



中國長遠控股有限公司 China Fortune Holdings Limited

(Incorporated in Bermuda with limited liability,
carrying on business in Hong Kong as CFH Limited)

Stock Code : 0110

INTERIM REPORT 2025



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CORPORATE INFORMATION

Board of Directors

Chairman and Executive Director

Mr. Lau Siu Ying

Executive Directors

Ms. Lau Zi Yin, Michelle

Mr. Li Jianwu

Independent Non-executive Directors

Dr. Law Chun Kwan

Dr. Lo Wai Shun

Mr. Leung Wai Hung

Company Secretary

Mr. So Chi Kai

Audit Committee

Mr. Leung Wai Hung (*Committee Chairman*)

Dr. Law Chun Kwan

Dr. Lo Wai Shun

Remuneration Committee

Mr. Leung Wai Hung (*Committee Chairman*)

Mr. Lau Siu Ying

Dr. Law Chun Kwan

Dr. Lo Wai Shun

Nomination Committee

Mr. Lau Siu Ying (*Committee Chairman*)

Ms. Lau Zi Yin, Michelle

Dr. Law Chun Kwan

Dr. Lo Wai Shun

Mr. Leung Wai Hung

Registered Office

Clarendon House, 2 Church Street

Hamilton HM11, Bermuda

Hong Kong Head Office

Room 1505-06, Tower A, Regent Centre

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887 Huai Hai Zhong Road

Huangpu District

Shanghai, PRC

Shanghai Office

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2 Tai Zhong Nan Lu

Waigaoqiao Free Trade Zone

Shanghai, PRC

Principal Share Registrar and Transfer Office

Codan Services Limited

Clarendon House, 2 Church Street

Hamilton HM11, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Auditor

SFAI (HK) CPA Limited

Registered Public Interest Entity Auditor

Legal Advisors

As to Hong Kong law:

Franki Ho & Associates

As to Bermuda law:

Conyers Dill & Pearman

Compliance Advisor

Rainbow Capital (HK) Limited

Office No. 710, 7/F, Wing On House

71 Des Voeux Road Central

Hong Kong

Principal Bankers

China Construction Bank

China Merchants Bank

ICBC (Asia)

Hang Seng Bank

Corporate Websites

www.fortunetele.com

www.chinafortune.com

Stock Code

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REVIEW AND OUTLOOK

REVIEW AND OUTLOOK

Revenue

For the six months ended 30 June 2025, the Group recorded total revenue of HK\$40.5 million, which was approximately HK\$6.0 million or 17.4% higher than the revenue of HK\$34.5 million reported for the six months ended 30 June 2024. The increase in Group's revenue was solely due to the increase in revenue from mobile phones and electronic products trading business in PRC and Hong Kong. The Group's revenue was derived from mobile phones and electronic products trading business in PRC and Hong Kong in both reporting periods.

During the six months ended 30 June 2025, revenue from mobile phones and electronic products trading business was HK\$40.5 million, contribution from Hong Kong and PRC was HK\$30.1 million and HK\$10.4 million respectively, representing 74.3% and 25.7% of the total revenue of the Group.

For the six months ended 30 June 2024, revenue from mobile phones and electronic products trading business was HK\$34.5 million, contribution from Hong Kong and PRC was HK\$33.4 million and HK\$1.1 million respectively, representing 96.8% and 3.2% of the total revenue of the Group.

The increase in revenue for the six months ended 30 June 2025 can be attributed to a modest recovery in the market, despite the ongoing global economic slowdown that previously affected wholesale and retail sales of mobile phones and electronic products in the PRC and Hong Kong. While the Group's sales still faced challenges as Chinese consumers continued to be cautious with their spending, there were signs of stabilization in the retail market for mobile phones and electronic products in the PRC.

Compared with 2024, the Group's revenue contribution from the PRC increased from 3.2% to 25.7%, Hong Kong decreased from 96.8% to 74.3%. The main reason is that the Group adopted the supply chain diversification strategies to expand its trade and distribution networks across more various geographical locations and commenced to trade and distribute the routers products in the PRC since second half of 2024.

Gross profit and gross profit margin

The Group's gross profit and gross profit margin were HK\$1.1 million or 2.7% and HK\$95 thousand or 0.3% for the six months ended 30 June 2025 and 2024, respectively. The increase in gross profit and gross profit margin was mainly contributed by the Group's trading and distribution of routers and related electronic products in the PRC which commenced in the second half of 2024.

REVIEW AND OUTLOOK

Other income

Other income was approximately HK\$0.5 million for the six months ended 30 June 2025, as compared to approximately HK\$0.1 million for the six months ended 30 June 2024. The Group's other income mainly consisted of information technology system integration service fees for the both reporting periods.

Other gains and losses, net

We had net other gains of HK\$35 thousand for the six months ended 30 June 2025 and net other losses of HK\$0.3 million for the six months ended 30 June 2024. For the six months ended 30 June 2025, the net other gains mainly consisted of (i) gain on written off of other payables of HK\$35 thousand (2024: Nil); (ii) exchange gain of HK\$9 thousand (2024: HK\$39 thousand); and (iii) fair value loss on financial assets at fair value through profit or loss of HK\$24 thousand (2024: fair value loss of HK\$0.3 million).

Selling and distribution costs

Selling and distribution costs were approximately HK\$20 thousand for the six months ended 30 June 2025, as compared to HK\$13 thousand for the six months ended 30 June 2024. The Group's selling and distribution costs primarily comprised logistics and transportation, rental expenses and travelling expenses.

Administrative expenses

The Group's administrative expenses decreased by HK\$0.7 million or 8.0% from approximately HK\$8.7 million for the six months ended 30 June 2024 to approximately HK\$8.0 million for the six months ended 30 June 2025. The Group's administrative expenses mainly included salaries and allowances, rental expenses, legal and professional fees and travelling expenses.

The decrease of administrative expenses of HK\$0.7 million was principally attributable to the decrease in salaries and allowances and legal and professional fee due to strict expenses policy implemented.

REVIEW AND OUTLOOK

Finance costs

During the six months ended 30 June 2025 and 2024, finance costs were amounted to approximately HK\$1.0 million and HK\$49 thousand, respectively. The Group's finance costs mainly consisted of the interest on lease liabilities and interest on short-term borrowings. The increase of financial costs was primarily attributable to the interest on short-term borrowings during the six months ended 30 June 2025 ("the Reporting Period").

