



雲白國際有限公司

YNBY International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00030)

2025

INTERIM REPORT

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CORPORATE INFORMATION

As at 30 June 2025

BOARD OF DIRECTORS

Executive Directors:

Mr. Dong Ming (*Chairman*)

Mr. Tang Ming (*Chief Executive Officer*)

Mr. Liu Huaiyu

Non-Executive Directors:

Mr. He Tao

Mr. Huang Bin

Independent Non-Executive Directors:

Dr. Cecilia Wai Bing Pang

Dr. Cheung Hoi Yu

Mr. Wong Hin Wing

COMMITTEES

Audit Committee:

Mr. Wong Hin Wing (*Chairman*)

Mr. He Tao

Dr. Cecilia Wai Bing Pang

Dr. Cheung Hoi Yu

Remuneration Committee:

Dr. Cheung Hoi Yu (*Chairman*)

Mr. Tang Ming

Dr. Cecilia Wai Bing Pang

Mr. Wong Hin Wing

Nomination Committee:

Mr. Dong Ming (*Chairman*)

Dr. Cecilia Wai Bing Pang

Dr. Cheung Hoi Yu

Mr. Wong Hin Wing

COMPANY SECRETARY

Mr. Liu Huaiyu

AUTHORIZED REPRESENTATIVES

Mr. Tang Ming

Mr. Liu Huaiyu

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS

32/F

Cambridge House, Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

AUDITORS

ZHONGHUI ANDA CPA Limited

REGISTRAR

Computershare Hong Kong Investor

Services Limited

17M Floor, Hopewell Centre

183 Queen's Road East

Wan Chai, Hong Kong

WEBSITE

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

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 HK\$ (Unaudited)	2024 HK\$ (Unaudited)
Revenue	4	396,442,188	362,301,718
Cost of sales		(375,135,844)	(338,563,930)
Gross profit		21,306,344	23,737,788
Other income, gains and losses		649,626	133,552
Net reversal of allowance for expected credit losses		–	327,956
Selling and distribution expenses		(4,948,777)	(2,476,961)
General and administrative expenses		(12,660,277)	(16,024,498)
Profit from operations		4,346,916	5,697,837
Finance costs	5	(190,797)	(1,643,378)
Share of loss of a joint venture		–	(1,620)
Profit before tax	6	4,156,119	4,052,839
Income tax expenses	7	(1,782,876)	(2,644,499)
Profit for the period attributable to owners of the Company		2,373,243	1,408,340
Other comprehensive income/(expenses) after tax:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translating foreign operations		1,114,615	(267,139)
Total comprehensive income for the period attributable to owners of the Company		3,487,858	1,141,201
Earnings per share attributable to owners of the Company:	8		
Basic (HK cents per share)		0.034	0.02
Diluted (HK cents per share)		0.027	0.02

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Notes	As at 30 June 2025 HK\$ (unaudited)	As at 31 December 2024 HK\$ (audited)
Non-current assets			
Property, plant and equipment	10	2,739,428	3,116,483
Right-of-use assets		8,390,066	10,362,478
Investment in a joint venture		–	10,593
Deferred tax assets		1,173,862	–
		12,303,356	13,489,554
Current assets			
Inventories		268,148	7,019,811
Trade receivables	11	140,256,133	114,871,673
Loan and interest receivables	12	–	–
Other receivables, deposits and prepayments	13	11,618,827	11,327,644
Tax recoverable		–	8,789,697
Cash and cash equivalents		296,073,117	212,482,172
		448,216,225	354,490,997
Current liabilities			
Trade and other payables	14	65,685,740	61,272,089
Contract liabilities		1,637,251	1,791,573
Amount due to a shareholder		27,947,001	30,946,177
Bank borrowings	15	–	2,159,734
Lease liabilities		3,917,562	3,937,541
Tax payables		247,218	–
		99,434,772	100,107,114
Net current assets		348,781,453	254,383,883
Total assets less current liabilities		361,084,809	267,873,437

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2025

	Notes	As at 30 June 2025 HK\$ (unaudited)	As at 31 December 2024 HK\$ (audited)
Non-current liabilities			
Lease liabilities		4,492,168	6,432,959
Other payables	14	1,500,000	1,500,000
		<u>5,992,168</u>	<u>7,932,959</u>
NET ASSETS		<u>355,092,641</u>	<u>259,940,478</u>
Capital and reserves			
Share capital	17	75,999,142	67,999,142
Reserves		<u>279,093,499</u>	<u>191,941,336</u>
TOTAL EQUITY		<u>355,092,641</u>	<u>259,940,478</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company						Total HK\$
	Share capital	Share premium	Capital redemption reserve	Convertible bond reserve	Exchange reserve	Accumulated losses	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
At 1 January 2025 (audited)	67,999,142	1,085,013,367	176,000	56,168,231	(2,453,442)	(946,962,820)	259,940,478
Profit for the period	-	-	-	-	-	2,373,243	2,373,243
Other comprehensive income for the period:							
Exchange differences arising from translating foreign operation	-	-	-	-	1,114,615	-	1,114,615
Total comprehensive income for the period	-	-	-	-	1,114,615	2,373,243	3,487,858
Issue of shares on placement, net of share issue costs (note 17)	8,000,000	83,664,305	-	-	-	-	91,664,305
At 30 June 2025 (unaudited)	75,999,142	1,168,677,672	176,000	56,168,231	(1,338,827)	(944,589,577)	355,092,641
At 1 January 2024 (audited)	67,999,142	1,085,013,367	176,000	56,168,231	(1,118,808)	(965,083,091)	243,154,841
Profit for the period	-	-	-	-	-	1,408,340	1,408,340
Other comprehensive expenses for the period:							
Exchange differences arising from translating foreign operation	-	-	-	-	(267,139)	-	(267,139)
Total comprehensive (expenses)/ income for the period	-	-	-	-	(267,139)	1,408,340	1,141,201
At 30 June 2024 (unaudited)	67,999,142	1,085,013,367	176,000	56,168,231	(1,385,947)	(963,674,751)	244,296,042

