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**PuraPharm**

**PURAPHARM CORPORATION LIMITED**

**培力農本方有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1498)**

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

### FINANCIAL HIGHLIGHTS

	Year ended 31 December					
	2024 <i>HK\$'000</i>	% of total	2023 <i>HK\$'000</i>	% of total	Change <i>HK\$'000</i> %	
Revenue						
— China concentrated Chinese medicine granule	24,763	6.5%	50,807	12.5%	(26,044)	(51.3%)
— Hong Kong concentrated Chinese medicine granule	207,591	54.3%	208,428	51.2%	(837)	(0.4%)
— Chinese healthcare products	84,302	22.1%	81,987	20.2%	2,315	2.8%
— Nong's® (農本方) Chinese medicine clinics	56,313	14.7%	53,727	13.2%	2,586	4.8%
— Plantation	9,121	2.4%	11,910	2.9%	(2,789)	(23.4%)
	<b><u>382,090</u></b>	<b><u>100%</u></b>	<b><u>406,859</u></b>	<b><u>100.0%</u></b>	<b><u>(24,769)</u></b>	<b><u>(6.1%)</u></b>
Gross profit	205,142		216,629		(11,487)	(5.3%)
Net loss for the year	(35,439)		(106,081)		70,642	66.6%

The board (the “**Board**”) of directors (the “**Directors**”) of PuraPharm Corporation Limited (the “**Company**”) hereby presents the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”) with the comparative audited figures for the year ended 31 December 2023 as follows.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>382,090</b>	406,859
Cost of sales		<u>(176,948)</u>	<u>(190,230)</u>
Gross profit		<b>205,142</b>	216,629
Other income and gains	4	<b>17,391</b>	15,151
Selling and distribution expenses		<b>(64,912)</b>	(91,658)
Administrative expenses		<b>(159,474)</b>	(171,520)
Share of loss of a joint venture		<b>(312)</b>	(145)
Impairment loss on property, plant and equipment and right-of-use assets		<b>(2,423)</b>	(12,804)
Impairment loss on goodwill		–	(3,049)
Reversal of/(provision of) impairment loss on financial assets, net		<b>997</b>	(5,034)
Other expenses		<b>(1,839)</b>	(22,475)
Finance costs		<u>(23,714)</u>	<u>(27,407)</u>
<b>LOSS BEFORE TAX</b>	5	<b>(29,144)</b>	(102,312)
Income tax expense	6	<u>(6,295)</u>	<u>(3,769)</u>
<b>LOSS FOR THE YEAR</b>		<u><b>(35,439)</b></u>	<u>(106,081)</u>
Attributable to:			
Owners of the parent		<u><b>(35,439)</b></u>	<u>(106,081)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic and diluted			
– For loss for the year (expressed in HK cents per share)		<u><b>(8.97)</b></u>	<u>(26.85)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>LOSS FOR THE YEAR</b>	<b><u>(35,439)</u></b>	<b><u>(106,081)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(8,049)	(3,874)
Reclassification of reserve upon deregistration of a subsidiary	<u>–</u>	<u>611</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>(8,049)</u></b>	<b><u>(3,263)</u></b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>	<b><u>(43,488)</u></b>	<b><u>(109,344)</u></b>
Attributable to:		
Owners of the parent	<b><u>(43,488)</u></b>	<b><u>(109,344)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	<b>2023</b> <b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>267,605</b>	291,552
Investment properties		<b>3,871</b>	4,309
Right-of-use assets		<b>87,781</b>	105,353
Goodwill		<b>17,944</b>	17,944
Other intangible assets		<b>31,560</b>	34,744
Investments in a joint venture		<b>953</b>	1,265
Financial assets at fair value through profit or loss		<b>21,866</b>	20,425
Prepayments for non-current assets		<b>8,003</b>	9,984
Deferred tax assets		<b>7,701</b>	8,819
		<hr/>	<hr/>
Total non-current assets		<b>447,284</b>	494,395
<b>CURRENT ASSETS</b>			
Inventories		<b>123,557</b>	175,597
Biological assets		<b>–</b>	–
Trade and bills receivables	<i>9</i>	<b>57,497</b>	80,870
Prepayments, other receivables and other assets		<b>49,113</b>	45,354
Tax recoverable		<b>–</b>	526
Restricted cash and pledged deposits		<b>25,480</b>	27,095
Cash and cash equivalents		<b>12,794</b>	20,126
		<hr/>	<hr/>
Total current assets		<b>268,441</b>	349,568
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>10</i>	<b>132,214</b>	146,379
Other payables and accruals		<b>86,797</b>	100,479
Interest-bearing bank and other borrowings	<i>11</i>	<b>250,548</b>	304,023
Lease liabilities		<b>13,633</b>	17,972
Tax payable		<b>7,710</b>	2,066
Government grants		<b>165</b>	170
		<hr/>	<hr/>
Total current liabilities		<b>491,067</b>	571,089
<b>NET CURRENT LIABILITIES</b>			
		<b>(222,626)</b>	(221,521)

		2024	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>224,658</u></b>	<b><u>272,874</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals		<b>11,015</b>	14,044
Interest-bearing bank and other borrowings	<i>11</i>	<b>89,162</b>	81,093
Lease liabilities		<b>10,416</b>	21,682
Government grants		<b>1,897</b>	1,076
Deferred tax liabilities		<b><u>970</u></b>	<u>1,743</u>
Total non-current liabilities		<b><u>113,460</u></b>	<u>119,638</u>
Net assets		<b><u>111,198</u></b>	<b><u>153,236</u></b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>12</i>	<b>306,820</b>	306,820
Shares held for share award scheme		<b>(2,859)</b>	(2,859)
Reserves		<b><u>(192,763)</u></b>	<u>(150,725)</u>
Total equity		<b><u>111,198</u></b>	<b><u>153,236</u></b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(29,144)</b>	(102,312)
Adjustments for:			
Finance costs		<b>23,714</b>	27,407
Bank interest income	4	<b>(349)</b>	(293)
Foreign exchange difference, net	5	<b>872</b>	406
(Gain)/loss on disposal of property, plant and equipment	5	<b>(513)</b>	354
Equity-settled share award and share option expenses		<b>1,450</b>	4,291
Depreciation of property, plant and equipment	5	<b>31,078</b>	21,711
Depreciation of right-of-use assets	5	<b>18,993</b>	21,522
Amortisation of intangible assets	5	<b>4,515</b>	5,358
Fair value loss on investment properties	5	<b>351</b>	63
Fair value (gain)/loss on financial assets at fair value through profit or loss	5	<b>(1,440)</b>	3
Fair value loss on biological assets	5	–	16,790
(Gain)/loss on disposal of right-of-use assets	5	<b>(485)</b>	932
(Reversal of)/write-down of inventories to net realisable value	5	<b>(618)</b>	2,332
Impairment loss on goodwill	5	–	3,049
Impairment loss on property, plant and equipment	5	<b>1,727</b>	12,804
Impairment loss on right-of-use assets	5	<b>696</b>	–
(Reversal of)/impairment loss on trade and bills receivables	5	<b>(997)</b>	2,727
Impairment loss on other receivables and other assets	5	–	2,307
Share of loss of a joint venture		<b>312</b>	145
		<b>50,162</b>	19,596

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Decrease in inventories	<b>50,365</b>	10,174
Increase in biological assets	–	(16,616)
Decrease in trade and bills receivables	<b>23,608</b>	47,085
Increase in prepayments, deposits and other receivables	<b>(2,547)</b>	(504)
(Decrease)/increase in trade and bills payables	<b>(10,814)</b>	10,466
Increase/(decrease) in government grants	<b>856</b>	(8)
(Decrease)/increase in other payables and accruals	<b>(8,142)</b>	5,585
Decrease in tax recoverable	–	5,837
	<hr/>	<hr/>
Cash generated from operations	<b>103,488</b>	81,615
Interest received	<b>349</b>	293
Income tax refunded/(paid)	<b>148</b>	(2,300)
	<hr/>	<hr/>
Net cash flows from operating activities	<b>103,985</b>	79,608
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	<b>(14,808)</b>	(19,183)
Proceeds from disposal of property, plant and equipment	<b>3,480</b>	–
Additions to intangible assets	<b>(1,577)</b>	(2,478)
Decrease in restricted cash and pledged deposits, net	<b>1,194</b>	4,088
Acquisition of a joint venture	–	(630)
	<hr/>	<hr/>
Net cash flows used in investing activities	<b>(11,711)</b>	(18,203)
	<hr/>	<hr/>