Income tax expense

The Group's income tax expense amounted to HK\$67 thousand for the six months ended 30 June 2025 (2024: Nil).

Loss for the period attributable to owners of the Company

As a result of the factors set out above, loss attributable to the owners of the Company amounted to HK\$6.6 million for the six months ended 30 June 2025, as compared to HK\$6.8 million in previous corresponding period.

Loss per share

The basic loss per share was HK\$2.61 cents for the six months ended 30 June 2025, as compared to the basic loss per share of HK\$3.13 cents in previous corresponding period.

Financial assets at fair value through profit or loss

As at 30 June 2025 and 31 December 2024, the Group held (i) an unlisted equity investment (30 June 2025: HK\$0.1 million; 31 December 2024: HK\$0.1 million); and (ii) listed equity investments in the PRC (30 June 2025: HK\$0.5 million; 31 December 2024: HK\$0.5 million) engaged in different business.

As at 30 June 2025, unlisted equity investment represented an investment of 4.8% in an entity which focuses on artificial intelligence base data service provider in the PRC.

As at 30 June 2025, listed equity investments in the PRC mainly represented the Group's listed equity investments in the ordinary shares of entities listed on Shanghai/Shenzhen Stock Exchange.

REVIEW AND OUTLOOK

Inventories

As at 30 June 2025, HK\$3.3 million of inventories were recognised, while HK\$0.6 million of inventories were recognised as at 31 December 2024. The increase in inventories was primarily due to the mobile phones and electronic products not yet delivered and recognised as inventories during the six months ended 30 June 2025.

Trade and other receivables

Trade and other receivables of the Group decreased by HK\$3.2 million, from approximately HK\$50.8 million as at 31 December 2024 to approximately HK\$47.6 million as at 30 June 2025. The decrease was primarily due to a decrease in trade receivables of HK\$1.7 million as at 30 June 2025, which can be attributed to the customers' subsequent settlements of trade receivables as at 31 December 2024.

Cash and cash equivalents

The total cash and cash equivalents amounted to approximately HK\$7.9 million as at 30 June 2025 as compared to approximately HK\$7.2 million as at 31 December 2024, without any deposit pledged to banks. The increase of cash and cash equivalents was mainly attributable to the subscriptions of new shares under general mandate of approximately HK\$4.1 million which have been completed in January 2025. The Group is financed by a combination of its equity capital and cash flow generated from its operation.

The Group has adopted a prudent financial management approach towards its financial and treasury policies. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Group may utilise the balance of cash for appropriate investment in accordance with the Group's strategic direction and development.

During the period, there was no material change in the funding and treasury policy of the Group. The Group considers there is no material potential currency exposure as the majority of its revenue and expenses are derived and incurred in Hong Kong dollars in Hong Kong and Renminbi in PRC. It is the treasury policy of the Group to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group currently does not have a foreign currency hedging policy.

REVIEW AND OUTLOOK

Trade and other payables

The trade and other payables of the Group increased by approximately HK\$9.5 million from approximately HK\$50.5 million as at 31 December 2024 to approximately HK\$60.0 million as at 30 June 2025.

The increase in trade and other payables was mainly due to the increase in trade payables of HK\$8.3 million as at 30 June 2025 (30 June 2025: HK\$41.1 million; 31 December 2024: HK\$32.8 million), mainly due to delayed payments to suppliers.

Balances also consisted of value-added-tax payables (30 June 2025: HK\$0.1 million; 31 December 2024: HK\$0.2 million), prepayment from customers (30 June 2025: HK\$3.3 million; 31 December 2024: HK\$0.9 million), other payables and accruals (30 June 2025: HK\$14.4 million; 31 December 2024: HK\$15.4 million) and amount due to an associate (30 June 2025: HK\$1.1 million; 31 December 2024: HK\$1.1 million).

Other payables and accruals mainly consisted of accruals for directors' emoluments, staff costs, auditor's remuneration, legal and professional fees and rental payable. The decrease in other payables and accruals was mainly due to the settlement of various operational expenses and payables during the current period since the commencement of trading and distribution of routers and electronic products in the PRC in 2024.

Short-term borrowings

As at 30 June 2025, the Group had outstanding short-term borrowings of approximately HK\$15.5 million (31 December 2024: HK\$10.5 million). They were all unsecured, bearing fixed interest rates ranging from 3.84% to 18.00% per annum.

Liquidity and gearing ratio

The net liabilities of the Group attributable to owners of the Company as at 30 June 2025 amounted to HK\$13.5 million as compared of that of HK\$11.7 million as at 31 December 2024. As at 30 June 2025, the Group had net current liabilities of approximately HK\$18.9 million as compared to that of HK\$15.5 million as at 31 December 2024.

As at 30 June 2025, the Group had a current ratio of 0.76 time (31 December 2024: 0.79 time). The Group's gearing ratios (defined as total short-term borrowings and lease liabilities divided by total equity) as at 30 June 2025 and as at 31 December 2024 were (94.8%) and (78.9%), respectively.

REVIEW AND OUTLOOK

Capital commitments

As at 30 June 2025, the Group did not have any capital expenditure contracted for but not provided in the unaudited consolidated financial statements in respect of leasehold improvements (31 December 2024: Nil).

Contingent liabilities

As at 30 June 2025, the Group did not have any contingent liabilities or guarantees (31 December 2024: Nil).

Material acquisitions and disposals of subsidiaries or associates

During the six months ended 30 June 2025, the Group did not have material acquisitions and disposals of subsidiaries or associates.

Employees and remuneration policies

As at 30 June 2025, the Group has in total 32 employees as compared to 31 employees as at 31 December 2024. All employees were remunerated according to the nature of their job duties and market trend. The Group provided staff welfare and fund contribution to its employees in accordance with the prevailing regulations in the PRC and Hong Kong.

During the period, there was no change in the remuneration policy, bonus scheme and share option scheme. The Group has a share option scheme which was expired on 28 May 2024 under which the Company may grant share options to the participants, including directors and employees, to subscribe for shares of the Company.

Significant investments held by the group

The Group did not have any significant investment as at 30 June 2025.

Future plans for material investments and acquisition of capital assets

As at 30 June 2025, the Group did not have any plans for material investments or capital assets.

