



百信集团

PASHUN GROUP

Pa Shun International Holdings Limited

百信國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 574

2025 INTERIM REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Yuan Hongbing (*Chairman*)
Mr. Ma Qinghai

NON-EXECUTIVE DIRECTORS

Mr. Chen Zhongzheng
Mr. Zhou Jinkai

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li Yan
Dr. Lowe Chun Yip
Mr. Wong Tung Yuen
Mr. Khor Khie Liem Alex
(retired on 26 June 2025)

AUTHORISED REPRESENTATIVE

Mr. Yuan Hongbing
Ms. Li Yan

COMPANY SECRETARY

Ms. Lui Mei Ka

AUDIT COMMITTEE

Ms. Li Yan (*Chairman*)
Dr. Lowe Chun Yip
Mr. Wong Tung Yuen
(appointed on 26 June 2025)
Mr. Khor Khie Liem Alex
(retired on 26 June 2025)

REMUNERATION COMMITTEE

Ms. Li Yan (*Chairman*)
Dr. Lowe Chun Yip
Mr. Wong Tung Yuen
(appointed on 26 June 2025)
Mr. Khor Khie Liem Alex
(retired on 26 June 2025)

NOMINATION COMMITTEE

Mr. Wong Tung Yuen (*Chairman*)
Ms. Li Yan
Dr. Lowe Chun Yip
(appointed on 26 June 2025)
Mr. Khor Khie Liem Alex
(retired on 26 June 2025)

**CORPORATE GOVERNANCE
COMMITTEE**

Ms. Li Yan (*Chairman*)

Mr. Wong Tung Yuen

Dr. Lowe Chun Yip

(appointed on 26 June 2025)

Mr. Khor Khie Liem Alex

(retired on 26 June 2025)

**HEAD OFFICE AND PRINCIPAL PLACE
OF BUSINESS IN HONG KONG**

Suites 2601-2603, 26/F

Shui On Centre

6-8 Harcourt Road

Wanchai

Hong Kong

**PRINCIPAL PLACE OF BUSINESS IN
THE PRC**

No. 608-616, Building 28

Longfor North Paradise Walk 2

229 Wufuqiao East Road

Jinniu District

Chengdu, Sichuan Province

PRC

AUDITORS

Forvis Mazars CPA Limited

(appointed on 9 December 2024)

CCTH CPA Limited

(resigned on 9 December 2024)

STOCK CODE

00574

COMPANY'S WEBSITE

www.pashun.com.cn

PRINCIPAL BANK

Bank of Communications Co., Ltd.

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

**HONG KONG BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE**

Tricor Investor Services Limited

17/F

Far East Finance Centre

16 Harcourt Road

Hong Kong

The board (the “**Board**”) of directors (the “**Directors**”) of Pa Shun International Holdings Limited (the “**Company**”) is pleased to announce the interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024. The Group’s interim results are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3(a)	48,693	48,830
Cost of sales		(42,481)	(39,303)
Gross profit		6,212	9,527
Gain on restructuring of the Company's debts	14	–	47,356
Other income	4(a)	692	734
Other losses, net	4(b)	(1,623)	(6,362)
Selling and distribution expenses		(2,375)	(3,408)
General and administrative expenses		(5,707)	(7,281)
Finance costs	5	(6,253)	(5,075)
(Loss)/profit before tax	6	(9,054)	35,491
Income tax expense	7	(1)	(64)
(Loss)/profit for the period attributable to equity shareholders of the Company		(9,055)	35,427

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	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss)/profit for the period	(9,055)	35,427
Other comprehensive (expense)/income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities outside the People's Republic of China ("PRC" or "China")	(3,377)	3,158
Total comprehensive (expense)/income for the period attributable to equity shareholders of the Company	(12,432)	38,585

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss)/profit per share		
Basic	(0.61)	2.4
Diluted	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 30 June 2025*

	Notes	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	29,206	29,460
Right-of-use assets	11	1,795	1,821
Intangible assets		6	6
Property development project		43,500	43,500
		74,507	74,787
CURRENT ASSETS			
Inventories		20,272	37,834
Trade and other receivables	12	45,747	29,629
Prepayments and deposits paid		17,818	21,388
Amounts due from related party		56	36
Cash and cash equivalents		3,562	15,972
		87,455	104,859
CURRENT LIABILITIES			
Trade and other payables	13	82,502	79,744
Bank borrowings		16,380	11,380
Amount due to a shareholder		826	804
Amounts due to related parties		410	396
Deferred income – government grant		–	512
Other borrowings		6,627	3,700
Repayment obligation under scheme of arrangement	14	9,119	6,894
Income tax payable		1,077	98
		116,941	103,528
NET CURRENT (LIABILITIES) ASSETS		(29,486)	1,331
TOTAL ASSETS LESS CURRENT LIABILITIES		45,021	76,118

