



Hong Wei (Asia) Holdings Company Limited 鴻偉(亞洲)控股有限公司

(Incorporated in Hong Kong with limited liability)
Stock code: 8191

INTERIM REPORT 2025



CONTENTS

Corporate Information	2
Financial Highlights	3
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Unaudited Condensed Consolidated Statement of Financial Position	5
Unaudited Condensed Consolidated Statement of Changes in Equity	7
Unaudited Condensed Consolidated Statement of Cash Flows	8
Notes to the Unaudited Condensed Consolidated Financial Statements	9
Management Discussions and Analysis	30

CORPORATE INFORMATION

REGISTERED OFFICE

Unit 603, 6/F., Tower 1,
Admiralty Centre, 18 Harcourt Road,
Admiralty, Hong Kong

HEAD OFFICE IN HONG KONG

Unit 603, 6/F., Tower 1,
Admiralty Centre, 18 Harcourt Road,
Admiralty, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

Industrial Park, Renhua County, Shaoguan City,
Guangdong Province, PRC

AUTHORISED REPRESENTATIVES

Mr. Wong Cheung Lok
Mr. Kwong Lun Kei Victor

EXECUTIVE DIRECTORS

Mr. Wong Cheung Lok
Mr. Liu Jiayong (Resigned on 11 August 2025)
Mr. Wong Kin Ching

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Qian Xiaoyu
Mr. Cheung Wai Yin Wilson
Mr. Guo Ensheng

COMPLIANCE OFFICER

Mr. Wong Kin Ching

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited

AUDIT COMMITTEE

Mr. Cheung Wai Yin Wilson (*chairman*)
Ms. Qian Xiaoyu
Mr. Guo Ensheng

REMUNERATION COMMITTEE

Mr. Guo Ensheng (*chairman*)
Mr. Wong Cheung Lok
Mr. Cheung Wai Yin Wilson

NOMINATION COMMITTEE

Mr. Wong Cheung Lok (*chairman*)
Mr. Cheung Wai Yin Wilson
Mr. Guo Ensheng

COMPANY SECRETARY

Mr. Kwong Lun Kei Victor (*Solicitor of HKSAR*)

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investors Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants (Practising)
and Registered PIE Auditor

GEM STOCK CODE

8191

COMPANY'S WEBSITE ADDRESS

www.hongweiasia.com

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2025, operating results of the Group were as follows:

- Revenue for the six months ended 30 June 2025 amounted to approximately HK\$49.9 million, representing a decrease of approximately 70.4% from approximately HK\$168.7 million recorded in the same period in 2024, This is due to scheduled shutdowns and ongoing technological upgrades undertaken during mid-2025, which temporarily impacted production capacity and led to lower sales volumes of particleboard.
- Gross loss for the six months ended 30 June 2025 amounted to approximately HK\$9.6 million, representing a decrease of approximately 133.3% from gross profit of approximately HK\$28.9 million recorded in the same period in 2024.
- Loss attributable to owners of the Company for the six months ended 30 June 2025 amounted to approximately HK\$59.3 million as compared to profit attributable to owners of the Company of approximately HK\$10.8 million recorded in the same period in 2024.
- The Board does not recommend the payment of an interim dividend for the six months period ended 30 June 2025 (30 June 2024: nil).

INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 (“**Current Period**” or “**2025 Interim Period**”) together with the comparative figures of the six months 30 June 2024 (“**Previous Period**” or “**Corresponding period**”) as appropriate.

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

		Six months ended 30 June	
	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	3	49,887	168,677
Cost of sales		(59,496)	(139,775)
Gross profit		(9,609)	28,902
Other income	5	3,878	16,531
Selling and distribution expenses		(2,612)	(10,923)
Administration expenses		(42,934)	(13,576)
Finance costs	6	(7,976)	(10,118)
(Loss)/profit before tax		(59,293)	10,816
Income tax credit	7	–	–
(Loss)/profit for the period attributable to owners of the Company	8	(59,293)	10,816
Other comprehensive income/(expenses) which will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		95,363	(1,451)
Other comprehensive income/(expenses) for the period		95,363	(1,451)
Total comprehensive income for the period		36,110	9,365
Total comprehensive income attributable to owners of the Company		36,110	9,365
Basic and diluted (loss)/earnings per share, in HK cents	9	(111.78)	20.54

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		285,547	310,695
Right-of-use assets		17,213	17,295
Biological assets	11	25,017	25,303
Intangible assets		211	629
Deferred tax assets		8,739	9,195
		336,727	363,117
CURRENT ASSETS			
Inventories	12	194,649	199,854
Trade and bills receivables	13	45,200	64,891
Deposits, prepayments and other receivables	14	102,652	97,658
Bank balances and cash		560	8,428
Restricted deposit		10,968	10,601
		354,029	381,432
CURRENT LIABILITIES			
Trade payables	15	4,509	32,059
Other payables and accrued expenses		61,776	82,638
Tax payables		1,360	129
Contract liabilities		3,894	7,438
Bank and other borrowings, due within one year	16	165,737	197,417
Deferred income		9,286	8,976
		246,562	328,657
NET CURRENT ASSETS		107,467	52,775
TOTAL ASSETS LESS CURRENT LIABILITIES		444,194	415,892

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		3,001	2,788
Bank and other borrowings, due after one year	16	144,094	135,645
Deferred income		24,918	26,109
Notes payable	17	59,176	58,642
		231,189	223,184
NET ASSETS			
		213,005	192,708
CAPITAL AND RESERVES			
Share capital	18	281,417	270,886
Reserves		(68,412)	(78,178)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AND TOTAL EQUITY			
		213,005	192,708