Subscriptions of new shares under general mandate

On 8 January 2025, the Company entered into subscription agreements with two independent third parties (the "2025 Subscribers"), pursuant to which the 2025 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 16,000,000 shares at the subscription price of HK\$0.26 each for a cash consideration of approximately HK\$4.16 million ("the 2025 Subscriptions"). The 2025 Subscribers were Mr. Lei Yongjia (雷勇佳) and Ms. Cheung Ha (張霞).

REVIEW AND OUTLOOK

On 22 January 2025, the 2025 Subscriptions have been completed. The net proceeds (after deduction of all relevant expenses) from the 2025 Subscriptions of approximately HK\$4.12 million will be applied as general working capital of the Group. Further details were set out in the Company's announcements dated 8 January 2025 and 22 January 2025.

Charge of assets

As at 30 June 2025, the Group had no charge on assets (31 December 2024: Nil).

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: Nil).

OPERATIONAL REVIEW

Market Overview

According to statistics from the Ministry of Industry and Information Technology of the People's Republic of China ("MIIT"), there are approximately 1.8 billion subscribers to mobile phone services in the PRC. While competition among major mobile phone manufacturers remains intense, they are attempting to streamline the distribution process by supplying directly to provincial distributors and leading retailers in order to enhance their profitability. Consequently, these distributors are adopting multi-channel distribution models that include "national distribution", "provincial distribution", "direct to retail", and "direct to operator".

Mobile carriers play a crucial role in the mobile phone industry ecosystem. Recent restructuring and the introduction of 5G licenses have intensified competition among carriers. By collaborating with retailers, especially large telecommunications chain stores, mobile carriers can leverage deep insights into customer behaviors and spending patterns. This partnership enables more professional, convenient, and integrated customer services. Consequently, large mobile telecommunications chain stores are anticipated to become the primary sales channel for bundled mobile phone offerings.

While mobile phone market in the PRC has reached saturation, the 5G economy continues to experience substantial growth. With the nationwide 5G commercialisation and telecom operators rolling out comprehensive data plans, the PRC has accelerated its 5G infrastructure development. By the end of 2024, telecom operators are projected to have deployed approximately 4.2 million 5G base stations. Over 950 million mobile phone users are expected to adopt 5G services, representing more than 65% of mobile users and accounting for nearly 70% of global 5G base stations.

REVIEW AND OUTLOOK

Looking ahead, the PRC plans to install approximately 700,000 additional 5G base stations in 2025 to further enhance its next-generation mobile network. At the same time, the country is actively preparing for research and development in 6G wireless technology, aiming to sustain its technological leadership in mobile communications.

6G is the next mobile network technology that will follow 5G, which is still being implemented in many countries. The PRC, with the largest internet user base and smartphone market, has already established extensive 5G infrastructure. By the end of 2025, the PRC aims to have 26 5G base stations for every 10,000 people. Given the estimated national population, this means the country plans to have approximately 3.7 million 5G base stations by that time.

In 2025, the mobile phone market in the PRC experienced a decline, driven by international trade tensions, economic instability, and a reduction in consumer spending. Despite these challenges, the ongoing advancements in 5G and 6G network technologies present a promising opportunity to counterbalance these headwinds, with a gradual market recovery anticipated in the coming years. We are encouraged by the progress made in restructuring our network and business strategies. These efforts are focused on strengthening our financial performance through strategic initiatives and operational enhancements, positioning us for sustained growth and resilience in a dynamic market landscape.

Business Review

Mobile Phones and Electronic Products Business

The trading and distribution of mobile phones and electronic products remained the Group's primary business in current period, solely contributing to our overall revenue. In 2024, the Group secured the master distributorship for the "PHILIPS" brand in the PRC, Hong Kong, and Macau for routers and related electronic products. We anticipate that this business will experience steady growth in the coming years and will continue to be a core part of the Group's business moving forward.

In 2024, we signed a master distribution agreement with TPV Audio and Visual Technology (Shenzhen) Co., Ltd. This agreement allows us as a distributor to distribute "PHILIPS" brand routers and related electronic products across the PRC, Hong Kong, and Macau for five years. The Group is committed to maintaining our core business operations while actively seeking new business and investment opportunities. This strategy aiming to expand and diversify the Group's portfolio, ultimately enhancing income sources and ensuring sustainable growth for the benefit of the shareholders.

REVIEW AND OUTLOOK

The Group plans to expand its business by distributing “PHILIPS” brand electronic products in key markets, capitalising on the growing demand for internet services in the PRC, where fixed broadband users have reached 654 million households as of June 2025. The edge cloud router, an advanced AI-driven device, offers features like content distribution and cloud storage, promoting technological innovation. The Group is focused on providing high-efficiency network services through a user-centered platform, aiming to optimise resources and drive value creation, positioning itself as a leader in AI edge cloud computing technology.

We anticipate a gross margin of around 10% for the “PHILIPS” router trading and distribution business, which is still in its initial development stage. We also expect future sales increase as order volumes rise and productivity improves, which could further enhance the gross margin. During the six months ended 30 June 2025, the Group experienced higher revenue, gross profit, and gross profit margin, largely attributed to the trading of “PHILIPS” routers, indicating strong potential for future growth. The Group is actively involved in the trading, wholesaling, and retailing of mobile phones and electronic products in the PRC and Hong Kong. With the rapid advancement of value-added services driven by the convergence of mobile telecommunications and the internet, we aim to achieve continuous business growth by diversifying our markets, products, and distribution channels.

Mining Business

On 23 December 2024, Richly Giant International Limited (“Richly Giant”), an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party, pursuant to which Richly Giant agreed to sell 100% equity interest of China Yellow Stone Investment Company Limited and its subsidiary (“China Yellow Stone Group”) for a total consideration of HK\$100,000 (the “Disposal”). China Yellow Stone Group is principally engaged in the exploration, exploitation, refining and asset investment of mineral resources business (the “Discontinued Operation”). Subsequent to the Disposal of the Discontinued Operation, the Group ceased its mining business.

The Disposal was completed on 23 December 2024.

