



百德國際有限公司
Pak Tak International Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 2668



2025
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liao Nangang (*Chairman*) ^(Note 1)
Mr. Wu Zongchuan
(*Chairman & Chief Executive Officer*) ^(Note 2)
Ms. Qian Pu (*Chief Executive Officer*) ^(Note 3)
Mr. Zhou Yijie ^(Note 4)
Mr. Liu Weixiong ^(Note 5)
Mr. Lyu Zhengjun ^(Note 6)

Non-executive Director

Mr. Liu Xiaowei ^(Note 7)
Mr. Hang Chu Kwong ^(Note 8)

Independent Non-executive Directors

Ms. Chan Ching Yi
Ms. Li Yun
Mr. Zheng Suijun ^(Note 9)
Mr. Li Wubo ^(Note 10)

AUDIT COMMITTEE

Ms. Chan Ching Yi (*Chairman*)
Ms. Li Yun
Mr. Zheng Suijun ^(Note 9)
Mr. Li Wubo ^(Note 10)

NOMINATION COMMITTEE

Mr. Liao Nangang (*Chairman*) ^(Note 1)
Mr. Wu Zongchuan (*Chairman*) ^(Note 2)
Ms. Qian Pu ^(Note 3)
Ms. Chan Ching Yi
Ms. Li Yun
Mr. Zheng Suijun ^(Note 9)
Mr. Li Wubo ^(Note 10)

REMUNERATION COMMITTEE

Mr. Zheng Suijun (*Chairman*) ^(Note 9)
Ms. Chan Ching Yi (*Chairman*) ^(Note 11)
Ms. Qian Pu ^(Note 3)
Ms. Li Yun
Mr. Li Wubo ^(Note 10)

STRATEGIC COMMITTEE

Mr. Liao Nangang (*Chairman*) ^(Note 1)
Mr. Wu Zongchuan (*Chairman*) ^(Note 2)
Ms. Qian Pu ^(Note 3)
Mr. Liu Weixiong ^(Note 5)
Mr. Hang Chu Kwong ^(Note 8)
Mr. Lyu Zhengjun ^(Note 6)

INVESTMENT AND FUND RAISING COMMITTEE

Mr. Liao Nangang (*Chairman*) ^(Note 1)
Mr. Wu Zongchuan (*Chairman*) ^(Note 2)
Ms. Qian Pu ^(Note 3)
Mr. Liu Weixiong ^(Note 5)
Mr. Hang Chu Kwong ^(Note 8)
Mr. Lyu Zhengjun ^(Note 6)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

COMPANY SECRETARY

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Ms. Qian Pu ^(Note 3)
Mr. Hang Chu Kwong ^(Note 8)
Mr. Lyu Zhengjun ^(Note 6)
Mr. Sze Kat Man

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

20/F, One Continental
No. 232 Wan Chai Road
Wan Chai, Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

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

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Level 8, K11 ATELIER King's Road
728 King's Road
Quarry Bay, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Sang Bank Limited
China CITIC Bank International Limited

STOCK CODE

2668

WEBSITE

www.paktakintl.com

Notes:

1. Resigned as an executive Director and the chairman of the Board (the “**Chairman**”); and also ceased to be the chairman of each of the nomination committee (the “**Nomination Committee**”), the strategic committee (the “**Strategic Committee**”) and the investment and fund raising committee (the “**Investment and Fund Raising Committee**”) of the Company on 21 May 2025.
2. Appointed as an executive Director, the Chairman and the chief executive officer of the Company (the “**Chief Executive Officer**”); and also acted as the chairman of each of the Nomination Committee, the Strategic Committee and the Investment and Fund Raising Committee on 21 May 2025.
3. Resigned as an executive Director and the Chief Executive Officer; and also ceased to be a member of each of the Nomination Committee, the remuneration committee of the Company (the “**Remuneration Committee**”), the Strategic Committee and the Investment and Fund Raising Committee; and the authorised representative of the Company (the “**Authorised Representative**”) on 21 May 2025.
4. Resigned as an executive Director on 21 May 2025.
5. Appointed as an executive Director; and also acted as a member of each of the Strategic Committee and the Investment and Fund Raising Committee on 21 May 2025.
6. Appointed as an executive Director on 21 May 2025; and acted as a member of each of the Strategic Committee and the Investment and Fund Raising Committee; and the Authorised Representative on 1 September 2025.
7. Resigned as a non-executive Director on 21 May 2025.
8. Appointed as an executive Director and acted as a member of each of the Strategic Committee and the Investment and Fund Raising Committee; and the Authorised Representative on 21 May 2025; re-designated as a non-executive Director and ceased to be a member of each of the Strategic Committee and the Investment and Fund Raising Committee; and the Authorised Representative on 1 September 2025.
9. Resigned as an independent non-executive Director; and ceased to be the chairman of the Remuneration Committee, and a member of each of the audit committee of the Company (the “**Audit Committee**”) and the Nomination Committee on 21 May 2025.
10. Appointed as an independent non-executive Director and acted as a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee on 21 May 2025.
11. Acted as the chairman of the Remuneration Committee on 21 May 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2025, the principal activities of the Group are: (i) supply chain business (including the iron ore mining and milling) (the “**Supply Chain Business**”), (ii) hotel management and catering services (the “**Hotel Management & Catering Services**”) and (iii) property investment (the “**Property Investment**”).

BUSINESS REVIEW

Supply Chain Business

For the six months ended 30 June 2025, the performance of the Group's Supply Chain Business faced significant challenges, with revenue slowing down or even declining compared to the same period last year. While this business segment recorded growth in 2024, primarily benefiting from market recovery and a rebound in consumption in mainland China, particularly driven by the manufacturing and construction sectors, the market environment in the first half of 2025 became more complex.

During the period, the Group's iron ore mining and milling business (vertically integrated through the acquisition of Zongchuan Investment Group) faced downward pressure. Such losses are primarily due to capacity not being fully released and unfavourable changes in iron ore prices, compounded by the impact of high fixed costs. Furthermore, an increase in steel inventory and strict emission reduction measures both negatively affected the demand for iron ore, thereby impacting the Group's iron ore business performance.

In response to these challenges, the Group continued its efforts to strengthen its credit control measures and continue to regularly review the recoverable amounts of trade receivables and closely monitor collection efforts, making adequate impairment provisions when appropriate. Additionally, the Group also focused on releasing the capacity of its iron ore mining and milling operations to dilute high fixed costs effectively and sought new potential customers to diversify revenue streams for its supply chain business.

Hotel Management & Catering Services

For the six months ended 30 June 2025, the Hotel Management & Catering Services segment recorded a decrease of approximately 14% in revenue compared to the same period in 2024. This decline is due to the ongoing normalisation of market conditions and increased competition, leading to a slower pace of consumption recovery, contrasting with the strong recovery seen in past years. The segment continued to incur losses, primarily affected by fair value loss on investment property.

To respond to the rapidly changing market dynamics, the Group has implemented and will continue to execute a cautious and adaptive strategy aimed at enhancing cost efficiency and optimising operational management. Despite the revenue decrease and the aforementioned losses, the Group's performance remained stable during the current period. This stability is a result of the Group's continued commitment to optimising internal operational management and strengthening brand promotion, all of which are aimed at enhancing the long-term value of the Group's brand.

The Group remains confident in its future prospects and is committed to steady growth, underpinned by a cautious approach. To remain competitive in the evolving hotel and catering services market, the Group will continue to improve its product and service quality and consider introducing menu offerings and organising special events to attract a broader customer base.

Property Investment

For the six months ended 30 June 2025, the Group's investment properties located in Yunfu, PRC, generated rental income. Due to the overall weak performance of the real estate market, the Group continued to face challenges from revaluation losses on investment properties. Market recovery still requires time to stabilise the real estate market. The Group will continue leasing out these investment properties to generate rental income, and will consider divesting them to improve working capital when appropriate.

FINANCIAL REVIEW

Below is an analysis of the Group's key financial information, including, but not limited to revenue, expenses and loss for the six months ended 30 June 2025, which reflected the financial position of the Group's business.

