

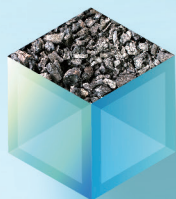


百德國際有限公司
Pak Tak International Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 2668

2026
INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Zongchuan (*Chairman & Chief Executive Officer*)

Mr. Liu Weixiong

Mr. Lyu Zhengjun

Non-executive Director

Mr. Hang Chu Kwong

Independent Non-executive Directors

Ms. Chan Ching Yi

Ms. Li Yun

Mr. Li Wubo

AUDIT COMMITTEE

Ms. Chan Ching Yi (*Chairman*)

Ms. Li Yun

Mr. Li Wubo

NOMINATION COMMITTEE

Mr. Wu Zongchuan (*Chairman*)

Ms. Chan Ching Yi

Ms. Li Yun

Mr. Li Wubo

REMUNERATION COMMITTEE

Ms. Chan Ching Yi (*Chairman*)

Mr. Wu Zongchuan

Ms. Li Yun

Mr. Li Wubo

STRATEGIC COMMITTEE

Mr. Wu Zongchuan (*Chairman*)

Mr. Liu Weixiong

Mr. Lyu Zhengjun

INVESTMENT AND FUND RAISING COMMITTEE

Mr. Wu Zongchuan (*Chairman*)

Mr. Liu Weixiong

Mr. Lyu Zhengjun

COMPANY SECRETARY

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Mr. Lyu Zhengjun

Mr. Sze Kat Man

REGISTERED OFFICE

Richmond House
12 Par-la-Ville Road
Hamilton HM 08
Bermuda

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
Richmond House
12 Par-la-Ville Road
Hamilton HM 08
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
China CITIC Bank International Limited

STOCK CODE

2668

WEBSITE

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MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2026, the principal activities of the Group consisted of the supply chain business (including the iron ore mining and milling). Following the disposal of Marvel Innovator Limited (“**Marvel Innovator**”) and its subsidiaries (the “**Disposal Group**”), the hotel management and catering services, and the property investment have been classified as discontinued operations.

BUSINESS REVIEW

Continuing Operations

Supply Chain Business (the “Supply Chain Business”)

For the six months ended 30 June 2026, the macroeconomic environment remained complex and challenging. The Group’s Supply Chain Business recorded a revenue of HKD89.2 million, representing a decrease from HKD290.4 million for the corresponding period 2025.

The decline in revenue was primarily due to sluggish domestic market demand and a subsequent decrease in transaction volume. Throughout this challenging period, the Group maintained its established credit control measures and a prudent procurement approach in response to economic uncertainty. Concurrently, to adapt to the evolving market landscape, the Group explored new supply arrangements to broaden its product portfolio and diversify its revenue streams. These ongoing strategic adjustments are designed to optimally position the Group to capture new opportunities as market conditions gradually stabilize.

Iron Ore Mining and Milling Business (the “Mining Business”)

For the Mining Business, revenue decreased by approximately 25% compared with the corresponding period in 2025 last year. The segment’s financial performance was primarily affected by the continuing impact of unfavourable fluctuations in iron ore prices, coupled with relatively high fixed costs.

During the six months ended 30 June 2026, the Mining Business recorded an extraction of approximately 260,000 tonnes of iron ore and a production of approximately 95,000 tonnes of iron concentrate powder. Meanwhile, following an underground safety incident during the period, the Group implemented a temporary suspension of mining for safety inspections and facility rectifications in response to the subsequent regulatory compliance requirements. This measure is in alignment with the broader industry trend towards enhanced safety and environmental standards to ensure long-term sustainability. Concurrently, the Group is advancing its underground development works. These ongoing infrastructural developments, together with the facility upgrades, are essential strategic steps to unlock future production capacity and ensure a sustainable operation.

Discontinued Operations

Hotel Management and Catering and Property Investment

On 30 June 2026, the Group entered into a sale and purchase agreement (the “**SPA**”) with an independent third party (the “**Purchaser**”) in relation to a discloseable transaction for the disposal of Marvel Innovator. The consideration for the disposal shall be settled by (i) a deposit of HKD2 million payable by the Purchaser; and (ii) the issuance of a promissory note in the principal amount of HKD100 million for a term of three years by the Company, in exchange for the Purchaser procuring the release and discharge of the corporate guarantees amounting to RMB279 million.

Under the SPA, the Purchaser shall procure the unconditional release and discharge of the corporate guarantees (and the corresponding litigation liabilities) executed by the Company. By issuing the promissory note, the Company would effectively settle the overdue borrowings without immediate cash outflows. The completion of the disposal is conditional upon the fulfillment (or waiver, if applicable) of certain conditions precedent on or before the date falling 90 days after 30 June 2026, in accordance with the terms and conditions of the SPA.

As at 30 June 2026, the disposal had not yet been completed. Accordingly, the assets and liabilities of the Marvel Innovator were classified as held for sale, and its financial results were presented as discontinued operations in this interim financial information. Details of the transaction were disclosed in the Company’s announcement dated 30 June 2026.

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 2026, which reflected the financial position of the Group’s business.

Revenue

For the six months ended 30 June 2026, the Group recorded a total revenue of HKD172.2 million from continuing operations, representing a significant decrease of 57.1% as compared with that of the six months ended 30 June 2025 of HKD401.0 million. Such decrease was mainly due to the revenue declined in Supply Chain Business of HKD201.2 million for the six months ended 30 June 2026.

The Supply Chain Business recorded a significant decrease in revenue of HKD89.2 million as compared with HKD290.4 million in the corresponding period in 2025.

The Mining Business also recorded a significant decrease in revenue of HKD82.9 million as compared with HKD110.6 million in the corresponding period in 2025.



Expenses

The Group's direct costs and operating expenses from continuing operations significant decreased by HKD239.5 million from HKD383.4 million for the six months ended 30 June 2025 to HKD143.9 million for the six months ended 30 June 2026. The administrative expenses decreased by HKD5.2 million from HKD54.8 million for the six months ended 30 June 2025 to HKD49.6 million for the six months ended 30 June 2026. The decrease in direct costs and operating expenses were aligned with the overall reduction in group revenue.

The Group's impairment losses under expected credit loss model from continuing operations increased by HKD21.5 million from provision for HKD17.4 million for the six months ended 30 June 2025 to provision for HKD38.9 million for the six months ended 30 June 2026. Such increase was mainly caused by the continued delay in settlement of outstanding balances by certain customers in the Supply Chain Business.

The Group's finance cost from continuing operations decreased by HKD4.8 million from HKD32.0 million for the six months ended 30 June 2025 to HKD27.2 million for the six months ended 30 June 2026 as interest rate reduced during the period.

Loss for the period

For the six months ended 30 June 2026, the Group recorded a net loss of HKD88.7 million from continuing operations as compared to a net loss of HKD85.8 million for the six months ended 30 June 2025.