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2025

	Notes	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Deferred income – government grant		21,238	20,981
Deferred tax liabilities		2,125	2,125
Other payables		–	3,296
Other borrowings		17,000	28,947
Repayment obligation under scheme of arrangement	14	153,126	156,805
		193,489	212,154
NET LIABILITIES		(148,468)	(136,036)
CAPITAL AND RESERVES			
Share capital	15	1,216	1,216
Reserves		(149,684)	(137,252)
DEFICIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		(148,468)	(136,036)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	PRC statutory reserve	Share option reserve	Exchange reserve	Other reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024 and 1 January 2025 (audited)	<u>1,216</u>	<u>691,882</u>	<u>33,143</u>	<u>11,456</u>	<u>(23,150)</u>	<u>(28,150)</u>	<u>(822,433)</u>	<u>(136,036)</u>
Loss for the period							(9,055)	(9,055)
Other comprehensive expense for the period								
Exchange differences on translation of financial statements of entities outside the PRC					(3,377)			(3,377)
Total comprehensive expense for the period					(3,377)		(9,055)	(12,432)
At 30 June 2025 (unaudited)	<u>1,216</u>	<u>691,882</u>	<u>33,143</u>	<u>11,456</u>	<u>(26,527)</u>	<u>(28,150)</u>	<u>(831,488)</u>	<u>(148,468)</u>
At 1 January 2024 (audited)	1,216	691,882	33,143	11,456	(18,526)	(28,150)	(807,120)	(116,099)
Profit for the period	–	–	–	–	–	–	(15,313)	(15,313)
Other comprehensive income for the period								
Exchange differences on translation of financial statements of entities outside the PRC	–	–	–	–	(4,624)	–	–	(4,624)
Total comprehensive income for the period	–	–	–	–	(4,624)	–	(15,313)	(19,937)
At 31 December 2024 (audited)	<u>1,216</u>	<u>691,882</u>	<u>33,143</u>	<u>11,456</u>	<u>(23,150)</u>	<u>(28,150)</u>	<u>(822,433)</u>	<u>(136,036)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(7,382)	(14,548)
Investing activities		
Other net cash outflow	(528)	(20)
Net cash used in investing activities	(528)	(20)
Financing activities		
(Repayment)/drawn down of other borrowings	(9,500)	2,691
Drawn down of bank borrowings	5,000	—
Other net cash outflow	—	—
Net cash (used in)/generated from financing activities	(4,500)	2,691
Net decrease in cash and cash equivalents	(12,410)	(11,877)
Cash and cash equivalents at the beginning of the period	15,972	16,511
Effect of changes in foreign exchange rates	—	—
Cash and cash equivalents at the end of the period	3,562	4,634

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong.

In addition, the condensed consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance. The condensed consolidated financial statements have been prepared under the historical cost convention. These condensed consolidated financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) that are first effective for the current interim period beginning on or after 1 January 2025 for the preparation of the condensed consolidated financial statement of the Group.

Amendments to HKAS 21	Lack of Exchange Ability ¹
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The application of the amendments to HKFRSs in the current interim period has not resulted in significant impact on the Group’s condensed consolidated financial statements. The Group has also not applied any new or amended standards that are not effective in respect of the current interim period.

Amendments to HKFRSs in issue but not yet effective

The Group has not applied any revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2025. These revised HKFRSs include the following which may be relevant to the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution to Assets between an Investor and its Associate or Joint Venture ¹
Annual Improvements to HKFRS Accounting Standards-Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

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

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

³ No mandatory effective date yet determined but available for adoption

The directors of the Company anticipate that the application of these amendments to HKFRSs, which are not yet effective, will have no material impact on these condensed consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are pharmaceutical distribution and manufacture of pharmaceutical products in the PRC.

Revenue represents the sales value of goods supplied to customers. The amount of each significant category of revenue is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Pharmaceutical distribution	43,013	33,267
Pharmaceutical manufacturing	5,680	15,563
	48,693	48,830

All of the Group's revenue is recognised at a point of time for both periods.

3. REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting

The Group manages its business by business lines and distribution channels. In a manner consistent with the way in which information is reported internally to the executive Directors, being the chief operating decision makers, for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No other operating segments have been aggregated to form the following reportable segments.

- | | |
|---------------------------------|---|
| – Pharmaceutical distribution: | this segment generates revenue primarily from sales of pharmaceutical products to (i) wholesalers, (ii) franchise retail pharmacy chain stores and (iii) hospitals and other medical institutions in rural areas. |
| – Pharmaceutical manufacturing: | this segment generates revenue primarily from sales of pharmaceutical products manufactured by the Group. |

The Group's revenue and operating profit were entirely derived from activities of pharmaceutical distribution and pharmaceutical manufacturing in the PRC and the principal assets employed by the Group were located in the PRC for the six months ended 30 June 2025 and 2024. Accordingly, no analysis by geographical segments has been provided for the six months ended 30 June 2025 and 2024.

No analysis of the Group's assets and liabilities by operating segments was regularly provided to the chief operating decision makers for review during the six months ended 30 June 2025 and 2024 for the purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

3. REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) Segment revenue and results

Segment information regarding the Group's revenue and results as provided to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below.

Six months ended 30 June 2025 (unaudited)					
	Pharmaceutical distribution			Pharmaceutical manufacturing	Total
	Sales to wholesalers	Sales to hospitals and other medical institutions in rural areas	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external	26,783	16,230	43,013	5,680	48,693
Reportable segment profit	1,236	2,296	3,532	2,680	6,212
Other segment information					
Depreciation and amortisation	—	—	—	—	—
Six months ended 30 June 2024 (unaudited)					
	Pharmaceutical distribution			Pharmaceutica manufacturing	Total
	Sales to wholesalers	Sales to hospitals and other medical institutions in rural areas	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external	10,891	22,376	33,267	15,563	48,830
Reportable segment profit	358	3,326	3,684	5,843	9,527
Other segment information					
Depreciation and amortisation	—	—	—	14	14

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue		
Reportable segment revenue	48,693	48,830
Elimination of inter-segment revenue	—	—
Consolidated revenue (note 3(a))	48,693	48,830
Profit		
Reportable segment profit	6,212	9,527
Elimination of inter-segment loss	—	—
Gross profit derived from external customers	6,212	9,527
Gain on restructuring of the Company's debts	—	47,356
Other income	692	734
Other losses, net	(1,623)	(6,362)
Selling and distribution expenses	(2,375)	(3,408)
General and administrative expenses	(5,707)	(7,281)
Finance costs	(6,253)	(5,075)
Consolidated (loss)/profit before tax	(9,054)	35,491
Other items		
Depreciation and amortisation	—	14
Reportable segment total	—	—
Unallocated total	808	1,286
Consolidated total	808	1,300

4. OTHER INCOME AND OTHER GAINS/(LOSSES), NET

(a) Other income

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Bank interest income	4	7
Deferred income – government grant	256	256
Short-term lease rental income	432	444
Others	–	27
	692	734

(b) Other losses, net

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Impairment loss on:		
Trade receivables	(2,734)	(2,021)
Other receivables	(1,430)	–
Prepayment and deposits paid	(1,223)	(4,342)
Reversal of impairment loss on:		
Trade receivables	3,712	–
Other receivables	–	53
Others	52	(52)
	(1,623)	(6,362)

5. FINANCE COSTS

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Interest on:		
Bank and other borrowings	619	2,115
Corporate bonds payable	—	519
Repayment obligation under scheme of arrangement	5,634	2,441
Lease liabilities	—	—
	<u>6,253</u>	<u>5,075</u>

6. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories sold (<i>note i</i>)	42,481	39,303
Salaries, wages and other benefits	2,975	3,067
Contributions to defined contribution retirement plans	168	353
Total staff costs (<i>note ii</i>)	3,143	3,420
Depreciation of property, plant and equipment	782	1,271
Depreciation of right-of-use assets	26	29
Auditors' remuneration	—	111

Notes:

- (i) Cost of inventories sold for the six months ended 30 June 2025 includes staff costs and depreciation and amortisation expenses totalled RMB643,777 (six months ended 30 June 2024: RMB376,000) which are also included in the respective total amounts disclosed separately above.
- (ii) The total staff costs include directors' emoluments.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax – PRC Enterprise Income Tax		
Provision for the period	–	–
Deferred tax		
Origination and reversal of temporary differences	–	64
	–	64

- (i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.
- (ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (iii) No provision for Hong Kong Profits Tax for the six months ended 30 June 2025 and 2024 has been made in the condensed consolidated statement of profit or loss as the Group has no assessable profits arising in Hong Kong for both of the periods presented.
- (iv) The Group's PRC subsidiaries are subject to PRC Enterprise Income Tax at the statutory rate of 25%. No provision for PRC Enterprises Income Tax for the current period has been made in the condensed consolidated statement of profit or loss as the Group had no profit for the period which is assessable to such PRC income tax.