Revenue

For the six months ended 30 June 2025, the Group recorded a total revenue of HKD444.5 million, representing an increase of 17.4% compared with that of the six months ended 30 June 2024 of HKD378.5 million. Such increase was mainly attributable to the revenue generated in the iron ore mining and milling business (the "**Mining Business**") of HKD110.6 million, partial offsetting a decrease in the revenue of the Supply Chain Business for the six months ended 30 June 2025.

The Supply Chain Business recorded a decrease in revenue from HKD328.0 million for the six months ended 30 June 2024 to HKD290.4 million for the six months ended 30 June 2025.

The Hotel Management and Catering Services recorded a decrease in revenue from HKD49.2 million for the six months ended 30 June 2024 to HKD42.3 million for the six months ended 30 June 2025.

The total revenue from Property Investment has remained stable compared with that of the six months ended 30 June 2024, which amounted to approximately HKD1.3 million.

Expenses

The Group's direct costs and operating expenses significantly increased by HKD60.1 million from HKD361.5 million for the six months ended 30 June 2024 to HKD421.6 million for the six months ended 30 June 2025 while administrative expenses increased by HKD47.0 million from HKD24.0 million for the six months ended 30 June 2024 to HKD71.0 million for the six months ended 30 June 2025. The increase in direct costs and operating expenses, and administrative expenses was mainly due to the new iron ore mining and milling business.

The Group's impairment losses under the expected credit loss model increased by HKD7.9 million from reversal of HKD3.2 million for the six months ended 30 June 2024 to provision for HKD4.7 million for the six months ended 30 June 2025. Such increase was mainly caused by the delayed payment of outstanding invoices by several customers in the Supply Chain Business.

The Group's finance cost increased by HKD16.2 million from HKD16.8 million for the six months ended 30 June 2024 to HKD33.0 million for the six months ended 30 June 2025, mainly due to finance cost from the Mining Business.

Loss for the period

For the six months ended 30 June 2025, the Group recorded a net loss of approximately HKD115.5 million as compared to a net loss of approximately HKD36.8 million for the six months ended 30 June 2024. Such increase in loss were mainly due to the completion of the acquisition of the Mining Business, and the operation of such business has led to a significant increase in overall costs, including direct costs, operating and administrative expenses and finance costs, and the increase in fair value loss on investment properties.

Investment properties

The investment properties represent the leased retail shops of HKD141.4 million (31 December 2024: HKD158.4 million) located in Yunfu, the PRC and leased out commercial building of HKD92.1 million (31 December 2024: HKD97.5 million) located in Beihai City, Guangxi Province, the PRC. The Group recognised a fair value loss on investment properties of HKD30.6 million (30 June 2024: HKD11.4 million) due to the challenging business environment in the PRC.

Intangible assets

As of 30 June 2025, the Group's intangible assets increased to HKD209.0 million (31 December 2024: HKD206.4 million) which included mining rights of HKD208.6 million (31 December 2024: HKD205.8 million), representing a mining license for underground operations valid from year 2024 to year 2049.

Financial assets at fair value through other comprehensive income

As at 30 June 2025, the Group's financial assets at fair value through other comprehensive income substantially increased to approximately HKD30.3 million from HKD0.2 million as at 31 December 2024. This change was primarily attributable to the investment in unlisted equity securities during the period, which are held for long-term investment purposes.

Trade and other receivables

The trade and other receivables mainly represent the trade receivables (net of ECL allowances) of HKD558.8 million (31 December 2024: HKD568.4 million) which are mainly from the Supply Chain Business and other receivables of HKD86.0 million (31 December 2024: HKD98.0 million) which are primarily from supply chain financing arrangements. As at 30 June 2025, trade receivables (net of ECL allowances) past due within 12 months and over 12 months amounted to HKD300.2 million (31 December 2024: HKD175.6 million) and HKD57.4 million (31 December 2024: HKD66.1 million) respectively.

The Group seeks to maintain strict control over its outstanding receivables and the management actively monitors the status of its outstanding receivables and the rapid changes market conditions in order to minimise credit risk. The management regularly reviews the overdue balances and performs assessment of recoverability on a case-by-case basis.

Restricted cash

As at 30 June 2025, the Group held restricted cash of HKD7.2 million (31 December 2024: HKD7.0 million), primarily relating to deposits for rehabilitation obligations of the Mining Business in the PRC.

Trade payables

As at 30 June 2025, the Group's trade payables significantly increased by HKD46.4 million from HKD194.5 million as at 31 December 2024 to HKD240.9 million. Such increase was due to the increased activity in the Mining Business during the six months ended 30 June 2025.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2025, the cash and cash equivalents of the Group were HKD20.7 million (31 December 2024: HKD21.7 million) and interest-bearing borrowings, including the borrowings and lease liabilities were HKD760.7 million (31 December 2024: HKD759.4 million). The following table details the cash and cash equivalents, the borrowings and the lease liabilities of the Group as at 30 June 2025 denominated in original currencies:

	At 30 June 2025	
	HKD'000	RMB'000
Cash and cash equivalents	3,433	15,719
Borrowings	10,000	671,986
Lease liabilities	2,236	10,379
	At 31 December 2024	
	HKD'000	RMB'000
Cash and cash equivalents	2,429	18,200
Borrowings	1,000	701,525
Lease liabilities	2,832	11,166

The Group principally satisfies its demand for operating capital with cash inflow from its operations and borrowings. The Group is currently facing significant liquidity challenges and the material uncertainty regarding its ability to continue as a going concern as stated in note 2 to the interim financial information. As at 30 June 2025, the gearing ratio, which is calculated on the basis of total debts (including interest-bearing borrowings and lease liabilities) over total equity attributable to equity shareholders of the Company, was 150.2% (31 December 2024: 127.9%). The gearing ratio increased in comparison to 31 December 2024 mainly due to the significant loss for the period, which have reduced the amount of equity attributable to equity shareholders of the Company.

The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 0.53 (31 December 2024: 0.75). This decline in the liquidity ratio compared to 31 December 2024 is primarily attributable to a substantial increase in borrowings due within one year or repayable on demand, which rose from HKD490.3 million as at 31 December 2024 to HKD737.4 million as at 30 June 2025.

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollar, and the Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in Renminbi. While the Group's operations in the PRC, the location of its production, are primarily conducted in Renminbi, its Hong Kong operations are conducted in Hong Kong dollars. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from borrowings, which, obtained at both variable rates and at fixed rates, expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through a variety of means.

PLEDGES ON GROUP ASSETS

As at 30 June 2025, certain investment properties of the Group with an aggregate carrying amount of approximately HKD162.2 million (31 December 2024: approximately HKD178.5 million) and mining rights of the Group with carrying amount of approximately HKD208.6 million (31 December 2024: approximately HKD205.8 million) were pledged to banks for loans granted to the Group.

FINANCIAL GUARANTEES PROVIDED

As at 30 June 2025, the Company had provided corporate guarantees amounting to HKD306.0 million (31 December 2024: HKD296.0 million) in favour of certain banks in connection with facilities granted to certain subsidiaries of the Group.

CAPITAL EXPENDITURES AND COMMITMENTS

During the six months ended 30 June 2025, the Group invested approximately HKD28.2 million (30 June 2024: HKD2.7 million) on property, plant and equipment, which included leasehold improvements, furniture, fixtures and equipment and motor vehicles.

As at 30 June 2025 and 31 December 2024, the Group had no capital commitments.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Group for the six months ended 30 June 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisitions and disposals of subsidiaries and associated companies by the Group during the six months ended 30 June 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had a total of approximately 520 employees (30 June 2024: approximately 280 employees). Employees’ remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group’s remuneration policies and packages were reviewed periodically by the management of the Company.

The Group provides relevant training to its employees in accordance with the skills requirements of different positions.

INTERIM DIVIDEND

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

EVENTS AFTER THE REPORTING PERIOD

The Company does not have any significant events after the reporting period.