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 HK\$ (unaudited)	2024 HK\$ (unaudited)
Net cash used in operating activities	(5,682,348)	(7,749,278)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advance to a joint venture	–	(2,200)
Net cash flow from deregistration of a joint venture	10,593	–
Purchase of property, plant and equipment	(63,946)	(26,087)
Interest received	567,004	141,578
Net cash generated from investing activities	513,651	113,291
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net of share issue costs	91,664,305	–
New bank borrowing raised	–	2,200,874
Repayments of bank borrowings	(2,169,376)	(12,104,807)
Capital element of lease rentals paid	(1,966,203)	(1,677,259)
Interest element of lease rentals paid	(172,864)	(247,946)
Interest paid	(17,933)	(212,467)
Net cash generated from/(used in) financing activities	87,337,929	(12,041,605)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	82,169,232	(19,677,592)
Effect of foreign exchange rate changes	1,421,713	(308,906)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	212,482,172	199,324,292
CASH AND CASH EQUIVALENTS AT END OF PERIOD	296,073,117	179,337,794
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	296,073,117	179,337,794

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

The Company is incorporated in Bermuda and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司) ("Yunnan Baiyao") is a controlling shareholder of the Company. The address of its principal place of business is at 32/F, Cambridge House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in trading of goods and commodities.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the six months ended 30 June 2025 (the “Reporting Period”), the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the Reporting Period and prior years.

The Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker (the “CODM”), for the purpose of resources allocation and assessment of segment performance focus on types of goods or services delivered or provided. The Directors have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

- (i) Trading segment engages in the trading of goods and commodities;
- (ii) Other segments engages in the provision of marketing services, product registration services and sourcing of OEM/ODM services.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the Reporting Period (unaudited)

	Trading of goods and commodities HK\$	Others <i>(note)</i> HK\$	Total HK\$
Revenue	<u>396,442,188</u>	<u>–</u>	<u>396,442,188</u>
Gross profit	<u>21,306,344</u>	<u>–</u>	<u>21,306,344</u>
Segment result	<u>16,753,060</u>	<u>–</u>	<u>16,753,060</u>
Unallocated corporate income, gains and losses			133,290
Unallocated corporate expenses			(12,539,434)
Finance costs			<u>(190,797)</u>
Profit before tax			<u>4,156,119</u>

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the six months ended 30 June 2024 (unaudited)

	Trading of goods and commodities HK\$	Others <i>(note)</i> HK\$	Total HK\$
Revenue	362,301,718	–	362,301,718
Gross profit	23,737,788	–	23,737,788
Segment result	20,196,245	–	20,196,245
Unallocated corporate income, gains and losses			205,636
Unallocated corporate expenses			(14,704,044)
Finance costs			(1,643,378)
Share of loss of a joint venture			(1,620)
Profit before tax			4,052,839

Segment results represent the profit earned from each segment without allocation of directors' fee, certain bank interest income, certain other income, gains and losses, share of result of a joint venture, certain general and administrative expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Note: The Group retained the capacity of provision of marketing service, products registration services and sourcing of OEM/ODM services during the Reporting Period and the six months ended 30 June 2024.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	Trading of goods and commodities HK\$	Total HK\$
As at 30 June 2025 (Unaudited)		
Segment assets	353,152,816	353,152,816
Unallocated assets		107,366,765
		460,519,581
Segment liabilities	(65,643,125)	(65,643,125)
Unallocated liabilities		(39,783,815)
		(105,426,940)
As at 31 December 2024 (Audited)		
Segment assets	312,287,211	312,287,211
Unallocated assets		55,693,340
		367,980,551
Segment liabilities	(61,261,765)	(61,261,765)
Unallocated liabilities		(46,778,308)
		(108,040,073)

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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

- all assets are allocated to reportable operating segments other than certain property, plant and equipment, certain right-of-use assets, investment in a joint venture, certain other receivables, deposits and prepayments, and certain bank balances and cash which are managed on a group basis.
- all liabilities are allocated to reportable and operating segments other than certain other payables, amount due to a shareholder, and certain lease liabilities which are managed on a group basis.

5. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$	HK\$
	(unaudited)	(unaudited)
Interest expense from bank borrowings	17,933	212,467
Effective interest expense on convertible bond <i>(note 16)</i>	–	1,182,965
Interest expenses on lease liabilities	172,864	247,946
	190,797	1,643,378

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	HK\$	HK\$
	(unaudited)	(unaudited)
Directors' emoluments	4,106,006	2,193,197
Cost of inventories recognised as expense	375,135,844	338,563,930
Depreciation of property, plant and equipment	442,709	466,946
Depreciation of right-of-use assets	1,977,523	2,086,822
Expenses relating to short-term lease	206,026	262,937
	<u>206,026</u>	<u>262,937</u>

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2025	2024
	HK\$	HK\$
	(unaudited)	(unaudited)
Current tax		
– The People's Republic of China (the "PRC")		
Enterprises Income Tax ("EIT")	(2,956,738)	(2,644,499)
Deferred tax	1,173,862	–
	<u>(1,782,876)</u>	<u>(2,644,499)</u>

7. INCOME TAX EXPENSES (Continued)

(a) Hong Kong profits tax:

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No provision for Hong Kong profits tax is required for the Reporting Period as the Group's estimated assessable profits were offset by tax losses brought forward. For the six month ended 30 June 2024, no provision is required as there were no assessable profits.

(b) The PRC enterprise income tax:

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 subsidiaries in the PRC is 25% during the Reporting Period (six months ended 30 June 2024: 25%). Certain subsidiaries were qualified as "small Low-profit Enterprise" and entitled to a tax relief policy. The portion of annual taxable income amount of a subsidiary eligible to a small Low-profit Enterprise which does not exceed RMB3 million, only 25% of that portion shall be included in the taxable income amount, on which enterprise income tax shall be levied at tax rate of 20%.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

Six months ended 30 June	
2025	2024
HK\$	HK\$
(unaudited)	(unaudited)
Earnings	
Earnings for the purpose of calculating diluted earnings per share	
2,373,243	1,408,340

8. EARNINGS PER SHARE *(Continued)*

	Six months ended 30 June	
	2025 HK\$ (unaudited)	2024 HK\$ (unaudited)
Number of shares		
Issued ordinary shares at beginning of the period	6,799,914,160	6,799,914,160
Effects of new shares issued	176,795,580	—
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	6,976,709,740	6,799,914,160
Effect of dilutive potential ordinary shares arising from convertible bond outstanding	1,937,984,496	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	8,914,694,236	6,799,914,160

The computation of diluted earnings per share for the six months ended 30 June 2024 does not assume the conversion of convertible bond as the conversion of convertible bond would result in an increase in earnings per share of the Company.