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Share capital HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000
Balance at 1 January 2024 (audited)	270,886	(16,968)	38,722	(38,131)	(3,106)	251,403
Profit for the period	–	–	–	–	10,816	10,816
Other comprehensive expenses for the period:						
Exchange differences arising on translation to presentation currency	–	–	–	(1,450)	–	(1,450)
Total comprehensive income for the period	–	–	–	(1,450)	10,816	10,816
Transfer to statutory reserve	–	–	1,518	–	(1,518)	–
Balance at 30 June 2024 (unaudited)	270,886	(16,968)	40,240	(39,581)	6,192	260,769
Balance at 1 January 2025 (audited)	270,886	(16,968)	38,718	(50,549)	(49,379)	192,708
Issuance of shares upon placing	10,531	(26,361)	–	–	–	(15,830)
Loss for the period	–	–	–	–	(59,253)	(59,253)
Other comprehensive expenses for the period:						
Exchange differences arising on translation to presentation currency	–	–	4	95,376	–	95,380
Total comprehensive income for the period	10,531	(26,361)	4	95,376	(59,253)	20,297
Transfer to statutory reserve	–	–	–	–	–	–
Balance at 30 June 2025 (unaudited)	281,417	(43,329)	38,722	44,827	(108,632)	213,005

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(6,994)	3,909
Net cash used in investing activities	3,878	5,651
Net cash used in financing activities	(8,598)	(17,395)
Net decrease in cash and cash equivalents	(11,714)	(7,835)
Cash and cash equivalents at the beginning of the period	8,428	7,802
Effect of foreign exchange rate changes	3,846	6,382
Cash and cash equivalents at the end of the period, represented by bank balances and cash	560	6,349

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “**Interim Financial Reporting**”, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The unaudited condensed interim consolidated financial statements have been reviewed by the Company’s audit committee and were authorised for issue on 29 August 2025 (the “**Approval Date**”).

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual report for the year ended 31 December 2024.

As at 30 June 2025, the Group’s current assets exceeded its current liabilities by approximately HK\$107,467,000 (31 December 2024: HK\$52,775,000). Its current liabilities, including current bank and other borrowings of approximately HK\$165,737,000 (31 December 2024: HK\$197,417,000), exceeded its cash and cash equivalents of approximately HK\$165,177,000 (31 December 2024: HK\$188,989,000).

Taking into consideration of the Group’s financial performance, working capital, liquidity position, available facilities from its principal bankers, financial institutions and the stability of the Group’s business, operations and relationships with its suppliers, bankers and financial institution, the Directors have prepared and assessed working capital forecast for a period of 12 months ending on 30 June 2025. In addition, Mr. Wong and his family members (“**Wong’s family**”) have agreed to provide financial support to the Group and will not demand the Group to repay the amounts due to them unless the Group could be able to do so. In view of this, the Directors are of the view that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s annual report for the year ended 31 December 2024, except for the adoption of new and amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) in the current period as disclosed in note 2.

The annual consolidated financial statements relating to the financial year ended 31 December 2024 that are included in these interim condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financials for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the annual consolidated financial statements for the year ended 31 December 2024 to the Registrar of the Companies as required by section 662(3) of, and part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditor has reported on those annual consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The unaudited condensed consolidated interim financial information is presented in thousand Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

The interim financial information has not been audited.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with the Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the Rules Governing the Listing of Securities on GEM on the Stock Exchange (the “**GEM Listing Rules**”) and the Hong Kong Companies Ordinance.

The unaudited condensed consolidated interim financial information should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2024, which has been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the HKICPA.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2025 are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2024, except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning 1 January 2025.

In the current interim period, the Group has adopted, the following amended HKFRSs for the first time, which are mandatory effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

(a) Amended standards adopted by the Group

Amendments to HKAS 21

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 condensed consolidated financial statements:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) New and amendments standards and interpretations issued that are not yet effective, but may be adopted early

The following new standards and amendments and interpretation to standards have been published that are not mandatory for the year beginning on 1 January 2025 and have not been early adopted by the Group:

Amendment to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments) ¹
Amendment to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendment to HKFRS 9 and HKFRS 7	Contracts Referencing Nature dependent Electricity (amendments) ¹
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard) ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard) ²
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments) ²
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments) ³

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

² Effective for annual periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined by available for adoption

The Group is in the process of assessing the potential impact of the new and amendments to HKFRSs but are not yet in a position to determine whether the new and amendments to HKFRSs will have a material impact on the Group's performance and financial position and on the disclosures. The new and amendments to HKFRSs may result in changes to how the Group's performance and financial position are prepared and presented in the future.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE

Revenue represents the amounts received and receivable for sales of particleboards, which are conducted in the PRC by the Group. An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Timing of revenue recognition – at a point in time:		
Sales of particleboards	49,887	168,677
Revenue from contracts with customers	49,887	168,677

Sales of particleboards are recognised at point in time when particleboards are delivered to customers.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the executive directors, being the chief operating decision makers (“**CODM**”). The Group’s operating business are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group’s operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

During the six months ended 30 June 2025, the Group has two reportable operating segments. Details are as follows:

- a. Particleboards segment, principally engaged in manufacturing and selling of particleboards in the PRC; and
- b. Forestry segment, principally engaged in timber logging, plantation and sales of timber woods and agricultural products in the PRC.

The accounting policies of the reportable segments are the same as the Group’s accounting policies as set out in the annual report for the year ended 31 December 2024. Segment revenue represents the revenue generated by each operating segment.

Segment results represent the profit earned or loss incurred by each operating segment without allocation of central administration expenses (unallocated corporate expenses), interest income, finance costs and income tax expenses. This is the measure reported to CODM for the purpose of resource allocation and assessment of segment performance.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than loan receivable, deferred tax assets and unallocated corporate assets; and
- All liabilities are allocated to reportable segments other than bank and other borrowings, notes payable, lease liabilities, tax payable, deferred tax liabilities and unallocated corporate liabilities.