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

In view of the completion of the acquisition of Zongchuan Investment Group on 31 December 2024, the Luobokan Iron Ore Project (the “**Project**”), located in Dongzhou District, Fushun, Liaoning Province, the PRC, has officially become a mining asset of the Group. The following summarizes the exploration, development, and mining production activities carried out at the Project during the six months ended 30 June 2025:

Project	Activities		
	Exploration	Development	Mining Production
Luobokan Iron Ore Project	No major activities	Ongoing mine infrastructure construction, mainly underground development works	Extraction of approximately 740,000 tonnes of iron ore and production of approximately 130,000 tonnes of iron concentrate powder

SUMMARY OF EXPENDITURE

A summary of expenditure incurred by the Group at the Project for the six months ended 30 June 2025 is as follows:

	For the six months ended 30 June 2025		
	Operating expenditure HKD'000	Capital expenditure HKD'000	Total HKD'000
1. Exploration Activities	—	—	—
2. Development Activities			
Underground development works	—	25,954	25,954
3. Mining Production Activities			
3.1 Mining costs			
Subcontract fee	30,252	—	30,252
Depreciation and amortisation	16,883	—	16,883
Blasting cost	3,996	—	3,996
Staff costs	2,778	—	2,778
Power supply	1,588	—	1,588
Consumables	1,231	—	1,231
Others	683	—	683
3.2 Processing costs			
Power supply	11,188	—	11,188
Consumables	8,991	—	8,991
Depreciation and amortisation	7,557	—	7,557
Staff costs	6,314	—	6,314
Others	1,405	—	1,405
	92,866	—	92,866
Total	92,866	25,954	118,820

FUTURE PROSPECTS

Looking ahead to the second half of 2025, the macroeconomic environment is anticipated to remain complex, challenging, and uncertain, with global economic recovery facing multiple obstacles such as geopolitical conflicts and inflationary pressures. The Group maintains a cautiously optimistic outlook on its future prospects and remains committed to responding to the evolving market conditions with flexibility and strategic foresight.

For the Supply Chain Business, in light of the significant challenges encountered during the six months ended 30 June 2025, the Group will continue to strengthen its market position and diversify its revenue streams. The strategic vertical integration of the iron ore mining and milling business is a crucial step to enhance the Group's capabilities and gain competitive advantages. The Group will focus on fully utilising the capacity of its iron ore mining and milling operations to effectively dilute high fixed costs and seek new potential customers to diversify revenue streams for its supply chain business.

The Group is committed to the continuous advancement of its Hotel Management and Catering Services Business. Despite the challenging operating environment, the Group will focus on improving operational efficiency, enhancing customer satisfaction, and exploring innovative ways to attract a broader customer base. Furthermore, the Group will continue to prioritize enhancing product and service quality, improve cost-effectiveness, and optimising operational management, thereby sustaining stable performance and enhancing long-term brand value.

The Group will continue adopting agile decision-making and a proactive risk management approach to navigate the complex market environment. The Group is actively negotiating with Hua Xia Bank for the renewal and extension of repayment terms for overdue bank borrowings and loan agreements to ensure financial stability.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, none of the Directors and chief executive had or was deemed to have any interests and short positions in the shares (the **"Shares"**), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the **"SFO"**) which were notified to the Company and The Stock Exchange of Hong Kong Limited (**"Stock Exchange"**) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept 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 the Listed Issuers (the **"Model Code"**) contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the **"Listing Rules"**).

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2025, so far as is known to the Directors and chief executive of the Company, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follow:

Name of Shareholders	Number of Shares Held (Note 1)	Capacity	Approximate % of Shareholding (Note 2)
Tengyue Holding Limited ("Tengyue Holding") (Note 3)	980,000,000	Beneficial owner	17.41%
Beyond Glory Holdings Limited ("Beyond Glory") (Note 3)	980,000,000	Interest of controlled corporation	17.41%
Mr. Liao Nangang ("Mr. Liao") (Note 3)	980,000,000	Interest of controlled corporation	17.41%
Zongchuan Investment Holding Co., Limited ("Zongchuan Investment Holding") (Note 4)	950,000,000	Beneficial owner	16.87%
Mr. Wu Qi ("Mr. Wu Qi") (Note 4)	950,000,000	Interest of controlled corporation	16.87%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.
2. The percentage was calculated based on the total number of Shares of the Company as at 30 June 2025, which was 5,630,000,000.
3. These 980,000,000 Shares are owned by Tengyue Holding which is wholly-owned by Beyond Glory. In addition, Beyond Glory is wholly-owned by Mr. Liao. Accordingly, Beyond Glory and Mr. Liao are deemed to be interested in all the Shares held by Tengyue Holding by virtue of SFO.
4. These 950,000,000 Shares are owned by Zongchuan Investment Holding which is wholly-owned by Mr. Wu Qi. Accordingly, Mr. Wu Qi is deemed to be interested in all the Shares held by Zongchuan Investment Holding by virtue of SFO.

Save as disclosed above, as at 30 June 2025, the Company had not been notified of any other person or corporation (other than Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Part XV of the SFO.

COMPETING INTERESTS

None of the Directors is interested in any business (apart from the business of the Company or its subsidiaries) which competes, either directly or indirectly, with the principal business of the Company or its subsidiaries during the six months ended 30 June 2025.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Director(s) of the Company since the date of the 2024 annual report of the Company and up to the date of this interim report are set out below:

Name of Directors	Details of Changes
Ms. Li Yun	– Appointed as an independent non-executive Director and acted as a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee on 7 April 2025.
Mr. Liao Nangang	– Resigned as an executive Director and the Chairman; and also ceased to be the chairman of each of the Nomination Committee, the Strategic Committee and the Investment and Fund Raising Committee of the Company on 21 May 2025.
Mr. Wu Zongchuan ("Mr. Wu")	– Appointed as an executive Director, the Chairman and the Chief Executive Officer; and also acted as the chairman of each of the Nomination Committee, the Strategic Committee and the Investment and Fund Raising Committee on 21 May 2025.

Name of Directors	Details of Changes
Ms. Qian Pu	– Resigned as an executive Director and the Chief Executive Officer; and also ceased to be a member of each of the Nomination Committee, the Remuneration Committee, the Strategic Committee and the Investment and Fund Raising Committee; and the Authorised Representative on 21 May 2025.
Mr. Zhou Yijie	– Resigned as an executive Director on 21 May 2025.
Mr. Liu Weixiong	– Appointed as an executive Director; and also acted as a member of each of the Strategic Committee and Investment and Fund Raising Committee on 21 May 2025.
Mr. Lyu Zhengjun	– Appointed as an executive Director on 21 May 2025.
Mr. Liu Xiaowei	– Resigned as a non-executive Director on 21 May 2025.
Mr. Hang Chu Kwong	– Appointed as an executive Director and acted as a member of each of the Strategic Committee and the Investment and Fund Raising Committee; and the Authorised Representative on 21 May 2025;
Ms. Chan Ching Yi	– Acted as the chairman of the Remuneration Committee on 21 May 2025.
Mr. Zheng Suijun	– Resigned as an independent non-executive Director; and ceased to be the chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 21 May 2025.
Mr. Li Wubo	– Appointed as an independent non-executive Director and acted as a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee on 21 May 2025.

Save as disclosed, there is no other change in the Director's information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules

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

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

DISCLOSURE REQUIREMENTS UNDER RULES 13.19 AND 13.21 OF THE LISTING RULES

References are made to the announcements of the Company dated 19 December 2023 and 8 November 2024, respectively.

On 15 August 2022, 華夏銀行股份有限公司深圳分行 (Shenzhen Branch of Hua Xia Bank Co., Limited)* (the “**Bank**”) as lender and 深圳金勝供應鏈有限公司 (Shenzhen Jinsheng Supply Chain Company Limited)* (“**Shenzhen Jinsheng**”), an indirect wholly-owned subsidiary of the Company, as borrower entered into a facility agreement, under which the Bank made available to Shenzhen Jinsheng a loan facility of an aggregate maximum amount of RMB279.0 million (the “**Facility**”). Pursuant to the working capital loan agreements entered into between the Bank and Shenzhen Jinsheng on the same date (the “**Loan Agreements**”), the Facility was fully utilised and loans of an aggregate principal amount of RMB279.0 million were made by the Bank to Shenzhen Jinsheng under the Facility (the “**Loans**”). The Loans were secured by guarantees given by the Company, certain of its subsidiaries and an independent third party and properties owned by an independent third party.