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Changes in amount due (to)/from a Director	(9,437)	1,740
New bank loans and other borrowings	<b>200,194</b>	251,287
Repayment of bank loans and other borrowings	<b>(238,190)</b>	(318,338)
Increase/(decrease) in overdrafts	<b>3,000</b>	(7,710)
Principal portion of lease payments	<b>(18,751)</b>	(21,947)
Interest paid for lease liabilities	<b>(1,213)</b>	(1,789)
Interest paid for bank and other borrowings	<b>(22,032)</b>	(25,633)
	<u>(86,429)</u>	<u>(122,390)</u>
Net cash flows used in financing activities		
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>5,845</b>	(60,985)
Cash and cash equivalents at beginning of year	<b>20,126</b>	75,831
Effect of foreign exchange rate changes, net	<b>(13,177)</b>	5,280
	<u>12,794</u>	<u>20,126</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
	<b>12,794</b>	20,126
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>12,794</b>	20,126
Cash and cash equivalents as stated in the consolidated statement of cash flows	<b>12,794</b>	20,126



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability under the Companies Law, Cap, 22 of the Cayman Islands on 2 December 2011. The registered office address is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company is an investment holding company. During the year ended 31 December 2024, the Company and its subsidiaries (the “**Group**”) have been principally engaged in the research and development, production and sale of concentrated Chinese medicine granule (“**CCMG**”) products and Chinese healthcare products, plantation and trading of raw Chinese herbs, and manufacture and sale of Traditional Chinese Medicine (“**TCM**”) decoction pieces (“**中藥飲片**”), as well as rendering of Chinese medical diagnostic services.

In the opinion of the board (the “**Board**”) of Directors (the “**Directors**”), the ultimate holding company of the Company is Fullgold Development Limited, which was incorporated in the British Virgin Islands (the “**BVI**”) and is wholly owned by Mr. Chan Yu Ling, Abraham (“**Mr. Abraham Chan**”), the founder of the Group.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, investment properties, and biological assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

During the year ended 31 December 2024, the Group recorded a loss attributable to the owners of the Company of HK\$35.4 million. As at 31 December 2024, the Group had net current liabilities of HK\$222.6 million, cash and cash equivalent of HK\$12.8 million and short term borrowing of HK\$250.5 million, among which approximately HK\$88.4 million breaches of covenants were noted at the reported date. The above conditions indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the Directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Directors of the Company implemented or is in the process of implementing the following measures:

- (a) The Group continues to restructure their products mix and tightening overall cost control measures so as to attain profitable and positive cash flow operations;
- (b) As at 31 December 2024, among all of the Group's short term bank and borrowings, the aggregated revolving loans, invoice financing loans and overdraft amounted to HK\$154.0 million. Although breaches of covenants were noted for some of the revolving loan, invoice financing loan and overdraft facilities of HK\$20.5 million, HK\$12.4 million and HK\$3.0 million respectively. Based on historical experiences, the respective banks continue to allow the Group to utilised their facilities while the Group continue to be able to drawn HK\$7.8 million of loans from these facilities subsequent to the year end date. The Directors are also actively negotiating with the banks to revise the facilities covenants and consider reasonably expected that they could continue to draw down the unutilised bank facilities of HK\$110.3 million as at 31 December 2024 to rollover their revolving loans, invoice financing loan and overdraft facilities for another year;
- (c) As at 31 December 2024, breaches of covenants were noted for certain of the Group's term loans of HK\$52.5 million. The Directors are also actively negotiating with respective banks to defer the repayment terms of some of their term loans and was able to renew the repayment schedule of term loans amounted to HK\$24.3 million;

- (d) The Group had non-pledged long-term assets of HK\$158.9 million in the PRC as at 31 December 2024 and continue to seek for new borrowings. The Group was able to obtain new bank borrowings of HK\$38.0 million subsequent to year end date;

The Directors of the Company have prepared a cash flow forecast for the Group which covers a period over twelve months from the end of the reporting period. They are of the opinion that, taking into account the abovementioned plans and measures, coupled with the Group's internally generated funds and unutilised bank facilities, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) the successful renewal of the existing bank and other borrowings and continue to utilise their bank facilities to draw down new loans for repaying the respective due loans, or successful negotiation with the lenders for the extension for repayment terms of the Group's bank and other borrowings, or successful obtaining of additional new sources of financing in the foreseeable future as and when needed; and
- (b) the successful increase of the sales with higher margin so as to attain profitable and positive cash flow operations and timely taking measures to tighten operating cost.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their realisable 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, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

## **Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## **2.2 Changes in accounting policies and disclosures**

The Group has adopted the following amended HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of these amended HKFRSs had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

### ***Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback***

The amendments in HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's financial statements.

### ***Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current***

The amendments to HKAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. There is no such liability at 31 December 2024 and 2023. The amendments had no impact on the classification of the Group's liabilities.

### ***Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements***

The amendments to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments had no impact on the Group's financial statements.

### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and amended HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRSs, if applicable, when they become effective.

Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>1</sup>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of the impact of these revised HKFRSs upon initial application. So far, the Group considers that these new and amended HKFRSs may result in changes in accounting policies. Except for below, these new and amended HKFRSs are unlikely to have a significant impact on the Group's financial statements.

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) the China CCMG segment mainly engages in the production and sale of CCMG products in China;
- (b) the Hong Kong CCMG segment mainly engages in the sale of CCMG products excluding the sales through self-operated clinics in Hong Kong;
- (c) the Chinese healthcare products segment mainly engages in the production and sale of healthcare products in Hong Kong, the USA and Japan;
- (d) the clinics segment mainly engages in the provision of Chinese medical diagnostic services and sale of CCMG products through self-operated clinics; and
- (e) the plantation segment mainly engages in the plantation and trading of raw Chinese herbs, and the manufacture and sale of TCM decoction pieces.

Management monitors the results of the Group's operating segments respectively for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss after tax except interest income, net foreign exchange difference, equity-settled share award and share option expenses, non-lease-related finance costs, corporate and other unallocated expenses and income tax expense.

Intersegment sales are eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.



The following tables present revenue, profit and other segment information for the Group's operating segments for the years ended 31 December 2024 and 2023.

### 31 December 2024

	China CCMG HK\$'000	Hong Kong CCMG HK\$'000	Chinese healthcare products HK\$'000	Clinics HK\$'000	Plantation HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Segment revenue (note 4):</b>							
Sales to external customers	24,763	207,591	84,302	56,313	9,121	-	382,090
Intersegment sales	136,006	4,897	1,604	-	14,085	(156,592)	-
<b>Total segment revenue</b>	<b>160,769</b>	<b>212,488</b>	<b>85,906</b>	<b>56,313</b>	<b>23,206</b>	<b>(156,592)</b>	<b>382,090</b>
<b>Segment results</b>	(112)	68,690	9,596	114	(8,251)	-	70,037
<i>Reconciliations:</i>							
Interest income							349
Foreign exchange difference, net							(872)
Equity-settled share option expenses							(1,450)
Finance costs (other than interest on lease liabilities)							(22,501)
Corporate and other unallocated expenses							(74,707)
Loss before tax							(29,144)
Income tax expense							(6,295)
<b>Net Loss</b>							<b>(35,439)</b>
Depreciation and amortisation of property, plant and equipment and other intangible asset	11,237	2,288	3,613	15,331	3,124	-	35,593
Depreciation of right-of-use asset	1,250	845	6,511	8,818	1,569	-	18,993
(Reversal of)/write-down of inventories to net realisable value	(1,106)	(218)	181	-	525	-	(618)
(Reversal of)/provision of impairment loss on trade and bills receivables, net	(2,504)	18	633	(54)	910	-	(997)
Loss/(gain) on disposal of property, plant and equipment	109	(338)	-	(284)	-	-	(513)
Share of loss of a joint venture	-	-	312	-	-	-	312
Impairment loss on property, plant and equipment and right-of-use assets	-	-	-	-	2,423	-	2,423
Gain on disposal of right-of-use assets	(153)	-	-	-	(332)	-	(485)
Government grants	1,825	-	-	-	581	-	2,406
Capital expenditure*	2,350	-	3,219	20,007	25	-	25,601

