving measures implemented by the Group; and (3) an unrealised fair value gain on financial assets at FVTPL of approx. HK$12 million for the Period, as compared to an unrealised fair value loss of approx. HK$5 million for the Corresponding Period.

*Chinese Health Products*

Chinese health products business principally engaged in the sales of Chinese and other pharmaceutical products, health products, ginseng and dried seafood products to wholesaler and retailer. Nam Pei Hong Sum Yung Drugs Company Limited, one of our subsidiaries, engages in the business of trading and retail of "Sum Yung" (參茸) and dried seafood products since 1977 and the brand name of "Nam Pei Hong" (南北行) is highly recognised in Hong Kong and Southern Mainland China. As at 30 June 2025, there were 10 (31 December 2024: 10) retail shops of Nam Pei Hong.

During the Period, this segment had contributed revenue of approx. HK$51 million (2024: HK$60 million) and a segment loss (before taxation) of approx. HK$4 million (2024: HK$2 million). The decrease in the segment revenue and increase in the segment loss (before taxation) was mainly due to the challenging economic environment, particularly within the local retail sector in Hong Kong, throughout the Period. This situation has significantly altered consumer spending patterns. Consumers nowadays are more focused on budgeting and place a greater emphasis on cost-performance value. As a result, many residents of Hong Kong are increasingly opting to allocate their expenditures towards purchases in Mainland China. This shift has adversely affected the Group's revenue during the Period compared to the Corresponding Period.

*Money Lending*

During the Period, the Group's money lending business generated interest income on loans of approx. HK$0.3 million (2024: HK$1 million), and reported a segment profit (before taxation) of approx. HK$1 million (2024: loss of HK$14 million). The interest income decreased, mainly because loan receivables with principal of approx. HK$300 million classified under stage 3 (credit-impaired) in previous years has ceased to generate interest income during the Period. The decrease in segment loss (before taxation) and turning into a segment profit (before taxation) of the Group's money lending business was mainly due to the decrease in the impairment loss on the Group's loan receivables under ECL model, of which a reversal of impairment loss, net, was recognised during the Period amounted to approx. HK$3 million (2024: impairment loss of HK$6 million).

During the Period, the Group did not grant any new loan but extended the final repayment date of a revolving loan facility to a customer, the ultimate holding company of a substantial shareholder of the Company, with the loan facility principal amount of approx. HK$9 million. During the Period, the Group's customers made repayment of the loan principals and interests amounted to approx. HK$3 million to the Group, whereas approx. HK$1 million drawings were made to the ultimate holding company of a substantial shareholder of the Company under the revolving loan facility.

At 30 June 2025, eleven (31 December 2024: eleven) loans remained outstanding, out of which (i) two (31 December 2024: two) loan receivables with the aggregate gross balance of approx. HK$8 million (31 December 2024: HK$9 million) were classified under stage 1 (initial recognition); and (ii) nine (31 December 2024: nine) loan receivables with the aggregate gross balance of approx. HK$299 million (31 December 2024: HK$300 million) were classified under stage 3 (credit-impaired).

During the Period, none of the loan receivable with any gross balance was transferred from stage 1 (initial recognition) to stage 2 (significant increase in credit risk) or stage 3 (credit-impaired) (2024: one of the loan receivable with HK$6 million transfer from stage 1 (initial recognition) to stage 3 (credit-impaired)).

At the end of the Period, the Directors performed an impairment assessment on the Group's loan receivables. The impairment assessment measured impairment on loan receivables using the "expected credit loss model" established by HKFRS 9 Financial Instruments.

Based on the impairment assessment, a total of approx. HK$297 million accumulated allowance for ECL on loan receivables, net was recognised as at 30 June 2025 (31 December 2024: HK$300 million), representing a decrease of approx. HK$3 million as compared to 31 December 2024. Out of the total accumulated allowance for ECL, net, approx. HK$0.3 million (31 December 2024: HK$0.4 million) was recognised for loan receivables classified under stage 1 (initial recognition), nil (31 December 2024: nil) was recognised for loan receivables classified under stage 2 (significant increase in credit risk) and approx. HK$297 million (31 December 2024: HK$300 million) was recognised for loan receivables classified under stage 3 (credit-impaired) as at 30 June 2025.