Property, plant and equipment

As of 30 June 2026, the Group's property, plant and equipment increased to HKD668.4 million from HKD657.2 million for the year ended 31 December 2025. The balance primarily consists of construction in progress, mining structures, plant and machinery, and property held for own-use utilised in the Mining Business. The slight increase during the period was mainly attributable to exchange rate realignments and additions, which were partially offset by the depreciation expenses.

Investment properties

Following the reclassification of Group's investment properties as assets held for sale, no investment properties presented under this category as of 30 June 2026. At 31 December 2025, the Group's investment properties represented leased retail shops of HKD143.7 million located in Yunfu, the PRC and leased out the commercial building of HKD83.6 million located in Beihai City, Guangxi Province, the PRC.

Intangible assets

As of 30 June 2026, the Group's intangible assets decreased to HKD202.7 million (31 December 2025: HKD204.8 million) which included mining rights of HKD202.7 million (31 December 2025: HKD204.5 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 of 30 June 2026, the Group's carrying amount of financial assets at fair value through other comprehensive income was HKD nil after the reclassification of certain assets as held for sale. At 31 December 2025, financial assets at fair value through other comprehensive income was HKD29.8 million.

Trade and other receivables

The trade and other receivables amounted to HKD330.5 million (31 December 2025: HKD442.5 million), mainly represents the trade receivables (net of ECL allowances) of HKD231.4 million (31 December 2025: HKD341.1 million) which mainly from the Supply Chain Business and other receivables of HKD84.7 million (31 December 2025: HKD79.1 million) which mainly from Supply Chain Business and Mining Business. As at 30 June 2026, trade receivables (net of ECL allowances) past due within 12 months and over 12 months are HKD0.7 million (31 December 2025: HKD152.6 million) and HKD230.6 million (31 December 2025: HKD177.3 million) respectively.

The Group seeks to maintain a proactive and pragmatic approach over the recovery of its outstanding receivables and the management actively monitor the status of its outstanding receivables and the rapid change of the market condition in order to maximise recoverable amount and minimise credit risk. The management regularly reviews the overdue balances, and performs assessment of recoverability on a case-by-case basis to assess the adequacy of expected credit loss allowances.

Restricted cash

As at 30 June 2026, the Group held restricted cash of HKD12.2 million (31 December 2025: HKD8.0 million), primarily relating to deposits for rehabilitation obligations of the Mining Business in the PRC.

Trade payables

As at 30 June 2026, the Group's trade payables decreased by HKD31.1 million from HKD288.5 million as at 31 December 2025 to HKD257.4 million. The reduction was attributable to the reclassification of liabilities relating to assets classified as held for sale.



LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2026, the cash and cash equivalents of the Group were HKD20.8 million (31 December 2025: HKD10.6 million) and interest-bearing borrowings, including the borrowings and lease liabilities were HKD433.6 million (31 December 2025: HKD771.7 million). The following table details the cash and cash equivalents, the borrowings and the lease liabilities of the Group (excluding the assets and liabilities directly associated with assets classified as held for sale) as at 30 June 2026 denominated in original currencies:

	At 30 June 2026	
	HKD'000	RMB'000
Cash and cash equivalents	20,243	487
Borrowings	21,203	356,320
Lease liabilities	851	–
	At 31 December 2025	
	HKD'000	RMB'000
Cash and cash equivalents	263	9,261
Borrowings	13,000	671,486
Lease liabilities	1,565	7,962

The Group principally satisfies its demand for operating capital with cash inflow from its operations and borrowings. As at 30 June 2026, the gearing ratio, which is calculated on the basis of total debts (including interest-bearing borrowings and lease liabilities) over total shareholders' fund of the Group, was 143.7% (31 December 2025: 203.9%). The gearing ratio decreased in comparison to 31 December 2025 mainly due to certain borrowings and lease liabilities associated with the Disposal Group were reclassified to liabilities directly associated with the assets classified as held for sale. The liquidity ratio, which represents a ratio of current assets over current liabilities (excluding assets and liabilities classified as held for sale), to reflect the adequacy of the financial resources, was 0.49 (31 December 2025: 0.40). The liquidity ratio improved mainly due to the reclassification of the Disposal Group, as the amount of reclassified liabilities exceeded the reclassified assets.

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 dollars, and 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, being obtained at 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 2026, certain assets held for sales (previously classified as investment properties) of the Group with an aggregate carrying amount of HKD164.2 million (31 December 2025: HKD160.9 million), mining rights of the Group with a carrying amount of HKD202.7 million (31 December 2025: HKD204.5 million) and property, plant and equipment with a carrying amount of HKD154.5 million (31 December 2025: HKD nil) were pledged to banks for loans granted to the Group.

FINANCIAL GUARANTEES PROVIDED

Provision of Corporate Guarantees to the Disposal Group

As at 30 June 2026, the Company had provided corporate guarantees amounting to HKD322 million (31 December 2025: HKD311 million) in favour of certain banks in connection with facilities granted to certain subsidiaries of the Disposal Group. During the six months ended 30 June 2026, a claim was made against the Company and its certain subsidiaries due to the breach of loan agreements which were secured by corporate guarantee executed by the Company (see Note 27). The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by subsidiaries of HKD322 million (31 December 2025: HKD311 million).

Provision of Corporate Guarantees to the Related Parties Outside the Group

During the six months ended 30 June 2026, one of the subsidiaries of the Group, Fushun Xingzhou Mining Co., Ltd., has provided several corporate guarantees in respect of banking facilities to the extent of, in aggregate, RMB135 million (equivalent to HKD156 million) granted to two related companies. Mr. Wu Zongchuan (an executive director of the Company) has controlling interest in these companies. The Directors do not consider it is probable that a claim will be made against the Group under these guarantees. As at 30 June 2026, the maximum exposure to the Group under the guarantees issued is the facilities drawdown by these related companies being RMB135 million (equivalent to HKD156 million).



CAPITAL EXPENDITURES AND COMMITMENTS

During the six months ended 30 June 2026, the Group acquired property, plant and equipment at a cost of HKD5,184,000 (six months ended 30 June 2025: HKD28,256,000) and property, plant and equipment at a net book value of HKD1,000 (six months ended 30 June 2025: HKD2,756,000) was written-off/disposed, resulting in a loss on write-off/disposal of HKD1,000 (six months ended 30 June 2025: HKD595,000 (restated)).

As at 30 June 2026 and 31 December 2025, the Group had no capital commitments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Discloseable Transaction – Disposal of Marvel Innovator Limited

On 30 June 2026, the Company entered into the SPA with the Purchaser, whereby the Company has conditionally agreed to sell, and the Purchaser (or its designated nominee) has conditionally agreed to purchase, the entire issued share capital of Marvel Innovator, for the consideration which shall be settled by the deposit of HKD2 million payable by the Purchaser (which is non-refundable under any circumstances) and the issuance of the promissory note by the Company to the Purchaser (or its designated nominee) in the principal amount of HKD100 million in exchange for the procurement of the release and discharge of the corporate guarantees, with no cash consideration payable by the Purchaser to the Company on the completion of that disposal. As at the date of this report, the above transaction is not yet completed.

