



Grace Life-tech Holdings Limited 恩典生命科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Joint Provisional Liquidators appointed)

(For restructuring purposes only)

(Stock Code: 02112)

2025 Interim Report





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Khing Yeu (*Chairman*)
Ms. Li Xiaolan
Mr. Wang Er

Independent Non-Executive Directors

Mr. Dong Jie
Dr. Wang Ling
Mr. Leung Yiu Cho

AUDIT COMMITTEE

Mr. Leung Yiu Cho (*Chairman*)
Dr. Wang Ling
Mr. Dong Jie

REMUNERATION COMMITTEE

Dr. Wang Ling (*Chairman*)
Mr. Dong Jie
Ms. Li Xiaolan

NOMINATION COMMITTEE

Ms. Li Xiaolan (*Chairman*)
Dr. Wang Ling
Mr. Dong Jie

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUTHORISED REPRESENTATIVES

Ms. Li Xiaolan
Mr. Chen Kun

COMPANY SECRETARY

Mr. Chen Kun (Solicitor of HKSAR)

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Lot 22, D&E
Level 22, Menara
Zenith, Putra Square
MSC Kuantan, 25200
Kuantan, Pahang
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1101, Tower 1,
Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road,
Lai Chi Kok, Kowloon,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY WEBSITE

<https://www.gracelife.hk>

STOCK CODE

02112



HIGHLIGHTS

HIGHLIGHTS

- The Group's revenue was approximately USD8.42 million for the six months ended 30 June 2025 (the "**Period**" or "**2025 H1**") as compared to approximately USD5.97 million recorded for the six months ended 30 June 2024 (the "**Prior Period**" or "**2024 H1**").
- The gross profit recorded for the Period was approximately USD1.13 million as compared to approximately USD0.98 million for the Prior Period.
- The Group recorded a profit of approximately USD0.2 million for the Period as compared to a loss of approximately USD9.0 million for the Prior Period.
- The Board does not recommend the payment of an interim dividend for the Period (for the Prior Period: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (“**Board**”) of the Company is pleased to present the interim results of the Group for the six months ended 30 June 2025.

OVERVIEW OF BUSINESS DEVELOPMENT

The Company acts as an investment holding Company, and its principal business activities are: (1) the research, development, and application of plant stem cell technology, providing holistic health solutions and product sales; (2) iron ore exploration, mining, crushing and beneficiation as well as sale of iron ore products; and (3) investment holding. During the six months ended 30 June 2025 (“**Period**”), the primary mining asset of the Group is the iron-ore reserves in Ibam Mine, which is located in the State of Pahang, Malaysia.

Sustained Rapid Growth and Strategic Upgrade of the Plant Stem Cell Business

In the first half of 2025, the Company’s plant stem cell business maintained strong growth momentum, with significant increase in revenue as compared to the same period of last year, making it the core engine of the results growth of the Company. The primary drivers of such growth were the rapid expansion of sales channels and a notable increase in market penetration. In efforts to further expand its business presence in the Chinese market, the Company established a strategic partnership with a leading healthcare group in the PRC during the reporting period. This group is a pioneer in the “Internet + Healthcare” sector, possessing extensive industry resources and several patented technologies. It is committed to building a smart healthcare platform based on mobile internet and has established close partnerships with over 500 key hospitals across the PRC, including top-tier medical institutions such as The General Hospital of the People’s Liberation Army (解放軍總醫院) (301 Hospital), Peking Union Medical College Hospital, Fuwai Hospital, Tongren Hospital, Zhejiang Hospital, West China Hospital, and Nanfang Hospital.

Through such strategic partnership, the Company will leverage its nationwide healthcare services network to comprehensively advance the promotion and sales of plant stem cell products in the Chinese market, facilitating product launch, channel expansion and brand enhancement. This initiative not only consolidates the Company’s market leadership in the plant stem cell sector, but also lays a solid foundation for the future entry of more stem cell-based products into the Chinese market. During 2025 H1, the Company successfully secured five additional downstream customers, further broadening its business coverage and providing robust support for sustained growth.

Going forward, the Group plans to establish a global research and development centre and collaborate with renowned research institutions on refining plant stem cell cultivation and biosynthesis of active ingredients.

The Group will promote the distribution of functional beverage FMCG products by deploying 10,000 vending machines nationwide and establishing dedicated counters for plant stem cell skincare products in high-end shopping malls to enhance brand influence in the PRC. Also, the Group’s plan to establish over 50 plant stem cell health management chain centers across the country has been ongoing. These centers will provide personalized health solutions for various consumer needs and advance the clinical application and certification of plant-derived active ingredients in precision medicine through collaborations with medical institutions.

In May 2025, the Group entered into a non-legal binding memorandum of understanding with the Korean production facilities of plant stem cell essence for the potential strategic investment in the Korean production facilities. The consideration is expected to be settled by allotment of new shares of the Company and the estimated amount would subject to the results of due diligence, valuation and negotiation between both parties which were currently in progress.



MANAGEMENT DISCUSSION AND ANALYSIS

In June 2024, the Group and Tianjin Bingcao Gangmu Biotechnology Co., Ltd. (“**Bingcao Gangmu**”), a holding group that focuses on hospital management, health management, traditional Chinese medicine health maintenance, and large-scale health chains have entered into a strategic cooperation framework agreement that the Group could promote the sale of plant stem cell products in Bingcao Gangmu’s sales network.

Adjustment and New Business Exploration of the Iron Ore Business

Due to the ongoing downturn in international iron ore prices, the average price further decreased as compared to the corresponding period of last year, far below the Company’s mining and processing costs, and therefore the Company maintained its decision to suspend iron ore production and sales during 2025 H1. The management will continue to prudently assess market dynamics and will resume iron ore operations in a timely manner once prices rebound to reasonable levels, so as to ensure optimal resource allocation and maximize shareholder returns.

Meanwhile, the Company is actively pursuing business diversification within its mining segment, and has explored the feasibility on tin concentrate mining in February 2025. The Company has approached a potential partner with specialized technology and processes and proven experience in tin concentrate extraction, and has commenced relevant technical and economic feasibility assessments. Preparations for the tin concentrate production line are currently progressing in an orderly manner. It is anticipated that the launch of this new business will generate an additional revenue stream for the Company and further enhance the overall value of its mining assets.

Continuous Advancement of Diversification Development Strategy

Looking ahead, the Company will remain committed to its diversification development strategy, and fully leverage its accumulated technological, brand and channel strength in the plant stem cell sector to accelerate business expansion in areas related to traditional Chinese medicine and the big health industry chain, thereby consolidating its core growth engine. At the same time, the Company will prudently advance its tin concentrate operations with flexible response to global economic and commodity market fluctuations, to ensure the resilience and growth potential of its overall business portfolio.

The Company will cement its industry leading position through continuous product innovation, pipeline upgrades and resource optimisation, creating long-term and sustainable value for the shareholders, customers and partners, while advancing toward its long-term goal of achieving steady growth and industrial synergy.

MARKET REVIEW AND OUTLOOK

The Big Health Industry

“Big Health” is a comprehensive concept that has emerged in response to changes in the times, societal needs, and disease patterns. It encompasses a wide range of products and services aimed at health maintenance, health restoration and health promotion, involving multiple sectors closely related to human health, such as pharmaceutical, medical services, elderly care, nutrition and health food, medical equipment, wellness services and health consulting.



MANAGEMENT DISCUSSION AND ANALYSIS

The “Healthy China 2030” Planning Outline issued by the Central Committee of the Communist Party of China and the State Council explicitly states that health should be placed in a priority position in strategic development, ensuring a positive and coordinated development between health and the economy. Against the backdrop of upgrading consumption structures and enhancing public health awareness, innovative health products and technologies continue to emerge, with market potential being unlocked steadily. It is predicted that by 2030, China’s health industry is expected to reach a total output value of RMB16 trillion, making “Big Health” one of the most promising industries of the 21st century.