Allowance for ECL for the loan receivables, net, classified under stage 3 (credit-impaired) decreased from approx. HK$300 million as at 31 December 2024 to approx. HK$297 million as at 30 June 2025, mainly attributable to the enhanced credit risk profile of a customer under the ECL assessment with partial repayments made during the Period for loan receivables previously impaired.

| | Unaudited As at 30 June 2025 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | |
| | **(Initial recognition)** | **(Significant increase in credit risk)** | **(Credit-impaired)** | **Total** |
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| Gross balance of loan receivables (before any recognition of ECL allowance) | **7,758** | **–** | **299,353** | **307,111** |
| Less: accumulated allowance for ECL, net | **(319)** | **–** | **(296,653)** | **(296,972)** |
| Loan receivables | **7,439** | **–** | **2,700** | **10,139** |

| | Audited As at 31 December 2024 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | |
| | (Initial recognition) | (Significant increase in credit risk) | (Credit-impaired) | Total |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Gross balance of loan receivables (before any recognition of ECL allowance) | 8,932 | – | 299,723 | 308,655 |
| Less: accumulated allowance for ECL, net | (364) | – | (299,723) | (300,087) |
| Loan receivables | 8,568 | – | – | 8,568 |

Reference is made to the loan receivables classified under stage 3 (credit-impaired) as referred to on pages 202 to 204 of the Company's annual report for the year ended 31 December 2024. Set out below is the latest development of the recovery of these loan receivables:

**(1) CUSTOMER A**

The Group has been negotiating the terms of the settlement with Customer A, but has yet to finalise the terms.

## (2) CUSTOMER E

On 30 November 2023, the Group commenced legal proceedings against Customer E in Hong Kong. Customer E has put her residential property and two car parking spaces in Hong Kong on the market for sale, and has made arrangements to enable the Group to share the disposal proceeds with the loan lenders. In September 2024, the residential property and the two car parking spaces were sold, and the Group received the net proceeds of HK$3.5 million. The Group is currently in the process of pursuing the recovery of the remaining outstanding interest and principal by negotiating a settlement arrangement with Customer E.

## (3) CUSTOMER I

The Group was approached by an independent third party proposing to acquire the loan receivables due from Customer I and the accrued and unpaid interest thereon by transferring the ownership of a number of properties located in Guangzhou, Mainland China, to the Group. The Group is currently discussing the terms and conditions of such proposal with the purchaser.

## (4) CUSTOMER J

Since the classification of the related loan receivables balance as stage 3 (credit-impaired) in prior years, Customer J has made partial settlement payments.

The Group is currently in the process of pursuing the recovery of the remaining outstanding interest and principal by negotiating a settlement arrangement with Customer J. The negotiation is still ongoing.

The Group will continue to assess the need for any additional measures to optimise the recovery.

## (5) CUSTOMER G

Since the classification of the related loan receivables balance as stage 3 (credit-impaired) in prior years, Customer G has made partial settlement payments.

The Group is currently in the process of pursuing the recovery of the remaining outstanding interest and principal by negotiating a settlement arrangement with Customer G. The negotiation is still ongoing.

The Group will continue to assess the need for any additional measures to optimise the recovery.

## (6) CUSTOMER F

Since the classification of the related loan receivables balance as stage 3 (credit-impaired) in prior years, Customer F has made partial settlement payments.

The Group is currently in the process of pursuing the recovery of the remaining outstanding interest and principal with a view to entering into a binding settlement agreement with Customer F. The negotiation is still ongoing.

The Group will continue to assess the need for any additional measures to optimise the recovery.

## (7) CUSTOMER K

Since the classification of the related loan receivables balance as stage 3 (credit-impaired) in prior years, Customer K has made partial settlement payments.