8. DIVIDENDS

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

9. (LOSS)/PROFIT PER SHARE

(a) Basic (loss)/profit per share

The calculation of basic loss per share for the six months ended 30 June 2025 is based on the loss attributable to equity shareholders of the Company of RMB9,054,000 (six months ended 30 June 2024: profit of RMB35,427,000) and the weighted average of 1,474,993,000 ordinary shares (six months ended 30 June 2024: 1,474,993,000 ordinary shares) in issue.

(b) Diluted (loss)/profit per share

The computation of diluted (loss)/profit per share does not assume the exercise of the Company's share options granted because the exercise price of those share options was higher than the average market price of shares for both of the periods presented.

No diluted profit per share for the six months ended 30 June 2025 and 30 June 2024 is presented as, except for aforementioned, there are no potential ordinary shares in issue during both of the periods presented.

10. PROPERTY, PLANT AND EQUIPMENT

Depreciation of property, plant and equipment for the six months ended 30 June 2025 amounted to RMB782,000 (six months ended 30 June 2024: RMB1,271,000).

11. RIGHT-OF-USE ASSETS

The Group did not enter into any new lease agreement during the current interim period.

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Trade and commercial bills receivables (note a)	41,380	26,136
Bank bills receivables (note b)	3,041	1,633
Other receivables	1,326	1,860
	<u>45,747</u>	<u>29,629</u>

Notes:

(a) Trade and commercial bills receivables

An ageing analysis of trade and commercial bills receivables, based on the dates of goods delivery and net of allowance for doubtful debts, is as follows:

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Within 1 month	4,561	9,460
1 to 3 months	6,225	9,222
4 to 6 months	30,594	7,454
	<u>41,380</u>	<u>26,136</u>

An average credit period of 30 to 180 days is granted by the Group to its customers (31 December 2024: 30 to 180 days).

(b) Bank bills receivables

The bank bills receivables are aged within 180 days (31 December 2024: 180 days).

13. TRADE AND OTHER PAYABLES

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Trade payables (note (i))	27,916	31,633
Contract liabilities	14,126	14,522
Accrued interests for other borrowings	3,156	3,455
Other accrual fees	2,417	3,414
Payables for staff related costs	9,908	9,827
Other payables	24,979	20,189
	82,502	83,040
Analysed as:		
Non-current liabilities	—	3,296
Current liabilities	82,502	79,744
	82,502	83,040

Notes:

- (i) An ageing analysis of trade payables, based on the dates of goods delivery, is as follows:

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Within 1 month	1,121	3,373
1 to 3 months	1,624	1,853
Over 3 months	25,171	26,407
	27,916	31,633

The credit term granted to the Group by its suppliers is 30 to 180 days (31 December 2024: 30 to 180 days).

14. REPAYMENT OBLIGATION UNDER SCHEME OF ARRANGEMENT

The Group initiated a restructuring of its overall indebtedness position in order to address the liquidity issue faced by the Company during the year ended 31 December 2023. All necessary statutory, regulatory, and creditors' approvals of the Scheme of Arrangement have been obtained during the year ended 31 December 2023. All admitted claims owed by the Company to those creditors would be discharged and released in full as against the Company on the effective date of the Scheme of Arrangement.

The details of the Scheme of Arrangement as set out below:

On 12 March 2024, the scheme of arrangement ("**Scheme of Arrangement**") became effective for the restructuring of its overall indebtedness position of the Company, pursuant to which:

- (i) all unsecured and non-preferential claims ("**Scheme Claims**") shall be discharged and released in full as against the Company on the date on which the Scheme of Arrangement becomes unconditional and comes into effect;
- (ii) the creditors with Scheme Claims ("**Scheme Creditors**"), which have been admitted by the administrators of the Scheme of Arrangement or the adjudicator, will be entitled to the following in proportion to their admitted claims on a pari passu basis:
 - an initial cash payment representing 1% of the admitted claims ("**Initial Cash Payment**"); and
 - annual cash payments from 2024 to 2028 ("**Yearly Payments**").