In 2025, the Big Health industry continues to maintain strong growth driven by both policy and economic factors. As the measures under the “Healthy China 2030” initiative are implemented, the industry develops toward an increasingly clear direction. Active investment from private capital supports the continuous improvement of the healthcare service system. Economic data also indicates that per capita healthcare expenditure is steadily increasing, with its share of GDP rising year by year.

According to the National Bureau of Statistics, the per capita disposable income of national residents has continued to increase from 2019 to 2024, with growth rates of 6.1% and 5.1% in 2023 and 2024, respectively, significantly enhancing residents’ consumption capacity. Rising income contributes to the trend of consumption upgrading, along with the increasing proportion of healthcare expenditure. In particular, the proportion of per capita healthcare consumption reached 9%. In 2024, the per capita healthcare expenditure among residents nationwide reached RMB2,547, representing a year-on-year increase of 16.0%. This not only reflects the great health needs of residents, but also represents a sustained growth momentum for the nutrition and health industry, driving businesses to continuously innovate their products and services.

Health Supplements Market

In 2024, the global health supplement market size reached RMB1,376.58 billion, and is expected to grow to RMB1,821.34 billion by 2029. As an important engine for such growth, China accounted for a market size of RMB260.22 billion in 2024, and is expected to reach RMB320.71 billion by 2029.

The accelerated global population aging, the evident trend of chronic diseases affecting younger population, and the significant improvement in consumer health awareness have made proactive health management and preventive health consumption gradually become part of daily habits, driving the Big Health industry to maintain a high growth momentum.

China’s health supplements industry continues to expand with strong growth momentum in recent years. The steady rise in urban residents’ per capita disposable income, the population aging, and the increasing awareness of healthcare are driving the continuous release of demand, with market penetration rates steadily increasing. According to iiMedia Research, the market size of China’s health supplement industry reached RMB387.9 billion in 2023, a year-on-year increase of 29.78%. It is projected to reach RMB506.7 billion by 2028, maintaining a high level of average annual growth rate. Data from Euromonitor shows that between 2018 and 2023, the compound annual growth rate (CAGR) of China’s health supplement market was 6.9%, outpacing the United States, the United Kingdom, and Japan. However, China’s per capita consumption of health supplements remains relatively low at only US\$405 in 2023, far below the level of developed countries, indicating significant growth potential in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Iron Ore Market

The iron ore market experienced an initial rise followed by a decline in 2025 H1. At the beginning of the year, weather conditions in Australia and Brazil disrupted ore shipments, tightening supply and keeping prices high. However, starting in March, market rumors of potential production cuts in parts of China sparked investor concerns over insufficient demand, and coupled with prevailingly high port inventories, prices began to decline significantly. In April, U.S. tariff policies further dampened market confidence, leading to a further decline in prices. Even though tariff tensions eased in May, overall market conditions remained weak. On the supply side, the average price of iron ore during the first five months of the year fell by approximately US\$18 per ton as compared to the same period last year. As a result, shipments from some higher-cost small and medium-sized mines reduced, while shipments from major mines were primarily disrupted by weather conditions. Although arrivals from Australia and Brazil are expected to gradually recover, further prices decline could force high-cost mines to exit the market.

Tin Concentrate Market

China, the world's largest importer of tin ore, is increasingly dependent on imports due to declining ore grades, rising mining costs, and the closure of small mines. While imports continued to grow from 2020 to 2023, a sharp decrease by 36.2% was recorded in 2024 due to a mining ban in Wa State, Myanmar. Imports in the first two months of 2025 fell by more than 50% year-on-year, driven by depletion of Wa State inventories, the deteriorating situation in Congo (Kinshasa), and price inversion. Driven by tightening supply, tin concentrate prices rose from RMB240,000 per ton to a high of RMB299,000 per ton in March.

BUSINESS & OPERATIONS REVIEW

Operation update of Project Ibam

The Group's principal mining site is Project Ibam. Based on the "Independent Technical Report" (see Appendix IV of the prospectus of the Company date 20 June 2013 (the "**Prospectus**") for full report), there is approximately 151 Mt of ore resource altogether in the Project Ibam at a grade higher than or equal to 35%, with an average grade of 46.5% total iron, and it has a mine life expected to be more than 26 years as of 31 December 2012. The Group uses the open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low cost process which includes ball-milling, magnetic separation process and dewatering. The processing method is environmentally friendly as it does not require chemical additives and reduces the amount of waste water produced.

During the Period, the production volume was 0 Kt (six months ended 30 June 2024: 0 Kt). Due to the continuous decline in international iron ore prices in 2025 H1, with the average price falling to approximately USD100 per dry tonne, which was far below the Company's mining and processing costs, the Company suspended all iron ore related production and sales activities during 2025 H1.

Operating Results

During the Period, the Group recorded revenue of USD8.42 million (2024 H1: USD5.97 million). The sales volume of iron ore products was 0 Kt on dry basis (2024 H1: 0 Kt).

REVENUE, COST OF SALES AND GROSS PROFIT

Revenue

During the Period, the Group recorded sales of health and other products of approximately USD8.4 million (Prior Period: USD6.0 million). The increase in sales revenue was due to the expansion of plant stem cell sales channels and the increase in the number of customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

During the Period, the Group's cost of sales reached approximately USD7.3 million as compared to approximately USD5.0 million recorded in Prior Period. The cost of sales is mainly comprised of the purchase costs of raw materials vegetable oil, nutritional healthcare products and other commodities for trading activities.

Gross profit

A gross profit of approximately USD1.1 million was recorded for the Period, as compared to approximately USD1.0 million recorded in Prior Period.

ADMINISTRATIVE AND OTHER EXPENSES

During the Period, the Group's administrative expenses reached approximately USD1.1 million, about 12.8% lower than that recorded in the Prior Period at approximately USD1.2 million. The decrease was mainly due to decrease in labor costs.

FINANCE COSTS

During the Period, the Group's finance costs reached approximately USD9.5 million, about 13.1% higher than that recorded in the Prior Period at approximately USD8.4 million. The increase was mainly due to increase in interest expense incurred on the notes issued by the Company. No notional interest expense was incurred for shareholder loan from Cosmo Field Holdings Limited ("**Cosmo Field**") (a controlling shareholder of the Company) during the Period.

INCOME TAX EXPENSE

The Group recorded USD0.02 million income tax expense during the Period (Prior Period: USD0.02 million).

PROFIT/(LOSS) FOR THE PERIOD

As a result of the foregoing, the Group recorded a profit of approximately USD0.2 million during the Period as compared to a loss of approximately USD9.0 million recorded in the Prior Period which is mainly due to increase in revenue and other income and gains as the Company entered into an interest waiver agreement in April 2025 for which the Group recognised an amount of waived interest of approximately USD9.9 million.

BORROWINGS

As at 30 June 2025, the Group's borrowings consisted mainly of: (i) a loan of approximately USD36.7 million due to a commercial bank; (ii) a loan of approximately USD18.3 million; and (iii) notes and bond amounting to USD85.1 million.

As at 30 June 2025, the Company also owed shareholder loans of USD60.0 million (31 December 2024: USD60.0 million) from Cosmo Field which were interest-free and unsecured.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

The capital deficiencies of the Group as at 30 June 2025 was approximately USD166.7 million (31 December 2024: capital deficiencies of approximately USD167.5 million). The Group generally finances its operations with internally generated cash flows, interest-bearing bank and other borrowings, and interest-free and security-free shareholder loans from Cosmo Field. Primary uses of the funds during the Period included the payment of operating expenses, repayment of bonds. As at 30 June 2025, current assets of approximately USD61.7 million primarily comprised USD59.3 million of trade receivables, USD1.5 million of deposits, prepayments and other receivables, and USD0.09 million of cash and cash equivalents. Current liabilities of approximately USD244.2 million mainly comprised USD6.9 million of trade payables, USD32.6 million of other payables and accruals, USD55.0 million of bank and other borrowings, USD85.1 million of notes, and USD3.4 million of income tax payable. Current ratio, being total current assets to total current liabilities was 0.3 as at 30 June 2025 (31 December 2024: 0.3).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, the Group had bank and other borrowings of USD55.0 million in total (31 December 2024: USD55.0 million). The bank and other borrowings were mainly used to finance the issuance of letter of credit and working capital of the Group.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank and other borrowings, notes and bonds and an amount due to Cosmo Field, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to the equity shareholders of the Company and non-controlling interest.