9. DIVIDEND

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group has acquired property, plant and equipment with a cost of HK\$63,946 (six months ended 30 June 2024: HK\$26,087).

11. TRADE RECEIVABLES

	As at 30 June 2025 HK\$ (unaudited)	As at 31 December 2024 HK\$ (audited)
Trade receivables	140,256,133	114,871,673
Less: net allowance for expected credit losses	—	—
	140,256,133	114,871,673

Trade receivables in relation to trading of goods and commodities are granted credit period ranging from 30 to 90 days (31 December 2024: 90 days).

The following is an ageing analysis of the Group's trade receivables (before net allowance for expected credit losses) presented based on the invoice dates, which approximates the respective revenue recognition dates, at the end of the Reporting Period:

	As at 30 June 2025 HK\$ (unaudited)	As at 31 December 2024 HK\$ (audited)
0 to 90 days	123,257,182	111,298,165
91 to 180 days	5,277,215	3,573,508
181 to 365 days	11,721,736	—
	140,256,133	114,871,673

At the end of the Reporting Period, certain trade receivables of the Group were past due but not impaired, no impairment loss has been recognised because there has been no significant deterioration in credit quality and the amounts are still considered recoverable. The Group does not hold any collaterals for the trade receivables above.

12. LOAN AND INTEREST RECEIVABLES

	As at 30 June 2025 HK\$ (unaudited)	As at 31 December 2024 HK\$ (audited)
Loan receivables		
Secured	274,256,465	274,256,465
Unsecured	202,291,346	202,291,346
	476,547,811	476,547,811
Less: net allowance for expected credit losses	(476,547,811)	(476,547,811)
	—	—

The maturity profile of the loan receivables (before net allowance for expected credit losses) at the end of the Reporting Period, analysed by the maturity date, is as follows:

	As at 30 June 2025 HK\$ (unaudited)	As at 31 December 2024 HK\$ (audited)
Overdue	476,547,811	476,547,811
Gross amount analysed for reporting purpose:		
Current assets	476,547,811	476,547,811

12. LOAN AND INTEREST RECEIVABLES *(Continued)*

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 3 months to 5 years (31 December 2024: 3 months to 5 years). The loans provided to customers bore fixed interest rate ranging from 1%–2.4% per month (31 December 2024: 1%–2.4% per month), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers. The loans provided to borrowers are repayable in accordance with the loan agreement, in which interest portion will be repaid in monthly basis while the principal amounts are repayable on maturity.

With reference to the announcement made by the Company on 25 October 2023 regarding the key findings of the forensic investigation, the loan and interest receivables are fully impaired.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2025 HK\$ (unaudited)	As at 31 December 2024 HK\$ (audited)
Other receivables	3,126,511	3,525,399
Deposits	299,546,099	305,516,701
Prepayments	7,770,950	1,110,277
	310,443,560	310,152,377
Less: net allowance for expected credit losses	(298,824,733)	(298,824,733)
	11,618,827	11,327,644

14. TRADE AND OTHER PAYABLES

	As at 30 June 2025 HK\$ (unaudited)	As at 31 December 2024 HK\$ (audited)
Trade payables (<i>note</i>)	63,260,999	50,214,610
Other payables and accrued charges	3,924,741	12,557,479
	67,185,740	62,772,089
The total is analysed for reporting purposes as:		
Current	65,685,740	61,272,089
Non-current	1,500,000	1,500,000
	67,185,740	62,772,089

The non-current portion represents a provision for reinstatement cost of leased office, with the tenancy term of four years.

Note: The credit period for trade payables ranges from 0 to 90 days (31 December 2024: 45 to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

14. TRADE AND OTHER PAYABLES *(Continued)*

An ageing analysis of trade payables presented based on the invoice dates at the end of Reporting Period is set out as follows:

	As at 30 June 2025 HK\$ (unaudited)	As at 31 December 2024 HK\$ (audited)
0 to 30 days	38,118,927	50,207,562
31 to 60 days	24,925,125	–
61 to 90 days	209,899	–
Over 90 days	7,048	7,048
	63,260,999	50,214,610

15. BANK BORROWINGS

	As at 30 June 2025 HK\$ (unaudited)	As at 31 December 2024 HK\$ (audited)
Bank loans (unsecured and unguaranteed)	–	2,159,734
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	(2,159,734)
Amount due for settlement after 12 months	–	–
The borrowings are repayable as follows:		
Within one year	–	2,159,734

The carrying amounts of the Group's borrowings are denominated in RMB.

15. BANK BORROWINGS *(Continued)*

The average interest rates were as follows:

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Bank loans	<u>3.10%</u>	<u>3.10%</u>

16. CONVERTIBLE BOND

The Company entered into a subscription agreement with Yunnan Baiyao on 14 October 2019 (the “Subscription Agreement”), pursuant to the Subscription Agreement and the supplemental subscription agreement (collectively the “Subscription Agreements”) which the Company has conditionally agreed to issue, and Yunnan Baiyao has conditionally agreed to subscribe for, through its trustee, Shanghai International Trust Corp., Ltd., convertible bond (the “Convertible Bond”) in the aggregate principal amount of HK\$500 million with coupon rate of 3% per annum for 2 years (the “Subscription”).

Reference is made to the Company’s circular dated 12 January 2023, on 5 December 2022, the Company and Yunnan Baiyao entered into an extension supplemental agreement, pursuant to which the Company and Yunnan Baiyao conditionally agreed to extend the initial maturity date by two years from 31 October 2022 to 30 October 2024 by way of entering into a supplemental agreement. Save for the proposed extension, all other terms and conditions of the convertible bond remained unchanged. The supplemental agreement was subsequently approved on 1 February 2023. Reference is made to the Company’s announcement dated 29 October 2024, the Company received a notice from the bondholder, Yunnan Baiyao of exercising the conversion rights of the convertible bonds in full. On that date, the Company’s public float was approximately 25.5%, if Yunnan Baiyao fully exercises the conversion rights of the convertible bonds, the public float of the Company will be reduced to approximately 19.84%, which fails to comply with the minimum public float requirement of 25% under the Rule 8.08(1) (a) of the Listing Rules. Therefore, according to the pre-existing terms of the convertible bonds, Yunnan Baiyao will only be allotted the conversion shares after the Company’s public float satisfies the share exchange requirements. Details of the Convertible Bond were disclosed in the Group’s consolidated financial statements for the year ended 31 December 2024.