Operating segments

The following tables represent segment information of the Group provided to the Group's CODM.

For the six months ended 30 June 2025

	Particleboards segment HK\$'000 (Unaudited)	Forestry segment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<i>Segment revenue:</i>			
Reportable segment revenue	49,887	–	49,887
<i>Segment results:</i>			
Reportable segment results	48,310	1,937	50,247
Interest income (note 5)			–
Finance costs (note 6)			(7,977)
Unallocated corporate staff costs			(150)
Unallocated corporate expense			(101,373)
Consolidated profit before tax			(59,293)
<i>Other segment information</i>			
Depreciation – allocated	591	457	1,048
Depreciation – unallocated			–
Total depreciation (note 8)			1,048
Amortisation (note 8)	17	–	17

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

For the six months ended 30 June 2024

	Particleboards segment HK\$'000 (Unaudited)	Forestry segment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<i>Segment revenue:</i>			
Reportable segment revenue	168,677	–	168,677
<i>Segment results:</i>			
Reportable segment results	24,482	(1,416)	23,066
Interest income (note 5)			23
Finance costs (note 6)			(10,118)
Unallocated corporate staff costs			(578)
Unallocated corporate expense			(1,577)
Consolidated profit before tax			10,816
<i>Other segment information</i>			
Depreciation – allocated	21,177	412	21,589
Depreciation – unallocated			–
Total depreciation (note 8)			21,589
Amortisation (note 8)	35	–	35

* Capital expenditures of particleboards segment mainly represent the addition of property, plant and equipment and prepayments made for acquisition of property, plant and equipment during the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION *(Continued)*

Entity-wide disclosures

Geographical information

The Group's operation is located in the PRC and all of its revenue is generated from the PRC for both period. The analysis is as follows:

	For the six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue from the PRC	49,887	168,677

The Group's non-current assets other than deferred tax assets are located in the PRC by location of assets in case of property, plant and equipment and biological assets or by location of operation to which they are allocated, in case of right-of-use assets, prepayments for acquisition of property, plant and equipment and intangible assets.

Information about major customers

Revenue from a customer arising from sales of particleboards for the period individually contributing over 10% of the total sales of the Group is as follows:

	For the six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Customer A	37,125	31,413

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Value added tax ("VAT") refund	18	5,108
Government grants	3,231	10,962
Interest income	–	23
Others	629	438
	3,878	16,531

6. FINANCE COSTS

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on bank and other borrowings	3,268	7,530
Interests on notes payable	2,598	796
Interests on loans from Mr. Wong and his associate	1,750	1,792
	7,976	10,118

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX CREDIT

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax	–	–
Deferred tax credited:		
– Origination of temporary difference	–	–
Income tax credit	–	–

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of Hongwei Wooden Products (Renhua) Co. Ltd. ("**Hongwei Renhua**") is 15% during the six months ended 30 June 2025 and 2024.

Pursuant to the EIT Law and its implementation regulations, where an enterprise utilises the resources as listed in the Catalogue of Resources for Comprehensive Utilisation Entitling Enterprises to Income Tax Preferences (資源綜合利用企業所得稅優惠目錄) as its major raw materials to make products which are not restricted or prohibited by the state and are consistent with the relevant state or industrial standards, only 90% of the income derived therefrom shall be accounted for as taxable income of the enterprise in that year (the "**Tax Concessions**"). During the six months ended 30 June 2025 and 2024, Hongwei (Renhua) is entitled to such preferential policy and only 90% of the income of Hongwei Renhua from the sale of particleboard was regarded as taxable income.

According to the EIT Law and Implementation Regulation of the EIT Law, enterprises that engage in qualified agricultural business are eligible for exemption from payment of enterprise income tax. During the six months ended 30 June 2025 and 2024, the Group's two subsidiaries are principally engaged in qualifying agricultural business and therefore, the profit of them are entitled to exemption from payment of enterprise income tax (the "**Tax Exemption**").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Notes	For the six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Depreciation and amortisation expenses			
Depreciation of:	(i)		
– property, plant and equipment		284	21,177
– right-of-use assets		810	412
Amortisation of intangible assets		17	–
Total depreciation and amortisation expenses		1,111	21,589
Employee benefits expenses (including directors' emoluments)			
Salaries and other benefits		2,307	3,925
Contribution to retirement benefit schemes		800	594
Total employee benefit expenses		3,107	4,519

- (i) The amount was included in administrative expenses in the interim condensed consolidated statements of profit or loss and other comprehensive income/(expenses).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. (LOSS)/EARNINGS PER SHARE

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

Earnings

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profits for the period attributable to owners of the Company for the purpose of basic and diluted profit per share	(59,253)	10,816

Number of shares

	Six months ended 30 June	
	2025	2024
	'000	'000
	(Unaudited)	(Unaudited) (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	53,007	52,656

Notes: Basic and diluted earnings per share were the same for both periods as there has been no potential dilutive ordinary shares outstanding during the periods.

10. DIVIDENDS

No interim dividend was paid or proposed for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. BIOLOGICAL ASSETS

(a) Nature of activities

Biological assets are standing timber trees attached to the forestlands which could be logged to produce timber woods as agricultural produce. Majority of timber woods harvested, being the small-sized timber woods, were used as raw materials of the Group to produce particleboards for sale and the remaining timber woods harvested, being the larger-sized timber woods, were sold to external customers.