As at 30 June 2025, the Group had a negative equity and its gearing ratio was incalculable. As at 31 December 2024, the gearing ratio was also incalculable.

The Group continued to conduct its operational business mainly in USD. The Group did not arrange any forward currency contracts for hedging purposes.

LEGAL PROCEEDINGS

The Company and/or its controlling shareholders (being Cosmo Field and Mr. Li Yang) are subject to a number of legal proceedings. For details, please refer to page 13 of the 2024 annual report.

One of the above legal proceedings is the claim by Industrial Bank Co., Limited (“**Industrial Bank**”) against Cosmo Field (as borrower). As Cosmo Field has defaulted in repayment to Industrial Bank, and it has assigned its rights under the shareholder loan (owed by Company to Cosmo Field) to Industrial Bank as part of the security arrangement, Industrial Bank has the entitlement to claim against the Company for amount owed by Cosmo Field to the Bank. As at the date of this interim report, the Industrial Bank (as the plaintiff) claimed against the Company for principal amount of US\$60,000,000 and other ancillary damages. As at the date of this interim report, the court hearing date has not been fixed.

CHARGE ON ASSETS

Except for trade receivables pledged for bank and other borrowings as disclosed in note 17 to the unaudited interim condensed consolidated financial statement, the Group did not have any pledges on its assets as at 30 June 2025.

EMPLOYEES AND REMUNERATION POLICIES

The Group values its human resources and recognizes the importance of attracting and retaining qualified staff for its continuing success. As at 30 June 2025, the Group had 50 employees (31 December 2024: 47 employees). During the Period, total staff costs included directors’ emoluments amounting to approximately USD0.6 million (Prior Period: USD0.6 million). The total staff costs has slightly decreased during the Period under review.

The Group’s remuneration policies are in line with prevailing market practices and are determined on the basis of the performance and experience of the individual. The Group has constantly been reviewing the staff remuneration package to ensure it is competitive as compared to other peers in the industry.

EVENTS AFTER REPORTING PERIOD

There are no other significant event after the Period.

OTHER INFORMATION

RESOURCE AND RESERVES OF IBAM MINE UNDER JORC CODE AS AT 30 JUNE 2025

Mineral resources of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 30 June 2025 (Note):

Classification	Quantity (million tonnes)	Fe Grade (%)
Measured	102	46.7
Indicated	—	—
Inferred	42	46.6
Total	144	46.6

Ore reserves of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 30 June 2025:

Classification	Quantity (million tonnes)	Fe Grade (%)
Proved	—	—
Probable	102	44.6

Note: The figures were calculated by the resource and reserves as at 31 December 2013 under the JORC Code (confirmed by Geos Mining Minerals Consultants, Australia which is a specialist independent geological and mineral exploration consultant) less the mining volume since then.

All assumptions and technical parameters set out in the technical report of Geos Mining (the “**Independent Technical Adviser**”) which is prepared under JORC Code as shown in the prospectus of the Company dated 20 June 2013 with respect to the Ibam Mine have not been materially changed and continued to apply to the above disclosed data.

MINING PRODUCTION ACTIVITIES

During the Period, mining volume and production volume of 0 tonne were recorded (Prior Period: 0 tonne).

CAPITAL EXPENDITURE

During the Period, the Company did not incur any material capital expenditure for the purchase or upgrade of property, plant and equipment and payments in advance (Prior Period: nil).

SIGNIFICANT ACQUISITIONS, DISPOSALS AND INVESTMENTS

The Company does not have any future plan for significant acquisition, disposal and investment during the Period.



OTHER INFORMATION

RELATED PARTY TRANSACTIONS

For the details of related party transactions of the Group during the Period, please refer to note 20 of notes to unaudited interim condensed financial statements of this interim report.

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

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the **"Listing Rules"**) (the **"CG Code"**) during the Period.

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 the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 to the Listing Rules. Having made specific queries to the Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Period.

BOARD COMMITTEES

Audit Committee

The primary duties of the audit committee of the Board (the **"Audit Committee"**) are to review and supervise the financial reporting process, internal control and risk management system of the Group, and to make proposals to the Board as to the appointment, renewal and resignation of the Company's independent auditors and the related remuneration and appointment terms. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including the review of the unaudited interim results for the Period.

OTHER INFORMATION

Remuneration Committee

The Company established a remuneration committee of the Board (the “**Remuneration Committee**”) pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing. The Remuneration Committee comprises two independent non-executive Directors, namely, Dr. Wang Ling (chairman of the Remuneration Committee), Mr. Dong Jie and one executive Director, namely Ms. Li Xiaolan.

The duties of the Remuneration Committee mainly include making recommendations on and approving the remuneration policy and structure and remuneration packages of all Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The Remuneration Committee would make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee has held one meeting during the Period to review and discuss the remuneration packages of management and directors to promote better managerial quality of the Group.

Nomination Committee

The Company established a nomination committee of the Board (the “**Nomination Committee**”) pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing.

The Nomination Committee comprises one executive Director, namely, Ms. Li Xiaolan (chairman of the Nomination Committee), and two independent non-executive Directors, namely Dr. Wang Ling and Mr. Dong Jie. The primary duties of the Nomination Committee include identifying suitable candidates for the Directors and making recommendations to the Board, assessing the structure and composition of the Board, preparing, making recommendations to and supervising the execution of the nominating policy of the Company.

The Nomination Committee has held one meeting during the Period. Meanwhile, the Company has received from each of the independent non-executive Directors a confirmation of their independence as required under Rule 3.13 of the Listing Rules.

The Company considered all the independent non-executive Directors to be independent.

Mr. Dong Jie was appointed as independent non-executive Director on 17 January 2024. The following disclosures were made in addition to the disclosure in the announcement dated 17 January 2024. As set out in the announcement dated 23 June 2025, Mr. Dong Jie, has confirmed (a) his independence with reference to the factors set out in Rule 3.13(1) to (8) of the Listing Rules; (b) that he has no financial or other business relationships with the Company or its subsidiaries, nor any connection with any of the Company’s core connected person (as defined in the Listing Rules); and (c) that at the time of his appointment, there are no other factors which may affect his independence. In addition, Mr. Dong Jie obtained legal advice relating to directors’ duties and responsibilities under applicable laws and regulations before his appointment from a law firm qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules, and confirmed that he understood his obligations as an independent non-executive Director of the Company.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares or the debentures of the Company or any of its associated corporations within the meaning of part XV of the SFO, which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(i) Long positions in Shares of the Company:

Name of Director	Nature of Interest	Number of Ordinary Shares	Approximate percentage of the Company's issued share capital
Ng Khing Yeu (note 2)	Interest in controlled corporation	112,827,000 (L)	7.52%

Notes:

- The letter "L" denotes the Shareholder's long position in the share capital while the letter "S" denotes the Shareholder's short position.
- Mr. Ng Khing Yeu is the sole shareholder and sole director of Grace Generation Group Company Limited ("**Grace Generation**") which owns 112,827,000 shares of Company. Therefore, Mr. Ng is deemed, or taken to be, interested in all the interest held by Grace Generation for the purpose of the SFO.