16. CONVERTIBLE BOND *(Continued)*

The movement of the liability component of the convertible bond is set out below:

	Liability component HK\$
Carrying amount at 1 January 2025 (audited) and 30 June 2025 (unaudited)	—

The interest expenses for the period are calculated by applying an effective interest rate of 18.79% to the liability component.

17. SHARE CAPITAL

	No. of shares	Amount HK\$
Authorised:		
Ordinary shares of HK\$0.01 each	<u>20,000,000,000</u>	<u>200,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 1 January 2024 (audited), 30 June 2024 (unaudited) and 1 January 2025 (audited)	6,799,914,160	67,999,142
Issue of shares on placement at 22 May 2025 (unaudited)	<u>800,000,000</u>	<u>8,000,000</u>
Ordinary shares of HK\$0.01 each at 30 June 2025 (unaudited)	<u>7,599,914,160</u>	<u>75,999,142</u>

17. SHARE CAPITAL *(Continued)*

In May 2025, the Company placed 800,000,000 ordinary shares to not less than six independent shareholders at price of HK\$0.1161 per share with the net proceeds of approximately HK\$92 million. The premium on the issue of shares, amounting to HK\$83,664,305, net of share issue costs of HK\$1,215,695, has been credited to the Company's share premium account.

For further details about the placing in May 2025, please refer to the announcements of the Company dated 2 May 2025, 5 May 2025, 15 May 2025 and 22 May 2025.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following material transactions with related parties:

(a) Transactions with related parties

	Six months ended 30 June	
	2025 HK\$ (unaudited)	2024 HK\$ (unaudited)
Purchase of goods and commodities from Yunnan Baiyao (<i>Note</i>)	1,809,485	2,830,863
Purchase of goods and commodities from fellow subsidiaries (<i>Note</i>)	14,766	1,595,480
Sales of goods and commodities to fellow subsidiaries (<i>Note</i>)	96,673,288	84,056,914
Effective interest expense from the convertible bond with Yunnan Baiyao	—	1,182,965

Note:

The transaction constituted a continuing connected transaction as defined in Chapter 14A of the Listing Rules (the "Continuing Connected Transaction"). Further details of the Continuing Connected Transaction are provided in the section headed "Continuing Connected Transaction" in the Report of the Directors as set out in the Company's annual report for the year ended 31 December 2024.

18. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management compensation

	Six months ended 30 June	
	2025	2024
	HK\$	HK\$
	(unaudited)	(unaudited)
Salary and other short term benefits	4,660,006	2,646,197
Contribution to defined contribution retirement plans	27,000	27,000
	4,687,006	2,673,197

(c) Period ended balances with related parties

	As at	As at
	30 June	31 December
	2025	2024
	HK\$	HK\$
	(unaudited)	(audited)
Trade payable to a shareholder	1,609,737	6,694,761
Trade receivable from fellow subsidiaries	16,851,107	29,499,089
Trade deposit paid to a shareholder	21,180	21,180
Trade deposit paid to a fellow subsidiary	123,203	420,749
Amount due to a shareholder	27,947,001	30,946,177

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months period from 1 January 2025 to 30 June 2025 (the “Reporting Period”), the Group has recorded its business portfolio to include (i) the trading of goods and commodities business, encompassing (a) e-commerce trading business, (b) raw material trading business for healthcare products in the People’s Republic of China (the “PRC”), and (c) distribution of certain products (the “YNBY Products”) manufactured and branded by the Company’s controlling shareholder Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司) (“Yunnan Baiyao”) to overseas markets; and (ii) other segment, mainly providing marketing services, product registration services, and sourcing for OEM/ODM services.

Trading of goods and commodities

The trading of goods and commodities segment mainly consisted of the e-commerce trading business, raw materials trading business for healthcare products in the PRC, and distribution of the YNBY Products business.

The Group’s e-commerce trading business was mainly operated by selling products bearing third-party brands, which are sourced and procured from overseas suppliers and sold to China’s famous online platforms, such as VIP.com, JD.com and Tmall and overseas online platform, such as Coupang, Lazada and Shopee. The Company constantly communicates with its customers, being mainly the e-commerce trading platforms, to understand their demand of products. In the meantime, the Company reviews its inventory and/or seeks quotations from its extensive network of suppliers, and may place purchase orders according to suitable market situations, which are nevertheless constantly changing, within the context of the Company’s supply capabilities. Once a receipt of order from the Company’s customers is confirmed, the Company will (i) assure supply quantity and quality, from existing inventories and/or from a number of different suppliers; (ii) arrange for respective payments to the suppliers where appropriate; (iii) use own or sub-contracted third-party warehouse to receive the ordered goods from the Company’s suppliers, and deploy own team or appoint third party to conduct quality inspection; (iv) facilitate the delivery of the products to the Company’s customers; (v) arrange the products to go through customs inspection and clearance where appropriate; (vi) facilitate relevant customers services including but not limited to after-sales services; (vii) cooperate with business partners and formulate further marketing and sales of relevant products, and monitor the sales trend for such products; and (viii) the Company usually receives the payments from the e-commerce platforms within the credit period on each sales after the delivery of ordered goods.

Starting from the trading of CBD raw materials and CBD isolate business in 2019, as a natural expansion of its CBD trading business, the Group had been engaged in the sourcing of raw materials for manufacturing since early 2022, which involved the supply of other plant extracts and raw materials for cosmetics and healthcare products, including packaging materials, sorbitol, steviol glycoside, lauric acid, glycerin etc. to existing and potential customers in the healthcare and cosmetics industry. In addition, the Group sourced calcium hydrogen phosphate for Yunnan Baiyao in toothpaste production under the framework agreement entered into between the Company and Yunnan Baiyao on 13 December 2022 (the “Framework Agreement”). As a modest extension of the services previously offered by the Group, the Group no longer passively sources products required by its customers, but takes on a more active role in serving its existing and potential customers in respect of their supply chain.

The Group is fully equipped with the resources, experience, and subsidiaries needed to effectively navigate the healthcare product industry and are deeply confident that trading raw materials for healthcare products will be a significant contributor to the Groups profitability. The Group’s management team is committed to leveraging these assets to continue driving growth and success in our operations.