The Group is currently in the process of pursuing the recovery of the remaining outstanding interest and principal with a view to entering into a binding settlement agreement with Customer K. The negotiation is still ongoing.

The Group will continue to assess the need for any additional measures to optimise the recovery.

## (8) CUSTOMER M

The Group has been in negotiation with Customer M on the repayment of the loan receivables with a view to entering into a binding settlement agreement. The negotiation is still ongoing.

## (9) CUSTOMER L

The Company and Customer L has entered into a deed of settlement in May 2024, of which Customer L committed to settle the outstanding loan receivables by instalments in 5 years commencing from 31 July 2024. The first installment of HK$0.6 million was received in 2024 and HK$0.4 million was received in June 2025. A further HK$2.7 million was received subsequent to the Period end and up to the date of this announcement.

*Investment in Financial Instruments*

During the Period, the Group's investment in financial instruments business reported a segment gain (before taxation) of approx. HK$11 million (2024: loss of HK$6 million) mainly arising from the net effect of (i) the net gain of the change in fair value of financial assets at FVTPL amounted to approx. HK$12 million (2024: net loss of HK$5 million) and (ii) realised loss recognised upon disposal of financial assets at FVTPL amounted to approx. HK$0.2 million (2024: HK$0.1 million).

Movements in the equity investments held by the Group during the six months ended 30 June 2025 and the year ended 31 December 2024 are as follows:

| | **Unaudited 30 June 2025** | Audited 31 December 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At beginning of period/year | **35,591** | 40,420 |
| Acquisitions | **–** | 1,866 |
| Gain/(loss) arising on change in fair value | **12,410** | (4,187) |
| Disposals | **(4,481)** | (2,508) |
| At end of period/year | **43,520** | 35,591 |

Details of the significant listed equity investments held by the Group at 30 June 2025 are as follows:

| Name of Hong Kong listed equities | Principal activities | Cost of shares at 30 June 2025 *HK$'000* | Number of shares held at 30 June 2025 *'000* | Percentage of shareholding held by the Group at 30 June 2025 *%* | Fair value at 30 June 2025 *HK$'000* | Fair value as compared to the consolidated total assets of the Group at 30 June 2025 | Fair value gain/(loss) recognised in the six months ended 30 June 2025 *HK$'000* |
|---|---|---|---|---|---|---|---|
| Huanxi Media Group Limited (stock code: 1003) | Media and entertainment related businesses, which include development and investment in film and TV programmes rights, as well as operation of an online video platform | 28,970 | 17,550 | 0.48% | 6,757 | 6% | (1,404) |
| Ocean Line Port Development Limited (stock code: 8502) | Port operation in Chizhou City, Anhui Province, the PRC | 8,400 | 31,588 | 3.95% | 9,950 | 9% | 948 |
| Yunfeng Financial Group Limited (stock code: 376) | Long term assurance business, the provision of securities brokerage, consultancy and advisory services and investment research, wealth management, employee stock ownership plan administration and principal investment | 34,959 | 7,206 | 0.19% | 16,502 | 15% | 9,008 |
| WellCell Holdings Co., Limited (stock code: 2477) | Provision of wireless telecommunication network enhancement services, telecommunication network infrastructure maintenance and engineering services, information and communication technology integration services; telecommunication network-related software development and related services; and sales of software | 1,866 | 1,200 | 0.12% | 8,304 | 7% | 4,452 |

The Group had made investments with a short to long term perspective with the objective of making capital gain as well as income from dividend. The Group invested in a diversified portfolio of listed equity securities in various industries. The Directors believe that the future performance of the Hong Kong listed equities held by the Group is largely affected by economic factors, investor sentiment, demand and supply balance of an investee company's shares and fundamentals of an investee company, such as investee company's news, business fundamentals and development, financial performance and future prospects. Accordingly, the Directors closely monitor the above factors, particularly the fundamentals of each individual investee company in the Group's equity portfolio, and proactively adjust the Group's equity portfolio mix in order to improve its performance.