31 December 2023

	China CCMG HK\$'000	Hong Kong CCMG HK\$'000	Chinese healthcare products HK\$'000	Clinics HK\$'000	Plantation HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Segment revenue (note 4):</b>							
Sales to external customers	50,807	208,428	81,987	53,727	11,910	–	406,859
Intersegment sales	121,992	7,042	1,597	–	25,700	(156,331)	–
<b>Total segment revenue</b>	<b>172,799</b>	<b>215,470</b>	<b>83,584</b>	<b>53,727</b>	<b>37,610</b>	<b>(156,331)</b>	<b>406,859</b>
<b>Segment results</b>	(12,375)	74,729	(16,383)	1,160	(47,402)	–	(271)
<i>Reconciliations:</i>							
Interest income							293
Foreign exchange difference, net							(406)
Equity-settled share award and share option expenses							(4,291)
Finance costs (other than interest on lease liabilities)							(25,618)
Corporate and other unallocated expenses							(72,019)
Loss before tax							(102,312)
Income tax expense							(3,769)
<b>Net Loss</b>							<b>(106,081)</b>
<b>Other segment information:</b>							
Depreciation and amortisation of property, plant and equipment and other intangible asset	14,044	2,438	3,941	1,608	5,038	–	27,069
Depreciation of right-of-use asset	2,597	846	6,956	8,955	2,168	–	21,522
(Reversal of)/write-down of inventories to net realisable value	1,234	(1,073)	1,413	–	758	–	2,332
Impairment/(reversal of impairment) loss on trade and bills receivables, net	(354)	(160)	328	–	2,913	–	2,727
Impairment loss on prepayments, other receivables and other assets	1,521	–	–	–	786	–	2,307
Loss on disposal property, plant and equipment	354	–	–	–	–	–	354
Share of loss of a joint venture	–	–	145	–	–	–	145
Impairment loss on property, plant and equipment	–	–	–	–	12,804	–	12,804
Loss on disposal of right-of-use assets	932	–	–	–	–	–	932
Government grants	5,478	152	1,594	–	2,229	–	9,453
Capital expenditure*	3,812	655	3,425	16,146	8,956	–	32,994

\* Capital expenditure consists of additions of right-of-use assets amounted to HK\$7,235,000 (2023:HK\$21,299,000).

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Sale of CCMG products	273,300	298,634
Sale of Chinese healthcare products	84,302	81,987
Sale of raw Chinese herbs	9,121	11,910
Rendering of Diagnostic Services	15,367	14,328
	<u>382,090</u>	<u>406,859</u>

#### Revenue from contracts with customers

##### (i) *Disaggregated revenue information*

##### *For the year ended 31 December 2024*

Segments	Sale of goods <i>HK\$'000</i>	Diagnostic services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Types of goods or services</b>			
Sale of goods	366,723	–	366,723
Rendering of services	–	15,367	15,367
	<u>366,723</u>	<u>15,367</u>	<u>382,090</u>
<b>Geographical markets</b>			
Hong Kong	290,799	14,725	305,524
Chinese Mainland	34,681	642	35,323
Other countries/regions	41,243	–	41,243
	<u>366,723</u>	<u>15,367</u>	<u>382,090</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	366,723	–	366,723
Services transferred over time	–	15,367	15,367
	<u>366,723</u>	<u>15,367</u>	<u>382,090</u>

For the year ended 31 December 2023

Segments	Sale of goods HK\$'000	Diagnostic services HK\$'000	Total HK\$'000
<b>Types of goods or services</b>			
Sale of goods	392,531	–	392,531
Rendering of services	–	14,328	14,328
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenue from contracts with customers	<u>392,531</u>	<u>14,328</u>	<u>406,859</u>
<b>Geographical markets</b>			
Hong Kong	290,989	14,294	305,283
Chinese Mainland	62,832	34	62,866
Other countries/regions	38,710	–	38,710
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenue from contracts with customers	<u>392,531</u>	<u>14,328</u>	<u>406,859</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	392,531	–	392,531
Services transferred over time	–	14,328	14,328
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenue from contracts with customers	<u>392,531</u>	<u>14,328</u>	<u>406,859</u>

***Other income and gains***

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Government grants*	<b>2,406</b>	9,453
Gain from the sale of equipment and accessories	<b>10,632</b>	3,309
Bank interest income	<b>349</b>	293
Gross rental income from investment property operating leases:		
Fixed lease payments	<b>342</b>	336
Others	<b>3,662</b>	1,760
	<hr/>	<hr/>
Total other income and gains	<b>17,391</b>	15,151
	<hr/> <hr/>	<hr/> <hr/>

- \* The amount represented government grants from the relevant authorities in the PRC and Hong Kong government, which consisted primarily of the PRC subsidies and compensation for operation finance costs, research and development costs and grants for improvement of the Group's research facilities in relation to certain research and development projects. There are no unfulfilled condition or contingencies relating to these grants.

## 5. LOSS BEFORE TAX

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Cost of inventories sold		170,020	185,881
Cost of services provided		6,928	4,349
Depreciation of property, plant and equipment		31,078	21,711
Depreciation of right-of-use assets		18,993	21,522
Amortisation of intangible assets		4,515	5,358
Fair value loss on investment properties*		351	63
Fair value (gain)/loss on financial assets at fair value through profit or loss*		(1,440)	3
Fair value loss on biological assets, net*		-	16,790
(Gain)/loss on disposal of right-of-use assets*		(485)	932
(Gain)/loss on disposal of property, plant and equipment		(513)	354
Impairment loss on goodwill		-	3,049
(Reversal of)/write-down of inventories to net realisable value**		(618)	2,332
(Reversal of)/impairment loss on trade and bills receivables	9	(997)	2,727
Impairment loss on other receivables and other assets		-	2,307
Impairment loss on property, plant and equipment and right-of-use assets		2,423	12,804
Lease payments not included in the measurement of lease liabilities		6,423	2,220
Auditor's remuneration		2,000	2,550
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		88,153	118,268
Pension scheme contributions (defined contribution scheme)****		13,303	12,481
Equity-settled share award and share option expenses		-	17
<b>Total</b>		<b>101,456</b>	<b>130,766</b>
Research and development costs***		11,168	16,770
(Gain)/loss on disposal of property, plant and equipment*		(513)	354
Foreign exchange difference, net		872	406

\* Fair value gain on financial assets at fair value through profit or loss and gain on disposal of right-of use assets were included in the "Others" of "Other income and gains" in the consolidated statement of profit or loss for the years ended 31 December 2024 and 2023. The fair value loss on investment properties, financial assets at fair value through profit or loss and biological assets, loss on disposal of property, plant and equipment and right-of-use assets were included in "Other expenses" in the consolidated statement of profit or loss for the years ended 31 December 2024 and 2023.

\*\* The (reversal of)/write-down of inventories to net realisable value was included in the "Cost of sales" in the consolidated statement of profit or loss for the years ended 31 December 2024 and 2023.

\*\*\* HK\$1,275,000 (2023: HK\$1,783,000) disclosed in the item of "Depreciation" and HK\$6,199,000 (2023: HK\$6,090,000) disclosed in the item of "Employee benefit expense" were also included in "Research and development costs".

\*\*\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 6. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the subsidiaries of the Group which are incorporated in the Cayman Islands and BVI are not subject to any income tax.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

U.S. profits taxes have been provided at the federal rate of 21.0% and the state rate of 8.8% as well as Japan profits tax has been provided at the rate of 23.2% on the estimated assessable profits arising in the respective jurisdictions, during the years ended 31 December 2024 and 2023.