Starting from May 2023, in order to assist the YNBY Products in expanding to overseas markets by utilising the existing overseas distribution network and marketing experiences of the Group, the Group distributed the YNBY Products to overseas markets according to the Framework Agreement. The new distribution network was not only in line with Yunnan Baiyao Group’s globalization strategy but also generating a new revenue stream for the Group, achieving the synergistic effects and benefiting the Group and Yunnan Baiyao.

For the Reporting Period, the Company secured exclusive distributorship authorization for the YNBY Products worldwide (excluding the PRC) which is subject to the Framework Agreement. The authorization broadened the Group’s distribution reach for products, including the flagship “Yunnan Baiyao” series of medicines, “Yunnan Baiyao” toothpaste series products, general medicine series products, medical devices and industrial products, and personal care products, thereby diversifying revenue streams. The successful first sale of Yunnan Baiyao toothpaste manufactured in Thailand represents a key milestone in the Company’s international expansion strategy, demonstrating its enhanced production efficiency through leveraging international manufacturing expertise while maintaining stringent quality standards. This also marked the first instance of Yunnan Baiyao toothpaste being manufactured and sold outside mainland China.

The distribution of the YNBY Products, including the Thailand-manufactured toothpaste, aligns with Yunnan Baiyao Group's globalization strategy and leverages the Group's existing overseas distribution network and marketing expertise, creating a new revenue stream and enhancing market presence.

For the Reporting Period, the Group's trading segment recorded a total revenue of approximately HK\$396.4 million, which was higher by approximately 9.4% than that for the six months period from 1 January 2024 to 30 June 2024 (the "2024 1H") of approximately HK\$362.3 million. For the Reporting Period, this segment recorded segment profit of approximately HK\$16.8 million (the 2024 1H: approximately HK\$20.2 million). The decrease in the segment profit was mainly attributable to narrower gross profit margin from approximately 6.6% in the 2024 1H to approximately 5.4% in the Reporting Period in trading of goods and commodities business as a result of continuous downward pressures on the trading business in PRC.

Other Segment – marketing services, product registration services and sourcing for OEM/ODM services

For the provision of professional services, the Group shall (i) assist its customers on the registration of products pursuant to the relevant overseas regulatory and registration requirements; (ii) assist its customers on intellectual property registration of products; (iii) provide overseas marketing services for its customers and their products; and (iv) provide overseas market expansion services to its customers.

During the Reporting Period, although the Group's other segment did not generate any revenue (the 2024 1H: nil) and did not incur any segment profit or loss (the 2024 1 H: nil), the Group retained capacity of provision of marketing services, product registration services, sourcing OEM/ODM services.

PROSPECTS

In the first half of 2025, despite a slight deviation from China's typical macroeconomic growth trajectory due to a complex global environment, China's digital commerce sector continues to advance, supported by the Chinese government's "Three-Year Action Plan for Digital Commerce (2024-2026)." While challenges such as rising international interest rates, increased regional competition, a weakening RMB, and global political uncertainty persist, the overall growth of China's e-commerce market, demonstrated by a 8.5% year-on-year increase in total retail sales of consumer goods to RMB6.0 trillion in the first five months of 2025, presents a favorable environment for the Group.

Moreover, the growing global recognition of Traditional Chinese Medicine (TCM), fueled by the Chinese government's proactive promotion of its scientific innovation and internationalization, presents robust growth opportunities for the Group. The National Administration of Traditional Chinese Medicine's advancements within the Belt and Road Initiative are fostering increased intergovernmental cooperation and expanding TCM's presence in international healthcare systems. This positive momentum, coupled with evolving technological empowerment and enhanced industry regulatory frameworks, creates a favorable environment for TCM export and high-quality development. The Company is well-positioned to capitalise on these trends and drive significant growth in the expanding global TCM market.

The exclusive distributorship of Yunnan Baiyao Group products, coupled with the successful launch of Thailand-manufactured toothpaste, positions the Company for substantial growth in international markets. The Company will continue to monitor market trends and may negotiate new or renewed agreements with Yunnan Baiyao Group upon expiry of the Framework Agreement in May 2026.

Building on the successful business strategies since 2022, the Group is confident in the growth prospects, particularly within the Chinese market, and sees significant opportunities in the trading of goods and commodities, including e-commerce trading business, supply chain trading business, and TCM international trading business. The Group will leverage its proven track record and strategic positioning to capitalise on these opportunities and drive substantial growth across these key business areas.

SELLING EXPENSES AND DISTRIBUTION EXPENSES

For the Reporting Period, the Group recorded selling and distribution expenses of approximately HK\$4.9 million, representing an increase of approximately 99.8%, as compared with those in the 2024 1H. The increase in the selling and distribution expenses was mainly contributed by the expansion on the marketing campaign for the existing trading business in Asian markets and international business development, in particular in Southeast Asian Nations (the "ASEAN") with respect to marketing and sales of products, product registration, development the trading network in the ASEAN.

GENERAL AND ADMINISTRATIVE EXPENSES

For the Reporting Period, the Group's general and administrative expenses amounted to approximately HK\$12.7 million (the 2024 1H: approximately HK\$16.0 million), representing a decrease of approximately 20.6%. The decrease was mainly due to tight cost control and a decrease in the professional fees incurred for operating matters during the Reporting Period.

FINANCE COSTS

For the Reporting Period and the 2024 1H, finance costs of approximately HK\$0.2 million and approximately HK\$1.6 million were incurred, respectively, representing a substantial decrease of approximately 88.4%, as compared between that in the Reporting Period and the 2024 1H. The decrease in finance costs was primarily because effective interest expenses of approximately HK\$1.2 million for the convertible bond was recorded in the 2024 1H whereas no effective interest expenses for the convertible bond was incurred in the Reporting Period after maturity of the convertible bonds on 30 October 2024.

INCOME TAX EXPENSES

For the Reporting Period, the Company incurred income tax expenses of approximately HK\$1.8 million (the 2024 1H: approximately HK\$2.6 million). The decrease in income tax expenses was primarily attributable to the tax credit arising from the recognition of deferred tax assets of approximately HK\$1.2 million during the Reporting Period (the 2024 1H: nil).