REVIEW AND OUTLOOK

Prospects and Outlook

The PRC economy is still showing signs of slowdown due to the ongoing US-China trade war. The Group believes that the consumption and retail sectors will continue to be impacted by this trade conflict, which presents an uncertain outlook for the coming years. While the mobile phone market in the PRC remains strong, its growth is clearly slowing down as a result of the trade pressure from the US, which is hindering economic growth in the PRC.

However, the continued economic growth in the PRC is fuelled by a high internal consumption. As the world's largest mobile handset market, there were approximately 1.8 billion handset subscribers in the PRC which benefit from preferential mobile internet traffic policies. The significant increase in 5G users and internet users implies that there are huge business opportunities in both mobile application and mobile commerce. Since the Group has been in the related mobile phone industry for decades, big data, mobile phone operating system and mobile internet would be surely the key business areas that the Group is interested in.

As the technology for 5G telecommunications has advanced, it is now ready for widespread deployment. Recent developments in the Chinese market, along with our proactive approach to building a strong 5G presence, position us to take advantage of the expanding global economy. We will closely monitor changes and explore opportunities in Hong Kong and ASEAN trading markets.

As 5G technology becomes increasingly prevalent, it will significantly enhance customer experiences. This advancement will facilitate real-time intelligence and support for smart devices and applications. Additionally, the evolving dynamics of the mobile phone market, including challenges faced by wholesalers and retailers, may prompt customers to seek alternatives that could impact our overall performance.

Looking ahead, we will continue to focus on technological advancements and market diversification to strengthen our competitive edge. By aligning our strategies with emerging trends and maintaining operational efficiency, we aim to deliver long-term value to our stakeholders and ensure robust growth in the years to come.

REVIEW AND OUTLOOK

USE OF PROCEEDS

The 2024 Subscriptions

Subscriptions of new shares under general mandate

On 20 March 2024, 14 May 2024 and 22 May 2024, the Company entered into subscription agreements with four subscribers, all being independent third parties (the “2024 Subscribers”), pursuant to which the 2024 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 26,000,000 subscription shares at the subscription price of HK\$0.26 each for a cash consideration of approximately HK\$6.76 million (the “2024 Subscriptions”). The 2024 Subscribers were Mr. Liu Xiaocheng (劉小城), Mr. Su Xing (蘇行), Ms. Yang Ping (楊平) and Mr. Li Guohui (李國輝).

The closing price per Share as quoted on the Stock Exchange on 20 March 2024, being the date of the subscription agreements, was HK\$0.235. The net proceeds from the 2024 Subscriptions, after deduction of relevant costs and expenses, is estimated to be approximately HK\$6.72 million. The net subscription price per subscription share, after deduction of relevant costs and expenses, is estimated to be approximately HK\$0.259 per subscription share. Under the 2024 Subscriptions, the Company issued 26,000,000 ordinary shares with aggregate nominal value of HK\$260,000.

On 3 June 2024, the 2024 Subscriptions have been completed. The net proceeds (after deduction of all relevant expenses) from the 2024 Subscriptions of approximately HK\$6.72 million will be applied as general working capital of the Group. Further details were set out in the Company’s announcements dated 20 March 2024, 14 May 2024, 22 May 2024 and 3 June 2024.

During the six months ended 30 June 2025 and up to the date of this report, there is no change to the intended use of the net proceeds disclosed as above. The net proceeds from the 2024 Subscriptions have been utilised in accordance with the intended use disclosed as above.

The table below sets out the net proceeds and the actual usage up to 30 June 2025:

	Allocation of net proceeds as disclosed in the 2024 Subscriptions HK\$'000	Unutilised amount as at 31 December 2024 HK\$'000	Utilised amount during the six months ended 30 June 2025 HK\$'000	Unutilised amount as at 30 June 2025 HK\$'000
General working capital	6,720	1,262	1,262	–

REVIEW AND OUTLOOK

The 2025 Subscriptions

Subscriptions of new shares under general mandate

On 8 January 2025, the Company entered into subscription agreements with two subscribers, all being independent third parties (the “2025 Subscribers”), pursuant to which the 2025 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 16,000,000 subscription shares at the subscription price of HK\$0.26 each for a cash consideration of approximately HK\$4.16 million (the “2025 Subscriptions”). The 2025 Subscribers were Mr. Lei Yongjia (雷勇佳) and Ms. Cheung Ha (張霞).

The closing price per Share as quoted on the Stock Exchange on 8 January 2025, being the date of the subscription agreements, was HK\$0.18. The net proceeds from the 2025 Subscriptions, after deduction of relevant costs and expenses, is estimated to be approximately HK\$4.12 million. The net subscription price per subscription share, after deduction of relevant costs and expenses, is estimated to be approximately HK\$0.258 per subscription share. Under the 2025 Subscriptions, the Company issued 16,000,000 ordinary shares with aggregate nominal value of HK\$160,000.

On 22 January 2025, the 2025 Subscriptions have been completed. The net proceeds (after deduction of all relevant expenses) from the 2025 Subscriptions of approximately HK\$4.12 million will be applied as general working capital of the Group. Further details were set out in the Company’s announcements dated 8 January 2025 and 22 January 2025.

During the six months ended 30 June 2025 and up to the date of this report, there is no change to the intended use of the net proceeds disclosed as above. The net proceeds from the 2025 Subscriptions have been utilised and will be utilised in accordance with the intended use disclosed as above.

The table below sets out the net proceeds and the actual usage up to 30 June 2025:

	Allocation of net proceeds as disclosed in the 2025 Subscriptions HK\$'000	Utilised amount during the six months ended 30 June 2025 HK\$'000	Unutilised amount as at 30 June 2025 HK\$'000	Expected timeline for using the unutilised proceeds
General working capital	4,120	3,968	152	Before 31 December 2026

OTHER INFORMATION

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

At 30 June 2025, the interests and short positions of the directors, the chief executive and their associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity	Number of	Percentage
		issued ordinary shares held (Note 2)	of the issued share capital of the Company (Note 3)
Mr. Lau Siu Ying	Held by a discretionary trust (Note 1)	37,660,002	14.85%
	Beneficial owner	78,685,479	31.04%
		116,345,481	45.89%
Mr. Li Jianwu	Beneficial owner	10,000,000	3.94%

Notes:

- (1) These shares are held by Future 2000 Limited, a company incorporated in the British Virgin Islands which in turn is held by a discretionary trust, the beneficiaries of which include Mr. Lau Siu Ying, his spouse and his children.
- (2) All interests are long positions.
- (3) The percentage of shareholding is calculated based on the Company's total issued shares of 253,555,888 Shares as at 30 June 2025.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, none of the directors, chief executives nor their associates had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTIONS

The Company adopted a share option scheme on 28 May 2014 which was effective at the same day and has been expired on 28 May 2024 (the “Share Option Scheme”).