Shenzhen Jinsheng has been in default of interest payments under the Loan Agreements, which constitutes an event of default under the Loan Agreements (the “**Default**”). The Default resulted in the Bank to declare the Loans immediate due and repayment. The total amount of principal, interests and compound interests outstanding under the Loan Agreements is approximately RMB294.3 million. The Bank has not granted any waiver in respect of the Default and has demanded immediate repayment of the outstanding amounts under the Loan Agreements.

On 13 October 2024, the Group recently received a written civil ruling (the “**Civil Ruling**”) issued by the Intermediate People’s Court of Shenzhen, Guangdong (廣東省深圳市中級人民法院) (the “**Intermediate Court**”) in connection with the legal proceedings instituted by the Bank to recover the outstanding amounts under the Loan Agreements (the “**Legal Proceedings**”). Pursuant to the Civil Ruling, Shenzhen Jinsheng shall repay the principal of the Loans in the aggregate amount of RMB279.0 million, and pay to the Bank loan interests of approximately RMB7.8 million and corresponding default interests and compound interests in connection with the Default. Further, the Company and certain of its subsidiaries, as guarantors, shall undertake joint and several guarantee liabilities in connection with the indebtedness of Shenzhen Jinsheng under the Loan Agreements. In addition, Shenzhen Jinsheng and its guarantors (including the Company and certain of its subsidiaries) have been ordered to pay to the Court handling fee and preservation order application fee totalling approximately RMB1.5 million in connection with the Legal Proceedings. The Group lodged an appeal against the Civil Ruling disputing the quantum of loan interests payable under the Loan Agreements. On 8 May 2025, the Higher People’s Court of Guangdong Province (廣東省高級人民法院) (the “**Higher Court**”) issued the Case Acceptance Notice to the Group (as appellant), confirming the court’s acceptance of the appeal case.

As at 30 June 2025, except for the above-mentioned written civil ruling, no further legal action has been taken by the Bank or the Higher Court. The management of the Group is still in the process of negotiation with the Bank for extending the repayment date and endeavours to reach an amicable settlement.

Details of the Loan Agreements are set out in notes 19 to the consolidated financial statements of this interim report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2025, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, except for the following deviation:

- Under code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wu served as both the Chairman and the Chief Executive Officer. Mr. Wu has extensive experience in the mining engineering, metal mineral products and sales of parts of mining equipment industry and is responsible for the overall corporate strategies, planning and business development of the Group. Accordingly, the Board believes that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently, and the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high caliber individuals, with the majority of the member of the Board being non-executive Directors (including independent non-executive Directors); and
- Under code provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Wu was unable to attend the annual general meeting of the Company of 20 June 2025 (the “**AGM**”) due to other business arrangements. Mr. Wu entrusted Mr. Lyu Zhengjun, being an executive Director, to respond to shareholders’ concerns (if any) on his behalf at the AGM. Mr. Wu will endeavour to attend all future general meetings of the Company unless unexpected or special circumstances prevent him from doing so.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the six months ended 30 June 2025.

AUDIT COMMITTEE

At the request of the Audit Committee, Baker Tilly Hong Kong Limited, the Group's external auditors have performed certain agreed-upon procedures on the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Related Services 4400 (Revised) "Agreed-Upon Procedures Engagements" issued by the HKICPA.

As the agreed-upon procedures did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, the auditors do not express any assurance on the interim results of the Company for the six months ended 30 June 2025.

The Interim results have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited financial statements of the Group for the six months ended 30 June 2025 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with at least 25% of the issued shares of the Company as required under the Listing Rules throughout the six months ended 30 June 2025 and up to the date of this report.

By Order of the Board

Pak Tak International Limited

Wu Zongchuan

Chairman

Hong Kong, 28 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
	Note	2025 HKD'000 (unaudited)	2024 HKD'000 (unaudited)
Revenue	4	444,541	378,542
Other revenue	5	1,215	315
Other net loss	5	(619)	(5,130)
Fair value loss on investment properties (Provision for)/reversal of impairment losses under expected credit loss model, net	13	(30,612)	(11,364)
	17	(4,773)	3,163
Direct costs and operating expenses		(421,628)	(361,464)
Administrative expenses		(70,979)	(23,980)
Loss from operations	6	(82,855)	(19,918)
Finance costs	7	(33,046)	(16,758)
Loss before taxation		(115,901)	(36,676)
Income tax credit/(expense)	8	392	(132)
Loss for the period		(115,509)	(36,808)
Attributable to:			
— Equity shareholders of the Company		(113,790)	(36,808)
— Non-controlling interest		(1,719)	—
Loss for the period		(115,509)	(36,808)
Loss per share	9		
— Basic and diluted (in HK cents)		(2.02)	(0.79)

The notes on pages 24 to 46 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June 2025 HKD'000 (unaudited)	2024 HKD'000 (unaudited)
Loss for the period	(115,509)	(36,808)
Other comprehensive loss for the period:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	29,381	(10,911)
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
— Fair value (loss)/gain of financial assets at fair value through other comprehensive income, net of nil tax	(2,313)	71
Total comprehensive loss for the period	(88,441)	(47,648)
Attributable to:		
— Equity shareholders of the Company	(87,371)	(47,648)
— Non-controlling interest	(1,070)	—
Total comprehensive loss for the period	(88,441)	(47,648)

The notes on pages 24 to 46 form part of this interim financial information.

PAK TAK INTERNATIONAL LIMITED 19

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		At 30 June 2025 HKD'000 (unaudited)	At 31 December 2024 HKD'000 (audited)
	Note		
Non-current assets			
Property, plant and equipment	11	603,361	591,556
Right-of-use assets	12	118,470	117,471
Investment properties	13	233,562	255,974
Goodwill		2,824	2,824
Intangible assets	14	209,043	206,402
Deferred tax assets		6,904	9,077
Financial assets at fair value through other comprehensive income		30,315	162
		1,204,479	1,183,466
Current assets			
Inventories		33,864	34,901
Trade and other receivables	15	558,798	568,362
Finance lease receivables	16	—	—
Financial assets at fair value through profit or loss		31	29
Restricted cash		7,237	6,996
Cash and cash equivalents		20,674	21,723
		620,604	632,011
Current liabilities			
Trade payables	18	240,919	194,450
Other payables and accrued charges		148,962	101,663
Contract liabilities		50,021	56,772
Borrowings	19	737,390	490,321
Lease liabilities		3,239	2,979
Tax payable		1,230	1,873
		1,181,761	848,058
Net current liabilities		(561,157)	(216,047)
Total assets less current liabilities		643,322	967,419

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2025

		At 30 June 2025 HKD'000 (unaudited)	At 31 December 2024 HKD'000 (audited)
	Note		
Non-current liabilities			
Borrowings	19	9,644	254,366
Lease liabilities		10,381	11,690
Deferred tax liabilities		85,043	86,243
Provision for rehabilitation	21	22,492	10,917
		127,560	363,216
NET ASSETS		515,762	604,203
CAPITAL AND RESERVES			
Share capital		112,600	112,600
Reserves		393,806	481,177
Total equity attributable to equity shareholders of the Company		506,406	593,777
Non-controlling interest		9,356	10,426
TOTAL EQUITY		515,762	604,203

Approved and authorised for issue by the board of directors on 28 August 2025.