(ii) Long position in shares of the associated corporation:

Name of Director	Nature of associated corporation	Nature of Interest	Approximate percentage of interest in the share capital of the associated corporation
Ng Khing Yeu (note 2)	Grace Generation	Beneficial owner	100.00%

Save as disclosed above, as at 30 June 2025, none of the Directors nor the Chief Executive Officers of the Company had any interests or short positions in any Shares, underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2025, so far as it is known to the Directors, the persons (other than the Directors or Chief Executive Officer of the Company) with interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group were as follows:

Substantial Shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholdings
Cosmo Field (notes 2, 3, 8)	Beneficial owner	752,750,000 (L)	50.18%
Li Yang ("Mr. Li")	Interest in controlled corporation	752,750,000 (L)	50.18%
Ample Professional Limited (note 5)	Security interest in shares	752,000,000 (L)	50.13%
華融華僑資產管理股份有限公司 (note 5)	Interest in controlled corporation	752,000,000 (L)	50.13%
Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限 公司) (note 6)	Interest in controlled corporation	74,720,000	4.98%
Haitong International Holdings Limited (note 6)	Interest in controlled corporation	74,720,000 (L)	4.98%
Haitong International Finance Company Limited (note 6)	Security interest in shares	74,720,000 (L)	4.98%
Haitong International Securities Group Limited (note 6)	Interest in controlled corporation	74,720,000 (L)	4.98%
Haitong Securities Co., Ltd. (note 6)	Interest in controlled corporation	74,720,000 (L)	4.98%
Hua Heng (note 4)	Beneficial owner	100,575,000 (L)	6.71%
Yang Jun (note 4)	Interest in controlled corporation	100,575,000 (L)	6.71%
Tang Lingyan (note 4)	Interest of a Substantial Shareholder's child under 18 or spouse	100,575,000 (L)	6.71%
Grace Generation (note 7)	Beneficial owner	112,827,000 (L)	7.52%
Sichuan Liquor Group International Trade Co., Ltd. ("Sichuan Liquor") (note 8)	Beneficial owner	91,000,000 (L)	6.07%

OTHER INFORMATION

Note:

1. The letter “L” denotes the Shareholder’s long position in the share capital while the letter “S” denotes the Shareholder’s short position.
2. Mr. Li beneficially owns the entire issued share capital of Cosmo Field Holdings Limited (“**Cosmo Field**”). Therefore, Mr. Li is deemed, or taken to be, interested in all the shares of the Company held by Cosmo Field for the purpose of the SFO. Mr. Li is the sole director of Cosmo Field.
3. The Company has been notified that Cosmo Field have charged certain shares in favour of third parties as at the Latest Practicable Date:
 - (a) The Company has been notified that 711,000,000 shares (“**Shares**”) of the Company and 41,000,000 Shares which were previously charged by Cosmo Field in favour of Cheer Hope Holdings Limited, have been released on 23 September 2016 and 26 September 2016 respectively. The Company has also been notified that, Cosmo Field has charged 711,000,000 Shares and 41,000,000 Shares (collectively “**Charged Shares**”) in favour of an independent third party institution on 23 September 2016 and 27 September 2016 respectively. The Charged Shares represent approximately 50.13% of the issued share capital of the Company as at the Latest Practicable Date.
 - (b) The Company has been notified that, a deed of release has been executed on 4 January 2018 with respect to the Charged Shares which were previously charged by Cosmo Field in favour of the second priority lender (as set out in the announcement dated 29 December 2016). Cosmo Field has charged the Shares in favour of another secondary priority lender on 4 January 2018.
4. Tang Lingyan is the spouse of Mr. Yang Jun. Mr. Yang Jun beneficially owns the entire issued share capital of Hua Heng. Therefore, Tang Lingyan is deemed, or taken to be, interested in all the Shares of the Company held by Hua Heng for the purpose of the SFO. Mr. Yang Jun is the sole director of Hua Heng.
5. 華融華僑資產管理股份有限公司 is deemed, or taken to be, interested in all the interest held by Ample Professional Limited in the shares of the Company for the purpose of the SFO.
6. Each of Guotai Junan Securities Co., Ltd., Haitong Securities Company Limited, Haitong International Holdings Limited, and Haitong International Securities Group Limited are deemed, or taken to be, interested in all the interest held by Haitong International Finance Company Limited in the shares of the Company for the purpose of the SFO.
7. Mr. Ng Khing Yeu is the sole shareholder and sole director of Grace Generation Group Company Limited (“**Grace Generation**”) which owns 112,827,000 shares of Company. Therefore, Mr. Ng is deemed, or taken to be, interested in all the interest held by Grace Generation for the purpose of the SFO.
8. Based on the disclosure of interest notices given by Mr. Li and Cosmo, Cosmo entered into a pledge document dated 12 September 2019 (the “**Pledge Document**”) with Sichuan Liquor, under which Cosmo pledged 91,000,000 Shares (the “**Pledged Shares**”) to Sichuan Liquor as a pledge guarantee in favour of Sichuan Liquor in respect to outstanding sum (the “**Outstanding Sum**”) owed to Sichuan Liquor by certain third parties. For clarification, the interest of Sichuan Liquor as stated above is based on the notices given by Mr. Li and Cosmo.

On 20 January 2020, 91,000,000 Pledged Shares were transferred from Cosmo to third party nominated by Sichuan Liquor pursuant to the Pledge Document. According to Cosmo, the above-mentioned Outstanding Sum and Pledge Document are not connected with the Company in any way. For clarification, the interest of Sichuan Liquor as stated above is based on the notices given by Mr. Li and Cosmo.

To the Directors’ knowledge and belief, Sichuan Liquor holds shares through its nominated third party(ies).



OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

INTERIM DIVIDEND

The Board of Directors resolved not to distribute any interim dividend for the Period (2024 H1: nil).

REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

The audit committee of the Board of the Company has discussed with the Company's management and reviewed the interim results of the Group for the six months ended 30 June 2025. The financial information in the condensed consolidated financial statements of the interim report have not been audited or reviewed by the auditors of the Company.

By order of the Board
Grace Life-tech Holdings Limited
(Joint Provisional Liquidators appointed)
(For restructuring purposes only)
Ng Khing Yeu
Director

Hong Kong, 29 August 2025

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

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
Revenue	5	8,417	5,969
Cost of sales		(7,285)	(4,986)
Gross profit		1,132	983
Other income and gains		9,882	49
Selling and distribution expenses		(242)	(294)
Administrative and other expenses		(1,080)	(1,239)
Impairment loss on financial assets, net of reversal		(28)	(86)
Finance costs	7	(9,496)	(8,393)
Profit (loss) before income tax		168	(8,980)
Income tax expense	8	(17)	(16)
Profit (loss) for the period	9	151	(8,996)
Attribute to:			
Owner of the parent		211	(8,966)
Non-controlling interests		(60)	(30)
		151	(8,996)
Other comprehensive income (expense) for the period			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		677	(199)
Total comprehensive income (expense) for the period		828	(9,195)
Attribute to:			
Owner of the parents		888	(9,165)
Non-controlling interests		(60)	(30)
		828	(9,195)
Earning (loss) per share	11		
Basic and diluted (US cents)		0.01	(0.60)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	Notes	2025 US\$'000 (Unaudited)	2024 US\$'000 (Audited)
Non-current assets			
Property, plant and equipment		409	406
Intangible assets		12,505	11,857
Goodwill		6,534	6,201
Total non-current assets		19,448	18,464
Current assets			
Inventories		841	642
Trade receivables	12	59,260	59,239
Deposits, prepayments and other receivables	13	1,494	1,210
Cash and cash equivalents		91	248
Total current assets		61,686	61,339
Current liabilities			
Trade payables	14	6,895	6,634
Other payables and accruals	15	32,587	39,545
Contract liabilities	16	1,208	1,072
Amount due to ultimate holding company		60,000	60,000
Bank and other borrowings	17	55,019	55,031
Notes	18	85,090	78,172
Income tax payable		3,435	3,420
Total current liabilities		244,234	243,874
Net current liabilities		(182,548)	(182,535)
Total assets less current liabilities		(163,100)	(164,071)
Non-current liabilities			
Bank and other borrowings	17	–	57
Provision for rehabilitation		738	694
Deferred tax liabilities		2,824	2,668
Total non-current liabilities		3,562	3,419
Net liabilities		(166,662)	(167,490)
Capital and reserves			
Share capital	19	1,934	1,934
Reserves		(168,442)	(169,330)
Equity attributable to owners of the Company		(166,508)	(167,396)
Non-controlling interests		(154)	(94)
Capital deficiencies		(166,662)	(167,490)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Share capital US\$'000 (note 19)	Share premium US\$'000 (note (ii))	Capital reserve US\$'000 (note (ii))	Contributed surplus US\$'000 (note (iii))	Other reserve US\$'000 (note (vi))	Exchange fluctuation reserve US\$'000	Statutory reserve US\$'000 (note (vi))	Accumulated losses US\$'000	Sub-total US\$'000	Non-controlling interests US\$'000	Total US\$'000
At 1 January 2024 (audited)	1,934	47,541	14,956	50	28,002	(5,151)	155	(207,386)	(119,899)	–	(119,899)
Loss for the period	–	–	–	–	–	–	–	(8,966)	(8,966)	(30)	(8,996)
Other comprehensive expense for the period:											
Exchange differences arising on translation of financial statements from functional currency to presentation currency	–	–	–	–	–	(199)	–	–	(199)	–	(199)
Total comprehensive expense for the period	–	–	–	–	–	(199)	–	(8,966)	(9,165)	(30)	(9,195)
Transfer to statutory reserve	–	–	–	–	–	–	14	(14)	–	–	–
At 30 June 2024 (unaudited)	1,934	47,541	14,956	50	28,002	(5,350)	169	(216,366)	(129,064)	(30)	(129,094)
At 1 January 2025 (audited)	1,934	47,541	14,956	50	28,002	(4,520)	190	(255,549)	(167,396)	(94)	(167,490)
Profit (loss) for the period	–	–	–	–	–	–	–	211	211	(60)	151
Other comprehensive income for the period:											
Exchange differences arising on translation of financial statements from functional currency to presentation currency	–	–	–	–	–	677	–	–	677	–	677
Total comprehensive income for the period	–	–	–	–	–	677	–	211	888	(60)	828
Transfer to statutory reserve	–	–	–	–	–	–	30	(30)	–	–	–
At 30 June 2025 (unaudited)	1,934	47,541	14,956	50	28,002	(3,843)	220	(255,368)	(166,508)	(154)	(166,662)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