The statutory tax rate of the Group in respect of its operation in Chinese Mainland is 25% (2023: 25%). The Group's PRC subsidiary, Purapharm (Nanning) Pharmaceuticals Co., Limited ("PuraPharm Nanning"), is qualified as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% (2023: 15%). According to prevailing PRC income tax law, the income obtained from activities in agricultural, forestry, animal husbandry and fishery projects shall be entitled to income tax reduction or exemption, among which, projects of cultivation of Chinese medicine herbs and service projects related to agriculture such as agri-product preliminary processing are exempted from income tax. PuraPharm (Guizhou) Chinese Medicine Co., Ltd. and Gold Sparkle (Guizhou) HZ Plantation Co., Ltd. have obtained the documentation acknowledged by the tax authority in charge for the corporate income tax exemption for years ended 31 December 2024 and 2023 and the preferential income tax rate was 0%.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	5,387	2,856
Current – Elsewhere	204	447
Underprovision/(overprovision) in prior years	433	(373)
Deferred	271	839
	<hr/>	<hr/>
Total	<b>6,295</b>	<b>3,769</b>
	<hr/> <hr/>	<hr/> <hr/>

A reconciliation of the tax expense applicable to loss before tax is as follows:

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Loss before tax	<u><b>29,144</b></u>	<u>102,312</u>
Tax at the statutory tax rates	<b>(7,276)</b>	(23,193)
Lower tax rate enacted by local authority	<b>2,864</b>	4,454
Tax waiver	<b>(165)</b>	(165)
Tax incentive on eligible expenses	<b>(60)</b>	(2,412)
Adjustments in respect of current tax of previous periods	<b>433</b>	(373)
Income not subject to tax	<b>(98)</b>	(2)
Expenses not deductible for tax	<b>1,435</b>	827
Tax losses utilised from previous years	<b>(1,034)</b>	(1,265)
Tax losses not recognised	<u><b>10,196</b></u>	<u>25,898</u>
Tax charge at the Group's effective rate	<u><b>6,295</b></u>	<u>3,769</u>

## 7. DIVIDENDS

No dividends were proposed for the years ended 31 December 2024 and 2023.

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

	<b>2024</b>	2023
Loss per share attributable to ordinary equity holders of the parent		
– Basic and diluted (HK cents)	<u><b>(8.97)</b></u>	<u>(26.85)</u>



**(a) Basic**

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023 excluding ordinary shares purchased by the Group and held for the share award scheme.

	<b>2024</b>	2023
Loss attributable to ordinary equity holders of the parent ( <i>HK\$'000</i> )	<b>(35,439)</b>	(106,081)
Weighted average number of ordinary shares in issue	<u><b>395,052,941</b></u>	<u>395,052,941</u>
Basic loss per share ( <i>expressed in HK cents per share</i> )	<u><b>(8.97)</b></u>	<u>(26.85)</u>

The calculation of the weighted average number of ordinary shares amounting to 395,052,941 (31 December 2023: 395,052,941) in issue for the year ended 31 December 2024 is as follows:

	<b>2024</b>	2023
Number of issued shares on 1 January	<b>395,897,275</b>	395,897,275
Adjustment for shares held for share award scheme	<u><b>(844,334)</b></u>	<u>(844,334)</u>
Weighted average number of ordinary shares	<u><b>395,052,941</b></u>	<u>395,052,941</u>

**(b) Diluted**

The Group had no potentially dilutive ordinary shares in issue for share options and share award scheme during the years ended 31 December 2024 and 2023 as they had an anti-dilutive effect on the basic loss per share amounts presented.

## 9. TRADE AND BILLS RECEIVABLES

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Trade receivables	<b>103,260</b>	132,273
Bills receivable ( <i>Note</i> )	<b>4,535</b>	993
	<b>107,795</b>	133,266
Less: Impairment of trade and bills receivables	<b>(50,298)</b>	(52,396)
Net carrying amount	<b>57,497</b>	80,870

*Note:* During the year ended 31 December 2023, the Group entered into a series of bills discounted arrangements (the “**Arrangements**”) to transfer bills receivable (the “**Discounted Bills**”) to PRC banks or third-party company with a carrying amount in aggregate of HK\$1,296,000 (2023: HK\$441,000). Under the Arrangements, the Group may be required to reimburse the PRC banks or third-party company for loss of principal and interest if any trade debtors have default payment. In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and other borrowings as disclosed in note 11. Due to the cash flow of bills receivable are not SPPI, the total amount of bills receivables are accounted as financial assets at fair value through other comprehensive income as at 31 December 2024 and in the opinion of the Directors, the carrying amounts of the Discounted Bills are approximate their fair values.

The Group’s trading terms with its customers are mainly on credit, except for new customers, where payments in advance is normally required. The credit period is generally one to six months, extending up to longer periods for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at 31 December 2024 and 2023, based on the invoice date and net of loss allowance, is as follows:

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Within 1 month	<b>36,121</b>	51,226
1 to 3 months	<b>2,899</b>	1,952
3 to 6 months	<b>2,733</b>	819
6 months to 1 year	<b>9,730</b>	22,070
Over 1 year	<b>6,014</b>	4,803
Total	<b>57,497</b>	80,870

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
At beginning of year		<b>52,396</b>	50,291
(Reversal of)/impairment losses	5	<b>(997)</b>	2,727
Exchange realignment		<b>(1,101)</b>	(622)
At end of year		<b><u>50,298</u></b>	<b><u>52,396</u></b>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than two years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

#### As at 31 December 2024

##### Group A

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	2.06%	9.86%	51.70%	100.00%	50.89%
Gross carrying amount ( <i>HK\$'000</i> )	5,378	12,694	7,947	15,818	41,837
Expected credit losses ( <i>HK\$'000</i> )	<b><u>111</u></b>	<b><u>1,252</u></b>	<b><u>4,109</u></b>	<b><u>15,818</u></b>	<b><u>21,290</u></b>

##### Group B

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	0.03%	25.64%	50.86%	100.00%	53.84%
Gross carrying amount ( <i>HK\$'000</i> )	7,723	117	4,534	9,369	21,743
Expected credit losses ( <i>HK\$'000</i> )	<b><u>2</u></b>	<b><u>30</u></b>	<b><u>2,306</u></b>	<b><u>9,369</u></b>	<b><u>11,707</u></b>

**Group C**

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	0.05%	18.81%	100.00%	100.00%	3.63%
Gross carrying amount (HK\$'000)	22,139	1,712	212	340	24,403
Expected credit losses (HK\$'000)	<u>12</u>	<u>322</u>	<u>212</u>	<u>340</u>	<u>886</u>

**Group D**

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	9.04%	29.31%	96.30%	100.00%	82.85%
Gross carrying amount (HK\$'000)	343	4,343	405	14,721	19,812
Expected credit losses (HK\$'000)	<u>31</u>	<u>1,273</u>	<u>390</u>	<u>14,721</u>	<u>16,415</u>

**Total**

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Gross carrying amount (HK\$'000)	35,583	18,866	13,098	40,248	107,795
Expected credit losses (HK\$'000)	<u>156</u>	<u>2,877</u>	<u>7,017</u>	<u>40,248</u>	<u>50,298</u>

As at 31 December 2023

**Group A**

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	1.47%	6.77%	59.26%	100.00%	36.15%
Gross carrying amount (HK\$'000)	21,785	19,199	4,673	18,973	64,630
Expected credit losses (HK\$'000)	<u>321</u>	<u>1,300</u>	<u>2,769</u>	<u>18,973</u>	<u>23,363</u>

**Group B**

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	6.07%	22.57%	57.74%	100.00%	52.90%
Gross carrying amount (HK\$'000)	4,795	5,440	7,291	7,521	25,047
Expected credit losses (HK\$'000)	<u>291</u>	<u>1,228</u>	<u>4,210</u>	<u>7,521</u>	<u>13,250</u>

**Group C**

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	0.10%	18.28%	100.00%	100.00%	2.04%
Gross carrying amount (HK\$'000)	21,964	536	116	231	22,847
Expected credit losses (HK\$'000)	<u>22</u>	<u>98</u>	<u>116</u>	<u>231</u>	<u>467</u>

**Group D**

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	8.95%	35.61%	61.41%	100.00%	73.84%
Gross carrying amount (HK\$'000)	5,142	935	368	14,297	20,742
Expected credit losses (HK\$'000)	<u>460</u>	<u>333</u>	<u>226</u>	<u>14,297</u>	<u>15,316</u>

**Total**

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Gross carrying amount (HK\$'000)	53,686	26,110	12,448	41,022	133,266
Expected credit losses (HK\$'000)	<u>1,094</u>	<u>2,959</u>	<u>7,321</u>	<u>41,022</u>	<u>52,396</u>

At 31 December 2024, trade receivables of HK\$27,915,000 (2023: HK\$55,620,000) were pledged as security for the Group's bank loans (note 11).