EARNINGS PER SHARE

For the Reporting Period, the basic earnings per shares amounted to approximately 0.034 HK cents (the 2024 1H: 0.02 HK cents) and diluted earnings per share amounted to approximately 0.027 HK cents (the 2024 1H: 0.02 HK cents). The increase in the basic and diluted earnings per share was mainly attributable to the rise in the net profits, mainly resulted from the recognition of deferred tax assets of approximately HK\$1.2 million, during the Reporting Period.

FINANCIAL POSITION

The shareholders' equity substantially increased from approximately HK\$259.9 million as at 31 December 2024 to approximately HK\$355.1 million as at 30 June 2025, which was mainly resulting from the issue of new shares in the placing of new shares under general mandate granted to the Directors by a resolution of the shareholders of the Company passed on 16 May 2024 during the Reporting Period. Total assets increased by approximately 25.1% from approximately HK\$368.0 million as at 31 December 2024 to approximately HK\$460.5 million as at 30 June 2025 as a result of the net consideration from the issue of new shares in May 2025.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group's cash and cash equivalents amounted to approximately HK\$296.1 million (31 December 2024: approximately HK\$212.5 million). As at 30 June 2025, the Group did not have any bank borrowings (31 December 2024: bank borrowings of approximately HK\$2.2 million denominated in Renminbi which were at fixed rate and short-term loans with 1-year maturity). The gearing ratio of the Group is 0% as at 30 June 2025 (31 December 2024: approximately 0.8%), which was calculated by the total interest-bearing borrowings divided by the net assets of the Group.

DIVIDEND

The Board did not propose an interim dividend for the Reporting Period (the 2024 1H: nil).

SHARE CAPITAL AND FUND-RAISING ACTIVITIES

As at 30 June 2025, the total number of issued ordinary shares (the "Shares") of the Company was 7,599,914,160 Shares (31 December 2024: 6,799,914,160 Shares).

In October 2020, the Company issued a convertible bond to Yunnan Baiyao Group with a principal of HK\$500 million and a net proceeds of approximately HK\$498 million, equivalent to a net price of approximately HK\$0.257 (the "Subscription") in order to provide financial resources for exploring opportunities to diversify the businesses. A total of 1,937,984,496 ordinary shares of nominal value of HK\$0.01 per share (total nominal value: approximately HK\$19,379,845) could be converted and issued at conversion price of HK\$0.258 per share upon maturity. The closing price per share on the date of subscription agreement (being 14 October 2019) was HK\$0.260. Please refer to the circular of the Company dated 11 September 2020 and 12 January 2023 for further details. As at 30 June 2025, the net proceeds of approximately HK\$439 million from the Subscription had been used from the date of Subscription in accordance with its intended use as stated in the circulars of the Company dated 11 September 2020 and 12 January 2023 and the announcement of the Company dated 14 March 2025 (for further details in relation to the use of the net proceeds, please refer to the breakdown set out in the table below) and the unused net proceeds from the Subscription was approximately HK\$59 million.

The convertible bond had matured on 30 October 2024. Please refer to the announcement of the Company dated 29 October 2024 for further details.

In June 2022, the Company placed 351,762,000 ordinary shares of nominal value of HK\$0.01 per share (Aggregate nominal value: approximately HK\$3,517,620) with a gross proceeds of approximately HK\$100 million (the net proceeds of approximately HK\$100 million) (the “2022 Placing”) to Sunwah Great Wall Group Limited at subscription price of HK\$0.285 per share (with a net price of approximately HK\$0.284 per share) in order to supplement the Group’s long-term funding of its expansion plan and growth strategies and broaden the shareholder base. The closing price per share on the date of the 2022 Placing agreement (being 14 April 2022) was HK\$0.244. As at 30 June 2025, the net proceeds of approximately HK\$72 million from the 2022 Placing had been used from the date of the 2022 Placing in accordance with its intended use as stated in the announcements of the Company dated 14 April 2022, 16 May 2022 and 14 March 2025 and the unused net proceeds from the 2022 Placing was approximately HK\$28 million.

In May 2025, the Company placed 800,000,000 ordinary shares of nominal value of HK\$0.01 per share (Aggregate nominal value: HK\$8,000,000) with a gross proceeds of approximately HK\$93 million (the net proceeds of approximately HK\$92 million) (the “2025 Placing”) to not less than six independent third parties at subscription price of HK\$0.1161 per share (with a net price of approximately HK\$0.1149 per share) in order to further enlarge the Shareholders’ equity base of the Company, optimise the capital structure of the Company and support the healthy and sustainable development of the Company. The closing price per share on the date of the 2025 Placing agreement (being 2 May 2025) was HK\$0.145. As at 30 June 2025, no net proceeds from the 2025 Placing had been used, and the unused net proceeds from the 2025 Placing was approximately HK\$92 million.

The following table summarises the details of (i) application of the net proceeds from the Subscription, and the 2022 Placing and (ii) the change in use of proceeds and the resulting new allocation for the unutilised amount of the net proceeds of the Subscription and the 2022 Placing on 14 March 2025.

	Unused balances from the net proceeds as at 31 December 2024	Change in use of the net proceeds on 14 March 2025 <i>(Note 1)</i>	Actual use of the net proceeds during the six months period from 1 January 2025 to 30 June 2025	Unused balances from the net proceeds as at 30 June 2025 <i>(Note 4)</i>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>

Subscription

Purchase of CBD isolate inventory for trading purpose	5	(5)	–	–
Marketing expenses for the existing trading business in Asian markets	–	5	(3)	2
Setting up of hemp cultivation and extraction and trading business	70	(70)	–	–
Expansion on existing trading business in raw materials	–	70	(30)	40
Expansion of CBD-related target business	27	(27)	–	–
Expansion on existing trading business in e-commerce	–	27	(10)	17
	<u>102</u>	<u>–</u>	<u>(43)</u>	<u>59</u>
Total	102	–	(43)	59

2022 Placing

Expansion of CBD-based cosmetics products and industrial cannabis trading business with ASEAN	40	(40)	–	–
Expansion on existing trading business in raw materials	–	40	(20)	20
Research and development of Chinese herbal medicine in the PRC and development the trading network in Thailand, Indonesia, Singapore, Korea and Malaysia, etc	10	–	(2)	8
	<u>50</u>	<u>–</u>	<u>(22)</u>	<u>28</u>
Total	50	–	(22)	28

The following table summarises the details of the issue of new shares under the 2025 Placing on 22 May 2025 and the application of the net proceeds from the 2025 Placing.