Wu Zongchuan
Director

Hang Chu Kwong
Director

The notes on pages 24 to 46 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to equity shareholders of the Company						Non-controlling interest HKD'000	Total equity HKD'000
	Share capital HKD'000	Share premium HKD'000	Fair value reserve HKD'000	Exchange reserve HKD'000	Accumulated losses HKD'000	Sub-total HKD'000		
At 1 January 2024 (audited)	93,600	539,430	(75,888)	(23,262)	(166,626)	367,254	—	367,254
Changes in equity for the six months ended 30 June 2024:								
Loss for the period	—	—	—	—	(36,808)	(36,808)	—	(36,808)
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	—	—	—	(10,911)	—	(10,911)	—	(10,911)
Fair value gain of financial assets at fair value through other comprehensive income, net of nil tax	—	—	71	—	—	71	—	71
Total comprehensive loss for the period	—	—	71	(10,911)	(36,808)	(47,648)	—	(47,648)
At 30 June 2024 (unaudited)	93,600	539,430	(75,817)	(34,173)	(203,434)	319,606	—	319,606
At 1 January 2025 (audited)	112,600	985,930	(75,655)	(33,273)	(395,825)	593,777	10,426	604,203
Changes in equity for the six months ended 30 June 2025:								
Loss for the period	—	—	—	—	(113,790)	(113,790)	(1,719)	(115,509)
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	—	—	—	28,732	—	28,732	649	29,381
Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	—	—	(2,313)	—	—	(2,313)	—	(2,313)
Total comprehensive loss for the period	—	—	(2,313)	28,732	(113,790)	(87,371)	(1,070)	(88,441)
At 30 June 2025 (unaudited)	112,600	985,930	(77,968)	(4,541)	(509,615)	506,406	9,356	515,762

The notes on pages 24 to 46 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June 2025 HKD'000 (unaudited)	2024 HKD'000 (unaudited)
Net cash generated from/(used in) operating activities	72,952	(57,800)
Investing activities		
Purchase of property, plant and equipment	(28,256)	(2,652)
Purchase of intangible assets	—	(53)
Purchase of financial assets at fair value through other comprehensive income	(32,466)	—
Purchase of financial assets at fair value through profit or loss	(1,793)	(5,331)
Proceeds from disposal of financial assets at fair value through profit or loss	1,792	5,299
Proceeds from disposal of property, plant and equipment	94	—
Net cash used in investing activities	(60,629)	(2,737)
Financing activities		
Capital element of lease rental paid	(1,604)	(1,493)
Interest element of lease rental paid	(323)	(369)
Proceeds from new loans	10,000	—
Repayment of loans	(8,485)	(3,554)
Interest paid	(13,674)	(946)
Net cash used in financing activities	(14,086)	(6,362)
Net decrease in cash and cash equivalents	(1,763)	(66,899)
Cash and cash equivalents at the beginning of the period	21,723	85,362
Effect of foreign exchange rate changes	714	(1,317)
Cash and cash equivalents at the end of the period	20,674	17,146

SIGNIFICANT NON-CASH TRANSACTIONS

During the interim period, one of the other loans ("Other loan 1") together with accrued interests of approximately HKD28,773,000 was settled through realisation of the collaterals. Details are set out in Note 19(b).

The notes on pages 24 to 46 form part of this interim financial information.

PAK TAK INTERNATIONAL LIMITED 23

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL

Pak Tak International Limited (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal office in Hong Kong is 20th Floor, One Continental, No. 232 Wan Chai Road, Wan Chai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the supply chain business, property investment, hotel management and catering services, and iron ore mining and milling.

The condensed consolidated financial statements of the Company and its subsidiaries (together the “**Group**”) are presented in Hong Kong dollars (“**HKD**”) which is same as the functional currency of the Company. The condensed consolidated financial statements are presented in the nearest thousand (HKD'000) unless otherwise stated.

2. BASIS OF PRESENTATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange, including compliance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This interim financial information should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2024 which has been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of changes in accounting policies and new accounting policies are set out in Note 3.

The preparation of interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial information is unaudited but has been reviewed by the Audit Committee of the Company.

Going concern assumption

During the interim period, the Group recorded a net loss of approximately HKD115,509,000 and as at 30 June 2025, the Group's current liabilities exceeds current assets by approximately HKD561,157,000. As at 30 June 2025, the total principal of the Group's borrowings, amounting approximately HKD737,390,000, along with aggregate compound and default interest payables of HKD59,254,000, are due within one year or are repayable on demand. These borrowings exceed the Group's cash and cash equivalents of approximately HKD20,674,000 as at 30 June 2025.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

2. BASIS OF PRESENTATION (Continued)

Going concern assumption (Continued)

Included in the abovementioned borrowings, one of the lenders, Hua Xia Bank Co., Ltd (“**Hua Xia Bank**”) has initiated litigation against the Group during the year ended 31 December 2024 to recover the principal amount, related compound interests and default interests (together referred as the “**Outstanding Amounts**”) of approximately RMB318,794,000 (equivalent to approximately HKD337,954,000) in aggregate.

In October 2024, the Group received a written civil ruling issued by the Intermediate People’s Court of Shenzhen, Guangdong in connection with the legal proceedings instituted by the lender to recover the Outstanding Amounts. Pursuant to the civil ruling, the Group shall repay the Outstanding Amounts immediately. In addition, the Group has been ordered to pay the court handling fee and preservation order application fee totalling approximately RMB1,461,000 (equivalent to approximately HKD1,549,000).

During the interim period, the Group lodged an appeal against the Civil Ruling disputing the quantum of loan interests payable under the relevant loan agreements. On 8 May 2025, the Higher People’s Court of Guangdong Province issued the Case Acceptance Notice to the Group (as appellant), confirming the court’s acceptance of the appeal case.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. In view of these, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures have been formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Group has been actively negotiating with Hua Xia Bank for reaching an agreement on withdrawing the civil ruling, not demanding immediate repayment of existing bank borrowings due to the defaults and revising the repayment terms to allow for instalments over an extended period over three years;
- (ii) The substantial shareholder of the Company has agreed in writing to provide sufficient fundings to the Group by way of a shareholder’s loan with the payment schedule or to be mutually agreed based on the Company’s actual repayment obligations, to finance the full repayment of the Outstanding Amounts;
- (iii) The Group has been actively implementing measures to speed up the collection of substantial payments from customers;
- (iv) The Group has developed a plan to obtain additional banking facilities by pledging certain of the Group’s commercial properties;
- (v) The Group will continue to closely monitor the operational and financial performance of its newly acquired iron ore mining and milling business segment, with a view to enhancing profitability and cash inflows to support the Group’s overall liquidity position; and
- (vi) The Group has been engaging in negotiations with an independent financial advisor regarding potential fund-raising activities. The Group will continue these negotiations and will actively explore various fund-raising options, including equity financing and/or debt financing, to further strengthen its financial position and support ongoing business operations.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

2. BASIS OF PRESENTATION *(Continued)*

Going concern assumption *(Continued)*

The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2025 and are of the opinion that the Group will have sufficient financial resources to satisfy its future working capital requirements and meet its financial obligations as they fall due within the next twelve months from the date of approval of these condensed consolidated financial statements. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, material uncertainty exists as to whether the Group is able to achieve the plans and measures as described above which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the following:

- (i) Successful negotiation with Hua Xia Bank for reaching an agreement on withdrawing the civil ruling, not demanding immediate repayment of existing bank borrowings due to the defaults and revising the repayment terms to allow for instalments over an extended period over three years;
- (ii) Successfully obtaining fundings from the substantial shareholder of the Company by way of shareholders' loan to finance the full repayment of the Outstanding Amounts;
- (iii) Successfully collecting substantial payments from customers;
- (iv) Successfully obtaining additional banking facilities by pledging certain of the Group's commercial properties;
- (v) Successfully generating profits and cash inflows from the iron ore mining and milling business; and
- (vi) Successfully exploring various fund-raising options, including equity financing and/or debt financing, to further strengthen its financial position and support ongoing business operations.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA, that are relevant to the Group, to this interim financial report for the current accounting period:

- Amendments to HKAS 21, Lack of Exchangeability

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new or amended standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT REPORTING

Information reported to the executive directors of the Company, being the chief operating decision-maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

During the interim period, the Group reassessed its internal reporting structure to better align with the way the CODM reviews financial performance and allocates resources. As a result, the previously reported "Others" segment, which comprised residual operations not individually reportable, has been reclassified into "Unallocated" items. Prior period segment disclosures have been represented to conform with current period's presentation.