Details of the disposal were set out in the announcements of the Company dated 30 June 2026.

Save as disclosed above, there was no material acquisitions and disposals of subsidiaries and associated companies of the Group during the six months ended 30 June 2026.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Group for the six months ended 30 June 2026.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group had a total of approximately 450 employees (30 June 2025: approximately 520 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 2026 (30 June 2025: 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 Co., Limited 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 2026:

Project	Exploration	Activities Development	Mining Production
Luobokan Iron Ore Project	No major activities	Ongoing mine infrastructure construction, mainly underground development works	Extraction of approximately 260,000 tonnes of iron ore and production of approximately 95,000 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 2026 is as follows:

	For the six months ended 30 June 2026		
	Operating expenditure HKD'000	Capital expenditure HKD'000	Total HKD'000
1. Exploration Activities	—	—	—
2. Development Activities			
Underground development works	—	4,794	4,794
3. Mining Production Activities			
3.1 Mining costs			
Subcontract fee	11,132	—	11,132
Depreciation and amortisation	8,626	—	8,626
Blasting cost	1,940	—	1,940
Staff costs	1,239	—	1,239
Power supply	1,122	—	1,122
Consumables	56	—	56
Others	93	—	93
3.2 Processing costs			
Power supply	7,488	—	7,488
Consumables	6,362	—	6,362
Depreciation and amortisation	5,131	—	5,131
Staff costs	4,091	—	4,091
Others	1,099	—	1,099
	48,379	—	48,379
Total	48,379	4,794	53,173

FUTURE PROSPECTS

Looking ahead to the second half of 2026, the global macroeconomic environment is expected to remain complex and uncertain due to geopolitical tensions and inflationary pressures. Despite these challenges, the Group remains cautiously optimistic about its future development.

To improve working capital and address overdue borrowings, the Group successfully entered into a sale and purchase agreement on 30 June 2026 to dispose of Marvel Innovator Limited. Upon completion of this disposal, the Group expects to significantly reduce its debt level, as well as release the relevant corporate guarantees and litigation. Such disposal will help to improve the Group's balance sheet and liquidity, and allow the Group to focus its resources on its core businesses.

In the Supply Chain Business segment, the Group expects the market conditions to remain challenging. The Group will continue to strictly implement credit control measures and adopt a prudent procurement strategy to protect working capital and reduce risks. The Group will explore new supply arrangements to broaden its product portfolio. The Group believes that diversifying into new product categories will help optimise the customer base and achieve sustainable development in the long run.

Regarding the Mining Business, the Group has been carrying out facility rectifications and underground development works to comply with the enhanced safety and environmental standards. Although the temporary suspension and rectification measures have affected the financial performance for the first half of the year, these short-term measures are important to ensure the Group's long-term safe and compliant operations. Upon the gradual resumption of full production capacity, the Group aims to dilute the fixed costs by increasing the production volume, thereby enhancing the overall profitability and cost competitiveness of this business segment.



OTHER INFORMATION

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

As at 30 June 2026, none of the Directors and chief executive had or was deemed to have any interests and short positions in 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 2026, 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			Total (Note 1)	Approximate % of the Issued Share Capital (Note 2)
	Personal Interests (Held as beneficial owner)	Corporate Interests (Interests of controlled corporation)	Other Interests (Note 3)		
Zongchuan Investment Holding Limited (“Zongchuan Investment Holding”) (Note 3)	950,000,000	–	–	950,000,000	16.87%
Mr. Wu Qi (“Mr. Wu Qi”) (Note 3)	–	950,000,000	–	950,000,000	16.87%
Mr. Shen Yang	714,130,000	–	–	714,130,000	12.68%
Grand Mark Worldwide Limited (“Grand Mark Worldwide”) (Note 4)	–	–	433,130,000	433,130,000	7.69%
Hong Kong Able Trillion Group Limited (“HK Able Trillion”) (Note 4)	–	433,130,000	–	433,130,000	7.69%
Empire Sun Group Limited (“Empire Sun Group”) (Note 4)	–	433,130,000	–	433,130,000	7.69%
Mr. Han Weining (“Mr. Han”) (Note 4)	–	433,130,000	–	433,130,000	7.69%

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 2026, which was 5,630,000,000.
3. These 950,000,000 Shares are owned by Zongchuan Investment Holding, which is wholly-owned by Mr. Wu. Accordingly, Mr. Wu Qi is deemed to be interested in all the Shares held by Zongchuan Investment Holding by virtue of SFO.
4. Accordingly to the corporate substantial shareholder notice filed on 28 April 2026 by each HK Able Trillion, Empire Sun Group and the substantial shareholder notice filed on 28 April 2026 by Mr. Han, Grand Mark Worldwide is interested in 433,130,000 Shares by way of a security interest in those Shares. Grand Mark Worldwide is wholly-owned by HK Able Trillion, which is in turn wholly-owned by Mr. Han through Empire Sun Group. Accordingly, Mr. Han is deemed to be interested in all 433,130,000 Shares in which Grand Mark Worldwide is indirectly interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2026, the Company had not been notified of any other person or corporation (other Directors or the 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 2026.

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 2025 annual report of the Company and up to the date of this interim report are set out below:

Name of Director(s)	Details of Changes
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Ms. Chan Ching Yi	– Appointed as the company secretary of ITC Properties Group Limited (stock code: 199) on 20 May 2026, and resigned on 8 July 2026.
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Save as disclosed, there is no other change in the Directors' 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 2026.



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, 8 November 2024 and 11 December 2025, respectively.

On 15 August 2022, Hua Xia 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 Hua Xia 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 Hua Xia 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 Hua Xia 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 Hua Xia Bank to declare the Loans immediately due and payable. The total amount of principal, interests and compound interests outstanding under the Loan Agreements is approximately RMB294.3 million. Hua Xia 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 Hua Xia 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 Hua Xia 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 Guangdong Higher People’s Court (廣東省高級人民法院) (the “**High Court**”) issued the Case Acceptance Notice to the Group (as appellant), confirming the court’s acceptance of the appeal case.

In December 2025, the Group received a final civil judgment (the “**Civil Judgment**”) from the High Court in relation to the appeal lodged by Shenzhen Jinsheng. The High Court dismissed the appeal and upheld the civil ruling previously issued by the Intermediate Court. Under the Civil Judgment, Shenzhen Jinsheng is ordered to repay to Hua Xia Bank the principal of the Loans in the aggregate amount of RMB279,000,000, together with loan interests of approximately RMB7,881,300 and the corresponding default interests and compound interests in connection with the Default, as calculated in accordance with the Loan Agreements and the Civil Ruling. The Company and certain of its subsidiaries, as guarantors, are held jointly and severally liable for these debts. Shenzhen Jinsheng and its guarantors (including the Company and certain of its subsidiaries) are further ordered to pay court costs, including the case acceptance fee and the preservation application fee, totalling approximately RMB1,458,389.54. The Civil Judgment is final, conclusive and not subject to further appeal.