	Amount of the net proceeds raised on 22 May 2025 (Note 2) HK\$ million	Actual use of the net proceeds during the six months period from 1 January 2025 to 30 June 2025 HK\$ million	Unused balances from the net proceeds as at 30 June 2025 HK\$ million
2025 Placing			
Registration, development, OEM/ODM, etc., of products in ASEAN markets (Note 3)	15	–	15
Marketing, promotion, and trading network development in ASEAN markets (Note 3)	15	–	15
Marketing and sales of products in ASEAN markets (Note 4)	25	–	25
General working capital and for future investment/ expansion of the Group (Note 3)	37	–	37
Total	92	–	92

Note 1

On 14 March 2025, in view of the change in government policies on CBD products in Hong Kong and the overall market environment of the Group, the Board of the Company has resolved to reallocate all unused proceeds from CBD-related business to existing trading business of the Group. Please refer to the announcement of the Company dated 14 March 2025 for further details.

Note 2

In May 2025, the Company placed 800,000,000 ordinary shares to not less than six independent shareholders with the net proceeds of approximately HK\$92 million. For further details, please refer to the announcements of the Company dated 2 May 2025, 5 May 2025, 15 May 2025 and 22 May 2025.

Note 3

The Company intended to fully utilise the net proceeds by 31 December 2025.

Note 4

The Company intended to fully utilise the net proceeds by 31 December 2026.

FUNDING AND TREASURY POLICY

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of its customers in order to reduce the Group's exposure of credit risk. In addition to these ongoing credit evaluations, 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.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent events after 30 June 2025 and up to the date of this report.

PLEDGE OF ASSETS

As at 30 June 2025, no assets of the Group were pledged to secure general banking facilities granted to the Group (31 December 2024: nil).

CAPITAL COMMITMENTS

As at 30 June 2025, the Group had no material capital commitments (31 December 2024: nil).

CONTINGENT LIABILITIES

As at 30 June 2025, the Group had no material contingent liabilities (31 December 2024: nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, US dollars, Euro or Renminbi, and most of the Group's cash and bank balances are deposited in Hong Kong dollars, US dollars, Euro or Renminbi with licensed banks in Hong Kong and the PRC. Certain portion of the Group's sales, purchases and expenses were denominated in foreign currencies which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered not significant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and may consider hedging significant foreign exchange exposure if and when necessary.

COMMODITY PRICE RISK

The prices of commodity products are influenced by international and domestic market prices and changes in global supply and demand for such commodities. Both the international and domestic market prices of commodities as well as the volatility of their supply and demand are beyond the control of the Company. Therefore, the volatility of commodity prices may affect the revenue and comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts and prices arrangements to hedge the risk of volatility of commodity prices.

EMPLOYEE REMUNERATION POLICY

As at 30 June 2025, the Group had 35 employees (31 December 2024: 35 employees). For the Reporting Period, the total salaries, commissions, incentives and all other staff related costs amounted to approximately HK\$8.6 million (the 2024 1H: approximately HK\$7.0 million). Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included defined contribution mandatory provident funds in accordance with local laws and regulations and medical insurance.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

For the Reporting Period, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2025. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Listing Rules as and when appropriate.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, save as otherwise disclosed in section headed Share Capital and Fund Raising Activities under Management Discussion and Analysis to this report, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities and the Company has not redeemed any of its securities.

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

As at 30 June 2025, none of the Directors or chief executives of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which Directors have taken or deemed to have under such provisions of SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the following persons and entities (other than a Director or chief executives of the Company) had an interest or short position in the shares and underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Names of Shareholders	Capacity	Number of Shares held (long position)	Percentage of the total number of issued Shares
Yunnan Baiyao Group	Beneficial owner	1,908,025,360 (Note 2)	25.11%
雲南白藥集團(海南)有限公司	Interest in a controlled corporation	3,101,911,000 (Note 2)	40.81%
Yunbaiyao Hong Kong Co., Limited	Beneficial owner	3,101,911,000 (Note 2)	40.81%
Shanghai International Trust Corp., Ltd. ("Shanghai Trust")	Trustee	1,937,984,496 (Note 1)	25.50%

Notes:

1. The Company entered into a subscription agreement with Yunnan Baiyao Group on 14 October 2019 (the "Subscription Agreement"). Pursuant to the Subscription Agreement and the supplemental subscription agreements (collectively, the "Subscription Agreements"), the Company has conditionally agreed to issue, and Yunnan Baiyao Group has conditionally agreed to subscribe for, through its trustee, Shanghai Trust, the Convertible Bond (the "Subscription"). The completion of the Subscription took place on 30 October 2020 in accordance with the terms and conditions of the Subscription Agreements. The principal amount of the Convertible Bond was HK\$500 million with coupon rate of 3% per annum for 2 years. Under the Subscription, the Convertible Bond has been issued to Shanghai Trust, which subscribes and holds the Convertible Bond on behalf of and as a trustee of Yunnan Baiyao Group. Yunnan Baiyao Group remains as the beneficial owner of the Convertible Bond.

Based on the initial conversion price of HK\$0.258 per conversion share and assuming there is no other change in the issued share capital of the Company between the date of this report and the date of the full conversion of the Convertible Bond, 1,937,984,496 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bond, representing approximately 25.50% of the existing issued share capital of the Company. As at the date of this report, there has not been any exercise of any of the Convertible Bond.

For further details of the Subscription, please refer to the announcements of the Company dated 14 October 2019, 4 November 2019, 18 November 2019, 2 December 2019, 16 December 2019, 31 December 2019, 31 January 2020, 14 February 2020, 28 February 2020, 31 March 2020, 3 May 2020, 31 July 2020, 31 August 2020, 10 September 2020, 29 October 2020 and the circular of the Company dated 11 September 2020, respectively.