The purpose of the Share Option Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group or any invested entity.

The rules of the Share Option Scheme provide that the Company may specify the eligible participants to whom options shall be granted, the number of shares subject to each option and the date on which the options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the Share Option Scheme. Subject to the terms of the Share Option Scheme, the Board may in its absolute discretion when making an offer impose any conditions, restrictions or limitation in relation thereto in addition to those set forth in the Share Option Scheme as it may think fit including continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period when the right to exercise the option partly or fully shall vest provided always that no offer made to such grantee would or might constitute an invitation to the public to subscribe for the shares under any applicable laws, legislations and regulations.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption and up to 28 May 2024.

As at 28 May 2024 and 30 June 2025, there were no outstanding shares in respect of which options had been granted under the Share Option Scheme.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. None of the directors, their spouses or children under the age of 18 had any rights to subscribe for the securities of the Company or had exercised any such rights during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2025, to the best knowledge of the Directors, the following persons (other than the Directors, Supervisors or chief executives of the Company as disclosed above) had interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company maintained under Section 336 of the SFO:

Ordinary shares of HK\$0.01 each of the Company

Name of substantial shareholder	Capacity	Number of issued ordinary shares held (Note 3)	Percentage of the issued share capital of the Company (Note 4)
Mr. Lau Siu Ying	Held by a discretionary trust (Note 1) Beneficial owner	37,660,002	14.85%
		78,685,479	31.04%
		116,345,481	45.89%
Mr. Lee Wai, Timothy	Held by controlled entity (Note 2)	37,660,002	14.85%

Notes:

- These shares are held by Future 2000 Limited, a company incorporated in the British Virgin Islands which in turn is held by a discretionary trust. The beneficiaries of the discretionary trust include Mr. Lau Siu Ying, his spouse and his children.
- Under the SFO, Mr. Lee Wai, Timothy is deemed to have interests in the shares of the Company as he is entitled to exercise more than one-third of the voting power at general meetings of Future 2000 Limited.
- All interests are long positions.
- The percentage of shareholding is calculated based on the Company's total issued shares of 253,555,888 Shares as at 30 June 2025.

OTHER INFORMATION

Save as disclosed above, to the best of knowledge of the Directors, as of 30 June 2025, there was no other person (other than the Directors, the Supervisors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register maintained under Section 336 of the SFO.

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed above, other changes in the information of Director(s) since 31 December 2024 and up to the date of this report required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- Mr. Leung Wai Hung, the independent non-executive director of the Company, has resigned as an independent non-executive director of Wing Lee Development Construction Holdings Limited (Stock code: 9639) with effect from 14 July 2025.

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

During the six months ended 30 June 2025 and up to the date of this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (or sale of treasury shares). As at 30 June 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report and up to the date of this report, there is no material events after the Reporting Period.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2025, with deviations as stated below:

OTHER INFORMATION

Code Provision C.2.1 and B.2.2

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual but Mr. Lau Siu Ying (“Mr. Lau”) currently assumes both roles of the Chairman and the Chief Executive Officer of the Company.

Code Provision B.2.2 states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, Mr. Lau, being the Chairman of the Board, does not need to retire by rotation. Mr. Lau has been in charge of the overall management of the Company since its incorporation.

As a result, although Mr. Lau does not need to retire by rotation and assumes both roles of the Chairman and the Chief Executive Officer of the Company, the Board considers that such arrangement at the current stage of development of the Group can facilitate the execution of its business strategies and maximise the effectiveness of its operations. Nevertheless, through the supervision from the Board including the Independent Non-executive Directors, the interests of the shareholders should be adequately and fairly considered.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

AUDIT COMMITTEE

The Company has formulated written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules. As at the date of this report, the Audit Committee comprises three Independent Non-executive Directors, Mr. Leung Wai Hung (Chairman of the Audit Committee), Dr. Law Chun Kwan and Dr. Lo Wai Shun.

The primary responsibilities of the Audit Committee include reviewing the reporting of financial and other information to the shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the auditors of the Company in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors. The Audit Committee has discussed with the management of the Group and reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and this report.

OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Securities Dealing Code on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules to regulate the Directors and employees' dealings in the Company's securities. Having made specific enquiry to all the Directors, all of them confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the period from 1 January 2025 to the date of this report. No incident of non-compliance of the Securities Dealing Code by the relevant employees was noted by the Company.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Saved as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025

INTERIM RESULTS

The board of directors (the “Board”) of China Fortune Holdings Limited (the “Company”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025, together with the comparative figures set out below. These condensed consolidated interim results have not been audited, but have been reviewed by the audit committee (the “Audit Committee”) of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025