Notes:

The amounts of the Group's reserves and the movements therein for the current and prior period are presented in the interim condensed consolidated statement of changes in equity in the interim condensed consolidated financial statements.

(i) **Share premium**

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(ii) **Capital reserve**

Capital reserve represented: (i) differences arising from acquisition of non-controlling interests and reserve arising from the waiver of debts by the former shareholders of the Company in prior years of USD13,825,000; (ii) the difference between the nominal amount of USD15,000,000 and the fair value of USD13,869,000 of the interest-free loan granted by the ultimate holding company during the year ended 31 December 2015. At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loan nominal amount and the present value of USD1,131,000 is treated as equity contribution from the ultimate holding company and credited to the capital reserve account.

(iii) **Contributed surplus**

Contributed surplus represented the difference between the nominal value of shares of the subsidiary acquired pursuant to the Group's reorganisation in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited and the previous nominal value of the Company's shares issued in exchange therefor.

(iv) **Fair value reserve**

The fair value reserve comprises the cumulative net change in fair value of FVTOCI at the end of the reporting period and is dealt with in accordance with the accounting policies stated in the Group's annual consolidated financial statements for the period ended 30 June 2025.

(v) **Other reserve**

On 14 December 2018, the Group disposed of 9.12% of its interest in Pacific Mining Resources Sdn. Bhd. ("Pacific Mining") for the Group's subscription of 33.33% issued shares of Pembinaan Sponge Iron Sdn. Bhd. ("Pembinaan Sponge Iron"). The difference approximately of US\$48,287,000 between the amount of the adjustment to non-controlling interests and the consideration received arising from the disposal of the 9.12% of the issued shares of a subsidiary of the Group which did not result in loss of control of that subsidiary.

On 13 July 2020, the Group disposed of 33.33% of its interest in Pembinaan Sponge Iron in returned 9.12% interest in Pacific Mining. The difference between the consideration of approximately of US\$21,975,000 and the relevant share of the carrying amount of the net assets of Pacific Mining approximately of US\$1,690,000, being approximately US\$20,285,000 was debited to other reserve.

(vi) **Statutory reserve**

In accordance with the articles of association of the subsidiaries established in the People's Republic of China (the "PRC") and relevant PRC laws and regulations, these subsidiaries are required to transfer at least 10% of their profit after tax, which is determined in accordance with the PRC accounting rules and regulations, to a statutory reserve (including the general reserve fund and enterprise expansion fund, where appropriate). Transfer to this statutory reserve is subject to the approval of the respective board of directors, and is discretionary when the balance of such fund has reached 50% of the registered capital of the respective company. Statutory reserve can only be used to offset accumulated losses or to increase capital of the relevant subsidiaries.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
OPERATING ACTIVITIES		
Cash used in operations	(74)	(199)
Tax paid	(2)	–
NET CASH USED IN OPERATING ACTIVITY	(76)	(199)
INVESTING ACTIVITY		
Purchase of property, plant and equipment	–	(2)
NET CASH USED IN INVESTING ACTIVITY	–	(2)
FINANCING ACTIVITIES		
Proceed from bank borrowings	–	313
Repayment of bank borrowings	(69)	–
Interests paid	(13)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(82)	313
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(158)	112
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	248	131
Effect of foreign exchange rate changes	1	(1)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	91	242

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL INFORMATION

Grace Life-tech Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 25 April 2012 and its shares are listed on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 3 July 2013.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Unit 1101, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Cosmo Field Holdings Limited (“**Cosmo Field**”), which was incorporated in the British Virgin Islands.

The Company is an investing holding company. Its major operating subsidiaries are mainly engaged in the mining, ore processing, sales of iron ore products, other commodities and health products.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are United States dollars (“**US\$**”) while that of the subsidiaries established in the People’s Republic of China, Malaysia and Singapore are Renminbi (“**RMB**”), Malaysia Ringgit (“**MYR**”) and Singapore Dollar (“**SGD**”) respectively. For the purpose of presenting the interim condensed consolidated financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) adopted US\$ as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the SEHK (the “**Listing Rules**”) and with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”).

As at 30 June 2025, the Group’s amount due to ultimate holding company, bank and other borrowings and guarantee notes amounted to approximately US\$200,109,000, while its cash and cash equivalents amount to approximately US\$91,000 only.

As at 30 June 2025, borrowings whose principal amounts of approximately US\$54,869,000 and interest payable amounts of approximately US\$21,022,000 were overdue. In addition, the Group breached terms and conditions of Overdue Borrowings during the period ended 30 June 2025. The aforementioned borrowings would be immediately repayable if requested by the lenders.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

2. BASIS OF PREPARATION (Continued)

As set out in the announcement by the Company dated 20 January 2020, Mr. Li Yang (“**Mr. Li**”), the controlling shareholder of the Company, received a writ of summons taken out by Oversea-Chinese Banking Corporation Limited (“**OCBC**”) at the High Court of Hong Kong (“**High Court Action 2**”) in relation to the OCBC loan, in which Mr. Li failed to fulfil his obligation as a guarantor to settle the amount of HK\$308,758,494. The Group has also breached the repayment obligations under the OCBC loan (the “**Breach**”), and the Breach will trigger cross defaults of other borrowings and loans of the Group. On 8 January 2021, the High Court of Hong Kong adjudged that Mr. Li shall be obliged to pay OCBC outstanding amount, the accrued interests until the date of payment and other costs related to OCBC.