## 10. TRADE AND BILLS PAYABLES

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<b>81,029</b>	107,757
Bills payables	<b>51,185</b>	38,622
	<hr/>	<hr/>
Total	<b>132,214</b>	146,379
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	<b>20,498</b>	52,514
1 to 2 months	<b>23,561</b>	5,500
2 to 3 months	<b>29,965</b>	12,627
Over 3 months	<b>58,190</b>	75,738
	<hr/>	<hr/>
Total	<b>132,214</b>	146,379
	<hr/> <hr/>	<hr/> <hr/>

The trade and bills payables are interest-free and are normally settled on terms of one to six months, extending to longer periods for those long-standing suppliers.

## 11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate%	Maturity	HK\$'000	Effective interest rate%	Maturity	HK\$'000
<b>Current</b>						
Bank overdraft	4.25-5.25	On demand	3,000	N/A	N/A	–
Bank loans – secured	4.5-5.6	On demand	107,436	2.80-7.65	on demand	145,792
Bank loans – secured	3.1-7.1	2025	74,057	2.47-7.00	2024	89,353
Bank loans – unsecured <sup>(a)</sup>	4.5	On demand	14,958	4.50	on demand	15,656
Bank loans – unsecured	0.85-3.35	2025	10,980	6.50	2024	17,823
Other borrowings - secured	7-8	On demand	8,282	N/A	N/A	–
Other borrowings - unsecured	8	On demand	1,080	N/A	N/A	–
Other borrowings - secured	7	2025	9,158	7.06-8.00	2024	6,708
Other borrowings - unsecured	10	2025	21,597	7.00-10.00	2024	28,691
Total – current			<u>250,548</u>			<u>304,023</u>
<b>Non-current</b>						
Bank loans – secured	0.85-6.5	2026-2030	88,498	0.85-6.50	2025-2030	76,970
Bank loans – unsecured	1.2	2030	664	1.20	2030	1,036
Other borrowings - secured	N/A	N/A	–	7.06	2025	3,087
Total – non-current			<u>89,162</u>			<u>81,093</u>
Total			<u><u>339,710</u></u>			<u><u>385,116</u></u>

**2024**  
**HK\$'000**

**2023**  
**HK\$'000**

The carrying amount of bank loans and other borrowings repayable is set out below:

Within one year or on demand	<b>250,548</b>	304,023
In the second year	<b>20,547</b>	11,147
In the third to fifth years, inclusive	<b>52,546</b>	59,841
Beyond five years	<b>16,069</b>	10,105
Total	<u><u>339,710</u></u>	<u><u>385,116</u></u>

The borrowings were principally denominated in Hong Kong Dollar and RMB and were at floating interest rates mainly with reference to Hong Kong Interbank Offered Rate (HIBOR) or PRC loan prime rate (LPR), respectively.

Interest-bearing bank and other borrowings are denominated in:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
HK\$	<b>78,141</b>	112,280
RMB	<b>258,445</b>	270,763
JPY	<b>1,499</b>	2,073
US\$	<b>1,625</b>	–
	<hr/>	<hr/>
Total	<b><u>339,710</u></b>	<u>385,116</u>

- (a) HK Interpretation 5 “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause” requires that a loan which includes a clause that gives the lender the unconditional right to call in the loan at any time (“**repayment on demand clause**”) shall be classified in total by the borrower as current in the consolidated statement of financial position. Interest-bearing bank loans of the Group in the amount of HK\$78,141,000 (2023: HK\$112,280,000) include a repayment on demand clause under the relevant loan agreements, among which a balance of HK\$30,511,000 (2023: HK\$39,670,000) that is repayable after one year from the end of 2024 has been classified as a current liability. For the purpose of the above analysis, such loans are included within current secured bank loans and analysed into bank loans repayable within one year. The aforesaid amount did not include the default loans without on demand clause.
- (b) As at 31 December 2024, the Group was not in compliance with certain loan covenants and repayment terms as stipulated in the agreements of the bank and other borrowings amounting to approximately HK\$88,379,000 (31 December 2023: HK\$93,240,000). Bank loans amounting to HK\$68,431,000 (31 December 2023: HK\$59,404,000), out of the HK\$88,379,000 (31 December 2023: HK\$93,240,000), are repayable on demand or within 12 months and have already been accounted for as current liabilities; and remaining of HK\$19,948,000 (31 December 2023: HK\$33,836,000) which are repayable beyond 12 months, have already been accounted for as current liabilities. The Directors are also actively negotiating with the banks to revise the facilities covenants and consider reasonably expected that they could renew the bank facilities subsequent to the financial statements date.
- (c) As at 31 December 2024, the Group’s bank facilities including overdraft were amounting to HK\$542,811,000 (2023: HK\$490,593,000), of which HK\$339,710,000 (2023: HK\$385,116,000) had been utilised.



(d) The following assets were pledged as securities for interest-bearing bank borrowings:

	<i>Notes</i>	<b>Carrying value</b>	
		<b>2024</b>	<b>2023</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Property, plant and equipment		<b>152,285</b>	170,336
Investment properties		<b>3,871</b>	4,309
Right-of-use assets		<b>34,678</b>	36,533
Financial assets at fair value through profit or loss		<b>19,119</b>	18,733
Inventories		<b>10,558</b>	27,094
Trade and bills receivables	<i>9</i>	<b>27,915</b>	55,620
Pledged deposits		<b>5,000</b>	10,000
		<b>253,426</b>	<b>322,625</b>

(e) As at 31 December 2024, the Group's bank loans of HK\$39,612,000 (31 December 2023: HK\$48,208,000) were under the SME Financing Guarantee Scheme (the "Scheme"), and the relevant balances were guaranteed by the Government of Hong Kong Special Administrative Region and a personal guarantee by Mr. Abraham Chan, as required under the Scheme.

## 12. SHARE CAPITAL

### Shares

	<b>2024</b>
	<b>HK\$'000</b>
Authorised:	
50,000,000,000 ordinary shares of US\$0.1 (HK\$0.775) each	<b>38,750,000</b>
Issued and fully paid:	
395,897,275 ordinary shares of US\$0.1 (HK\$0.775) each	<b>306,820</b>
	<b>2023</b>
	<b>HK\$'000</b>
Authorised:	
50,000,000,000 ordinary shares of US\$0.1 (HK\$0.775) each	<b>38,750,000</b>
Issued and fully paid:	
395,897,275 ordinary shares of US\$0.1 (HK\$0.775) each	<b>306,820</b>

A summary of movements in the Company's share capital and share premium account are as follows:

	<b>Number of shares in issue</b>	<b>Share capital <i>HK\$'000</i></b>	<b>Share premium account <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
At 1 January 2023,				
31 December 2023,				
1 January 2024 and				
31 December 2024	<u>395,897,275</u>	<u>306,820</u>	<u>221,571</u>	<u>528,391</u>

### 13. CONTINGENT LIABILITIES

There were no material contingent liabilities of the Group as at 31 December 2024 and 2023.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

### **Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 2.1 to the consolidated financial statements, which indicates that as of 31 December 2024, the Group recorded a net current liabilities of HK\$222.6 million, out of which HK\$250.5 million represented the current portion of interest-bearing bank and other borrowings. Along with the current situation as set forth in note 2.1, which indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Prospects

#### **1. *Challenges and Outlook for Concentrated Chinese Medicine Granules in Mainland China***

Although the number of national standards for concentrated Chinese medicine granules (CCMG) increased to 342 by the end of 2024, this number remains below the approximately 500 varieties typically required by hospitals. This shortfall has constrained prescriptions, prompting a return to traditional herbal decoctions and adversely affecting CCMG sales in mainland China. Nevertheless, we anticipate additional national standard varieties will be released throughout the year, and we remain optimistic about CCMG's market potential. We are proactively working to expand our market share in the private sector, including through the establishment of Nong's® clinics within the Greater Bay Area (GBA).

#### **2. *Greater Bay Area Integration***

Our integration efforts in the Greater Bay Area are progressing effectively. By the end of 2024, we had successfully established three clinics in Shenzhen, all of which met budget expectations. Additionally, cross-border sales of our health food products have shown significant growth. Looking ahead, we plan to further expand our clinic network in the Greater Bay Area and intensify our cross-border sales initiatives over the coming year.