As of 30 June 2026, the above-mentioned debts along with compound and default interests have been transferred to China Cinda Asset Management Co., Ltd., Shenzhen Branch (“**Cinda SZ Branch**”) pursuant to a debt disposal notice issued by Cinda SZ Branch (“**Disposal Notice**”). Under the Disposal Notice, the Group was notified to demand the outstanding debt comprising principal, accrued interest, penalty interest, default damages and reimbursable relevant legal costs, and other incurred expenses.

The Group would negotiate with the relevant new creditor regarding a possible extension of repayment terms.

Apart from the above written civil ruling and final Civil Judgment, neither the relevant new creditor nor the relevant courts have taken any further legal action as of the date of this report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2026, 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 Zongchuan (“**Mr. Wu**”) served as both the Chairman of the Board and the Chief Executive Officer of the Company. 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 decision efficiently and consistently, and the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high-calibre individuals, with the majority of the members of the Board being non-executive Directors (including independent non-executive Directors); and



- Under code provision F.1.3, the chairman of the board should attend the annual general meeting. Mr. Wu was unable to attend the Company's annual general meeting on 26 June 2026 (the "**AGM**") due to other business commitments. He will endeavour to attend all future general meetings of the Company unless unexpected or special circumstances prevent him from doing so. Mr. Wu had entrusted Mr. Lyu Zhengjun, being an executive Director, to respond to shareholders' concerns (if any) on his behalf at the AGM.

COMPLIANCE WITH THE MODEL CODE FOR 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 2026.

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 2026 in accordance with Hong Kong Standard on Related Services 4400 (Revised) "Agreed-Up On 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 2026.

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 2026 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 2026 and up to the date of this report.

By Order of the Board

Pak Tak International Limited

Wu Zongchuan

Chairman & Chief Executive Officer

Hong Kong, 28 August 2026



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		Unaudited	
		Six months ended 30 June	
		2026	2025
	Note	HKD'000	HKD'000 (restated)
Continuing operations			
Revenue	4	172,152	400,984
Other revenue	5	4	429
Other net loss	5	(1,290)	(595)
Provision for impairment losses under expected credit loss model, net	18	(38,863)	(17,372)
Direct costs and operating expenses		(143,897)	(383,362)
Administrative expenses		(49,605)	(54,819)
Loss from operations	6	(61,499)	(54,735)
Finance costs	7	(27,217)	(31,966)
Loss before taxation		(88,716)	(86,701)
Income tax credit	8	—	871
Loss for the period from continuing operations		(88,716)	(85,830)
Discontinued operations:			
Loss for the period from discontinued operations	17	(5,386)	(29,679)
Loss for the period		(94,102)	(115,509)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

For the six months ended 30 June 2026

		Unaudited Six months ended 30 June 2026 HKD'000	2025 HKD'000 (restated)
	Note		
Loss for the period attributable to equity shareholders of the Company			
— from continuing operations		(87,212)	(84,111)
— from discontinued operations		(5,386)	(29,679)
		<u>(92,598)</u>	<u>(113,790)</u>
Loss for the period attributable to equity shareholders of the Company		<u>(92,598)</u>	<u>(113,790)</u>
Loss for the period attributable to non-controlling interests			
— from continuing operations		(1,504)	(1,719)
— from discontinued operations		—	—
		<u>(1,504)</u>	<u>(1,719)</u>
Loss for the period attributable to non-controlling interests		<u>(1,504)</u>	<u>(1,719)</u>
		<u>(94,102)</u>	<u>(115,509)</u>
Basic and diluted loss per share (in HK cents)	9		
— continuing operations		(1.55)	(1.49)
— discontinued operations		(0.10)	(0.53)

The notes on pages 27 to 52 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 2026

	Unaudited	
	Six months ended 30 June	
	2026	2025
	HKD'000	HKD'000
		(restated)
Loss for the period	(94,102)	(115,509)
Other comprehensive income/(loss) for the period:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	19,938	29,381
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
— Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	(4,398)	(2,313)
Total comprehensive loss for the period	(78,562)	(88,441)
Attributable to:		
— Equity shareholders of the Company	(76,756)	(87,371)
— Non-controlling interests	(1,806)	(1,070)
Total comprehensive loss for the period	(78,562)	(88,441)
Total comprehensive loss attributable to equity shareholders of the Company		
— continuing operations	(71,856)	(72,978)
— discontinued operations	(4,900)	(14,393)
	(76,756)	(87,371)

The notes on pages 27 to 52 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

		At 30 June 2026 HKD'000 (unaudited)	At 31 December 2025 HKD'000 (audited)
	Note		
Non-current assets			
Property, plant and equipment	11	668,364	657,156
Right-of-use assets	12	103,425	114,522
Investment properties	13	—	227,281
Intangible assets	14	202,703	204,806
Deferred tax assets		—	7,749
Financial assets at fair value through other comprehensive income		—	29,791
		974,492	1,241,305
Current assets			
Inventories		16,064	38,085
Trade and other receivables	15	330,526	442,535
Finance lease receivables	16	—	—
Financial assets at fair value through profit or loss		—	2
Restricted cash		12,220	8,003
Cash and cash equivalents		20,806	10,584
		379,616	499,209
Assets associated with disposal group classified as held for sale	17	386,018	—
		765,634	499,209
Current liabilities			
Trade payables	19	257,369	288,451
Other payables and accrued charges		38,773	167,411
Contract liabilities		47,867	39,414
Borrowings	20	432,717	746,166
Lease liabilities		851	3,119
Tax payable		—	159
		777,577	1,244,720
Liabilities relating to assets classified as held for sale	17	591,824	—
		1,369,401	1,244,720
Net current liabilities		(603,767)	(745,511)
Total assets less current liabilities		370,725	495,794



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2026

		At 30 June 2026 HKD'000 (unaudited)	At 31 December 2025 HKD'000 (audited)
	Note		
Non-current liabilities			
Borrowings	20	—	15,138
Lease liabilities		—	7,319
Deferred tax liabilities		50,196	74,864
Provision for rehabilitation	22	12,089	11,471
		<u>62,285</u>	<u>108,792</u>
NET ASSETS		<u>308,440</u>	<u>387,002</u>
CAPITAL AND RESERVES			
Share capital		112,600	112,600
Reserves		<u>189,221</u>	<u>265,977</u>
Total equity attributable to equity shareholders of the Company		301,821	378,577
Non-controlling interest		<u>6,619</u>	<u>8,425</u>
TOTAL EQUITY		<u>308,440</u>	<u>387,002</u>

Approved and authorised for issue by the board of directors on 28 August 2026.