## PLANS AND PROSPECTS

### Chinese Health Products

In the first half of 2025, the Group faced persistent challenges impacting its financial performance. The retail market remained subdued and a sluggish consumer sentiment led to more cautious and restrained shopping behaviors. Contributing factors included the gloomy domestic economy, the shifts in consumption patterns among visitors to Hong Kong, an increasing preference among local residents for cross-border shopping in Mainland China, the aggressive price competition from industry peers, the stringent customs regulations on ginseng, velvet antler and seafood products, the labor shortages, and the rising operational costs. All of the above exerted considerable pressure on the Group's operations and profitability.

The sale of traditional high-value Chinese health products, such as cordyceps sinensis (冬蟲夏草), bird's nest (燕窩), ginseng (人參), dendrobium (石斛), fish maw (花膠), and dried scallops (元貝), encountered significant headwinds. In response to evolving consumer preferences towards practical and value-driven purchases, the Group strategically prioritised the promotion of seasonal health products, such as soup ingredient packages (湯料包), to mitigate the decline in sales of traditional high-value products. To further diversify its portfolio, the Company introduced trial-sized health supplements, including ganoderma lucidum capsules (靈芝膠囊), Platycodon Throat-Soothing lozenges (桔梗順氣潤喉寶) and Black-White Immunity Essence Extract (黑白免疫精華提取液). These initiatives aimed to enhance customer familiarity with the Group's offerings, highlight our product's health benefits, and position ready-to-consume supplement combinations as viable sports nutrition solutions. Additionally, the Group also continues to expand its own-brand portable health supplements to attract younger customers and broaden its customer base.

To sustain market visibility and sales, the Group implemented a series of promotional and marketing activities during the Period. These included participation in retail events such as Sogo and Yata VIP Day shopping promotions. In March 2025, the Company launched its official "香港南北行" account on Xiaohongshu (小紅書) to enhance product exposure and attract young consumers located in Mainland China. Further efforts included the introduction of "Tuesday Senior Offers" to engage elderly customers as well as the launch of discounted membership package vouchers to strengthen loyalty among existing customers. The Company also pursued strategic partnerships to unlock new opportunities. Notably, in July 2025, the company partnered with MAME LAB, a professional postpartum care center, at the Eugene Baby Expo (荷花BB展) to launch prenatal and postpartum care packages, furthering its business opportunities.

On the cost management front, the Group intensified efforts to optimise its supply chain by enhancing overseas sourcing to reduce procurement costs and improve gross margins. Concurrently, stringent controls were applied to employee headcount and salary expenses, supported by enhanced training and resource redeployment to maintain operational efficiency. The Group also refined its sales incentive framework, increasing commissions for promoted products to motivate frontline staff and drive sales performance.

Looking ahead, Our Group remains committed to sustaining robust promotional activities to attract local consumers and deepen engagement with its existing customer base. The enduring consumer focus on health, wellness, and self-care continues to present market opportunities. By leveraging precise insights into consumer needs and preferences, the Group will strategically introduce innovative products and tailored promotions to maintain and strengthen its market position.

**Money lending business**

The Group's loan receivables together with accrued interest receivables increased to approx. HK$10 million as of 30 June 2025 (31 December 2024: approx. HK$9 million). The increase in amount was primarily due to the decrease in the accumulated allowance for ECL on loan receivables as at 30 June 2025.

The Group expects the business environment for money lending will be challenging and difficult in the foreseeable future. Despite a slight decrease in the interest rate of the Hong Kong Dollar during the first half of 2025, the overall economic environment remains gloomy, which may lead to potential borrowers exercising more caution in their borrowing decisions, whereas the risk of default bear by the Group might also be potentially increased. Additionally, the uncertainty stemming from heightened geopolitical tensions between the United States and Mainland China is also impacting borrowers' demands. The Group will closely monitor the repayment pattern of our customers and formulate an action plan of recovery should the risk of default increases. Our recovery strategy involves a wide range of actions, which includes the revising of repayment terms, adding of collaterals/guarantees, reaching of settlement, the commencement of legal actions against the customers, and/or enforcement on collaterals/guarantees, etc. The Group will also be more cautious by strengthening its credit policy and risk control policy.