Specifically, the Group's reportable segments under HKFRS 8 Operating Segments are as follows:

- (i) Supply chain business;
- (ii) Property investment;
- (iii) Hotel management and catering services; and
- (iv) Iron ore mining and milling.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4. REVENUE AND SEGMENT REPORTING (Continued)

(a) Disaggregation of revenue

	Six months ended 30 June	
	2025	2024
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products of service lines		
— Sales of goods from supply chain business	289,842	326,800
— Sales of goods from iron ore mining and milling	110,580	—
— Sales of food and beverage products from hotel management and catering services	36,189	42,963
— Management fee income from hotel management services	3,449	3,074
— Handling fee income from supply chain financing arrangements	—	219
	440,060	373,056
Revenue from other sources		
Interest income from supply chain financing arrangements	562	968
Gross rentals from investment properties		
— Lease payments that are fixed	3,409	3,345
— Rental income from sublease	510	1,173
	4,481	5,486
	444,541	378,542

All the Group's revenue is derived from its operations in the People's Republic of China (the "PRC") for both interim periods.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 4(b).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4. REVENUE AND SEGMENT REPORTING (Continued)

(b) Information about profit or loss

Six months ended 30 June 2025 (unaudited)	Supply chain business HKD'000	Property investment HKD'000	Hotel management and catering services HKD'000	Iron ore mining and milling HKD'000	Total HKD'000
Disaggregated by timing of revenue recognition					
Point in time	289,842	—	36,189	110,580	436,611
Over time	562	1,261	6,107	—	7,930
Revenue from external customers	290,404	1,261	42,296	110,580	444,541
Segment result	(13,995)	(21,201)	(4,190)	(37,660)	(77,046)
Reconciliation:					
Interest income					2
Corporate and other unallocated income					1,213
Corporate and other unallocated expenses					(7,024)
Finance costs					(33,046)
Loss before taxation					(115,901)
Income tax credit					392
Loss for the period					(115,509)

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4. REVENUE AND SEGMENT REPORTING (Continued)

(b) Information about profit or loss (Continued)

Six months ended 30 June 2024 (unaudited)	Supply chain business HKD'000	Property investment HKD'000	Hotel management and catering services HKD'000	Iron ore mining and milling HKD'000	Total HKD'000
Disaggregated by timing of revenue recognition					
Point in time	327,019	—	42,963	—	369,982
Over time	968	1,336	6,256	—	8,560
Revenue from external customers	327,987	1,336	49,219	—	378,542
Segment result	473	(3,191)	(10,491)	—	(13,209)
Reconciliation:					
Interest income					154
Corporate and other unallocated income					161
Corporate and other unallocated expenses					(7,024)
Finance costs					(16,758)
Loss before taxation					(36,676)
Income tax expense					(132)
Loss for the period					(36,808)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of central administration costs, directors' emoluments, interest income, finance costs and other revenue. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4. REVENUE AND SEGMENT REPORTING (Continued)

(c) Information about assets and liabilities

At 30 June 2025 (unaudited)	Supply chain business HKD'000	Property investment HKD'000	Hotel management and catering services HKD'000	Iron ore mining and milling HKD'000	Total HKD'000
Segment assets	460,201	146,494	168,076	1,004,255	1,779,026
Reconciliation: Deferred tax assets					6,904
Corporate and other unallocated assets					39,153
Total assets					1,825,083
Segment liabilities	453,593	17,552	50,217	677,483	1,198,845
Reconciliation: Deferred tax liabilities					85,043
Corporate and other unallocated liabilities					25,433
Total liabilities					1,309,321
At 31 December 2024 (audited)	Supply chain business HKD'000	Property investment HKD'000	Hotel management and catering services HKD'000	Iron ore mining and milling HKD'000	Total HKD'000
Segment assets	489,857	162,487	175,523	968,286	1,796,153
Reconciliation: Deferred tax assets					9,077
Corporate and other unallocated assets					10,247
Total assets					1,815,477
Segment liabilities	430,122	19,975	49,154	606,878	1,106,129
Reconciliation: Deferred tax liabilities					86,243
Corporate and other unallocated liabilities					18,902
Total liabilities					1,211,274

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4. REVENUE AND SEGMENT REPORTING (Continued)

(c) Information about assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than deferred tax assets and corporate and other unallocated assets;
- goodwill is allocated to operating segments; and
- all liabilities are allocated to operating segments other than deferred tax liabilities and corporate and other unallocated liabilities.

5. OTHER REVENUE AND OTHER NET LOSS

	Six months ended 30 June	
	2025	2024
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Other revenue		
Interest income	2	154
Gain on early termination of leases	180	—
Write-back of payables	691	—
Sundry income	342	161
	<u>1,215</u>	<u>315</u>
Other net loss		
Fair value loss of financial assets at fair value through profit or loss	—	(96)
Loss on write-off/disposal of property, plant and equipment	(619)	(5,034)
	<u>(619)</u>	<u>(5,130)</u>

6. LOSS FROM OPERATIONS

	Six months ended 30 June	
	2025	2024
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Loss from operations has been arrived at after charging:		
Depreciation on property, plant and equipment	33,931	5,233
Depreciation on right-of-use assets	2,943	2,130
Amortisation of intangible assets	4,409	154
	<u>40,283</u>	<u>7,517</u>

7. FINANCE COSTS

The finance costs represent interests on bank loans, other loans and lease liabilities for the respective periods.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

8. INCOME TAX EXPENSE

	Six months ended 30 June 2025 HKD'000 (unaudited)	2024 HKD'000 (unaudited)
Current tax — the PRC Enterprise Income Tax ("EIT")		
— Current income tax	—	—
— Over-provision in respect of prior years	—	(2)
	—	(2)
Deferred tax — the PRC	(392)	134
Income tax (credit)/expense	(392)	132

Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated or domiciled in Hong Kong have no assessable profits or sustained tax losses for taxation purpose for both interim periods.

The subsidiaries domiciled in the PRC are subject to the EIT which is charged at 25% (2024: 25%).

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the interim period.

	Six months ended 30 June 2025 HKD'000 (unaudited)	2024 HKD'000 (unaudited)
Loss		
Loss attributable to equity shareholders of the Company	(113,790)	(36,808)
	Six months ended 30 June 2025 '000 (unaudited)	2024 '000 (unaudited)
Number of shares		
Weighted average number of ordinary shares in issue	5,630,000	4,680,000

Basic loss per share are the same as the diluted loss per share as the Company has no dilutive potential shares.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

10. DIVIDEND

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

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant and equipment at a cost of approximately HKD28,256,000 (six months ended 30 June 2024: HKD2,650,000) and property, plant and equipment at a net book value of approximately HKD2,756,000 (six months ended 30 June 2024: HKD5,000,000) was written-off/disposed, resulting in a loss on write-off/disposal of approximately HKD619,000 (six months ended 30 June 2024: HKD5,000,000).

12. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, there was addition of right-of-use assets of approximately HKD2,672,000 (six months ended 30 June 2024: HKD3,820,000) regarding a lease of office in Hong Kong (six months ended 30 June 2024: a lease of office in Hong Kong). The leases in respect of respective underlying right-of-use assets contain leases of leasehold land, offices and restaurants.

The leasehold lands are situated in the PRC and are held under medium-term leases. The Group owns several industrial buildings where its staff quarters and manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The leases of office and restaurants in the PRC contain minimum annual lease payment terms that are fixed. These payment terms are common in the PRC where the Group operates.

13. INVESTMENT PROPERTIES

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. The investment properties are situated in the PRC and are held under medium-term leases.

The valuations of investment properties carried at fair value were updated as at 30 June 2025 by the Group's independent valuers using the same valuation techniques as were used by these valuers when carrying out the December 2024 valuations.

As at 30 June 2025 and 31 December 2024, certain investment properties were pledged to bank for loans granted to the Group (see Notes 19 and 20).

14. INTANGIBLE ASSETS

During the six months ended 30 June 2025, there was no addition of intangible assets. The amortisation charge for the period is included in "administrative expenses" in the condensed consolidated statement of profit or loss.