Wu Zongchuan
Director

Lyu Zhengjun
Director

The notes on pages 27 to 52 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	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 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
At 1 January 2026 (audited)	112,600	985,930	(78,925)	(6,711)	(634,317)	378,577	8,425	387,002
Changes in equity for the six months ended 30 June 2026:								
Loss for the period	—	—	—	—	(92,598)	(92,598)	(1,504)	(94,102)
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	—	—	—	20,240	—	20,240	(302)	19,938
Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	—	—	(4,398)	—	—	(4,398)	—	(4,398)
Total comprehensive loss for the period	—	—	(4,398)	20,240	(92,598)	(76,756)	(1,806)	(78,562)
At 30 June 2026 (unaudited)	112,600	985,930	(83,323)	13,529	(726,915)	301,821	6,619	308,440

The notes on pages 27 to 52 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Unaudited Six months ended 30 June 2026 HKD'000	2025 HKD'000
OPERATING ACTIVITIES		
Net cash generated from operating activities	40,703	72,952
Investing activities		
Purchase of property, plant and equipment	(5,184)	(28,256)
Increase in restricted cash	(3,878)	—
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)
Proceeds from disposal of financial assets at fair value through profit or loss	—	1,792
Proceeds from disposal of property, plant and equipment	—	94
Net cash used in investing activities	(9,062)	(60,629)
Financing activities		
Capital element of lease rental paid	(1,775)	(1,604)
Interest element of lease rental paid	(224)	(323)
Proceeds from new loans	27,703	10,000
Repayment of loans	(34,144)	(8,485)
Interest paid	(10,817)	(13,674)
Net cash used in financing activities	(19,257)	(14,086)
Net increase/(decrease) in cash and cash equivalents	12,384	(1,763)
Cash and cash equivalents at the beginning of the period	10,584	21,723
Effect of foreign exchange rate changes	543	714
Cash and cash equivalents at the end of the period	23,511	20,674
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	20,806	20,674
Cash and cash equivalents of a disposal group classified as held for sale	2,705	—
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	23,511	20,674

SIGNIFICANT NON-CASH TRANSACTIONS

During the interim period ended 30 June 2025, one of the other loans together with accrued interests of approximately HKD28,773,000 was settled through realisation of the collaterals.

The notes on pages 27 to 52 form part of this interim financial information.

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 Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, 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 2025 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 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 HKD94,102,000 and as at 30 June 2026, the Group’s current liabilities exceeds current assets by approximately HKD603,767,000. As at 30 June 2026, the total principal of the Group’s borrowings, amounting approximately HKD782,058,000, along with aggregate compound and default interest payables of HKD94,457,000, are due within one year or are repayable on demand. These borrowings exceed the Group’s cash and cash equivalents of approximately HKD20,806,000 as at 30 June 2026.



NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

2. BASIS OF PRESENTATION *(Continued)*

Going concern assumption *(Continued)*

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 entered into a sale and purchase agreement to dispose of its entire interest in Marvel Innovator Limited, one of the subsidiaries within the Group, and its subsidiaries (the "**Disposal Group**") which is collectively defined as disposal group as disclosed in Note 17. The completion of this disposal is expected to procure the release and discharge of corporate guarantees in relation to the defaulted loan and the resolution of related litigation;
- (ii) The substantial shareholder of the Company has agreed in writing to provide sufficient funding 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 repayment of the borrowings;
- (iii) The Group continues to evaluate other financing options and fund-raising activities, including negotiations with potential investors, with a view to obtaining the additional facilities to support the Group's working capital;
- (iv) The Group has been actively formulating and implementing measures with a view to accelerating the collection of trade receivables from customers; and
- (v) For the iron ore mining and milling business, subject to the gradual resumption of full production capacity, the Group aims to dilute the fixed costs by increasing the production volume, thereby enhance overall profitability and cash inflows to support the Group's overall liquidity position.

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 2026 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

2. BASIS OF PRESENTATION *(Continued)*

Going concern assumption *(Continued)*

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 completion of the disposal of the Disposal Group to procure the release of the corporate guarantees and the resolution of related litigation;
- (ii) Successfully obtaining funding from the substantial shareholder of the Company by way of shareholders' loan to finance the repayment of the existing loans;
- (iii) Successfully obtaining additional facilities to support the Group's working capital;
- (iv) Successfully collecting payments from customers; and
- (v) Successfully generating profits and cash inflows from the iron ore mining and milling business.

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.

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 HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments |
| • Amendments to HKFRS 9 and HKFRS 7 | Contracts Referencing Nature-dependent Electricity |
| • Annual Improvements to HKFRS Accounting Standards — Volume 11 | Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 |

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.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

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.

Prior period segment disclosures have been represented to conform with current period's presentation due to discontinued operations occurred during the current period.

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

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

Note: Certain of these segments were discontinued during the current period.

(a) Disaggregation of revenue

	Unaudited Six months ended 30 June	
	2026 HKD'000	2025 HKD'000 (restated)
Continuing operations		
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	89,211	289,842
— Sales of goods from iron ore mining and milling	82,941	110,580
	172,152	400,422
Revenue from other sources		
Interest income from supply chain financing arrangements	—	562
	172,152	400,984

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 2026 (unaudited)	Supply chain business HKD'000	Iron ore mining and milling HKD'000	Total HKD'000
Continuing operations			
Disaggregated by timing of revenue recognition			
Point in time	89,211	82,941	172,152
Revenue from external customers	89,211	82,941	172,152
Segment result	(38,758)	(16,322)	(55,080)
Reconciliation:			
Interest income			4
Corporate and other unallocated expenses			(6,423)
Finance costs			(27,217)
Loss before taxation from continuing operations			(88,716)
Income tax			—
Loss for the period from continuing operations			(88,716)

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 2025 (unaudited and restated)	Supply chain business HKD'000	Iron ore mining and milling HKD'000	Total HKD'000
Continuing operations			
Disaggregated by timing of revenue recognition			
Point in time	289,842	110,580	400,422
Over time	562	—	562
Revenue from external customers	290,404	110,580	400,984
Segment result	(13,995)	(37,660)	(51,655)
Reconciliation:			
Interest income			2
Corporate and other unallocated income			427
Corporate and other unallocated expenses			(3,509)
Finance costs			(31,966)
Loss before taxation from continuing operations			(86,701)
Income tax credit			871
Loss for the period from continuing operations			(85,830)

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 2026 (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	310,091	—	—	1,043,042	1,353,133
Reconciliation: Corporate and other unallocated assets					975
Assets associated with disposal group classified as held for sale					386,018
Total assets					1,740,126
Segment liabilities	45,558	—	—	740,387	785,945
Reconciliation: Deferred tax liabilities					50,196
Corporate and other unallocated liabilities					3,721
Liabilities relating to assets classified as held for sale					591,824
Total liabilities					1,431,686