On 15 May 2020, Mr. Li, the controlling shareholder of the Company and Cosmo Field, the ultimate holding company of the Company, received a writ of summons taken out by Industrial Bank Co., Limited (“**Industrial Bank**”) at the High Court of Hong Kong (“**High Court Action 1**”) in relation to a loan advanced by Industrial Bank to Cosmo field (the “**Industrial Bank Loan**”), for which Mr. Li was the guarantor. Pursuant to the High Court Action 1, Industrial Bank brought claim against Cosmo Field and Mr. Li with respect to the default in repayment of the Industrial Bank Loan in the amount of US\$45,059,154 (the “**Default on Industrial Bank Loan**”). The Default on Industrial Bank Loan will trigger cross-defaults of other borrowings and loans of the Group. Cosmo Field has pledged 752,000,000 shares (representing 50.13% of all issued shares of the Company) in favour of Industrial Bank as security for the Industrial Bank Loan. Cosmo Field has lent the principal amount of the Industrial Bank Loan being US\$40,000,000 (i.e. Shareholder’s Loan) to the Company as an interest-free loan, and Industrial Bank is entitled to claim against the Company for the repayment of the Shareholder Loan pursuant to the assignment of loan as part of security arrangement for the Industrial Bank Loan whereby Cosmo Field has assigned the rights under the Shareholder Loan to Industrial Bank. In this connection, as at the date of this interim report, the Industrial Bank (as the plaintiff) claimed against the Company for principal amount of US\$60,000,000 and other ancillary damages. As at the date of this interim report, the court hearing date has not been fixed.

On 4 June 2021, the Company filed a petition with the Grand Court of the Cayman Islands for an order that the Company be wound up and a summons for the appointment of joint provisional liquidators on a light touch basis for restructuring purposes only on the grounds that the Company was unable to pay its debts and it intended to present a compromise or arrangement to its creditors.

The Company has been notified that a statutory demand (the “**Statutory Demand**”) dated 5 December 2022 had allegedly been served on the Company from the solicitors acting on behalf of a creditor pursuant to Sections 178(1)(a) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32), demanding the Company to pay the total amount of RMB250,974,633.21, being an alleged outstanding debts due and owing from the Company to the creditor in respect of the Company’s obligations pursuant to an alleged guarantee agreement (the “**Alleged Debt**”). The Statutory Demand requested the Company to repay the Alleged Debt within three weeks from the date of service of the Statutory Demand, failing which the creditor may present a winding-up petition against the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

2. BASIS OF PREPARATION (Continued)

The Company has not made any such alleged commitment and has no business dealings with the creditor. The Company have seeking legal advice to properly handle the Statutory Demand to safeguard the interests of the shareholders and the Company.

The Group is in active negotiations with all the lenders in respect of the In Default Borrowings for renewal and extension of the relevant borrowings and the Directors are confident that agreements will be reached in due course.

Because of the aforementioned actions taken, management is confident that the lenders of the borrowings in respect of which there were delays in principal and interest repayments will not enforce their rights of requesting for immediate repayment.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern, and have taken the following measures to mitigate the liquidity pressure and to improve its cash flows:

- (i) Cosmo Field, the ultimate holding company has agreed not to demand for any repayment of amount due by the Company of approximately US\$60,000,000 as at 30 June 2025 until the Company is in a financial position to do so;
- (ii) The Group has been actively negotiating with existing lenders for renewal and extension of bank loans and credit facilities;
- (iii) The Group is also negotiating with various financial institutions regarding a potential restructuring of the Group's current indebtedness, and is actively seeking opportunities to introduce strategic investors in order to strengthen the Group's capital base and enhance long-term development;
- (iv) The Group is identifying various financing options to secure adequate working capital and commitments in the foreseeable future;
- (v) The Group has implemented measures to speed up the collection of outstanding trade debts proceeds;
- (vi) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation, management remuneration adjustments and containment of capital expenditures; and
- (vii) The Group will continue to broaden its revenue sources by expanding the sales channels of its plant stem cell products, with the aim of increasing operating income and profitability.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

2. BASIS OF PREPARATION (Continued)

Assuming the success of the above refinancing measures, the Directors are of the opinion that it is appropriate to prepare the interim financial report on a going concern basis. The interim financial report does not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to operate as a going concern.

3. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

4. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied the following amendments to a IFRS Accounting Standard issued by the IASB, for the first time, which is mandatorily effective for the Group's annual period financial beginning 1 January 2025 for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to IAS 21

Lack of exchangeability

Other than change in accounting policies resulting from application of amendments to a IFRS Accounting Standard, the application of the amendments to a IFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior period and/or on the disclosures set out in these interim condensed consolidated financial statements.

5. REVENUE

Revenue represents revenue arising on sales of iron ore products, health and other products. An analysis of the Group's revenue for the period is as follows:

	For the six months ended 30 June	
	2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of health products	8,288	5,969
– Sales of other products	129	–
	8,417	5,969

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

5. REVENUE (Continued)

Set out below is the disaggregation of the Group's revenue from contracts with customers by timing of recognition and geographical markets, arising from different reporting segments:

For the six months ended 30 June 2025

	Health products trade US\$'000 (Unaudited)	Others US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Revenue from goods:			
– Sales of health products	8,288	–	8,288
– Sales of other products	–	129	129
	8,288	129	8,417
Timing of revenue recognition:			
– At a point in time	8,288	129	8,417
Geographical markets:			
– People's Republic of China ("PRC")	8,288	129	8,417

For the six months ended 30 June 2024

	Health products trade US\$'000 (Unaudited)	Others US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Revenue from goods:			
– Sales of health products	5,969	–	5,969
Timing of revenue recognition:			
– At a point in time	5,969	–	5,969
Geographical markets:			
– PRC	5,969	–	5,969

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

6. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker (the “CODM”), for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. No operating segments identified by the CODM has been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable segments are as follows:

- Iron ore mining and processing operation – mining and sales of iron ore;
- Commercial trade – trading of crude oil and other commodities;
- Health products trade – trading of health products;
- Electronic products trade – trading of electronic devices products; and
- Others – trading of other products.

Segment revenues and result

The following is an analysis of the Group’s revenue and results by reportable and operating segment.

For the six months ended 30 June 2025

	Iron ore mining and processing operation US\$'000 (Unaudited)	Commercial trade US\$'000 (Unaudited)	Health products trade US\$'000 (Unaudited)	Others US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment revenue	–	–	8,288	129	8,417
Segment (loss) profit	(9)	(1,734)	235	11	(1,497)
Unallocated income					9,881
Unallocated corporate expenses					(441)
Unallocated finance costs					(7,747)
Impairment loss on financial assets, net of reversal					(28)
Profit before income tax					168

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

6. SEGMENT INFORMATION (Continued)

Segment revenues and result (Continued)

For the six months ended 30 June 2024

	Iron ore mining and processing operation US\$'000 (Unaudited)	Commercial trade US\$'000 (Unaudited)	Health products trade US\$'000 (Unaudited)	Others US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment revenue	–	–	5,969	–	5,969
Segment (loss) profit	(9)	(1,743)	691	–	(1,061)
Unallocated income					49
Unallocated corporate expenses					(1,232)
Unallocated finance costs					(6,650)
Impairment loss on financial assets, net of reversal					(86)
Loss before income tax					(8,980)

Segment profit (loss) represents the profit (loss) of each segment without allocation of central and other operating expenses, other income, finance costs, impairment loss on other receivables, net of reversal. This is the measure reported to the CODM with respect to the resource allocation and performance assessment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

Segment assets

	30 June 2025 US\$'000 (Unaudited)	31 December 2024 US\$'000 (Audited)
Iron ore mining and processing operation	12,895	12,242
Commercial trade	51,294	51,485
Health products trade	10,260	9,348
Electronic product trade	–	4
Others	104	157
Total segment assets	74,553	73,236
Corporate and other assets	6,581	6,567
Total assets	81,134	79,803

Segment liabilities

	30 June 2025 US\$'000 (Unaudited)	31 December 2024 US\$'000 (Audited)
Iron ore mining and processing operation	739	694
Commercial trade	186,570	177,918
Health products trade	8,482	7,913
Others	11	12
Total segment liabilities	195,802	186,537
Corporate and other liabilities	51,994	60,756
Total liabilities	247,796	247,293

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

Segment liabilities (Continued)

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

- All assets are allocated to operating segment, other than unallocated property, plant and equipment, goodwill, unallocated deposits, prepayments and other receivables, bank balances and cash and other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to operating segments, other than unallocated other payables and accruals, other borrowings, notes and bonds, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

7. FINANCE COSTS

	For the six months ended 30 June	
	2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
Interests on:		
– bank borrowings	1,733	1,743
– other borrowings	259	460
– notes	7,504	6,190
	9,496	8,393

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	17	16

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong profits tax has been provided as the Company's subsidiaries located in Hong Kong had no assessable profits derived or earned in Hong Kong for the six months ended 30 June 2025 and 2024.