	Notes	Six months ended	
		30/6/2025 HK\$'000 (unaudited)	30/6/2024 HK\$'000 (unaudited)
Revenue	5	40,548	34,506
Cost of sales		(39,474)	(34,411)
Gross profit		1,074	95
Other income		488	142
Other gains and losses, net		35	(273)
Selling and distribution costs		(20)	(13)
Administrative expenses		(7,966)	(8,673)
Finance costs	6	(999)	(49)
Loss before income tax		(7,388)	(8,771)
Income tax expense	7	(67)	–
Loss for the period	8	(7,455)	(8,771)
Loss for the period attributable to:			
Owners of the Company		(6,560)	(6,753)
Non-controlling interests		(895)	(2,018)
		(7,455)	(8,771)
Loss per share			
Basic and diluted	9	(2.61) cents	(3.13) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended	
	30/6/2025	30/6/2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	(7,455)	(8,771)
Other comprehensive income (expenses) that may be subsequently transferred to profit or loss		
Exchange differences arising on translation from functional currency to presentation currency	628	(161)
Total comprehensive expenses for the period	(6,827)	(8,932)
Total comprehensive expenses for the period attributable to:		
Owners of the Company	(5,882)	(7,975)
Non-controlling interests	(945)	(957)
	(6,827)	(8,932)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Notes	30/6/2025 HK\$'000 (unaudited)	31/12/2024 HK\$'000 (audited)
Non-Current Assets			
Plant and equipment		20	26
Right-of-use assets		200	452
Interests in associates		1,403	529
Financial assets at fair value through profit or loss		106	102
Club membership		680	680
		2,409	1,789
Current Assets			
Inventories		3,275	629
Trade and other receivables	10	47,560	50,844
Financial assets at fair value through profit or loss		529	533
Cash and cash equivalents		7,891	7,182
		59,255	59,188
Current Liabilities			
Trade and other payables	11	59,988	50,512
Amounts due to related parties	13	2,516	10,657
Amounts due to a non-controlling shareholder of a subsidiary		28	27
Contract liabilities		–	2,703
Short-term borrowings		15,462	10,469
Lease liabilities		171	365
		78,165	74,733
Net Current Liabilities		(18,910)	(15,545)
Total Assets less Current Liabilities		(16,501)	(13,756)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Notes	30/6/2025 HK\$'000 (unaudited)	31/12/2024 HK\$'000 (audited)
Capital and Reserves			
Share capital	12	2,536	2,376
Reserves		(16,000)	(14,097)
Equity attributable to owners of the Company		(13,464)	(11,721)
Non-controlling interests		(3,072)	(2,135)
		(16,536)	(13,856)
Non-Current Liabilities			
Lease liabilities		35	100
		35	100
Total equity and liabilities		(16,501)	(13,756)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Translation reserve	Statutory funds	Other reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024 (audited)	2,116	470,367	2,481	63,242	30,132	1,667	(541,964)	28,041	(45,723)	(17,682)
Loss for the period	-	-	-	-	-	-	(6,753)	(6,753)	(2,018)	(8,771)
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	(1,222)	-	-	-	(1,222)	1,061	(161)
Total comprehensive expenses for the period	-	-	-	(1,222)	-	-	(6,753)	(7,975)	(957)	(8,932)
Subscription of New Shares	260	6,500	-	-	-	-	-	6,760	-	6,760
Issuance of new shares expenses	-	(36)	-	-	-	-	-	(36)	-	(36)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	934	934
At 30 June 2024 (unaudited)	2,376	476,831	2,481	62,020	30,132	1,667	(548,717)	26,790	(45,746)	(18,956)
At 1 January 2025 (audited)	2,376	476,822	2,481	48,276	30,132	1,667	(573,475)	(11,721)	(2,135)	(13,856)
Loss for the period	-	-	-	-	-	-	(6,560)	(6,560)	(895)	(7,455)
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	678	-	-	-	678	(50)	(628)
Total comprehensive expenses for the period	-	-	-	678	-	-	(6,560)	(5,882)	(945)	(6,827)
Subscription of New Shares (as defined and described in note 12)	160	4,000	-	-	-	-	-	4,160	-	4,160
Issuance of new shares expenses	-	(21)	-	-	-	-	-	(21)	-	(21)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	8	8
At 30 June 2025 (unaudited)	2,536	480,801	2,481	48,954	30,132	1,667	(580,035)	(13,464)	(3,072)	(16,536)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended	
	30/6/2025 HK\$'000 (unaudited)	30/6/2024 HK\$'000 (unaudited)
Net cash generated from (used in) operating activities	1,614	(7,759)
Net cash used in investing activities	(766)	(611)
Net cash (used in) generated from financing activities	(261)	4,251
Net increase (decrease) in cash and cash equivalents	587	(4,119)
Cash and cash equivalents at the beginning of the period	7,182	11,866
Effect of foreign exchange rate changes	122	(272)
Cash and cash equivalents at the end of the period	7,891	7,475

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL

The Company is an exempted company with limited liability incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended). The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of the Group are distribution and trading of mobile phones and electronic products.

The functional currency of the Company is Renminbi ("RMB"). The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") for the convenience of the shareholders, as the Company is listed in Hong Kong.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

These unaudited condensed consolidated financial statements should be read in conjunction with the Group's 2024 annual report, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Going concern assessment

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

During the six months ended 30 June 2025, the Group incurred a loss attributable to the owner of the Company of approximately HK\$6,560,000 (2024: HK\$6,753,000). In addition, as at 30 June 2025, its current liabilities exceeded its current assets by approximately HK\$18,910,000 (31 December 2024: its current liabilities exceeded its current assets by approximately HK\$15,545,000).

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (Continued)

Going concern assessment (Continued)

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of at least the next twelve months from 30 June 2025. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months from 30 June 2025, after taking into consideration of the measures and plans made by the Group as detailed below:

- (i) On 8 January 2025, the Company entered into subscription agreements with certain subscribers and pursuant to which the subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 16,000,000 shares of HK\$0.26 each under the general mandate for a gross proceeds of approximately HK\$4.16 million. The directors of the Company will consider to improve the financial position of the Group and to enlarge the capital base of the Company by further conducting fund raising exercises such as share placement, right issues or others as and when necessary;
- (ii) The Company obtained a letter of undertaking (the "Letter of Undertaking") dated 31 March 2025 from Mr. Lau Siu Ying, the Chief Executive Officer, executive director and the controlling shareholder of the Company that he agrees to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for a period of at least the next twelve months from 31 December 2024;
- (iii) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures; and
- (iv) The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

In light of the above measures and plans implemented to date, the directors of the Company are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for a period of at least the next twelve months from 30 June 2025 after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the development of its business. Accordingly, the directors of the Company are of the view that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its measures and plans as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its controlling shareholder.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

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

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2024, except for the adoption of new/revised standards effective as of 1 January 2025.

The HKICPA has issued a number of new/revised HKFRSs that are first effective for the current accounting period of the Group:

(a) Adoption of new or revised HKFRSs — effective 1 January 2025

In the current period, the Group has applied for the first time the following new or revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability
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The adoption of the above new standards and amendments to standards that are effective from 1 January 2025 does not have any significant impact to the results and financial position of the Group.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

New standards and amendments		Effective for accounting periods beginning on or after
HKAS 7, HKFRS 1, HKFRS 7, HKFRS 9 and HKFRS 10	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity	1 January 2026
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HK-Int 5 (Amendments)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective *(Continued)*

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Directors anticipate that the application of new and amendments to HKFRSs will have no material impact on the Group's consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5. SEGMENT INFORMATION AND REVENUE

(a) Reportable segments and reconciliation of reportable segment revenue, profit or loss, assets and liabilities

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers (the "CODM"), being the executive directors of the Company throughout the six months ended 30 June 2024 that are used to make strategic decisions and also for the purposes of resource allocation and performance assessment.