#### **3. *Product Development and International Market Expansion***

We remain committed to strengthening our presence in international markets, including Canada, the USA, Japan, Australia, and Korea. Leveraging our existing production facilities in the USA and Japan, we aim to expand our global reach. These efforts will be complemented by the launch of innovative, high-quality products designed to drive growth and deliver enhanced shareholder value.

## **FINANCIAL REVIEW**

### **China CCMG**

For the year ended 31 December 2024, the China CCMG market was significantly impacted by the implementation of the new national standards in November 2021. Therefore, the sales of CCMG in China was HK\$24.8 million, representing a decrease of HK\$26.0 million or 51.3% compared to HK\$50.8 million in last year. The decrease in revenue from China CCMG business in this year was mainly attributable to the cost of CCMG produced under the prescribed national standards higher than before, the market still undergoing adjustment to adopt to the new higher pricing. As a result, the China CCMG sales business decreased in 2024.

### **Hong Kong And Overseas CCMG**

According to a market research performed in 2024, the Group continued to maintain its leading market position in Hong Kong and sold its CCMG products directly to customers comprising hospitals, Chinese medicine clinics, non-profit organisations and private Chinese medicine practitioners. During the year ended 31 December 2024, the direct sales of CCMG products in Hong Kong was HK\$207.6 million, representing a decrease of HK\$0.8 million or 0.4% compared to HK\$208.4 million of last year. For the year ended 31 December 2024, the market for CCMG products remained stable. As a result, these was no significant change in revenue compared to last year.

For the year ended 31 December 2024, the Group still remained as a leading CCMG supplier to the major non-profit organisations in Hong Kong, and continued to expand its customer base in private Chinese medicine practitioners sector.

## Chinese Healthcare Products

### *Sales by regions*

	Year ended 31 December				Change	
	2024		2023			
	Revenue <i>HK\$'000</i>	% of total	Revenue <i>HK\$'000</i>	% of total	<i>HK\$'000</i>	%
United States of America (the "U.S.A.")	<b>30,913</b>	<b>36.7%</b>	30,119	36.7%	794	2.6%
Japan	<b>9,419</b>	<b>11.2%</b>	7,799	9.5%	1,620	20.8%
Hong Kong and Mainland	<b>43,970</b>	<b>52.1%</b>	44,069	53.8%	(99)	(0.2%)
	<b><u>84,302</u></b>	<b><u>100%</u></b>	<b><u>81,987</u></b>	<b><u>100.0%</u></b>	<b><u>2,315</u></b>	<b><u>2.8%</u></b>

For the year ended 31 December 2024, revenue from sales of Chinese healthcare products in the U.S., Japan and Hong Kong and Mainland markets was HK\$84.3 million in aggregate, representing an increase of HK\$2.3 million or 2.8% compared to HK\$82.0 million in last year.

Among the Group's Chinese healthcare products segment, the sales in the Hong Kong and Mainland market recorded a slight decrease of HK\$0.1 million, which there was no significant changes in revenue compared to last year.

The Group has invested more resources during the year ended 31 December 2024 in marketing and advertising of Chinese healthcare products, the expenses of which are recognized as an expense but should benefit the sales of the Group's various products in near future.

As the COVID-19 pandemic has lasted for more than three years with profound impact on the society, the Group believes that consumers' health awareness will be increased and the growth in demand for healthcare products will render further opportunities for the Group's Chinese healthcare products segment. The Group will continue to proactively develop new and innovative healthcare products to enrich the products portfolio, devote more focus to market the Group's healthcare products through the online platform in order to reach the PRC and overseas markets with great growth potential.

## Nong's® (農本方®) Chinese Medicine Clinics

For the year ended 31 December 2024, the Group's optimization of the clinic is substantially completed. With the number of clinics operated in Hong Kong decreased from 23 clinics as at 31 December 2023 to 22 clinics as at 31 December 2024 and the number of clinics operated in Shenzhen increased from 1 clinic to 3 clinics as at 31 December 2024, the revenue generated by the Group's Nong's® (農本方®) Chinese medicine clinics through the sales of CCMG products and provision of Chinese medical diagnostic services increased to HK\$56.3 million for the year ended 31 December 2024 by HK\$2.6 million or 4.8% compared to HK\$53.7 million in last year.

The increase in revenue of Nong's® clinics segment this year was mainly due to (i) the opening of 2 clinics in Shenzhen, as well as (ii) an increase in outpatient traffic caused by the increase in number of patients contracting influenza that was prevalent during 2024.

The Group is seeking to explore the market opportunity in Great Bay Area and leveraging the Group's brand awareness in Hong Kong. The Group will continue to review and improve the performance of the existing clinic portfolio and proactively negotiate with the landlords on rental reduction in order to improve clinic profitability.

## Plantation

For the year ended 31 December 2024, the upstream plantation segment contributed HK\$9.1 million to the Group's overall revenue, representing a decrease of HK\$2.8 million or 23.4% from HK\$11.9 million recorded in last year. The revenue from the plantation segment was mainly derived from the plantation and trading of raw Chinese herbs.

## Profitability

	Year ended 31 December		Change %
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	
Revenue	<b>382,090</b>	406,859	(6.1%)
Cost of sales	<b>(176,948)</b>	(190,230)	7.5%
Gross Profit	<b><u>205,142</u></b>	<b><u>216,629</u></b>	<b><u>(5.3%)</u></b>
Gross profit margin	<b><u>53.7%</u></b>	<b><u>53.2%</u></b>	

The Group's gross profit margin for the year ended 31 December 2024 was 53.7%, representing a mild increase of 0.5 percentage point, as compared to 53.2% last year. The Group's gross profit margin was stable during this year.

### **Other Income And Gains**

The Group's other income and gains mainly comprised of government grants, gain from sale of equipment and accessories and bank interest income. For the year ended 31 December 2024, the Group's other income and gain was HK\$17.4 million, representing an increase of HK\$2.2 million compared to HK\$15.2 million last year.

The increase was mainly attributable to the increase in gain from the sale of equipment and accessories and was partly net off by a decrease in government grants for the year ended 31 December 2024.

### **Selling And Distribution Expenses**

The Group's selling and distribution expenses mainly comprised of advertising and promotion expenses, sales and marketing staff costs, delivery and storage costs, depreciation expense, travel and business development expenses and sales and marketing departmental expenses. For the year ended 31 December 2024, the Group's selling and distribution expenses was HK\$64.9 million, representing a decrease of HK\$26.8 million or 29.2% compared to HK\$91.7 million last year. The decrease was mainly attributable to the result of effective control in the marketing expenses.

For the year ended 31 December 2024, selling and distribution expenses as a percentage to revenue decreased from 22.5% in the year of 2023 to 16.9%. Without damaging the Group's market position, the Group has controlled some of the variable marketing expenses but some selling and distribution expenses, which are fixed in nature, may not be able to be adjusted accordingly, which are important for the expected sales rebound in the future.



## Administrative Expenses

	Year ended 31 December			
	2024	2023	Change	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Clinics operating expenses	<b>27,980</b>	32,317	(4,337)	(13.4%)
Research and development costs	<b>11,168</b>	16,770	(5,602)	(33.4%)
General administrative expenses	<b>120,326</b>	122,433	(2,107)	(1.7%)
Total administrative expenses	<b><u>159,474</u></b>	<b><u>171,520</u></b>	<b><u>(12,046)</u></b>	<b><u>(7.0%)</u></b>

For the year ended 31 December 2024, the Group's administrative expenses was HK\$159.5 million, representing a decrease of HK\$12.0 million or 7.0% compared to HK\$171.5 million of last year. The administrative expenses mainly comprised of staff costs, research and development costs, office and clinics rental expenses, legal and professional fees, clinic management fee, depreciation and amortisation and other general administrative expenses.

For the year ended 31 December 2024, the Group's operating expenses for clinics segment was HK\$28.0 million, representing an decrease of HK\$4.4 million or 13.4% compared to HK\$32.3 million of last year. The decrease was mainly attributable to the decrease in staff cost for Hong Kong clinics. The number of clinic in operation in Hong Kong decreased from 23 clinics to 22 clinics as at 31 December 2024.

The research and development costs for the year ended 31 December 2024 decreased by HK\$5.6 million or 33.4%, which was mainly due to the decrease in the testing and sampling fee as less products need to be registered and filed with the requirement of the new standards during the year.