2. On 9 September 2021, New Huadu HK acquired 56,000,000 Shares (namely the Acquisition Shares, which comprise approximately 0.87% of the Shares in issue as at the date of the joint announcement) for a consideration of HK\$0.285 per Share on the secondary market. New Huadu HK is wholly-owned by New Huadu Industrial, which is held as to approximately 93.69% by Mr. Chen Fashu, through his shareholding in Xiamen New Huadu and through such shareholding held by him in his own capacity. Together with parties acting in concert with him, Mr. Chen Fashu holds approximately 25.04% of YNBY Group Co.. Yunbaiyao Hong Kong Co., Limited (the "Offeror") is a direct wholly-owned subsidiary of "雲南白藥集團(海南)有限公司" and an indirect wholly-owned subsidiary of YNBY Group Co.. Accordingly, the Offeror, Mr. Chen Fashu, New Huadu HK, Xiamen New Huadu, New Huadu Industrial and YNBY Group Co. are presumed to be parties acting in concert under the Takeovers Code. The Offeror and parties acting in concert with it were interested in 1,908,025,360 Shares, representing approximately 29.59% of the entire issued share capital of the Company. As a result of the Acquisition, the Offeror and parties acting in concert with it, became collectively interested in 1,964,025,360 Shares, representing approximately 30.46% of the total issued Shares immediately after the Acquisition and as at the date of the joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, a mandatory conditional general offer in cash for all the issued Shares held by the Independent Shareholders is required to be made.

On 18 January 2022, the Offeror had received valid acceptances in respect of 3,101,911,000 Offer Shares under the Offer as at the date of such announcement. Taking into account the Acceptance Shares and Shares already owned by the Offeror and parties acting in concert with it, the Offeror and the parties acting in concert with it are interested in an aggregate of 5,065,936,360 Shares as at the date of such announcement.

Please refer to the announcements dated 11 November 2021, 15 December 2021, 4 January 2022 and 18 January 2022.

Save as disclosed above, as at 30 June 2025, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Group had in the Reporting Period complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Listing Rules, except for the following deviation:

Code Provision C.1.5

Code Provision C.1.5 stipulates that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Mr. Qian Yinghui and Mr. Huang Bin, the non-executive Directors, were unable to attend the annual general meeting of the Company held on 16 May 2025 due to other important business engagement.

Code Provision F.1.3

Code Provision F.1.3 stipulates that the chairman of the board should attend the annual general meeting of the Company.

Mr. Dong Ming, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 16 May 2025 due to other important business engagement. Mr. Tang Ming, an executive director, was appointed to preside over such annual general meeting at which he answered questions raised by the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the full set of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “Model Code”) as the code of conduct regarding securities transactions by the Directors. The prohibitions on securities dealing and disclosure requirements in the Model Code also apply to the Group’s senior management and persons who are privy to price sensitive information of the Group. All Directors confirmed to the Company that they have complied with the Model Code during the Reporting Period and up to the date of publication of this report.

BOARD DIVERSITY POLICY

With an aim to achieve diversity on the Board, the Board has approved and adopted a Board Diversity Policy (the “Policy”) and revision to the terms of reference of the nomination committee of the Company (the “Nomination Committee”) to ensure the appropriate implementation of the Policy. The Policy was made with a view to achieve a sustainable and balanced development of the Company, through the invitation and selection of different talents to join the Board having due regard to the importance of Board diversity.

The Company is committed to establishing procedures of candidates’ selection based on a range of diversity perspectives including gender, age, cultural background, ethnicity, educational background, professional experience, skills and knowledge.

NOMINATION COMMITTEE

The Nomination Committee was established with specific terms of reference, whose purposes include the reviewing of the Board composition, advising the Board on the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. The Company has adopted a nomination policy for Directors, details of which have been disclosed in the annual report of the Company for the year ended 31 December 2024.

During the Reporting Period, the Nomination Committee consisted of the following members:

Independent Non-executive Directors

Dr. Cecilia Wai Bing Pang

Dr. Cheung Hoi Yu

Mr. Wong Hin Wing (*re-elected on 16 May 2025*)

Executive Director

Mr. Dong Ming (*Chairman*)

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) was established by the Board with specific terms of reference, whose purposes include the reviewing of the remuneration of Directors and the remuneration policies of the Group.

During the Reporting Period, the Remuneration Committee consisted of the following members:

Independent Non-executive Directors

Dr. Cheung Hoi Yu (*Chairman*)

Dr. Cecilia Wai Bing Pang

Mr. Wong Hin Wing (*re-elected on 16 May 2025*)

Executive Director

Mr. Tang Ming

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the “Audit Committee”) was established by the Board with specific terms of reference, whose purposes include the reviewing of the accounting principles and practices adopted by the Group and discussing auditing, internal control, risk management and financial reporting matters. The Audit Committee currently comprises Mr. He Tao (a non-executive director) and three independent non-executive directors, namely, Mr. Wong Hin Wing, Dr. Cheung Hoi Yu and Dr. Cecilia Wai Bing Pang. The interim results of the Company for the Reporting Period have not been audited by the Company’s independent auditors. The Audit Committee has reviewed the unaudited condensed interim financial statements of the Group for the Reporting Period and is of the view that such financial information have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the Audit Committee.

Independent Non-executive Directors

Mr. Wong Hin Wing (*Chairman*) (*re-elected on 16 May 2025*)

Dr. Cheung Hoi Yu

Dr. Cecilia Wai Bing Pang

Non-executive Director

Mr. Qian Yinghui (*retired on 16 May 2025*)

Mr. He Tao (*appointed on 16 May 2025*)

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Directors for the Reporting Period and up to the date hereof is set out below:

- (1) With effect from 16 May 2025,
 - (i) Mr. Liu Zhouyang, executive Director, has retired from office by rotation;
 - (ii) Mr. Qian Yinghui, non-executive Director, has retired from office by rotation;
 - (iii) Mr. Liu Huaiyu, has been appointed as an executive Director of the Board;
 - (iv) Mr. He Tao, has been appointed as a non-executive Director of the Board and a member of the Audit Committee.
- (2) Mr. Liu Huaiyu has ceased to be the independent non-executive director, chairman of the audit committee and the remuneration committee, and member of the nomination committee and the legal compliance committee of Kafelaku Coffee Holding Limited (a company listed on the Hong Kong Stock Exchange with stock code: 01869) with effect from 20 May 2025.
- (3) Mr. Wong Hin Wing has been redesignated from an independent non-executive Director to a non-executive Director of C CHENG HOLDINGS LIMITED (a company listed on the Hong Kong Stock Exchange with stock code: 01486), with effect from 29 July 2025.

By Order of the Board

YNBY International Limited

Tang Ming

Executive Director & Chief Executive Officer

Hong Kong, 15 August 2025