As at 30 June 2025 and 31 December 2024, entire mining rights were pledged to bank for loans granted to the Group (see Notes 19 and 20).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

15. TRADE AND OTHER RECEIVABLES

	At 30 June 2025 HKD'000 (unaudited)	At 31 December 2024 HKD'000 (audited)
Trade receivables, net of expected credit loss allowance	397,280	415,631
Other receivables, net of expected credit loss allowance	85,983	97,970
	483,263	513,601
Deposits and prepayments	75,535	54,761
	558,798	568,362

The ageing analysis of trade receivables (net of expected credit loss allowances) as at the end of the reporting period, based on invoice date, is as follows:

	At 30 June 2025 HKD'000 (unaudited)	At 31 December 2024 HKD'000 (audited)
Within 1 month	4,099	2,429
1 to 3 months	1,633	3,025
3 to 12 months	41,150	341,717
Over 12 months	350,398	68,460
	397,280	415,631

Trade receivables are generally due within 30 to 365 days (31 December 2024: 30 to 365 days) from the date of billing. The ageing analysis of trade receivables (net of expected credit loss allowances) as at the end of the reporting period, based on due date, is as follows:

	At 30 June 2025 HKD'000 (unaudited)	At 31 December 2024 HKD'000 (audited)
Current (not past due)	39,624	173,903
Less than 1 month past due	227	259
1 to 3 months past due	69,956	124,663
3 to 12 months past due	230,064	50,673
Over 12 months past due	57,409	66,133
	397,280	415,631

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

16. FINANCE LEASE RECEIVABLES

	At 30 June 2025 HKD'000 (unaudited)	At 31 December 2024 HKD'000 (audited)
Finance lease receivables	29,798	29,871
Less: Expected credit loss allowance	(29,798)	(29,871)
	<u>—</u>	<u>—</u>

As at 30 June 2025 and 31 December 2024, the finance lease receivables are receivable within one year or on demand.

Certain machineries are leased out to one lessee under finance initial leases with lease terms of 24 to 48 months. Prior to the revision of lease contract, the interest rate inherent in the leases was fixed for the entire lease term and was ranging from 6.2% to 12% per annum. Finance lease receivables are secured over the machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

In the prior years, the Group entered into a finance lease receivable transfer arrangement (the “**Arrangement**”) with the lessee. Under the Arrangement, the amount due from the lessee (representing all past due and future lease payments) of RMB25,122,000 (equivalent to HKD28,341,000) was transferred to an independent third party which the new repayment terms were revised as repayable on demand on a full recourse basis and the balance bears interest at the PRC Loan Prime Rate plus certain agreed premium rates until settlement. As the lessee has not transferred the significant obligations relating to these finance lease receivables, the full carrying amount of the receivables continues to be recognised as “finance lease receivables” in the Group’s condensed consolidated statement of financial position.

Based on the management’s best estimate, the entire balance of finance lease receivables is fully impaired due to the occurrence of unfavourable event.

17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL

	Six months ended 30 June 2025 HKD'000 (unaudited)	2024 HKD'000 (unaudited)
Impairment loss recognised/(reversed) in respect of		
— trade receivables	4,924	(3,196)
— other receivables	932	33
— finance lease receivables	(1,083)	—
	<u>4,773</u>	<u>(3,163)</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2024.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

18. TRADE PAYABLES

The ageing analysis of trade payables as at the end of the reporting period, based on invoice date, is as follows:

	At 30 June 2025 HKD'000 (unaudited)	At 31 December 2024 HKD'000 (audited)
Within 1 month	45,563	38,023
1 to 3 months	9,408	31,766
3 to 12 months	95,423	58,514
Over 12 months	90,525	66,147
	240,919	194,450

19. BORROWINGS

	At 30 June 2025 HKD'000 (unaudited)	At 31 December 2024 HKD'000 (audited)
Bank loans, secured (note a)	737,034	719,763
Other loan, secured (note b)	—	23,924
Other loans, unsecured (note c)	10,000	1,000
	747,034	744,687

The maturity profile of borrowings, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	At 30 June 2025 HKD'000 (unaudited)	At 31 December 2024 HKD'000 (audited)
Within 1 year	737,390	490,321
After 1 year but within 2 years	7,168	248,446
After 2 years but within 5 years	2,476	5,920
	747,034	744,687
Less: Amount due within one year or repayable on demand classified as current liabilities	(737,390)	(490,321)
Amount due for settlement after one year	9,644	254,366

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

19. BORROWINGS (Continued)

Note:

- (a) Bank loans comprise Bank Loan 1, Bank Loan 2, Bank Loan 3, Bank Loan 4, Bank Loan 5 and Bank Loan 6

Bank Loan 1 with principal amount of RMB14,986,000 (equivalent to HKD16,437,000) (31 December 2024: RMB17,958,000 (equivalent to HKD19,038,000)) is secured by certain investment properties of the Group and is repayable by instalments up to 2027. Interest is charged at Prime rate of The People's Bank of China ("PBOC") plus 30% of PBOC Prime rate per annum.

Bank Loan 2 with principal amount of RMB279,000,000 (equivalent to HKD306,007,000) (31 December 2024: RMB279,000,000 (equivalent to HKD295,768,000)) is secured by corporate guarantee executed by the Company and its certain subsidiaries and certain properties owned by an independent third party. As at 30 June 2025 and 31 December 2024, the entire loan was defaulted and repayable on demand. Interest is charged at a fixed rate of 5.4% per annum. The Group has been actively negotiating with the lender of Bank Loan 2 for renewal and extension for repayments of overdue borrowing.

Bank Loan 3 is secured by certain properties (the "Collaterals") owned by independent third parties (the "Pledgor"). Interest is charged at a fixed rate of 6.5% per annum. Bank loan 3 was defaulted during the year ended 31 December 2023. During the year ended 31 December 2024, pursuant to a debt assignment agreement between the relevant bank (as an original lender) and assignee (the "Assignee"), Bank Loan 3 with principal amount of RMB22,567,000 (equivalent to HKD23,924,000) as at 31 December 2024 was agreed to be assigned to the Assignee, an independent third party. Bank Loan 3 would be accordingly regarded as Other loan 1 below, which the terms of the loan remain unchanged except for the repayment term which is revised to be repayable on demand.

Bank Loan 4 with principal amount of RMB9,000,000 (equivalent to HKD9,871,000) (31 December 2024: RMB9,000,000 (equivalent to HKD9,540,000)) is secured by certain investment properties of the Group and is repayable by instalments up to 2025. Interest is charged at a fixed rate of 5% per annum.

Bank Loan 5 with principal amount of RMB244,000,000 (equivalent to HKD267,619,000) (31 December 2024: RMB248,000,000 (equivalent to HKD262,905,000)) is pledged with mining rights of the Group and is repayable by instalments up to 2026. Interest is charged at 6.378% to 9.6% per annum.

Bank Loan 6 with principal amount of RMB125,000,000 (equivalent to HKD137,100,000) (31 December 2024: RMB125,000,000 (equivalent to HKD132,512,000)) is secured by corporate guarantee executed by a related company of the Group and pledged with the shares of a subsidiary of the Company. Bank Loan 6 is repayable in December 2025 and interest is charged at 6.378% per annum. The related company is controlled by the director of certain subsidiaries of the Company.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

19. BORROWINGS (Continued)

Note: (Continued)

- (b) Other loan 1 with principal amount of RMB22,567,000 (equivalent to HKD23,924,000), which was secured by the Collaterals, is repayable on demand and interest-bearing at a fixed rate of 6.50% per annum. During the interim period, for the purpose of settling the Other loan 1, the Collaterals were disposed of by the Assignee and the relevant loan obligation to the Assignee was fully settled. As a result, the Group derecognised the balance previously recorded as Other loan 1 and the relevant balance together with the accrued interest would then be due to the Pledgor arising from this settlement arrangement which was included in "Other payables and accruals". This transaction is regarded as a non-cash transaction.
- (c) Other loan 2 with principal amount of HKD1,000,000, which was obtained from an independent third party, is unsecured and repayable within one year. Interest is charged at a fixed rate of 18% per annum. The loan was fully repaid during the six months ended 30 June 2025.

Other loan 3 to 5 with principal amounts of HKD5,000,000, HKD2,000,000 and HKD3,000,000 respectively, which were obtained from an independent third party during the period, are unsecured and repayable within one year. Interest is charged at a fixed rate of 18% per annum.

20. PLEDGE OF ASSETS

As at 30 June 2025, certain investment properties of the Group with an aggregate carrying amount of approximately HKD162,151,000 (31 December 2024: approximately HKD178,472,000) and mining rights of the Group with carrying amount of approximately HKD208,575,000 (31 December 2024: approximately HKD205,796,000) were pledged to banks for loans granted to the Group.