The Group's general administrative expenses for the year of 2024 decreased by HK\$2.1 million or 1.7%, which was mainly attributed to the decrease in staff cost in 2024.

## **Other Expenses**

For the year ended 31 December 2024, the Group's other expenses was HK\$1.8 million, representing a significant decrease of HK\$20.6 million or 91.8% compared to HK\$22.5 million for the financial year ended 31 December 2023. The significant decrease in other expenses was mainly attributable to i) the decrease of net fair value loss on biological assets since it had been fully impaired during the year ended 31 December 2023; and ii) the reduction in the impairment loss on property, plant and equipment and goodwill related to the Group's plantation segment in the year ended 31 December 2024.

## **Finance Costs**

For the year ended 31 December 2024, the Group's finance costs amounted to HK\$23.7 million, which decreased by HK\$3.7 million or 13.5% as compared to HK\$27.4 million last year. The decrease in interest cost was in line with the decrease in average utilisation of bank and other borrowings.

## **Income Tax Expense**

The Group's income tax expenses increased from HK\$3.8 million last year to HK6.3 million for the year ended 31 December 2024. Such increase was mainly attributed to the Group's operations in Hong Kong regarding CCMG which were more profitable, and thus increased the income tax expense for the year ended 31 December 2024.

## **Future Plans For Material Investments Or Capital Assets**

Save for the business plan disclosed in this announcement, the Group did not have any future plans for material investments or capital assets as at 31 December 2024.

## **Loss For The Year**

The Group recorded a net loss of HK\$35.4 million for the year ended 31 December 2024, as compared with the net loss of HK\$106.1 million recorded last year.

Such significant decrease in the audited consolidated net loss in the year ended 31 December 2024 was mainly attributable to i) the reduction in the impairment loss on property, plant and equipment and goodwill related to the Group's plantation segment; ii) the reduction in the fair value loss of the biological assets related to the Group's plantation segment since it had been fully impaired during the year ended 31 December 2023; and iii) the significant reduction in administrative expenses and selling and distribution expenses as a result of the cost control activities for the Group's operation.

## LIQUIDITY AND FINANCIAL RESOURCES

### Cash position and interest-bearing bank and other borrowings

	Year ended 31 December		Change	
	2024	2023		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Net current liabilities	<b>222,626</b>	221,521	1,105	0.5%
Cash and cash equivalent	<b>12,794</b>	20,126	(7,332)	(36.4%)
Interest-bearing bank and other borrowings	<b>339,710</b>	385,116	(45,406)	(11.8%)
Current portion	<b>250,548</b>	304,023	(53,475)	(17.6%)
Non-current portion	<b>89,162</b>	81,093	8,069	10.0%
Unused bank and other borrowing facilities	<b>203,101</b>	105,477	97,624	92.6%

The Group generally finances its operation with operating cash flows and bank and other borrowing facilities. The Group actively manages the cash and borrowings of the Group to ensure an appropriate level of liquidity and sufficient funds are available to meet the Group's business need. The Directors believe that the utilisation rate of the banking and other borrowing facilities has been maintained at a reasonable level. The Directors also believe that the existing banking and other borrowing facilities are at an appropriate level to support the operating needs of the Group.

## Cash flow and liquidity ratio analysis

	Year ended 31 December		
	2024	2023	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	<b>103,985</b>	79,608	24,377
Net cash used in investing activities	<b>(11,711)</b>	(18,203)	6,492
Net cash used in financing activities	<b>(86,429)</b>	(122,390)	35,961
Current ratio	<b>0.5</b>	0.6	
Gearing ratio	<b>3.1</b>	2.5	

For the year ended 31 December 2024, the Group's net cash generated from operating activities was HK\$104.0 million, which was higher than last year by HK\$24.4 million. The increase in operating cash inflow was mainly due to (i) the significant decrease in loss before tax and (ii) the increase in inventory turnover.

For the year ended 31 December 2024 and 2023, the Group's net cash used in investing activities was HK\$11.7 million and HK\$18.2 million respectively, which was mainly represented to the purchases of property, plant and equipment for upgrading of the production line in Nanning to meet the requirements of the new national standards.

For the year ended 31 December 2024, the Group's net cash used in financing activities was HK\$86.4 million, representing a decrease by HK\$36.0 million as compared to last year mainly due to decreased in the combined effect of the net decrease in bank loans and other borrowings during 2024.

The Group's current ratio decreased from 0.6 as at 31 December 2023 to 0.5 as at 31 December 2024. Such decrease was mainly attributable to the significant decrease in trade and bills receivables.

The Group's gearing ratio (calculated by dividing total interest-bearing bank and other borrowings by total equity) increased from 2.5 as at 31 December 2023 to 3.1 as at 31 December 2024. Such increase was mainly attributable to the decrease in the Group's equity as a result of the net loss for the year ended 31 December 2024.

In order to improve the current ratio and gearing ratio, the Group will consider to leverage on the equity financing. The Group will also strengthen the working capital management by closely monitoring the collection of trade and bills receivables and inventory level to increase the operating cash flow and lower the bank and other borrowings level.

## **EXCHANGE RISK**

The Group conducts business primarily in Hong Kong and China with most of its transactions denominated and settled in Hong Kong dollars and Renminbi. Currently, the Group has not entered into any foreign exchange contracts or any hedging transactions or instruments to hedge against the fluctuations in exchange rate between Renminbi and Hong Kong dollar. However, the Group monitors foreign exchange exposure regularly and considers if there is a need to hedge against significant foreign currency exposure from time to time.

## **HUMAN RESOURCES**

As at 31 December 2024, the Group had a total of 479 employees (31 December 2023: 662 employees). During the year ended 31 December 2024, total staff costs excluding Directors' remuneration was HK\$101.5 million (31 December 2023: HK\$130.8 million). The Group offers competitive remuneration packages to its employees, including mandatory retirement funds, insurance and medical coverage. In addition, discretionary bonus, share options and share awards may be granted to eligible employees based on the performance of the Group and individuals. The Group also allocated resources for continuing education and would arrange induction training for new staff members and regular trainings to staff members and management personnel to improve their skills and knowledge.

## PLEDGE OF ASSETS

The following assets were pledged as securities for interest-bearing bank and other borrowings:

	Year ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	152,285	170,336
Right-of-use assets	3,871	36,533
Financial assets at fair value through profit or loss	34,678	18,733
Inventories	19,119	27,094
Trade and bills receivables	10,558	55,620
Pledged bank deposits	27,915	10,000
Investment properties	5,000	4,309
	<u>253,426</u>	<u>322,625</u>

## CAPITAL COMMITMENT

The Group has the following capital commitment:

	Year ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Land and Buildings	26,289	27,423
Plant and machinery	32	—
	<u>26,321</u>	<u>27,423</u>

The Group would finance the capital commitment by internal resources of the Group.

## **SIGNIFICANT INVESTMENTS HELD**

The Group did not hold any significant investments during the year ended 31 December 2024.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

During the year ended 31 December 2024, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save for the business plan disclosed in this announcement, the Group did not have any future plans for material investments or capital assets as at 31 December 2024.

## **CONTINGENT LIABILITIES**

There were no material contingent liabilities of the Group as at 31 December 2024.



## USE OF PROCEEDS FROM THE COMPANY’S INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering in July 2015, after deduction of related issuance expenses, amounted to approximately HK\$288.4 million (the “**Net Proceeds**”). The balance of the Net Proceeds brought forward from 31 December 2023 was approximately HK\$6.4 million. As at 31 December 2024, the Group had utilised approximately HK\$282.0 million of the Net Proceeds in accordance with the proposed applications set out in the Company’s listing prospectus, as follows:

Use of proceeds	Total approximate amount of Net Proceeds (in HK\$ million)	Approximate percentage of Net Proceeds	Approximate amount utilised as at 31 December 2024 (in HK\$ million)	Approximate amount utilised during the year ended 31 December 2024 (in HK\$ million)	Approximate amount unutilised as at 31 December 2024 (in HK\$ million)	Expected timeline for intended use
To expand manufacturing facilities and enhance existing production lines	86.5	30%	86.5	-	-	-
To establish new Nong’s® Chinese medicine clinics in Hong Kong and the PRC	72.1	25%	72.1	-	-	-
To expand distribution network into new target cities in the PRC	57.7	20%	57.7	-	-	-
To fund the development and launch of two new proprietary Chinese medicine products	43.3	15%	36.9	-	6.4	by December 2025
Additional working capital of the Group	28.8	10%	28.8	-	-	-
	<u>288.4</u>	<u>100%</u>	<u>282.0</u>	<u>-</u>	<u>6.4</u>	

There was a delay in application in the use of Net Proceeds as to funding the development and launch of two new proprietary Chinese medicine products. The reason for the delay is due to the fact that research and development of new products were still in progress and is expected to take a longer time than previous estimation. The Company will utilise the remaining unutilised balance of the Net Proceeds in accordance with the disclosure in the listing prospectus of the Company.