**Investment in financial instruments**

The Group will closely monitor various factors such as global economy, investment sentiment and fundamentals of investors and their future prospects and proactively adjust our portfolio in order to improve our performance. The Group will change our equity portfolio mix from time to time and realise the equities held by the Group into cash as and when appropriate.

### Business Portfolio Management

The current business strategies of the Group with an aim to achieve the best use of its resources and improve its overall performance and portfolio diversification have been continuously evaluated. The Group has been actively looking for business opportunities to diversify the revenue sources of the Group in order to create shareholders' value through making investments and/or acquiring business or projects that have promising outlooks and prospects.

## GROUP RESOURCES AND LIQUIDITY

As at 30 June 2025, the Group's cash and bank balances were approx. HK$4 million (31 December 2024: HK$10 million). The Group's total borrowings, convertible loan notes and bonds payable were approx. HK$32 million, approx. HK$15 million and approx. HK$50 million (31 December 2024: HK$33 million, HK$14 million and HK$49 million), respectively.

Most of the Group's cash and bank balances were denominated in HK$ and Renminbi and deposits were placed in banks or financial institutions with high credit rating.

As at 30 June 2025, certain financial assets held by a subsidiary of the Company amounted to approx. HK$43 million (31 December 2024: HK$35 million) were pledged for the Group's borrowing of approx. HK$17 million (31 December 2024: HK$19 million), which bore fixed interest rate with a range from 8% to 10% per annum and denominated in HK$.

As at 30 June 2025, borrowings amounted to approx. HK$15 million (31 December 2024: HK$14 million), which bore fixed interest rate at 12% per annum and denominated in HK$, were secured by share charge over issued shares in a subsidiary of the Company and guaranteed by the Company.

The borrowings of the Group amounted to HK$32 million as at 30 June 2025 (31 December 2024: HK$33 million) are subject to a repayable on demand clause, the entire outstanding balance of the borrowings was classified under current liabilities.

Unsecured convertible bonds in the aggregate principal amount of approx. HK$120 million was issued on 11 October 2018 and matured on 10 October 2024, with approx. HK$72 million remained outstanding upon the maturity date ("**2018 Convertible Bonds**"). In this regard, 8% straight bonds with principal amount of approx. HK$55 million and 6% convertible bonds with principal amount of approx. HK$17 million were issued on 31 December 2024 ("**2024 Bonds**") to set off in full the outstanding amount of the principal under the 2018 Convertible Bonds. The maturity date of 2024 Bonds would be the date falling on the day being two years from the date of issue of 2024 Bonds, e.g. 30 December 2026, the conversion price at which the convertible bonds may be converted into ordinary share of the Company is HK$0.088 per ordinary share. As at 30 June 2025, convertible loan notes and bonds payable amounted to approx. HK$15 million and HK$50 million respectively, represented the carrying amount of the liability components of the 2024 Bonds measured at amortised cost using the effective interest method with effective interest rate of 15% per annum. The 2024 Bonds are pledged with 100% of the total issued share of a subsidiary of the Company as security for the payment obligation under the 2024 Bonds.

Inventories recorded a decrease of approx. 28% compared to previous year end date of 31 December 2024 and the value of stock decreased from approx. HK$50 million as at 31 December 2024 to approx. HK$36 million as at 30 June 2025 as winter is the industry traditional peak season.

Trade receivables decreased from approx. HK$4 million as at 31 December 2024 to approx. HK$2 million as at 30 June 2025. The decrease in amount in line with the decrease in the revenue generated from Chinese health products segment during the Period, which is also attributed to better management on the collection of trade receivables during the Period.

Trade payables decreased significantly from approx. HK$18 million as at 31 December 2024 to approx. HK$4 million as at 30 June 2025. The higher balance at year-end was due to increased inventory stockpiling to meet the expected surge in demand for Chinese health products ahead of the Chinese New Year, giving rise to a higher balance of trade payables as at 31 December 2024. Subsequent settlements to suppliers and reduced purchases during the Period contributed to the lower trade payables balance as of 30 June 2025.