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4. REVENUE AND SEGMENT REPORTING (Continued)

(c) Information about assets and liabilities (Continued)

At 31 December 2025 (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	384,106	147,716	126,437	1,039,911	1,698,170
Reconciliation: Deferred tax assets					7,749
Corporate and other unallocated assets					34,595
Total assets					1,740,514
Segment liabilities	472,438	18,294	39,226	719,240	1,249,198
Reconciliation: Deferred tax liabilities					74,864
Corporate and other unallocated liabilities					29,450
Total liabilities					1,353,512

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

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

5. OTHER REVENUE AND OTHER NET LOSS

	Unaudited Six months ended 30 June 2026 HKD'000	2025 HKD'000 (restated)
Continuing operations		
Other revenue		
Interest income	4	2
Gain on early termination of leases	—	180
Sundry income	—	247
	<u>4</u>	<u>429</u>
Other net loss		
Loss on write-off/disposal of property, plant and equipment	(1)	(595)
Other losses	(1,289)	—
	<u>(1,290)</u>	<u>(595)</u>

6. LOSS FROM OPERATIONS

	Unaudited Six months ended 30 June 2026 HKD'000	2025 HKD'000 (restated)
Continuing operations		
Loss from operations has been arrived at after charging:		
Depreciation on property, plant and equipment	19,264	33,621
Depreciation on right-of-use assets	2,031	1,626
Amortisation of intangible assets	1,678	4,253

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 CREDIT

	Unaudited Six months ended 30 June 2026 HKD'000	2025 HKD'000 (restated)
Continuing operations		
Current tax — the PRC Enterprise Income Tax (“EIT”)		
— Current income Tax	—	—
Deferred tax — the PRC	—	(871)
Income tax credit	—	(871)

Hong Kong Profits Tax is calculated at 16.5% (2025: 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.

Under the Law of the People’s Republic of China (the “PRC”) on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. No provision for the PRC Enterprise Income Tax has been made as the PRC subsidiaries sustained tax losses for taxation purpose or have sufficient tax losses to set off estimated assessable income for both interim periods.

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.

	Unaudited Six months ended 30 June 2026 HKD'000	2025 HKD'000 (restated)
Loss attributable to equity shareholders of the Company		
— continuing operations	(87,212)	(84,111)
— discontinued operations	(5,386)	(29,679)
	Unaudited Six months ended 30 June 2026 '000	2025 '000
Number of shares		
Weighted average number of ordinary shares in issue	5,630,000	5,630,000

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 2026 (2025: nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired property, plant and equipment at a cost of approximately HKD5,184,000 (six months ended 30 June 2025: HKD28,256,000) and property, plant and equipment at a net book value of approximately HKD1,000 (six months ended 30 June 2025: HKD2,756,000) was written-off/disposed, resulting in a loss on write-off/disposal of approximately HKD1,000 (six months ended 30 June 2025: HKD595,000 (restated)).

As at 30 June 2026, certain property, plant and equipment were pledged to bank for loans granted to the Group (see Notes 20 and 21).

Certain property, plant and equipment are included in assets classified as held for sale as at 30 June 2026 (see Note 17).

12. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2026, there was no addition of right-of-use assets (six months ended 30 June 2025: approximately HKD2,672,000 regarding 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.

Certain right-of-use assets are included in assets classified as held for sale as at 30 June 2026 (see Note 17).

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 2026 by the Group's independent valuers using the same valuation techniques as were used by these valuers when carrying out the December 2025 valuations.

As at 30 June 2026 and 31 December 2025, certain investment properties were pledged to bank for loans granted to the Group (see Notes 20 and 21).

The entire investment properties are included in assets classified as held for sale as at 30 June 2026 (see Note 17).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

14. INTANGIBLE ASSETS

During the six months ended 30 June 2026, there was no addition of intangible assets. The amortisation charge for the period is included in "direct costs and operating expenses" and "administrative expenses" in the condensed consolidated statement of profit or loss.

As at 30 June 2026 and 31 December 2025, entire mining rights were pledged to bank for loans granted to the Group (see Notes 20 and 21).

Certain intangible assets are included in assets classified as held for sale as at 30 June 2026 (see Note 17).

15. TRADE AND OTHER RECEIVABLES

	At 30 June 2026 HKD'000 (unaudited)	At 31 December 2025 HKD'000 (audited)
Trade receivables, net of expected credit loss allowance	231,358	341,127
Other receivables, net of expected credit loss allowance	84,706	79,101
	316,064	420,228
Deposits and prepayments	14,462	22,307
	330,526	442,535

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 2026 HKD'000 (unaudited)	At 31 December 2025 HKD'000 (audited)
Within 1 month	714	8,261
1 to 3 months	—	1,919
3 to 12 months	—	4,267
Over 12 months	230,644	326,680
	231,358	341,127

Trade receivables are generally due within 0 to 365 days (31 December 2025: 0 to 365 days) from the date of billing.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

15. TRADE AND OTHER RECEIVABLES (Continued)

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 2026 HKD'000 (unaudited)	At 31 December 2025 HKD'000 (audited)
Current (not past due)	48	11,266
Less than 1 month past due	666	6,158
1 to 3 months past due	—	845
3 to 12 months past due	—	145,559
Over 12 months past due	230,644	177,299
	231,358	341,127

16. FINANCE LEASE RECEIVABLES

	At 30 June 2026 HKD'000 (unaudited)	At 31 December 2025 HKD'000 (audited)
Finance lease receivables	—	29,468
Less: Expected credit loss allowance	—	(29,468)
	—	—

As at 30 June 2026 and 31 December 2025, 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.

The entire finance lease receivables are included in assets classified as held for sale as at 30 June 2026 (see Note 17).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

17. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

On 30 June 2026, the Group entered into a sale and purchase agreement to dispose of its entire interest in the Disposal Group (the “Disposal”). Completion of the Disposal is subject to the fulfilment of certain conditions precedent, including the release and discharge of corporate guarantees provided by the Company.

The Disposal Group is principally engaged in hotel management and catering services, property investment and leasing business, supply chain business and related investment holding activities. Upon completion of the Disposal, the Group will cease to engage in hotel management and catering services and property investment and leasing business. Accordingly, the Disposal Group has been presented as a disposal group classified as held for sale and discontinued operations in accordance with HKFRS 5.

The loss for the period from the discontinued hotel management and catering services, property investment and leasing business are set out below. The comparative figures in the condensed consolidated statement of profit or loss have been restated to re-present the above operations as discontinued operations.