21. PROVISION FOR REHABILITATION

The provision for rehabilitation represents the estimated costs of decommission and rehabilitation of mines and processing sites of the mining projects to be carried out at the end of their producing lives.

The provision for rehabilitation costs have been estimated by the management based on current regulatory requirements and is discounted to present value. However, significant changes in the regulatory requirements, timing of performance of reclamation activities or discount rate will result in changes to the amount of provision from period to period. The discount rates used in the calculation of the provision as at 30 June 2025 was 9.6% (31 December 2024: 9.6%).

During the six months ended 30 June 2025, there was addition of provision for rehabilitation of approximately HKD11,575,000 regarding material and insurance costs of the mining projects.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

22. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June 2025 HKD'000 (unaudited)	2024 HKD'000 (unaudited)
Salaries, allowances and other benefits	2,208	2,108
Contributions to defined contribution retirement plan	78	83
	<u>2,286</u>	<u>2,191</u>

(b) Other related party transactions

Apart from the financial arrangements dealt with certain related parties as disclosed in Note 19, the Group did not enter into other significant related party transactions during both interim periods.

(c) Related party balances

As at 30 June 2025 and 31 December 2024, the Group had no significant balances dealt with its related parties.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table represents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's finance department led by the group financial controller performs the valuations of financial assets required for financial reporting purposes and independent external valuers are engaged for expert opinions if needed. Discussions of valuation processes and results are held by the board members and Audit Committee at least twice every year, which is in line with the Group's reporting periods.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

The following table presents the Group's financial instruments that are measured at fair value at the end of the reporting periods:

Fair value at 30 June 2025 HKD'000	Fair value measurements as at 30 June 2025 (unaudited) categorised into			Fair value at 31 December 2024 HKD'000	Fair value measurements as at 31 December 2024 (audited) categorised into		
	Level 1 HKD'000	Level 2 HKD'000	Level 3 HKD'000		Level 1 HKD'000	Level 2 HKD'000	Level 3 HKD'000
Recurring fair value measurements							
Financial assets measured at fair value through other comprehensive income							
— Listed equity securities	95	95	—	162	162	—	—
— Unlisted equity security	30,220	—	30,220	—	—	—	—
	<u>30,315</u>	<u>95</u>	<u>30,220</u>	<u>162</u>	<u>162</u>	<u>—</u>	<u>—</u>
Financial assets measured at fair value through profit or loss							
— Listed equity securities	31	31	—	29	29	—	—
	<u>30,346</u>	<u>126</u>	<u>30,220</u>	<u>191</u>	<u>191</u>	<u>—</u>	<u>—</u>

During the six months ended 30 June 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

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

(a) Financial assets and liabilities measured at fair value *(Continued)*

(ii) Information about Level 3 fair value measurements

The fair value of unlisted equity security is determined using the market approach as their major assets were held for capital appreciation. In this approach, the Price-to-book ("P/B") ratio and discount for lack of marketability were used to determine the fair value of the financial assets.

Below is a summary of relationship of unobservable input(s) to fair value, significant unobservable inputs to the valuation of financial instruments together with a quantitative analysis as at 30 June 2025:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input(s)
Unlisted equity security	Market approach	P/B ratio	1.82 times	5% increase (decrease) in the P/B ratio would result in increase (decrease) in fair value of approximately HKD1,494,000
		Discount for lack of marketability	22%	5% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in fair value of approximately HKD1,937,000

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	Six months ended 30 June 2025 HKD'000 (unaudited)	2024 HKD'000 (unaudited)
Unlisted equity security:		
At 1 January	—	—
Addition	32,466	—
Change in fair value recognised in other comprehensive income during the period	(2,246)	—
At 30 June	30,220	—

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

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

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2025 and 31 December 2024.

24. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation

The Group management determines the estimated useful lives and related depreciation charge for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of property, plant and equipment, right-of-use assets and intangible assets

In considering the impairment loss that may be required for certain property, plant and equipment, right-of-use assets and intangible assets, recoverable amount of the asset needs to be determined. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. It is difficult to precisely estimate its fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

An increase or decrease in the above impairment loss would affect the operating results in the year and future years.

(c) Impairment of goodwill

The Group tests annually whether goodwill have suffered any impairment in accordance with accounting policies. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell, whichever are higher. These calculations require the use of judgments and estimates. Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by the management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

24. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Valuation of investment properties

Investment properties are stated at fair value based on the valuations performed by independent qualified professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions including unobservable inputs. In relying on the valuation report, the directors of the Company have exercised their judgements and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss that would be recognised in profit or loss. Details of these are set out in Note 13.

(e) Provision of ECLs for trade and other receivables

Trade receivables is assessed for ECL individually and/or collectively. Where ECL is measured on a collective basis, the Group estimates ECL through groupings of various debtors that have similar loss patterns, after considering the historical loss rates experience, ageing of overdue debtors, customers' repayment history, customer's financial position and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Impairment loss on other receivables represent management's best estimate of losses incurred under ECL models. Management assesses whether the credit risk of other receivables have increased significantly since their initial recognition and apply a three-stage impairment model to calculate their ECL. The Group is required to exercise judgement in making assumptions and estimates when calculating impairment loss on other receivables, including historical loss experience on the basis of the relevant observable data that reflects current economic conditions, all of which involves significant management judgements and assumptions.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. The information about the ECLs and the Group's trade and other receivables are disclosed in Note 15. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(f) Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than net realisable value. The assessment of the provision required involves management's judgement and estimates on which are influenced by assumptions concerning future sales and usage and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which such estimate has been changed. As at 30 June 2025, the carrying amount of inventories was approximately HKD33,864,000.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

24. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(g) Provision for rehabilitation

Environment rehabilitation obligations are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in the estimation of the costs. Environment rehabilitation obligations are subject to considerable uncertainty which affects the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required clean-up efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation. The carrying amount of provision for rehabilitation at 30 June 2025 was approximately HKD22,492,000.

25. LITIGATION AND CLAIM

During the year ended 31 December 2023, one of the subsidiaries of the Group, Shenzhen Golden Flourish Supply Chain Limited defaulted on repayment of interest-bearing bank borrowing from Shenzhen Branch of Hua Xia Bank with an aggregate principal and related interest amount of approximately RMB294,300,000 (equivalent to approximately HKD322,612,000) as at 31 December 2023. During the year ended 31 December 2024, the Company and its certain subsidiaries (the “**Defendants**”) received a legal claim filed by Hua Xia Bank in respect of breach of loan agreements. The Defendants therefore received a court notice from the Shenzhen Intermediate People's Court that Hua Xia Bank requested the Shenzhen Golden Flourish Supply Chain Limited to:

- (1) repay the total amount of principal, interests and compound interests of approximately RMB318,794,000 (equivalent to approximately HKD337,954,000) immediately;
- (2) bear the legal costs of approximately RMB1,461,000 (equivalent to approximately HKD1,549,000) incurred by Hua Xia Bank; and
- (3) bear the other litigation costs in relation to the abovementioned litigation.

In October 2024, the Group received a written civil ruling issued by the Intermediate People's Court of Shenzhen, Guangdong in connection with the legal proceedings instituted by the lender to recover the outstanding amounts under the loan agreements. Pursuant to the civil ruling, the Group shall repay the principal, corresponding default interests and compound interests in connection with the default. The Group lodged an appeal against the Civil Ruling disputing the quantum of loan interests payable under the relevant loan agreements. On 8 May 2025, the Higher People's Court of Guangdong Province issued the Case Acceptance Notice to the Group (as appellant), confirming the court's acceptance of the appeal case.

In view of the legal claim, the relevant bank borrowings were classified as current liabilities as at 30 June 2025 and 31 December 2024. As at the approval date of these condensed consolidated financial statements, the Group is still in the process of negotiation with Hua Xia Bank to extend the repayment date. Apart from the above written civil ruling, there is no further legal action taken by the Hua Xia Bank or the Intermediate People's Court of Shenzhen, Guangdong.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

26. CONTINGENT LIABILITIES

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

27. CAPITAL COMMITMENT

As at 30 June 2025, the Group has no significant capital commitment (31 December 2024: nil).