Gearing ratio, calculated as the total borrowings, bonds payable and convertible loan notes divided by total assets was approx. 88% as at 30 June 2025 (31 December 2024: 79%). As at 30 June 2025, the Group recorded total current assets of approx. HK$101 million (31 December 2024: HK$113 million) and total current liabilities of approx. HK$57 million (31 December 2024: HK$73 million). The current ratio of the Group, calculated by dividing the total current assets by the current liabilities, was approx. 1.8 (31 December 2024: 1.6). The net liabilities position of the Group recorded a decrease from approx. HK$18 million as at 31 December 2024 to approx. HK$17 million as at 30 June 2025. The decrease was mainly due to the operating profit of the Group recognised during the Period.

The Group's operation relied upon the support from suppliers and financial institutions. Facilities and credit terms are provided on the basis of which certain financial and operational undertakings are complied with. On behalf of the Board, the Directors are of the opinion that, after taking into accounts the Group's internal resources and cash flow from operations, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this announcement in the absence of unforeseen circumstances.

Overall, the Group will continue to review its existing business on a regular basis and 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 and stakeholders.

## FOREIGN CURRENCY RISKS

The Group's exposure to currency risk mainly attributable to trade and other receivables, bank balances and trade and other payables, are denominated in currencies other than the functional currency of the entity to which they related. The Group currently does not have a foreign currency hedging policy. However, the management will monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## CAPITAL STRUCTURE

The Group did not have any change to the capital structure of the Company during the Period.

## SIGNIFICANT INVESTMENTS AND ACQUISITIONS

The Group did not have any significant investments or acquisitions or sales of subsidiaries during the Period.

## EMPLOYEES

As at 30 June 2025, the Group had approx. 77 employees and contract workers based in Hong Kong headquarters and PRC offices. The number of employees of the Group varies from time to time depending on production needs and they are remunerated based on industry practices.

The staff costs (included Directors' emoluments) were approx. HK$12 million for the six months ended 30 June 2025 (2024: HK$22 million). The remuneration package of the employees is determined by various factors such as their working experience and job performance, the market condition, industry practice and applicable employment law. Discretionary bonus based on job performance will be paid to employees as recognition of and reward for their contributions. The Group also maintains the Mandatory Provident Fund Scheme and insurance for its employees in Hong Kong. Various types of trainings were provided to the employees. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual employees' contribution.

## SHARE OPTION SCHEME

On 15 August 2024, the shareholder of the Company approved the adoption of the New Share Option Scheme. The terms of the New Share Option Scheme are in accordance with the provisions of Rule 17.03 of the Listing Rules. A summary of the particulars of the New Share Option Scheme as required under Rule 17.09 of the Listing Rules is set out in Note 17 to the unaudited condensed consolidated interim financial statements.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## CONTINGENT LIABILITIES

Save as aforesaid or as otherwise disclosed herein, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, any mortgages or charges, or other material contingent liabilities or guarantee at the close of business on 30 June 2025.

## CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the six months ended 30 June 2025.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") set out in Appendix C3 of the Listing Rules. The Company has made specific enquiry of its Directors. All Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the accounting period covered by this interim financial statements.

## AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2025 and the Group's risk management and internal control systems and agreed with the accounting policy and practices adopted by the Company.

On behalf of the Board of
**China Healthwise Holdings Limited**
**Lei Hong Wai**
*Chairman and Executive Director*

Hong Kong, 27 August 2025

*As at the date of this announcement, the executive Directors are Mr. Lei Hong Wai (Chairman), Mr. Cheung Kwok Wai Elton (Vice Chairman), Mr. Leung Alex, Ms. Lo Ming Wan, Mr. Yuan Huixia and Mr. Yang Qiangsheng; and the independent non-executive Directors are Mr. Lai Hok Lim and Mr. Tsang Chin Pang.*