The Yearly Payments comprise a cash amount which shall be the higher of (i) HK\$5 million of the year 2024 and HK\$10 million annually for the years 2025 to 2028; and (ii) a cash amount representing the relevant proportion of the Company's audited consolidated net profits for the relevant financial year.

If the aggregate of the Initial Cash Payment and all the Yearly Payments are insufficient to settle all the Admitted Claims, the Company shall allot and issue new shares (the "**Scheme Shares**") to the Scheme Creditors through the special purpose company controlled by the administrators of the Scheme of Arrangement (the "**Scheme Administrators**"), subject to the approval of the shareholders of the Company (if applicable), the Stock Exchange, the requirements of the Listing Rules and the determination of the Scheme Administrators. The exact number of the Scheme Shares to be issued and the issue price per share are to be determined following of the settlement of the Initial Cash Payment and the Yearly Payments.

The Initial Cash Payment and related scheme cost to be financed by a deposit of HK\$8,000,000 (equivalent to approximately RMB7,547,000) seized by the administrators of the Scheme of Arrangement at 31 December 2024, which are included in "Prepayments and deposits paid" in the consolidated financial statements. During the six months ended 30 June 2025, the Initial Cash Payment and Yearly Payments for the year 2024 were paid to the Scheme Creditors.

15. SHARE CAPITAL

	Number of Shares '000	HK\$'000
Authorised:		
At 1 January 2024, 31 December 2024 (audited), 1 January 2025 and 30 June 2025 (unaudited)	<u>5,000,000</u>	<u>5,000</u>

	Number of shares '000	Nominal value of shares HK\$'000	Carrying amount RMB'000
Issued and fully paid:			
At 1 January 2024, 31 December 2024 (audited), 1 January 2025 and 30 June 2025 (unaudited)	<u>1,474,993</u>	<u>1,475</u>	<u>1,216</u>

16. CONTINGENT LIABILITIES

At 30 June 2025 and 31 December 2024, except as disclosed below, there were no other material legal claims against the Group.

- (a) In February 2025, the Group received a notice from the PRC district court stating that a third party (the "**Plaintiff**") in the PRC has initiated legal action against a subsidiary of the Group in the PRC, Chengdu Yiming Investment Management Company Limited ("**Chengdu Yiming**") and its controlling shareholder by claiming the alleged due and unpaid balance of construction design contract which was signed by the service provider (who transferred its claims under the construction design contract to the Plaintiff) and Chengdu Yiming. The aforesaid alleged balance of service fee was approximately RMB4,656,000. After considering the independent legal opinion, the management of the Group is of the view that the chance of success of the Plaintiff bringing a claim on the aforesaid alleged balance against Chengdu Yiming and its controlling shareholder is remoted.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to focus on the pharmaceutical distribution and pharmaceutical manufacturing businesses in the PRC during the six months ended 30 June 2025.

REVENUE

For the six months ended 30 June 2025, the Group recorded a total revenue of RMB48.7 million, representing a slight decrease of approximately 0.28% from RMB48.8 million for the corresponding period last year.

COST OF SALES, GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's cost of sales increased by approximately 8.09% from RMB39.3 million for the six months ended 30 June 2024 to RMB42.5 million for the six months ended 30 June 2025. The slight increase in the cost of sales was due to the inflation of costs including the costs of raw materials and labour.

The Group's gross profit decreased by approximately 34.8% from RMB9.5 million for the six months ended 30 June 2024 to RMB6.2 million for the six months ended 30 June 2025. The Group's gross profit margin decreased from 19.5% for the six months ended 30 June 2024 to 12.8% for the six months ended 30 June 2025. Such change was primarily attributable to the inflation of costs and intense competition in the pharmaceutical industry.

OTHER INCOME AND OTHER LOSSES, NET

The other losses, net for the six months ended 30 June 2025 was RMB1.6 million (six months ended 30 June 2024: RMB6.4 million), mainly comprised of impairment loss on trade and other receivables and prepayment and deposits paid. For the breakdown of other income and other losses, net, please refer to note 4 to the condensed consolidated interim financial statements.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses decreased by approximately 30.3% from RMB3.4 million for the six months ended 30 June 2024 to RMB2.4 million for the six months ended 30 June 2025. The decrease was attributable to the stringent cost control policy of the Group and less selling activities and promotions being conducted during the period under review.

GENERAL AND ADMINISTRATIVE EXPENSES

The Group's general and administrative expense slightly decreased by approximately 21.6% from RMB7.3 million for the six months ended 30 June 2024 to RMB5.7 million for the six months ended 30 June 2025. The decrease was mainly due to more legal and professional fees incurred for handling the trading resumption application and the debt restructuring of the Company during the six months ended 30 June 2024 while there was not such cost during the six months ended 30 June 2025.