	Six months ended 30 June 2026 HKD'000 (unaudited)	2025 HKD'000 (unaudited)
Revenue	34,609	43,557
Other revenue	6	786
Other net losses	(7)	(24)
Fair value loss on investment properties	(4,333)	(30,612)
Reversal of impairment losses under expected credit loss model	—	12,599
Direct costs and operating expenses	(31,736)	(38,266)
Administrative expenses	(3,038)	(16,160)
Loss from discontinued operations	(4,499)	(28,120)
Finance costs	(887)	(1,080)
Loss before taxation from discontinued operations	(5,386)	(29,200)
Income tax	—	(479)
Loss for the period from discontinued operations	(5,386)	(29,679)

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

17. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (Continued)

Cash flows from discontinued operations:

	Six months ended 30 June	
	2026	2025
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Net cash (outflow)/inflow from operating activities	(5,523)	35,726
Net cash inflow/(outflow) from investing activities	2	(32,467)
Net cash outflow from financing activities	(1,237)	(4,442)

The major classes of assets and liabilities of the disposal group as at 30 June 2026, which have been presented separately in the consolidated statement of financial position, are as follows:

	At 30 June 2026 HKD'000
Property, plant and equipment	8,326
Right-of-use assets	12,766
Investment properties	231,152
Intangible assets	208
Deferred tax assets	7,942
Financial assets at fair value through other comprehensive income	26,585
Inventories	807
Trade and other receivables	95,527
Finance lease receivables	—
Cash and cash equivalents	2,705
Total assets classified as held for sale	386,018
Trade payables	(50,498)
Other payables and accrued charges	(147,013)
Contract liabilities	(11,061)
Borrowings	(349,341)
Lease liabilities	(8,349)
Tax payable	(3)
Deferred tax liabilities	(25,559)
Total liabilities directly associated with assets classified as held for sale	(591,824)

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

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

	Unaudited Six months ended 30 June 2026 HKD'000	2025 HKD'000 (restated)
Impairment loss recognised in respect of		
— trade receivables	37,153	16,440
— other receivables	1,710	932
	<u>38,863</u>	<u>17,372</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 2026 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2025.

19. 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 2026 HKD'000 (unaudited)	At 31 December 2025 HKD'000 (audited)
Within 1 month	37,975	52,574
1 to 3 months	49,970	50,001
3 to 12 months	84,400	93,955
Over 12 months	85,024	91,921
	<u>257,369</u>	<u>288,451</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

20. BORROWINGS

	At 30 June 2026 HKD'000 (unaudited)	At 31 December 2025 HKD'000 (audited)
Bank loans, secured <i>(note a)</i>	411,514	748,304
Other loan, secured <i>(note b)</i>	21,203	13,000
	<u>432,717</u>	<u>761,304</u>

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

	At 30 June 2026 HKD'000 (unaudited)	At 31 December 2025 HKD'000 (audited)
Within 1 year	432,717	746,166
After 1 year but within 2 years	—	6,780
After 2 years but within 5 years	—	8,358
	<u>432,717</u>	<u>761,304</u>
Less: Amount due within one year or repayable on demand classified as current liabilities	<u>(432,717)</u>	<u>(746,166)</u>
Amount due for settlement after one year	<u>—</u>	<u>15,138</u>



NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

20. BORROWINGS (Continued)

Note:

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

Bank Loan 1 with principal amount of approximately RMB14,986,000 (equivalent to approximately HKD17,307,000) (31 December 2025: approximately RMB14,986,000 (equivalent to approximately HKD16,700,000)) 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 approximately HKD322,217,000) (31 December 2025: RMB279,000,000 (equivalent to approximately HKD310,918,000)) is secured by corporate guarantee executed by the Company and its certain subsidiaries and certain properties owned by an independent third party. Interest is charged at a fixed rate of 5.4% per annum.

The Group defaulted on the repayment of Bank Loan 2 during the year ended 31 December 2023.

As at 30 June 2026, the aggregated default principal and related amount of compound interests and default interests amounted to approximately RMB360,788,000 (equivalent to approximately HKD416,674,000) (31 December 2025: approximately RMB341,502,000 (equivalent to approximately HKD380,570,000)) (together referred as the "**Outstanding Amounts**").

During the prior periods, the bank had initiated litigation against the Group to recover Outstanding Amounts. Afterwards, the Group received a written civil ruling ("**Civil Ruling**") issued by the Intermediate People's Court of Shenzhen, Guangdong in connection with the legal proceedings instituted by the bank 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, preservation order application fee and other legal-related costs.

During the year ended 31 December 2025, the Group lodged an appeal disputing the quantum of loan interest payable under the relevant loan agreements. The Guangdong Higher People's Court of ("**High Court**") accepted the appeal case. Subsequently, the Group received the civil judgment ("**Civil Judgment**") issued by the High Court, which dismissed the appeal and upheld the Civil Ruling. Under the Civil Judgment, the Group was ordered to repay to the bank the above-mentioned loan principal, together with loan interests and corresponding default and compound interests as calculated in accordance with the loan agreements and the Civil Ruling. The Company and certain of its subsidiaries, as guarantors, are held jointly and severally liable for these debts, and the Group together with its guarantors are further ordered to pay court cost. The Civil Judgment is final, conclusive, and not subject to further appeal.

During the interim period ended 30 June 2026, the Outstanding Amounts have been transferred to China Cinda Asset Management Co., Ltd., Shenzhen Branch ("**Cinda SZ Branch**") pursuant to a debt disposal notice issued by Cinda SZ Branch ("**Disposal Notice**"). Under the Disposal Notice, the Group was notified to demand the repayment of the Outstanding Amounts, along with the legal costs.

Bank Loan 3 with principal amount of RMB8,500,000 (equivalent to approximately HKD9,817,000) (31 December 2025: RMB8,500,000 (equivalent to approximately HKD9,472,000)) is secured by certain investment properties of the Group and is repayable by instalments up to 2028. Interest is charged at a fixed rate of 4.8% per annum.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

20. BORROWINGS (Continued)

Note: (Continued)

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

Bank Loan 1, Bank Loan 2 and Bank Loan 3, with an aggregate carrying amount of approximately HKD349,341,000, are included in liabilities directly associated with assets classified as held for sale as at 30 June 2026 (see Note 17).

Bank Loan 4 with principal amount of RMB231,320,000 (equivalent to approximately HKD267,151,000) (31 December 2025: RMB244,000,000 (equivalent to approximately HKD271,914,000)) is secured by corporate guarantee executed by a related company of the Group and pledged with certain property, plant and equipment and mining rights of the Group. Bank Loan 4 is repayable by instalments up to 2026. Interest is charged at 5% per annum. The related company is controlled by the director of certain subsidiaries of the Company.

Bank Loan 5 with principal amount of RMB125,000,000 (equivalent to approximately HKD144,363,000) (31 December 2025: RMB125,000,000 (equivalent to approximately HKD139,300,000)) is secured by corporate guarantee executed by a related company of the Group and pledged with the shares of a subsidiary of Zongchuan Investment Group Co., Limited. Bank Loan 5 is repayable in December 2026 and interest is charged at 5% per annum. The related company is controlled by the director of certain subsidiaries of the Company.