(b) Valuation of biological assets

The Group's biological assets are measured at fair values less costs to sell at initial recognition and at the end of each reporting period in accordance with HKAS 41 "Agriculture". The fair values less costs to sell of biological assets were determined with reference to the work performed by the independent valuers (the "Valuers"). The Valuers have various professional qualifications and extensive experience in the valuation of agricultural and biological assets and its related businesses for the listed companies in Hong Kong. Accordingly, the directors are of the view that the Valuers are competent to determine the fair values less costs to sell of the Group's biological assets. The Group's management has discussion with the Valuers on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting period.

Because the fair values less costs to sell of the Group's biological assets are non-cash in nature, are derived from many assumptions and are affected by factors including different usage of the timbers harvested, presence of natural defects in the wood, growth and death rates of trees, calamities, market prices at the time of harvest and buyers' preference, any changes in assumptions and factors may affect the fair values less costs to sell of the Group's biological assets dramatically.

No gain on initial recognition has been recognised in profit or loss for both periods.

12. INVENTORIES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Raw materials	184,500	157,718
Work in progress	892	456
Finished goods	9,257	41,680
Total	194,649	199,854

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND BILLS RECEIVABLES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Trade receivables	75,940	69,673
Bills receivables at fair value	–	24,931
	75,940	94,604
Less: Loss allowances	(30,740)	(29,713)
Total	45,200	64,891

The Group's trading terms with its customers are mainly on open account terms, except for new customers, where payment in advance is normally required. The credit period is generally for a period up to 90 days (31 December 2024: 90 days). The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest bearing and their carrying amounts approximately equal to their fair values.

The following is an aged analysis of trade receivables, presented based on the invoice date, at the end of the reporting period.

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within three months	15,987	29,393
Over three months but within six months	727	5,920
Over six months	59,226	34,360
Total	75,940	69,673

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND BILLS RECEIVABLES *(Continued)*

The maturity period of bills receivable are within 12 months from the date the Group received the notes as an extended period to the original credit term. The following is an aged analysis of bills receivables presented based on maturity date.

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within three months	–	13,642
Over three months but within twelve months	–	11,289
Total	–	24,931

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
VAT recoverable	–	21,076
Payments in advance to suppliers	26,674	68,505
Prepayments in advance to staff	–	1,305
Others	77,042	7,801
	103,717	98,687

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Less: Loss allowance	(1,065) 102,652	(1,029) 97,658
Analyses for reporting purpose		
Current assets	26,674	97,658
Non-current assets	75,978	–
	102,652	97,658

15. TRADE PAYABLES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Trade payables	4,509	32,059

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

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within three months	4,509	21,627
Over three months but within six months	–	2,742
Over six months	–	7,690
Total	4,509	32,059

Trade payables are non-interest bearing and are normally settled on 30-90 days' term.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. BANK AND OTHER BORROWINGS

	Notes	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Bank borrowings	(i)		
– due within one year		66,979	146,303
– due after one year		104,102	71,038
Bank borrowings obtained in relation to discounted bill receivable	(i)	–	22,698
Other borrowings	(ii)	90,388	48,266
Unsecured loans from Mr. Wong and his associate	(iii)		
– due within one year		–	–
– due after one year		48,362	44,657
		309,831	333,062
Less: amount included in current liabilities		(16,737)	(197,417)
Non-current portion		144,094	135,645
Analysed as:			
Secured but unguaranteed	(iv)	15,801	6,467
Secured and guaranteed	(iv)	245,668	278,987
Unsecured and unguaranteed		48,362	47,608
		309,831	333,062

Notes:

- (i) Save as the bank borrowings with an aggregate carrying amount of approximately HK\$79,692,000 (31 December 2024: approximately HK\$158,691,000) as at 30 June 2025, with fixed annual interest rates ranging from 3.05% to 5.35% (2024: 2.50% and 5.35%), for bank borrowings with an aggregate carrying amount of approximately HK\$91,389,000 (31 December 2024: approximately HK\$81,448,000) as at 30 June 2025, interest will be calculated based on a floating annual interest rate ranging from 3.25% to 6.5% (2024: 3.25% to 5.35%). All bank borrowings were denominated in RMB in both periods.
- (ii) As at 30 June 2025, the Group's other borrowings represents sales and leaseback operating lease arrangements with financial institutions, pursuant to which the Group transfers certain of its equipments to the financial institutions for loans to the Group with tenure of one to three years (2024: one to three years) from the date of advancements. At the end of the lease term, the Group could pay a minimal amount of consideration to re-acquire the leased equipments. Other borrowings of approximately HK\$90,388,000 (31 December 2024: approximately HK\$48,266,000) as at 30 June 2025. Other borrowings are denominated in RMB in both period.

16. BANK AND OTHER BORROWINGS (Continued)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notes: (Continued)

The maturity analysis of other borrowings is as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within one year	82,018	28,316
More than one year, but not exceeding two years	4,840	16,129
More than two year, but not exceeding five years	3,530	3,821
	90,388	48,266

- (iii) As at 30 June 2025, the balance represented the unsecured loans from Mr. Wong, Mrs. Wong and Ms. Wong Wan Yu ("**Ms. Wong**"), a daughter of Mr. and Mrs. Wong, which amounted to approximately HK\$14,069,000 (2024: HK\$10,000,000), HK\$19,581,000 (2024: HK\$15,580,000) and HK\$14,712,000 (2024: HK\$19,077,000) respectively. All loans carry interest of 7% per annum, unsecured and will be repayable in 2026.

Details are set out in note 27(iii) to the consolidated financial statements in Annual Report 2024.

- (iv) As at 30 June 2025, the Group's secured and guaranteed bank borrowings of approximately HK\$231,616,000 (31 December 2024: approximately HK\$191,362,000) are secured by personal guarantees executed by Mr. Wong and Mr. Wong Kin Ching for the maximum amount of guarantee up to approximately HK\$248,063,000 (31 December 2024: approximately HK\$248,063,000). As at 30 June 2025, the Group's secured and guaranteed other borrowings of approximately HK\$41,079,000 (31 December 2024: approximately HK\$41,079,000) are secured by personal guarantees executed by Mr. Wong and Mrs. Wong/Mr. Wong, Mrs. Wong and Mr. Wong Kin Ching.