During the six months ended 30 June 2024, the Group has two reportable segments: (i) mobile phones and electronic products business; and (ii) mining business.

The following describes the operations in each of the Group's reportable segments:

- Mobile phones and electronic products business: Sales and marketing of mobile phones and electronic products and components.
- Mining business: Exploration, exploitation, refining and asset investment of mineral resources.

During the year ended 31 December 2024, Richly Giant International Limited ("Richly Giant"), an indirect wholly-owned subsidiary of the Company, disposed of its 100% equity interest of China Yellow Stone Investment Company Limited, an indirect wholly-owned subsidiary of the Company, and its subsidiary ("China Yellow Stone Group"), which is mainly engaged in the exploration, exploitation, refining and asset investment of mineral resources business (the "Disposal"). Subsequent to the Disposal, the directors of the Company decided to cease its mining business (the "Discontinued Operation") and the Group continues to be engaged in the mobile phones and electronic products business (the "Continuing Operations").

During the six months ended 30 June 2025, the directors of the Company consider that the Group's operations are operated and managed as a single segment (i.e. the Continuing Operations). The executive directors of the Company, being the chief operating decision maker of the Group, review the operating results of the Group as a whole when making decisions about resource allocations and assessing performances. Hence it is determined that the Group has only one operating segment. Accordingly, no segment information is presented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. SEGMENT INFORMATION AND REVENUE (Continued)

(a) Reportable segments and reconciliation of reportable segment revenue, profit or loss, assets and liabilities (Continued)

Information regarding the Group's reportable segments from the Continuing Operations and Discontinued Operation as provided to the Group's executive directors of the Company for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 (unaudited) is set out below.

	Continuing Operations: Mobile phones and electronic products business HK\$'000	Discontinued Operation: Mining business* HK\$'000	Total HK\$'000
Reportable segment revenue from contracts with external customers within scope of HKFRS 15	34,506	–	34,506
Reportable segment loss	(1,145)	(413)	(1,558)
Depreciation of right-of-use assets	156	–	156
Revenue			
Reportable segment revenue and consolidated revenue			34,506
Loss before income tax			
Reportable segment loss			(1,558)
Fair value loss on financial assets at fair value through profit or loss			(296)
Interest income			43
Miscellaneous income			210
Motor vehicle expenses			(21)
Staff costs (including directors' remunerations)			(2,602)
Corporate expenses			(4,516)
Finance costs			(31)
Consolidated loss before income tax			(8,771)

* The above amounts represent the financial information of the Group's mining business during the period from 1 January 2024 to 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. SEGMENT INFORMATION AND REVENUE (Continued)

(a) Reportable segments and reconciliation of reportable segment revenue, profit or loss, assets and liabilities (Continued)

As at 30 June 2024 (unaudited)

	Continuing Operations: Mobile phones and electronic products business HK\$'000	Discontinued Operation: Mining business HK\$'000	Total HK\$'000
Reportable segment assets	42,298	462	42,760
Reportable segment liabilities	(33,679)	(14,780)	(48,459)
Assets			
Reportable segment assets			42,760
Unallocated corporate assets			
— Financial assets at fair value through profit or loss			1,596
— Club membership			680
— Cash and cash equivalents			1,223
— Others			2,477
Consolidated total assets			48,736
Liabilities			
Reportable segment liabilities			48,459
Unallocated corporate liabilities			
— Amount due to a related party			9,203
— Others			10,030
Consolidated total liabilities			67,692

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. SEGMENT INFORMATION AND REVENUE *(Continued)*

(b) Geographical information

The following table sets forth the Group's revenue from customers that is mainly attributable to the mobile phones and electronic products business by geographical location of customers:

	Six months ended	
	30/6/2025 HK\$'000 (unaudited)	30/6/2024 HK\$'000 (unaudited)
Hong Kong	30,125	33,425
PRC	10,423	1,081
	40,548	34,506

The information about the Group's non-current assets by location of assets are detailed below:

	30/6/2025 HK\$'000 (unaudited)	31/12/2024 HK\$'000 (audited)
Hong Kong	725	923
PRC	1,578	764
	2,303	1,687

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. SEGMENT INFORMATION AND REVENUE (Continued)

(c) Revenue

In the following table, revenue is disaggregated by primary geographical market, major product and timing of revenue recognition.

Disaggregation of revenue from contracts with customers

	Trading of mobile phones and electronic products	
	Six months ended	
	30/6/2025	30/6/2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Geographical market		
Trading of mobile phones and electronic products		
Hong Kong	30,125	33,425
PRC	10,423	1,081
	40,548	34,506
Major product		
Trading of mobile phones and electronic products		
Mobile phones and electronic products	40,548	34,506
Timing of revenue recognition		
Trading of mobile phones and electronic products		
At a point in time	40,548	34,506

6. FINANCE COSTS

	Six months ended	
	30/6/2025	30/6/2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on lease liabilities	9	47
Interest on short-term borrowings	988	–
Other interest expense	2	2
	999	49

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE

For the six months ended 30 June 2025 and 2024, the Group's certain operations are being carried out through its subsidiaries established in the PRC and subject to the Enterprises Income Tax (the "EIT") rate of 25%, unless preferential rates are applicable in the cities where the subsidiaries are located.

8. LOSS FOR THE PERIOD

	Six months ended	
	30/6/2025	30/6/2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss before income tax is arriving at after charging (crediting):		
Staff costs		
Directors' emoluments	1,399	1,637
Other staff costs		
— Salaries and allowances for other staff	2,739	2,421
— Retirement benefit scheme contribution	183	116
	4,321	4,174
Auditor's remuneration	572	545
Cost of inventories recognised as expenses	39,474	34,411
Depreciation of plant and equipment	7	5
Depreciation of right-of-use assets	259	493
and after crediting:		
Interest income	(4)	(43)

9. LOSS PER SHARE

The calculation of the basic and diluted loss attributable to the owners of the Company for the six months ended 30 June 2025 is based on the loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted loss per share of HK\$6,560,000 (30 June 2024: loss of HK\$6,753,000).