FINANCE COSTS

Finance costs increased by approximately 23.2% from RMB5.1 million for the six months ended 30 June 2024 to RMB6.3 million for the six months ended 30 June 2025. Finance costs of the Group mainly comprises interests accrued on the corporate bonds payables and bank and other borrowings of the Group. The increase in finance costs was mainly due to the imputed interests arising from the repayment obligations under the Scheme of Arrangement during the six months ended 30 June 2025.

(LOSS) PROFIT FOR THE PERIOD

As a result of the foregoing, the Group's loss for the six months ended 30 June 2025 was approximately RMB9.1 million as compared to a profit of RMB35.5 million for the six months ended 30 June 2024. The change of profit to loss for the period was mainly due to one off gain of RMB47.4 million arising from the restructuring of the Company's debts during the six months ended 30 June 2024 while there was no such gain during the six months ended 30 June 2025.

OUTLOOK

With the Epidemic being contained and release of various restriction measures in 2023, business and economic activities in the PRC have gradually returned to normal. Accordingly, the Company expects that market demand would recover but with more competitors in the market. The management of the Group will focus its efforts on improving its production and distribution capabilities to seize the business opportunities arising from the market recovery.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group had total cash and cash equivalents of RMB3.6 million as at 30 June 2025 as compared with RMB16.0 million as at 31 December 2024.

The Group recorded net current liabilities of RMB29.5 million and net current assets of RMB1.3 million as at 30 June 2025 and 31 December 2024 respectively. The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was 0.75 as at 30 June 2025, as compared with 1.01 as at 31 December 2024.

As at 30 June 2025, the total amount of bank borrowings was approximately RMB16.4 million, as compared to approximately RMB11.4 million as at 31 December 2024. As at 30 June 2025, the total amount of other borrowings was approximately RMB23.6 million, as compared to approximately RMB32.6 million as at 31 December 2024.

As at 30 June 2025, the total number of issued ordinary shares of the Company ("**Shares**") was 1,474,992,908 Shares (31 December 2024: 1,474,992,908 Shares). In 2018, the Company has granted to certain eligible persons share options ("**Options**") to subscribe for an aggregate of 100,000,000 Shares under the share option scheme adopted by the Company on 26 May 2015. On 25 May 2025, 100,000,000 Options have lapsed and expired. As at 30 June 2025, no Options remained outstanding. Please refer to the announcement of the Company dated 7 September 2018 for details of the grant of the Options. No share options were granted during the six months ended 30 June 2025.

On 12 March 2024, the Scheme of Arrangement became effective for the restructuring of the Company's indebtedness position. For details, please refer to note 14 to the condensed consolidated interim financial statements.

The Group actively and regularly reviews and manages its capital structure to enhance its financial strength for the Group's long-term development. There were no changes in the Group's approach to capital management during the six months ended 30 June 2025.

CONTINGENT LIABILITIES

As at 30 June 2025, save as disclosed in note 16 to the condensed consolidated interim financial statements, the Group did not have any other significant contingent liabilities.

FOREIGN EXCHANGE RISKS

Most of the assets and transactions of the Group are denominated in Renminbi, and the Group mainly settles its operating expenses in the PRC with income generated from operations in Renminbi. Therefore, the Group is not exposed to any significant foreign exchange risks.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2025, the Group did not make any significant investments, acquisitions or disposals that was required to be disclosed under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

HUMAN RESOURCES

As at 30 June 2025, the Group had a total of 106 (31 December 2024: 97) staff, primarily in the PRC. The total staff cost for the six months ended 30 June 2025 was RMB3.1 million (six months ended 30 June 2024: RMB3.4 million).

The Group believes that its human resources are its valuable assets and maintains its firm commitment to attracting, developing and retaining talented employees, in addition to providing dynamic career opportunities and cultivating a favorable working environment. The Group constantly invests in trainings across diverse operational functions and offers competitive remuneration packages and incentives to all employees. The Group regularly reviews its human resources policies for addressing its corporate development needs.

OTHER INFORMATION

DIVIDEND

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

CORPORATE GOVERNANCE

The Group has committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “CG Code”) in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance. Save as disclosed below, during the six months ended 30 June 2025, the Company has complied with the code provisions set out in the CG Code.