- (b) Other loan with principal amount of HKD21,203,000 (31 December 2025: HKD13,000,000), which was obtained from an independent third party, is secured by an independent third party and repayable within one year. Interest is charged at a fixed rate of 18% per annum.

21. PLEDGE OF ASSETS

As at 30 June 2026, certain assets held for sales (previously classified as investment properties) of the Group with an aggregate carrying amount of approximately HKD164,200,000 (31 December 2025: approximately HKD160,863,000), mining rights of the Group with a carrying amount of approximately HKD202,700,000 (31 December 2025: HKD204,497,000) and property, plant and equipment with a carrying amount of approximately HKD154,497,000 (31 December 2025: HKD nil) were pledged to banks for loans granted to the Group.

22. 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 2026 was 9.6% (31 December 2025: 9.6%).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

23. 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 2026 HKD'000 (unaudited)	2025 HKD'000 (unaudited)
Salaries, allowances and other benefits	1,362	2,208
Contributions to defined contribution retirement plan	18	78
	<u>1,380</u>	<u>2,286</u>

(b) Other related party transactions

Apart from the financial arrangements dealt with certain related parties as disclosed in Notes 20 and 25, the Group did not enter into other significant related party transactions during both interim periods.

(c) Related party balances

As at 30 June 2026 and 31 December 2025, the Group had no significant balances dealt with its related parties.

24. 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 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)

24. 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 2026 HKD'000	Fair value measurements as at 30 June 2026 (unaudited) categorised into			Fair value at 31 December 2025 HKD'000	Fair value measurements as at 31 December 2025 (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	—	94	94	—	—
— Unlisted equity security	26,490	—	26,490	29,697	—	—	29,697
	26,585	95	26,490	29,791	94	—	29,697
Financial assets measured at fair value through profit or loss							
— Listed equity securities	—	—	—	2	2	—	—

The above financial instruments are included in assets classified as held for sale as at 30 June 2026 (see Note 17).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

24. 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

During the six months ended 30 June 2026 and 2025, 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.

The following table provides the information about Level 3 fair value measurements as at 31 December 2025:

	At 30 June 2026	At 31 December 2025	Valuation techniques and Key inputs	Significant unobservable inputs	Sensitivity of fair value to the input(s)
Financial assets					
Unlisted equity investment	—	29,697	Asset-based approach	Fair value of underlying net assets	5% increase/(decrease) in the fair value of net assets would result in increase/(decrease) in fair value of investment of approximately HKD1,485,000

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

	Six months ended 30 June 2026 HKD'000 (unaudited)	2025 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

(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 2026 and 31 December 2025.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

25. FINANCIAL GUARANTEES PROVIDED

Provision of corporate guarantees to the Disposal Group

As at 30 June 2026, the Company had provided corporate guarantees amounting to HKD322 million (31 December 2025: HKD311 million) to in favour of certain banks in connection with facilities granted to certain subsidiaries of the Disposal Group. During the six months ended 30 June 2026, a claim was made against the Company and its certain subsidiaries due to the breach of loan agreements which were secured by corporate guarantee executed by the Company. The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by subsidiaries of HKD322 million (31 December 2025: HKD311 million).

Provision of corporate guarantees to the related parties outside the Group

During the six months ended 30 June 2026, one of the subsidiaries of the Group, Fushun Xingzhou Mining Co., Ltd., has provided several corporate guarantees in respect of banking facilities to the extent of, in aggregate, RMB135 million (equivalent to HKD156 million) granted to two related companies. Mr. Wu Zongchuan (an executive director of the Company) has controlling interest in these companies. The Directors do not consider it is probable that a claim will be made against the Group under these guarantees. As at 30 June 2026, the maximum exposure to the Group under the guarantees issued is the facilities drawdown by these related companies being RMB135 million (equivalent to HKD156 million).

26. 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.



NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

26. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) 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.

(d) 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.

(e) 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 2026, the carrying amount of inventories was approximately HKD16,064,000.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

26. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) 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 2026 was approximately HKD12,089,000.

27. LITIGATION AND CLAIM

During the year ended 31 December 2023, one of the subsidiaries of the Group, Shenzhen Jinsheng Supply Chain Company Limited ("**Shenzhen Jinsheng**") defaulted on repayment of interest-bearing bank borrowing Shenzhen Branch of Hua Xia Bank Co., Ltd ("**Hua Xia Bank**"). As at 30 June 2026, the aggregate principal and related interest amounted to approximately RMB360,788,000 (equivalent to approximately HKD416,674,000) (31 December 2025: RMB341,502,000 (equivalent to approximately HKD380,570,000)).

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 subsequently received a court notice from the Shenzhen Intermediate People's Court, pursuant to which Hua Xia Bank requested Shenzhen Jinsheng to repay immediately the total amount of principal, interests and compound interests; bear Hua Xia Bank's legal costs and other litigation-related costs.

In October 2024, the Group received a written Civil Ruling from the Intermediate People's Court of Shenzhen, Guangdong ordering the repayment of the principal, corresponding default interests and compound interests in accordance with the loan agreements.

During the year ended 31 December 2025, the Group subsequently received the Civil Judgment from the High Court in relation to the appeal lodged by Shenzhen Jinsheng. The High Court dismissed the appeal and upheld the civil ruling previously issued by the Shenzhen Intermediate People's Court.

Pursuant to the Civil Judgment, Shenzhen Jinsheng is ordered to repay to Hua Xia Bank the principal, loan interests and default and compound interests calculated in accordance with the loan agreements and the Civil Ruling. The Company and certain subsidiaries, as guarantors, are held jointly and severally liable for the above debts. Shenzhen Jinsheng and the guarantors are further ordered to bear total court costs, including the case acceptance fee and preservation application fee. The Civil Judgment is final, conclusive and not subject to further appeal.



NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

27. LITIGATION AND CLAIM *(Continued)*

During the interim period ended 30 June 2026, the above-mentioned debts along with compound and default interests have been transferred to Cinda SZ Branch pursuant to the Disposal Notice. Under the Disposal Notice, the Group was notified to demand the outstanding debt comprising principal, accrued interest, penalty interest, default damages and reimbursable expenses.

In view of the litigation, the Civil Judgement and assignment of debt arrangement, the corresponding borrowings have been classified as current liabilities as at 30 June 2026 and 31 December 2025. The Group would negotiate with the relevant new creditor regarding a possible extension of repayment terms.

Apart from the above written civil ruling and final Civil Judgement, no further legal actions have been taken by the relevant new creditor or the relevant courts up to the date of approval of this interim financial information.

28. CONTINGENT LIABILITIES

As at 30 June 2026, the Group has no significant contingent liabilities (31 December 2025: nil).

29. CAPITAL COMMITMENT

As at 30 June 2026, the Group has no significant capital commitment (31 December 2025: nil).