The weighted average number of 251,699,534 ordinary shares for the purpose of calculating basic and diluted loss per share for the six months ended 30 June 2025 has been adjusted due to the subscription of new shares of the Company (30 June 2024: weighted average number of 215,555,888 ordinary shares).

No diluted loss per share is presented as there are no dilutive potential ordinary shares in issue for each of the six months ended 30 June 2025 and 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES

	30/6/2025 HK\$'000 (unaudited)	31/12/2024 HK\$'000 (audited)
Trade receivables	41,118	42,652
Less: Allowance for credit loss	(3,460)	(3,342)
	37,658	39,310
Value-added-tax recoverable	176	151
Prepayments to suppliers	28,922	30,031
Other receivables and deposits	7,760	7,459
	36,858	37,641
Less: Allowance for credit loss	(26,956)	(26,107)
	9,902	11,534
Total trade and other receivables (net of allowances for credit loss)	47,560	50,844

The Group generally requests for full prepayment from its trade customers but it also allows credit period of 30 to 90 days for certain trade customers. The following is an aged analysis of trade receivables (net of allowance) presented based on the invoice date at the end of reporting period:

	30/6/2025 HK\$'000 (unaudited)	31/12/2024 HK\$'000 (audited)
0 to 30 days	22,617	7,072
31 to 90 days	4,950	–
91 to 365 days	10,091	32,238
	37,658	39,310

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES

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

	30/6/2025 HK\$'000 (unaudited)	31/12/2024 HK\$'000 (audited)
Trade payables:		
— 0 to 90 days	22,546	43
— Over 90 days	18,592	32,777
	41,138	32,820
Value-added-tax payables	103	243
Prepayments from customers	3,274	943
Other payables and accruals	14,373	15,446
Amount due to an associate	1,100	1,060
	59,988	50,512

12. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 2024 and 30 June 2025	20,000,000,000	200,000
Issued and fully paid:		
At 31 December 2024	237,555,888	2,376
Subscription of new shares (note)	16,000,000	160
At 30 June 2025	253,555,888	2,536

Note:

Pursuant to the Company's announcements dated 8 January 2025 and 22 January 2025, the Company entered into subscription agreements with two subscribers, all being independent third parties (i.e. the 2025 Subscribers), pursuant to which the 2025 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 16,000,000 subscription shares (the "2025 Subscription Shares") at the subscription price of HK\$0.26 each for a cash consideration of approximately HK\$4.16 million (the "2025 Subscription").

The 2025 Subscription Shares represent (i) approximately 6.7% of the issued share capital of the Company immediately before the completion; and (ii) approximately 6.3% of the issued share capital of the Company as enlarged by the issue and allotment of the 2025 Subscription Shares immediately following the completion on 22 January 2025. Further details were set out in the Company's announcements dated 8 January 2025 and 22 January 2025.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. AMOUNTS DUE TO RELATED PARTIES

	30/6/2025 HK\$'000 (unaudited)	31/12/2024 HK\$'000 (audited)
Mr. Lau Siu Ying	2,313	10,574
Ms. Lau Zi Yin, Michelle	203	83
	2,516	10,657

The balances are unsecured, non-interest bearing and repayable on demand.

14. DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2025 and 2024.

15. RELATED PARTIES DISCLOSURES

(a) Amounts due from/to non-controlling shareholders of subsidiaries

The balances are unsecured, non-interest bearing and repayable on demand.

(b) Compensation of key management personnel and senior management

The remuneration of directors and other members of the Group's key management during the period was as follows:

	Six months ended	
	30/6/2025 HK\$'000 (unaudited)	30/6/2024 HK\$'000 (unaudited)
Short-term benefits	1,867	2,031
Post-employment benefits	18	24
	1,885	2,055

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

HKFRS 13 requires disclosures for financial instruments that are measured at fair value by levels of the fair value measurement hierarchy. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets measured at fair values in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy at 30 June 2025.

	Level 1 (unaudited) HK\$'000	Level 2 (unaudited) HK\$'000	Level 3 (unaudited) HK\$'000	Total (unaudited) HK\$'000
Assets				
Financial assets at fair value through profit or loss				
— Unlisted equity investments	—	—	106	106
— Unlisted fund investment	—	—	—	—
— Listed equity investments	529	—	—	529
	529	—	106	635

The following table presents the Group's assets measured at fair values in the consolidated statement of financial position in accordance with the fair value hierarchy at 31 December 2024.

	Level 1 (audited) HK\$'000	Level 2 (audited) HK\$'000	Level 3 (audited) HK\$'000	Total (audited) HK\$'000
Assets				
Financial assets at fair value through profit or loss				
— Unlisted equity investments	—	—	102	102
— Unlisted fund investment	—	—	—	—
— Listed equity investments	533	—	—	533
	533	—	102	635

There were no transfers between Level 1 and Level 2 or into or out of Level 3 during the periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

As at 30 June 2025, the fair values of unlisted equity investments and unlisted fund investment are categorised under Level 3 fair value measurement. The valuations of financial assets carried at fair value for financial reporting purposes have been reviewed and reported directly to the senior management. The movement of financial instruments under Level 3 of fair value hierarchy is as follows:

	30/6/2025 HK\$'000 (unaudited)	31/12/2024 HK\$'000 (audited)
At the beginning of period/year	102	1,300
Fair value change	–	(1,277)
Addition	–	102
Disposal	–	–
Exchange adjustments	4	(23)
At the end of period/year	106	102

The fair value of financial assets that are grouped under Level 3 is determined by using market approach valuation techniques.

Specific valuation techniques used to estimate the fair value of the Level 3 financial instruments include:

- The fair value of the unlisted equity investment was determined based on the fair value of underlying assets and liabilities of the entities.
- The fair value of the unlisted fund investment was determined by the fund manager with reference to the expected return from the property development project in the PRC.

The carrying amounts of the Group's financial instruments carried at amortised cost approximated their fair values as at 30 June 2025 because of the short-term maturities nature.

On behalf of the Board

China Fortune Holdings Limited

Lau Siu Ying

Chairman and Chief Executive Officer

Hong Kong, 29 August 2025