Under the code provision C.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. Upon the expiry of previous directors and officers liability insurance on 6 December 2024, the Company did not arrange any new insurance cover in respect of potential legal actions against its Directors. The management of the Group believe that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual lawsuits against the Directors is remote.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

AUDIT COMMITTEE

The primary responsibilities of the Audit Committee include (but not limited to) assisting the Board to provide an independent review and supervision of the Group's financial and accounting policies, to oversee the financial control, internal control and risk management systems of the Group, to oversee the audit process, and to perform other duties and responsibilities as delegated by the Board.

The Audit Committee comprises three independent non-executive Directors, namely, Ms. Li Yan, Dr. Lowe Chun Yip and Mr. Wong Tung Yuen. The chairman of the Audit Committee is Ms. Li Yan. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, and discussed the internal controls and financial reporting matters, including a review of the condensed consolidated interim financial statements for the six months ended 30 June 2025.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions ("**Model Code**"). Upon specific enquiries, all Directors confirmed that they have complied with the relevant provisions of the Model Code for the six months ended 30 June 2025.

SHARE OPTION SCHEME

The Company adopted the share option scheme (the "**Share Option Scheme**") on 26 May 2015 for the purpose of rewarding certain Eligible Persons (as defined below) for their past contributions and attracting and retaining, or otherwise maintaining on-going relationships with, such Eligible Persons (as defined below) who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. Subject to the earlier termination of the Share Option Scheme in accordance with the rules thereof, the Share Option Scheme remained in force for a period of ten years commencing on 26 May 2015 and has expired on 25 May 2025 (the "**Expiry Date**").

Subject to the requirements of the Listing Rules, eligible participants of the Share Option Scheme include, (i) any proposed, full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any director or proposed director (including an independent non-executive director) of the Company or any of its subsidiaries; (iii) any direct or indirect shareholder of the Company or any of its subsidiaries; (iv) any supplier, customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Company or any of its subsidiaries; (v) any person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Company or any of its subsidiaries and (vi) any associate of any of the persons referred to in paragraphs (i) to (v) above (the persons referred above are the "**Eligible Persons**").

In accordance with the resolution passed at the annual general meeting held in 28 June 2019 ("**2019 AGM**"), the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the date of the 2019 AGM, i.e. 147,499,290 Shares. During the six months ended 30 June 2025, 100,000,000 share options have lapsed and no share options was granted, exercised or cancelled under the Share Option Scheme. As at 30 June 2025, there was no securities available for issue pursuant to the options granted under the Share Option Scheme.

As at 1 January 2025 and 30 June 2025, the total number of Shares in respect of which options available for grant under the Share Option Scheme were 147,499,290 Shares and nil respectively, representing in aggregate approximately 10% and 0% of the Company's issued share capital as at the date of this interim report respectively. Prior to the Expiry Date, subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may grant options beyond the 10% limit to the Eligible Persons specifically identified by the Board.

Prior to the Expiry Date, the maximum number of Shares issued and to be issued upon the exercise of options granted under the Share Option Scheme (including exercised or outstanding options) to each grantee within any 12-month period, was limited to 1% of the Shares in issue at any time. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time.

Subject to the requirements of the Listing Rules, share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, prior to the Expiry Date, any share options granted to a substantial shareholder (within the meaning of the Listing Rules) or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the Shares in issue at any time and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

The Board shall not offer the grant of any option to any Eligible Person after inside information has come to its knowledge until it has announced the information pursuant to the requirements of the Listing Rules. In particular, no option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and the deadline for the Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements provided that no option may be granted during any period of delay in publishing a results announcement.

Subject to the requirements of the Listing Rules, the exercise period of the share options granted was determined by the Directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than ten years from the date of grant of the share options subject to the provisions for early termination thereof. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company a sum of HK\$1.0 upon acceptance of the grant on or before 28 days after the offer date.

The exercise price of the share options was determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as quoted on the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of the Shares as quoted on the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer; and (iii) the nominal value of a Share.