17. NOTES PAYABLE

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Current Liabilities:		
Notes payable, secured and guaranteed (note)	59,176	58,642
Non- current liabilities:		
Notes payables, secured and guaranteed (note)	59,176	58,642

Note: On 10 August 2018, the Company entered into a subscription agreement (the “**Notes Subscription Agreement**”) with a subscriber (the “**Notes Subscriber**”) for the issuance of secured and guaranteed notes (the “**Notes**”) in the principal amount of HK\$100,000,000 for an initial term of 2 years from the date of issuance, which could be extendable for another year as agreed by the Company and the Notes Subscriber. The Notes are secured by the Company’s fully paid up capital in Hongwei Renhua and personal guarantees executed by the Company’s chairman and executive directors, Mr. Wong and Mrs. Wong (the “**Guarantors**”).

On 13 July 2020, the Company, the Guarantors and the Note Subscriber entered into a deed of amendment, pursuant to which, among other things, the Note Subscriber agreed to amend the terms and conditions of the Notes, having effect that, among others, the maturity date of the Notes was extended from 12 August 2020 to 12 August 2021. Please refer to the announcement of the Company dated 13 July 2020 for more details.

On 17 August 2021, a waiver letter had been entered into between the Company and the Notes Subscriber, pursuant to which the Notes Subscriber agreed to, among others, waive the obligation of the Company to fully repay the amount repayable under the Notes up to 6 September 2021, pending negotiation to further extend the repayment date. Please refer to the announcement of the Company dated 17 August 2021 for more details.

On 20 September 2021, a deed of amendment had been executed to amend the terms and conditions of the Notes, having effect that, among others, the aggregate principal amount of the Notes shall be not more than HK\$78,000,000, and the final repayment date of the Notes has been extended to 12 November 2022. Please refer to the announcement of the Company dated 20 September 2021 for more details.

On 2 December 2022, a waiver letter was entered into between the Company and the Notes Subscriber, pursuant to which the Notes Subscriber agreed to, among others, waive the obligation of the Company to fully repay the amount repayable under the Notes up to 31 December 2022, pending negotiation to further extend the repayment date. Please refer to the announcement of the Company dated 2 December 2022 for more details.

On 30 December 2022, a deed of amendment was executed to amend the terms and conditions of the Notes, having effect that, among others, the aggregate principal amount of the Notes shall be not more than HK\$56,400,000, and the final repayment date of the Notes was extended to 12 November 2023. Please refer to the announcement of the Company dated 30 December 2022 for more details.

17. NOTES PAYABLE (Continued)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note: (Continued)

On 15 March 2024, a deed of amendment had been executed to amend the terms and conditions of the Notes, having effect that, among others, the aggregate principal amount of the Notes shall be not more than HK\$52,400,000, and the final repayment date of the Notes has been extended to 25 June 2026. Please refer to the announcement of the Company dated 15 March 2024 for more details.

The Note Subscription Agreement and the instrument constituting the Notes (together with the amended and restated note instrument dated on 31 December 2018, 13 July 2020, 11 December 2020, 17 August 2021 and 20 September 2021, collectively referred to as the “**Instrument**”) contain covenants that, among other things, require Mr. Wong to remain as the single largest shareholder of the Company, the chairman of the Board and executive director of the Company and restrict the creation by either of the Guarantors of any additional encumbrances over real properties owned by them in Hong Kong as at the date of the Notes Subscription Agreement and the Instrument, the breach of which will constitute an event of default. In addition, the bankruptcy or inability to pay debts when due of the Guarantors or any change of control (within the meaning of the Code on Takeovers and Mergers) of the Company will also constitute an event of default. Upon the occurrence of a continuing event of default, the holder(s) of the Notes is(are) entitled to request immediate redemption of the Notes at a higher interest rate and such amount which would give a 20% internal rate of return (inclusive of all interest and fee payable by the Company) to the Notes Subscriber as stipulated in the Instrument.

18. SHARE CAPITAL

	Numbers of shares		Share capital	
	30 June 2025 '000	31 December 2024 '000	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Ordinary shares, issued and fully paid At 1 January	53,007	52,656	281,417	270,886
	53,007	52,656	281,417	270,886

19. RELATED PARTY TRANSACTIONS

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Information about related parties and their relationships with the Group are as follows:

Name of related party	Relationship
Ms. Wong	Daughter of Mr. Wong and Mrs. Wong
Mr. Wong Kin Ching	Director and son of Mr. and Mrs. Wong
Mr. Wong Kin Keung	Son of Mr. and Mrs. Wong

Details of transactions between the Group and its related parties are disclosed below.

(a) Transactions with related parties

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Loan advanced from related parties:		
– Mr. Wong	–	–
– Mrs. Wong	412	1,010
– Ms. Wong	350	1,507
	762	2,517
Loan principal repayment to related parties:		
– Ms. Wong	–	150
	–	150
Loan facilities provided by:		
– Mr. Wong	10,000	10,000
– Mrs. Wong	15,000	15,000
– Ms. Wong	15,000	15,000
	40,000	40,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS (Continued)

(b) Personal guarantee executed by Directors

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Personal guarantees executed by Mr. Wong and Mrs. Wong in respect of the following balances: – notes payable	59,176	58,642
Personal guarantees executed by Mr. Wong, Mrs. Wong and Mr. Wong Kin Ching in respect of the following balances: – other borrowings	41,079	41,079
Personal guarantees executed by Mr. Wong Kin Ching and Mr. Wong in respect of the following balances: – bank borrowings*	231,161	191,362