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

- (iii) No provision for Singapore has been provided as the Company's subsidiary located in Singapore had no assessable profits derived or earned in Singapore for the six months ended 30 June 2025 and 2024.

- (iv) Pursuant to the income tax rules and regulations in Malaysia, the subsidiaries located in Malaysia are liable to Malaysia corporate income tax at a rate of 24% (2024: 24%) on the assessable profits generated for the six months ended 30 June 2025 and 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

9. PROFIT (LOSS) FOR THE PERIOD

	For the six months ended 30 June	
	2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Staff costs (including Directors' and chief executive's remuneration)	618	617
Depreciation of property, plant and equipment	12	11
Impairment loss on trade receivables, net of reversal	9	82
Impairment loss on other receivables, net of reversal	19	4
Lease rentals for office premises (note i)	126	160
Amount of inventories recognised as an expense	7,285	4,986
Gain on waiver of interest payable (note ii)	(9,881)	—
Exchange (gain) loss, net	(16)	117

Note:

- (i) The amounts represent lease rentals relating to short-term leases under IFRS 16.
- (ii) This item is included in "Other income and gains" in the condensed consolidated statement of profit or loss and other comprehensive income.

10. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

11. EARNING (LOSS) PER SHARE

	For the six months ended 30 June	
	2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
Profit (loss)		
Profit (loss) for the purpose of basic and diluted earning (loss) per share	211	(8,966)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earning (loss) per share ('000 shares)	1,500,000	1,500,000

The dilutive earning (loss) per share is equal to the basic earning (loss) per share as there were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2025 and 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

12. TRADE RECEIVABLES

The Group normally allows a credit period of not more than 120 days to its customers, although an extension of the credit period is not uncommon for customers who have a long term relationship with the Group.

The following is an aged analysis of trade receivables, net of loss allowance for trade receivables, presented based on the invoice date, which approximates revenue recognition date at the end of each reporting period.

	30 June 2025 US\$'000 (Unaudited)	31 December 2024 US\$'000 (Audited)
Within 30 days	233	1,858
31 – 60 days	51	43
61 – 120 days	9	113
121 – 365 days	2,021	711
Over 365 days	56,946	56,514
	59,260	59,239

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2025 US\$'000 (Unaudited)	31 December 2024 US\$'000 (Audited)
Deposits	5	7
Prepayments	1,310	1,096
Other receivables	245	164
	1,560	1,267
Less: loss allowance	(66)	(57)
	1,494	1,210

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

14. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2025 US\$'000 (Unaudited)	31 December 2024 US\$'000 (Audited)
Within 90 days	468	1,685
91 to 365 days	1,482	4,949
Over 365 days	4,945	–
	6,895	6,634

The average credit period granted by its suppliers ranging from 30 to 60 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

15. OTHER PAYABLES AND ACCRUALS

	30 June 2025 US\$'000 (Unaudited)	31 December 2024 US\$'000 (Audited)
Other payables	1,967	1,677
Interest payables	29,019	36,337
Staff salaries payables	1,229	1,069
Accruals	372	462
	32,587	39,545

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

16. CONTRACT LIABILITIES

	30 June 2025 US\$'000 (Unaudited)	31 December 2024 US\$'000 (Audited)
Current liabilities	1,208	1,072

Contract liabilities are recognised when the Company receives an amount from customers before goods are delivered, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount received. The Company typically receives a deposit range from 20% to 50% of total consideration from certain customers when they enter into the contracts with the Company.

17. BANK AND OTHER BORROWINGS

	30 June 2025 US\$'000 (Unaudited)	31 December 2024 US\$'000 (Audited)
Bank borrowings	36,683	36,752
Other borrowing	18,336	18,336
	55,019	55,088
Analysed into:		
Within one year or on demand	55,019	55,031
In the second year	–	57
	55,019	55,088
Less: Amounts due within the year shown current liabilities	(55,019)	(55,031)
Amounts shown under non-current liabilities	–	57

Set out below is the information relating to the Group's bank and other borrowing as at 30 June 2025:

- As at 30 June 2025, bank loans of approximately US\$36,683,000 (31 December 2024: US\$36,752,000) is variable-rate loans. The variable-rate loans carry effective interest rate ranging from 7.31% to 8.66% per annum (31 December 2024: 9.37% to 18% per annum).
- As at 30 June 2025, certain of the Group's bank loans amounting to US\$36,533,000 (31 December 2024: US\$36,533,000) were secured by certain of the Group's trade receivables of an aggregate carrying value of approximately US\$36,533,000 (31 December 2024: US\$36,533,000) and were guaranteed by the Company and a director of the Company. Furthermore, bank borrowings amounting to approximately US\$150,000 (equivalent to approximately RMB1,007,000) (31 December 2024: US\$219,000 (equivalent to approximately RMB1,596,000)) were unsecured and guaranteed by the subsidiary and its director.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. BANK AND OTHER BORROWINGS (Continued)

- (c) On 10 December 2018, the Group's and the lender renegotiated the terms of the bank loans with aggregate carrying amount at the end of the reporting period of US\$40,946,000 and agreed a repayment schedule pursuant to which the above bank loans plus interest are to be settled by six installments with the first installment repayable in November 2019.

As set out in the announcement by the Company dated 20 January 2020, Mr. Li, the controlling shareholder of the Company, received a writ of summons taken out by OCBC against Mr. Li at the High Court of Hong Kong (the "**High Court**") for the failing to fulfil his obligation as guarantor to settle the amount of HK\$308,758,494 (the "**OCBC outstanding amount**"). The Group has also breached the repayment obligations under the OCBC Loan, and the Breach will trigger cross-defaults of other borrowings and loans of the Group. On 8 January 2021, the High Court of Hong Kong adjudged that Mr. Li shall be obliged to pay OCBC outstanding amount, the accrued interests until the date of payment and other costs related to OCBC.

- (d) As at 30 June 2025, other loan represented a loan advanced to the Company with aggregate principal amount of approximately US\$18,150,000 and secured by the guarantee provided by Mr. Li, the Director. Other loan carried fixed interest rate of 3% per month and repayable on 9 July 2019. After 9 July 2019, other loan carried fixed default interest rate of 5% per month during the year.

On 15 June 2020, the lender of other loan, the Company and an independent assignee signed a deed of assignment of loan. As at that day, the total outstanding principal amount of loan approximately HK\$141,800,000 (equivalent to US\$18,150,000) and total interest accrued and other payable under the loan agreement but unpaid amount approximately to HK\$62,392,000 (equivalent to US\$7,986,000) were assigned to an independent assignee. After 15 June 2020, the amount of other borrowing of approximately US\$18,500,000 is unsecured, carried fixed interest rate of 5% per month and repayable on demand.

On 1 September 2021, the Company and the independent lender entered into supplemental agreement pursuant to which the independent lender agreed to adjust the interest rate from 3% per month to 5% per annum starting from 26 September 2019 and the default interest rate adjusted from 5% per month to 0% per annum starting from 26 September 2019.

On 8 April 2025, the Company entered into an interest waiver agreement with the relevant lender, pursuant to which approximately US\$9,881,000 of accrued interest was waived. The agreement was effective as of the date of signing, no further interest will accrue from 8 April 2025 under the terms of the interest waiver agreement. For the period ended 30 June 2025, the Group recognised the amount of waived interest payable of US\$9,881,000 as other income and gains in the condensed consolidated statement of profit or loss and comprehensive income.