The movements of share options under the Share Option Scheme during the six months ended 30 June 2025 are set out as follows:

Name	Date of grant	Vesting date	Number of share options					Outstanding as at 30 June 2025
			Outstanding as at 1 January 2025	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
Mr. Chen Rongxin (a former executive Director)	7 September 2018	7 September 2018	10,000,000 (Note 1)	-	-	10,000,000	-	-
Mr. Zhang Xiongfeng (a former non-executive Director)	7 September 2018	7 September 2018	10,000,000 (Note 1)	-	-	10,000,000	-	-
Employees in aggregate	7 September 2018	7 September 2018	10,000,000 (Note 1)	-	-	10,000,000	-	-
Other eligible participants in aggregate	7 September 2018	7 September 2018	70,000,000 (Note 1)	-	-	70,000,000	-	-
Total			100,000,000	-	-	100,000,000	-	-

Notes:

1. The exercise price of these options is HK\$0.67 and the exercise period is from 7 September 2018 to 25 May 2025, both dates inclusive. The closing price of the Shares immediately preceding the date of grant of these options was HK\$0.70. The Company received HK\$1.0 from each of the grantees of these options upon acceptance of the options granted.

The share option granted under all share schemes of the Company during the period under review divided by the weighted average number of Shares in issue (excluding treasury shares) was nil.

The Company will consider adopting a new share option scheme in compliance with the latest requirements under Chapter 17 of the Listing Rules as and when appropriate.

Save and except the Share Option Scheme, the Company did not have any other share scheme during the six months ended 30 June 2025.

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

As at 30 June 2025, none of the directors and chief executive has any interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix C3 to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, during the period under review, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, so far as the Directors and chief executive of the Company were aware, the following persons and corporations (excluding the directors and chief executive of the Company) had interests or short positions in any of the Shares or underlying Shares which were required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

(i) Substantial shareholder's long position in the Shares

Name of Shareholder	Capacity/ nature of interest	Number of Shares held	Approximate percentage of issued share capital (Note 1)
Praise Treasure Limited	Beneficial owner	753,040,000	51.05%
Mr. Chen Yenfei	Interest of a controlled corporation	753,040,000	51.05%
	Beneficial owner	<u>13,560,000</u>	<u>0.92%</u>
		<u>766,600,000</u>	<u>51.97%</u>

(ii) Other persons' long positions in the Shares

Name of Shareholder	Capacity/ nature of interest	Number of Shares held	Approximate percentage of issued share capital (Note 1)
Win Win Stable No. 3 Fund SP	Person having a security interest in shares	753,040,000	51.05%
Zhongtai Innovation Capital Management Limited	Investment manager	753,040,000	51.05%
Osman Mohammed Arab (Note 2)	Agent	753,040,000	51.05%
Lai Wing Lun (Note 2)	Agent	753,040,000	51.05%

Notes:

1. The total number of Shares in issue as at 30 June 2025 (i.e. 1,474,992,908 Shares) has been used for the calculation of the approximate percentage of interest.
2. 753,040,000 Shares (the "**Charged Shares**") were charged by Praise Treasure Limited in favour of an original chargee whose rights have been assigned to Win Win International Strategic Investment Funds SPC (for the account and on behalf of Win Win Stable No.3 Fund SP), and on 27 July 2023, Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited were appointed as joint and several receivers and managers over the Charged Shares. The Charged Shares represent approximately 51.05% of the issued share capital of the Company as at the date of this interim report.

Save as disclosed above, as at 30 June 2025, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in any of the Shares or underlying Shares which were required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CHANGE IN DIRECTORS' INFORMATION

Mr. Khor Khie Liem Alex, an independent non-executive Director, has retired as independent non-executive Director upon the conclusion of the annual general meeting of the Company held on 26 June 2025. With effect from 26 June 2025, Mr. Wong Tung Yuen, an independent non-executive Director, has been appointed as the chairman of the Nomination Committee, a member of each of the Audit Committee and the Remuneration Committee, and Dr. Lowe Chun Yip, an independent non-executive Director, has been appointed as a member of each of the Nomination Committee and the Corporate Governance Committee.

Mr. Wong Tung Yuen, an independent non-executive Director, has resigned as an independent non-executive director of Ganglong China Property Group Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 6968), since 27 June 2025.

Save as disclosed above, since the date of the annual report of the Company for the year ended 31 December 2024 and up to the date of this interim report, save as disclosed in this interim report, there were no substantial changes to the Directors' information required to be disclosed pursuant to Rule 13.51(B) of the Listing Rule.

REGISTERED OFFICE OF THE COMPANY

The registered office service provider of the Company in the Cayman Islands has terminated their services to the Company on 22 July 2025. The Board is currently identifying another service provider to provide registered office services for the Company as soon as possible. The Company will publish further announcement(s) as and when appropriate.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event that has taken place subsequent to 30 June 2025 and up to the date of this interim report.

On behalf of the Board

Pa Shun International Holdings Limited

Yuan Hongbing

Chairman and Executive Director

Hong Kong, 11 August 2025