* Maximum amount of guarantee provided by Mr. Wong and Mr. Wong Kin Ching are each approximately HK\$248,063,000 (31 December 2024: approximately HK\$248,063,000)

(c) Compensation of key management personnel and related parties

The remuneration of Directors and other members of key management personnel during the six months ended 30 June 2025 and 2024 are as follows:

	For the six months ended 30 June 2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Short-term employee benefits	654	1,162
Post-employment benefits	–	–
Total compensation paid to key management personnel	654	1,162

During the six months ended 30 June 2025, short-term benefits and post-employment benefits for Ms. Wong, paid and contributed by the Group were approximately HK\$30,000 (2024: approximately HK\$85,000) and approximately HK\$0 (2024: approximately HK\$2,000), respectively and short-term benefits and post-employment benefits for Mr. Wong Kin Keung, son of Mr. Wong and Mrs. Wong, paid and contributed by the Group were approximately HK\$0 (2024: approximately HK\$0) and approximately HK\$0 (2024: approximately HK\$0), respectively.

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2025 (“**Current Period**” or “**2025 Interim Period**”), the Group continued to be engaged in the manufacturing and selling of particleboards (“**Particleboards Segment**”) and the plantation, timber logging and sales of wood and agricultural products in the People’s Republic of China (the “**PRC**”) (“**Forestry Segment**”).

Particleboards Segment

During the Current Period, our products were principally used by our customers in the manufacture of furniture and fixtures, sport equipment, and decoration and construction materials. Meanwhile, the Chinese economy continued to face uncertainties under the pressure of the ongoing Sino-United States conflicts and the volatility of worldwide capital markets. The negative impacts on the export market have indirectly affected the domestic consumer demand for particleboards. The domestic demand for consumer products such as household furniture and fixtures, sport equipment as well as industry demand for construction materials had remained at a low level and they are looking for lower-cost substitute.

Under such challenging environment, we are determined to streamline our supply chain operations to mitigate our business risks and strengthen our sustainability and competitiveness by tightening cost control measures.

The group strives to adopt a strategy of raw material differentiation, product differentiation, and market differentiation, producing all bamboo particleboard using bamboo instead of wood. During the period, the group has repeatedly carried out technological upgrades to equipment shutdowns to ensure the quality of all bamboo particleboard produced. At present, the group has given priority to promoting all bamboo boards to the market ahead of its competitors in the industry and has made promotional efforts, achieving good results.

Forestry Segment

During the Current Period, the Group had not received any update on the measures regarding the grant by the relevant government department of timber wood harvesting quotas which have been materially curtailed as part of the PRC government’s policy to strengthen environmental protection since the end of 2018. The Group highly recognises global climate change’s risks and opportunities, and actively supports the PRC government’s efforts to achieve the goal of carbon neutrality before 2060. To support the PRC government’s environmental protection supervision as the main line, the Group will improve the environmental management system and control with our forestry asset and is going to contribute to the realisation of “carbon neutrality”. Nevertheless, the Group will continue to further explore and assess other possible alternatives to utilize its forestry resources in order to benefit the Group as a whole.

MANAGEMENT DISCUSSIONS AND ANALYSIS

FINANCIAL REVIEW

Revenue

During 2025 Interim Period, the Group's revenue for Particleboards Segment decreased to approximately HK\$49.9 million from approximately HK\$168.7 million, representing a decrease of approximately 70.4% as compared to the six months ended 30 June 2024 ("**Previous Period**" or "**Corresponding Period**"). The decrease is mainly due to scheduled shutdowns and ongoing technological upgrades undertaken during mid-2025, which temporarily impacted production capacity and led to lower sales volumes of particleboard.

During the periods ended 30 June 2025 and 2024, no income generating activity took place for the Forestry Segment and hence no revenue was recognized for such segment.

Cost of sales

During the 2025 Interim Period, the Group's costs of sales decreased to approximately HK\$59.5 million from approximately HK\$139.8 million, representing a decrease of approximately 57.4% as compared to the Previous Period. The decrease is mainly due to an decrease in product sales volume.

Gross profit and margin

During the 2025 Interim Period, the Group's gross loss decreased to approximately HK\$9.6 million from gross profit of approximately HK\$28.9 million, representing an decrease of approximately 133.2% as compared to the Previous Period. The gross profit margin of our group has decreased from approximately 17.1% in the previous period to gross loss margin of approximately 19.3% in the mid- 2025 period.

The increase in gross profit margin are mainly due to cost optimization, which resulted in a greater reduction in production costs relative to sales, coupled with a favorable product mix shift towards higher-margin products.

Other income

During the 2025 Interim Period, the Group's other income decreased to approximately HK\$3.9 million from approximately HK\$16.5 million, representing an decrease of approximately 76.5% as compared to that for the Previous Period. The decrease is mainly due to the decrease in value-added tax refunds.

Selling and distribution expenses

During the 2025 Interim Period, the Group's selling and distribution expenses decreased to approximately HK\$2.6 million from approximately HK\$10.9 million in the Previous Period, representing a decrease of approximately 76.1%. The decrease in sales and distribution expenses is mainly due to the decrease in sales of particleboard, which resulted in a decrease in transportation and packaging costs incurred during this period.

Administration expenses

During the 2025 Interim Period, the Group's administration expenses increased to approximately HK\$42.9 million from approximately HK\$13.6 million, representing an increase of approximately 216.2% as compared to the Previous Period. The increase in administrative expenses is mainly due to the increase in research and development expenses.