- (e) As at 30 June 2025, bank loans of approximately US\$36,533,000 and US\$150,000 (31 December 2024: US\$36,533,000 and US\$219,000) were denominated in US\$ and RMB respectively. As at 30 June 2025, other loan of approximately US\$18,336,000 (31 December 2024: US\$18,336,000) was denominated in HK\$.
- (f) As at 30 June 2025, the accrued interests for the bank loans and other loan are recorded in interest payable (note 15) was approximately US\$21,022,000 and US\$nil respectively (31 December 2024: US\$19,288,000 and US\$9,736,000 respectively).

FOR THE SIX MONTHS ENDED 30 JUNE 2025

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

18. NOTES (Continued)

(a) (Continued)

The terms and conditions of the Note 1 are summarised as follows:

(1) The event of defaults under the Note 1 include, among other things:

- the Company or wholly-owned subsidiaries of the Company does not remain the direct or indirect beneficial owner of not less than 100% of the issued share capital of (a) China Bright HK; and (b) Pacific Mining, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party;
- the ratio of the total liabilities of the Company to the total assets of the Company exceeds a specified ratio;
- Mr. Li fails to remain as the controlling shareholder (as defined in the Listing Rules) of the Company, or Mr. Li ceases to be the chairman of the Company; and
- trading in the Company's shares on the Stock Exchange is suspended for more than five consecutive trading days or twenty trading days in any period of twelve months or the closing price per share of the Company shall be less than a specified price during five consecutive trading days.

Upon and at any time after the occurrence of the event of defaults, the Noteholder 1 may give notice to the Company that one or more of the Note 1 shall become immediately due and repayable with all accrued interest.

(2) Redemption option

The Company may not redeem the Note 1 prior to the final redemption date without the prior written consent of the holders of the Note 1.

(3) Guarantee

The Note 1 prior to the final redemption date without the prior written consent of the holders of the Note 1.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

18. NOTES (Continued)

(a) (Continued)

(3) Guarantee (Continued)

According to the relevant subscription agreement, the original final redemption date of the Note 1 falls on 19 March 2018 and on that date, the Company entered into a letter agreement (the “**Letter Agreement**”) with the Noteholder 1 pursuant to which the Noteholder 1 has agreed to extend the final redemption date of the Note 1 from 19 March 2018 to 19 May 2018, with an agreed interest to be accrued on the principal balance of the Note 1 from (and including) 20 March 2018 to (and including) the actual date of redemption of the Note 1 in full. According to the Letter Agreement, the Company shall make a payment of US\$2,000,000 to the Noteholder 1 on or before 29 March 2018 to be applied first to interest accrued due as at the date of such payment and thereafter to reduce the principal balance of the Note 1.

On 19 May 2018, the Noteholder 1 agreed to further extend the final redemption date of the Note 1 from 19 May 2018 to 31 December 2018. Both the Noteholder 1 and the Company agreed that the Company shall make payment to the Noteholder 1 of an amount of US\$500,000 on the last day of each month during the calendar year of 2018, commencing 31 May 2018, save that the amount payable on 31 December 2018 shall be an amount equal to all remaining indebtedness due on or in respect of the Note 1 outstanding at such time, and each payment shall apply first in payment of interest and any other amounts due on or in respect of the Note 1 and thereafter in redemption of the balance of the principal outstanding on the Note 1.

Around and upon maturity, the Company and the Noteholder 1 renegotiated the terms of the Note 1 and entered into another Letter Agreement (“**New Letter Agreement**”) with the Noteholder 1 to further extend the final redemption date from 31 December 2018 to 30 June 2019 on the condition that, among others, the Company shall make payment to the Noteholder 1 of an amount of US\$3,000,000 on or before 29 March 2019 and thereafter in an amount of US\$500,000 on the last day of each succeeding month commencing on 31 March 2019 save that the amount payable on 30 June 2019 shall be an amount equal to all remaining indebtedness due on or in respect of the Note 1 outstanding at such time, and each payment shall apply first in payment of interest and any other amounts due on or in respect of the Note 1 and thereafter in redemption of the balance of the principal outstanding on the Note 1. According to the New Letter Agreement, interest shall continue to accrue on the principal balance of the Note 1 at a rate of 10% on top of the Original interest rate per annum.

As referred to note (a)(1) above, one of the events of default under the Note 1 is that the ratio of the total liabilities of the Company to the total assets of the Company (the “**Debt Ratio**”) exceeds a specified ratio. As at 31 December 2017, the Debt Ratio had exceeded the specified ratio under the terms of the Note 1. According to the Letter Agreement, the Noteholder 1 had agreed to waive the condition regarding the Debt Ratio with respect to the Company’s audited financial statements for the year ended 31 December 2017. On 19 May 2018, the Noteholder 1 further agreed to waive the condition regarding the Debt Ratio with respect to the Group’s unaudited interim financial information for the six months ended 30 June 2018.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

18. NOTES (Continued)

(a) (Continued)

(3) Guarantee (Continued)

During the year ended 31 December 2018, 9.12% of the issued shares of Pacific Mining was issued to an independent third party. According to the New Letter Agreement, the Noteholder 1 had agreed to extend its consent to the covenant with respect to the disposal of the 9.12% the issued shares of Pacific Mining.

- (b) On 19 October 2017, the Company entered into a subscription agreement with an independent third party institution (the “**Noteholder 2**”) pursuant to which the Company issued the 7% fixed coupon guaranteed notes (the “**Note 2**”) in the principal amount of US\$20,000,000 with a maturity date of two years from the date of issue. The net proceeds amounted to approximately US\$19,800,000 as at the issue date. The interest rate shall be payable by semi-annually.

The terms and conditions of the Note 2 are summarised as follows:

- (1) The event of defaults under the Note 2 include, among other things:
- Declare, make or pay dividend or other distribution without the prior written consent of the Noteholder 2;
 - Any event occurs which has effect of change of control (within the meaning of the Codes on Takeovers and Mergers and Share Buy-backs issued by the Hong Kong Securities and Futures Commission) of the Company, its subsidiaries or Cosmo Field;
 - Mr. Li disposes or encumbers any of the Company’s shares held by him, ceases to be the single largest shareholder of the Company, or ceases to hold, directly or indirectly, such number of the Company’s shares, representing 55% of the entire issued share capital of the Company; and
 - There is suspension of trading of the Company’s shares on the Stock Exchange is suspended for five consecutive trading days or more for any reason or cessation of trading of the Company’s shares on the Stock Exchange for any reason.

Upon and at any time after the occurrence of the event of defaults, the Noteholder 2 may give notice to the Company that all or any part of the Note 2 shall become immediately due and repayable with all accrued interest.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18. NOTES (Continued)

(b) (Continued)

(2) Redemption option

The Company may not redeem the Note 2 prior to the final redemption date without the prior written consent of the holders of the Note 2.

(3) Guarantees and securities

The Note 2 were guaranteed by Cosmo Field and Mr. Li and secured by an aggregate of 172,352,000 shares of the Company.

As at 30 June 2025, the accrued interests for Note 2 are recorded in interest payable (note 15) was approximately US\$7,899,000 (31 December 2024: US\$7,266,000).

19. SHARE CAPITAL

	Number of shares '000	Share capital US\$'000
Ordinary share of HK\$0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	3,000,000	3,867
Issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	1,500,000	1,934

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

20. RELATED PARTY TRANSACTIONS

(a) Banking facilities

For the periods ended 30 June 2025 and 30 June 2024, a director of the Company, Mr. Li, provided guarantee for the grant of banking facilities to the Group.

For the periods ended 30 June 2025 and 30 June 2024, a director of the Company, Mr. Li, Mr. Li's family member and Cosmo field, the ultimate holding company provided guarantee for the issued 12% senior guaranteed note of the Group.

For the periods ended 30 June 2025 and 30 June 2024, a director of the Company, Mr. Li and Cosmo field provided guarantee for the issued 7% fixed coupon guaranteed note of the Group.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the year was as follows:

	For the six months ended 30 June	
	2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
Short-term benefits	44	96
Post-employment benefits	—	24
	44	120