Finance costs

During the 2025 Interim Period, the Group's finance costs decreased to approximately HK\$7.9 million from approximately HK\$10.1 million in the Previous Period, representing a decrease of approximately 21.1%. The decrease in financial costs is mainly due to a decrease in bank and other borrowings.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Loss attributable to owners of the Company

During the 2025 Interim Period, the loss attributable to owners of the Company amounted to approximately HK\$59.3 million, as compared to the loss attributable to owners of the Company amounted to approximately HK\$10.8 million for the Previous Period. Such increase was mainly due to the decrease in sales and increase in administration expenses as discussed above.

Total comprehensive income attributable to owners of the Company

During the six months ended 30 June 2025, the Group's total comprehensive income attributable to owners of the Company amounted to approximately HK\$36.1 million, while the Group's total comprehensive income attributable to owners of the Company during the same period last year amounted to approximately HK\$9.4 million. The increase is mainly due to the increase in income related to the exchange differences arising on translation to presentation currency.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2025, there has been no significant changes in the capital structure of the Company compared to that as at 31 December 2024. The capital of the Company only comprises ordinary shares.

During the six months ended 30 June 2025, the Group mainly financed its operations with its working capital, bank and other borrowings, including the secured and guaranteed notes.

As at 30 June 2025 and 31 December 2024, the Group had bank and other borrowings of approximately HK\$165.7 million and HK\$197.4 million respectively. As at 30 June 2025, all bank borrowings are denominated in RMB save as those disclosed in note 16(i). The maturity profile of the Group's bank and other borrowings are set out in note 16 to this report.

As at 30 June 2025 and 31 December 2024, the Group had net current assets of approximately HK\$107.5 million and HK\$53 million respectively. The current ratio of the Group, calculated by current assets over current liabilities, was 1.4x as at 30 June 2025 (31 December 2024: 1.2x).

Gearing Ratio

As at 30 June 2025, the gearing ratio stood at 1.7x (31 December 2024: 2.0x) calculated by total borrowings (including lease liabilities, bank and other borrowings and notes payable) over shareholders' equity.

FOREIGN EXCHANGE EXPOSURE

As at 30 June 2025 and 31 December 2024, the functional currency of the Company and its major operating subsidiary is RMB while the presentation currency of the Company is HKD. The Group's bank balances were mainly denominated in RMB and HKD. The Group manages its foreign currency risk by closely monitoring the movement of the foreign exchange rates. As at 30 June 2025, lease liabilities and secured and guaranteed notes payable were denominated in HKD.

Other than as described above, the Group has no significant exposure to foreign currency risk as its sales receipts and payments for purchases are mainly in RMB.

MANAGEMENT DISCUSSIONS AND ANALYSIS

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. In order to manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no significant investment held as at 30 June 2025. The Group has no plan for material investments or capital assets except that the Group will acquire new machineries and continue the construction work as mentioned in note 14 to the consolidated financial statements in the annual report 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During 2025 Interim Period, the Group did not have any material acquisitions and disposals of subsidiary.

PLEDGE OF ASSETS

Details of pledge of assets are set out in note 16(iv) of this report.

COMMITMENTS AND CONTINGENT LIABILITIES

The Group does not have other significant capital commitment nor contingent liabilities as at 30 June 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed a total of 133 employees (30 June 2024: 232). The remuneration payable to our employees included fees, salaries, retirement benefits scheme contributions and other benefits. For the 2025 Interim Period and the corresponding period in 2024, the remuneration paid to employees was approximately HK\$3.1 million and HK\$7.18 million, respectively. The Group determines the employee's remuneration based on factors such as qualifications, duty, contributions and years of experience. The key principles of the remuneration policy are to remunerate employees in a manner that is market competitive, consistent with best practice and in the interests of the shareholders of the Company ("**Shareholders**") as a whole. The Group aims to align the interests of the senior executives with those of Shareholders by remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration.

The Company also adopted a share option scheme. As at 30 June 2025, no share option was granted or outstanding.

SECURED AND GUARANTEED NOTES

On 13 August 2018, pursuant to the subscription agreement dated 10 August 2018 ("**Note Subscription Agreement**") between the Company and AI Global Investment SPC (formerly known as Haitong Global Investment SPC III) acting on behalf of and for a segregated portfolio ("**Note Subscriber**"), the Company issued secured and guaranteed notes in the principal amount of HK\$100,000,000 (the "**Notes**") originally due on 12 August 2020 to the Note Subscriber. The Notes carries an interest rate at Hong Kong prime rate plus 3% per annum, and is secured, among other things, by personal guarantee executed by Mr. Wong and Mrs. Wong (together, "**Guarantors**").

On 13 July 2020, the Company, the Guarantors and the Note Subscriber entered into a deed of amendment, pursuant to which, among other things, the Note Subscriber agreed to amend the terms and conditions of the Notes, having effect that, among others, the maturity date of the Notes was extended from 12 August 2020 to 12 August 2021. Please refer to the announcement of the Company dated 13 July 2020 for more details.

MANAGEMENT DISCUSSIONS AND ANALYSIS

On 17 August 2021, a waiver letter had been entered into between the Company and the Notes Subscriber, pursuant to which the Notes Subscriber agreed to, among others, waive the obligation of the Company to fully repay the amount repayable under the Notes up to 6 September 2021, pending negotiation to further extend the repayment date. Please refer to the announcement of the Company dated 17 August 2021 for more details.

On 20 September 2021, a deed of amendment had been executed to amend the terms and conditions of the Notes, having effect that, among others, the aggregate principal amount of the Notes shall be not more than HK\$78,000,000, and the final repayment date of the Notes has been extended to 12 November 2022. Please refer to the announcement of the Company dated 20 September 2021 for more details.

On 2 December 2022, a waiver letter was entered into between the Company and the Notes Subscriber, pursuant to which the Notes Subscriber agreed to, among others, waive the obligation of the Company to fully repay the amount repayable under the Notes up to 31 December 2022, pending negotiation to further extend the repayment date. Please refer to the announcement of the Company dated 2 December 2022 for more details.

On 30 December 2022, a deed of amendment was executed to amend the terms and conditions of the Notes, having effect that, among others, the aggregate principal amount of the Notes shall be not more than HK\$56,400,000, and the final repayment date of the Notes was extended to 12 November 2023. Please refer to the announcement of the Company dated 30 December 2022 for more details.

On 15 March 2024, a deed of amendment had been executed to amend the terms and conditions of the Notes, having effect that, among others, the aggregate principal amount of the Notes shall be not more than HK\$52,400,000, and the final repayment date of the Notes has been extended to 25 June 2026. Please refer to the announcement of the Company dated 15 March 2024 for more details.

The Note Subscription Agreement and the instrument constituting the Notes ("**Instrument**") contain covenants that require Mr. Wong to remain as the single largest shareholder of the Company, the chairman of the Board and executive director of the Company and restrict the creation by either of the Guarantors of any additional encumbrances over real properties owned by them in Hong Kong as at the date of the Note Subscription Agreement and the Instrument, the breach of which will constitute an event of default. In addition, the bankruptcy or inability to pay debts when due of the Guarantors or any change of control (within the meaning of the Code on Takeovers and Mergers) of the Company will also constitute an event of default. Upon the occurrence of a continuing event of default, the holder(s) of the Notes is(are) entitled to request immediate redemption of the Notes at a higher interest rate and such amount which would give a 20% internal rate of return (inclusive of all interest and fee payable by the Company) to the Note Subscriber as stipulated in the Instrument.

COMPLIANCE WITH NON-COMPETITION DEED

Mr. Wong Cheung Lok, our controlling shareholder (the "**Covenanter**"), entered into a deed of non-competition (the "Non-competition Deed") in favour of our Company, pursuant to which the Covenanter has undertaken to our Company that he would not, and that his associates (except any member of our Group) would not, during the restricted period set out therein, directly or indirectly, either on his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which is or may be in competition with our existing core business. Mr. Wong has confirmed to the Company that the Non-competition Deed has been fully complied with during the period ended 30 June 2025 and up to the date of this report.

Details of the undertaking has been set out in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company dated 28 December 2013.

MANAGEMENT DISCUSSIONS AND ANALYSIS

THE INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571. Laws of Hong Kong) (the “SFO”) which will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange, are as follows:

Long position in the Shares

Name	Capacity/ Nature of interest	Aggregate number of Shares or underlying Shares (Note 1)	Approximate percentage of interest in our Company
Mr. Wong Cheung Lok (“Mr. Wong”)	Beneficial owner	21,500,000 (L)	40.83%
Ms. Cheung Ngar Kwan (“Mrs. Wong”) (Note 2)	Interest of spouse	21,500,000 (L)	40.83%
Mr. Wong Kin Ching	Beneficial owner	18,600 (L)	0.04%

Notes:

- (1) The letter “L” denotes the person’s long positions in the Shares.
- (2) Mrs. Wong is the spouse of Mr. Wong. Under the SFO, Mrs. Wong is deemed to be interested in the same number of Shares in which Mr. Wong is interested.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 June 2025, none of any other persons (other than a Director or chief executive) had any interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

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

During the 2025 Interim Period, neither the Company nor its subsidiary have purchased, sold or redeemed any listed securities of the Company.

MANAGEMENT DISCUSSIONS AND ANALYSIS

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING BUSINESSES

During the six months ended 30 June 2025, save as disclosed below, none of the Directors, the controlling shareholder of the Company or any of their respective close associates, has engaged in any business that competes or may compete with the business of the Group, or has or may have any other conflict of interest with the Group.

During the six months ended 30 June 2025, Mr. Wong Kin Ching, an executive Director, directly or indirectly, owned the following companies of which he also serves as the sole director: Gifted Multitude Limited, Hung Tat Investment (Hong Kong) Company Limited and Shaoguan Hongwei Forestry Company Limited (韶關鴻偉林場有限公司). Gifted Multitude Limited and Hung Tat Investment (Hong Kong) Company Limited are investment holding companies which wholly own, directly or indirectly, Shaoguan Hongwei Forestry Company Limited (韶關鴻偉林場有限公司), which is the operating company incorporated in the PRC and engaged in the forestry plantation business, including forestry planting and development with respect to forestlands located at Renhua County, Guangdong Province, PRC.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the GEM Listing Rules during the 2025 Interim Period except otherwise stated below.

Code provision C.2.1

In accordance with the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board is of the view that although Mr. Wong Cheung Lok is the chairman and the chief executive officer of the Company, this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Wong Cheung Lok and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard of dealings concerning securities transactions by the directors during the 2025 Interim Period.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or its subsidiary was a party during the 2025 Interim Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules during the 2025 Interim Period.

MANAGEMENT DISCUSSIONS AND ANALYSIS

EVENT AFTER REPORTING PERIOD

As of the date of this report, the Directors are not aware of any important events affecting the Group which have occurred since 30 June 2025.

REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The audit committee of the Board of the Company has discussed and reviewed with the management of the Group the condensed consolidated interim financial statements of the Group for the 2025 Interim Period, which has not been audited nor reviewed by the Company's auditors, McMillan Woods (Hong Kong) CPA Limited.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the 2025 Interim Period (30 June 2024: nil).

Hong Kong, 29 August 2025

By order of the Board
Hong Wei (Asia) Holdings Company Limited
Wong Cheung Lok
Chairman

As at the date of this report, the executive Directors are Mr. Wong Cheung Lok, Mr. Liu Jiayong, Mr. Wong Kin Ching; and the independent non-executive Directors are Ms. Qian Xiaoyu, Mr. Cheung Wai Yin Wilson and Mr. Guo Ensheng.