Among the remaining unutilised portion of the Net Proceeds, HK\$4.3 million has been allocated to the development of pharmaceutical products for treating irritable bowel syndrome, known as “仁術腸樂顆粒” (the “**Product**”). On 8 October 2020, the Group entered into an asset sale agreement (the “**Asset Sale Agreement**”) with BAGI Research Limited, a company indirectly and wholly-owned by Mr. Chan Yu Ling, Abraham, an executive Director and controlling shareholder of the Company, to sell the relevant assets of the development of the Product (the “**Asset Disposal**”). As the conditions precedent in the Asset Sale Agreement could not be fully fulfilled, the parties to the Asset Sale Agreement agreed that the Asset Sale Agreement should lapse on 30 September 2021 and the sale of the development of the Product would no longer proceed. As such, the Group will continue to apply the unutilised portion of the Net Proceeds allocated to the development of the Product according to the disclosure of the Company’s listing prospectus. For further information in relation to the Asset Sale Agreement and the transaction contemplated thereunder, please refer to the announcements of the Company dated 8 October 2020, 25 March 2021 and 5 October 2021.

## **SHARE OPTION SCHEME**

On 12 June 2015, the share option scheme (the “**Share Option Scheme**”) was adopted by the then Shareholders and will be valid and effective for a period of 10 years from the adoption date on 12 June 2015 and shall expire on the day immediately preceding the tenth anniversary period (which will expire on 11 June 2025). The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who would contribute to the success of the Group’s operations. Under the terms of the Share Option Scheme, the Board may, at its discretion, grant share options to, among others, any full-time employee and any Director of the Company or its subsidiaries, including any executive, non-executive or independent non-executive Directors.

The exercise price for shares options under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the date of grant, which must be a business day; (ii) the average of the closing prices of the shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share on the date of grant. Any share options granted under the Share Option Scheme shall lapse in any event not later than ten years from the date of grant. A nominal value of HK\$1.00 is payable on acceptance of each grant of share options. The period within which payments or calls must or may be made or loans for such purposes must be repaid for the amount payable on acceptance of the option under the rules of the Share Option Scheme is 30 days after the relevant date of grant of the options. The Board shall have the discretion to decide the period within which the shares must be taken up under the share options and the minimum period for which the share option must be held before it can be exercised.

During the year ended 31 December 2024, no options were granted by the Board. No options were exercised and no options were forfeited due to the resignation of employee during the year ended 31 December 2024.

As at 1 January 2024 and 31 December 2024, the total number of share which may be issued upon the exercise of all outstanding options granted under the Share Option Scheme was both 23,962,424 shares, respectively. Since as at 1 January 2024 and 31 December 2024 that the number of issued shares of the Company was 395,897,275 shares and 395,897,275 shares, respectively, the total number of share to be issued upon the exercise of all outstanding options under the Share Option Scheme both represents approximately 6.05% of the total number of issued shares of the Company, respectively.

As at 1 January 2024 and 31 December 2024, the total number of share available for issue under the Share Option Scheme was 31,789,294 and 31,789,294 shares, respectively. Since as at 1 January 2024 and 31 December 2024 that the total number of issued shares of the Company was 395,897,275 shares and 395,897,275 shares, respectively, the total number of share available for issue under the Share Option Scheme represents approximately 8.03% and 8.03% of the total number of issued shares of the Company, respectively. There was no service provider sublimit set for the Share Option Scheme.

Details of the options granted under the Share Option Scheme are as follows:

Grantees	Name of Director	Grant date	Exercise price	Vesting date	As at 1 January 2024	Number of options granted during the Reporting Period	Exercised during the Reporting Period	Adjustment/ canceled/ lapsed during the Reporting Period	As at 31 December 2024
Directors	Mr. Chan Yu Ling, Abraham	9 May 2019	HK\$2.3 <i>(Note)</i>	10 May 2020	1,085,228	-	-	-	1,085,228
				10 May 2021	1,085,228	-	-	-	1,085,228
		24 Jul 2020	HK\$0.8	23 Jul 2021	1,740,000	-	-	-	1,740,000
				23 Jul 2022	1,740,000	-	-	-	1,740,000
	29 Dec 2022	HK\$1,292	29 Dec 2023	1,925,000	-	-	-	1,925,000	
			29 Dec 2024	1,925,000	-	-	-	1,925,000	
	Ms. Man Yee Wai, Viola	9 May 2019	HK\$2.3 <i>(Note)</i>	10 May 2020	354,275	-	-	-	354,275
				10 May 2021	354,275	-	-	-	354,275
		24 Jul 2020	HK\$0.8	23 Jul 2021	1,740,000	-	-	-	1,740,000
				23 Jul 2022	1,740,000	-	-	-	1,740,000
	29 Dec 2022	HK\$1,292	29 Dec 2023	1,925,000	-	-	-	1,925,000	
			29 Dec 2024	1,925,000	-	-	-	1,925,000	
Sub-total for Directors					17,539,006	-	-	-	17,539,006
Former Directors	Mr. Chan Kin Man, Eddie (retired on 28 May 2021)	9 May 2019	HK\$2.3 <i>(Note)</i>	10 May 2020	1,085,228	-	-	-	1,085,228
				10 May 2021	1,085,228	-	-	-	1,085,228
		24 Jul 2020	HK\$0.8	23 Jul 2021	871,000	-	-	-	871,000
				23 Jul 2022	871,000	-	-	-	871,000
	Dr. Tsoi Kam Biu, Alvin (retired on 28 May 2021)	9 May 2019	HK\$2.3 <i>(Note)</i>	10 May 2020	354,275	-	-	-	354,275
				10 May 2021	354,275	-	-	-	354,275
	24 Jul 2020	HK\$0.8	23 Jul 2022	871,000	-	-	-	871,000	
	Mr. Norimoto Hisayoshi (retired on 20 November 2023)	09 May 2019	HK\$2.3 <i>(Note)</i>	10 May 2020	44,285	-	-	-	44,285
				10 May 2021	44,285	-	-	-	44,285
				10 May 2022	44,284	-	-	-	44,284
				10 May 2023	44,284	-	-	-	44,284
24 Jul 2020		HK\$0.8	23 Jul 2021	66,667	-	-	-	66,667	
			23 Jul 2022	66,667	-	-	-	66,667	
		23 Jul 2023	66,666	-	-	-	66,666		
Sub-total for former Directors					5,869,144	-	-	-	5,869,144
Employees	9 May 2019	HK\$2.3 <i>(Note)</i>	10 May 2020	88,570	-	-	-	88,570	
			10 May 2021	88,568	-	-	-	88,568	
			10 May 2022	88,568	-	-	-	88,568	
			10 May 2023	88,568	-	-	-	88,568	
				354,274	-	-	-	354,274	
	24 July 2020	HK\$0.8	23 July 2021	-	-	-	-	-	
23 July 2022			100,000	-	-	-	100,000		
23 July 2023			100,000	-	-	-	100,000		
			200,000	-	-	-	200,000		
Sub-total for Employees					554,274	-	-	-	554,274
Total					23,962,424	-	-	-	23,962,424

*Note:* As a result of the completion of the Rights Issue, assuming no other adjustment events under the terms and conditions of the Share Option Scheme having been triggered and pursuant to (i) the terms and conditions of Share Option Scheme; and (ii) Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under Rule 17.03(13) of the Listing Rules, the exercise price of the Share Options and the number of Shares which may fall to be issued upon exercise of the subscription rights attaching to the outstanding Share Options granted before the completion of the Rights Issue has been adjusted.

The weighted average closing price per Share immediately before the date on which the Options were exercised is HK\$1.440.

## **CORPORATE GOVERNANCE**

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the code provisions stated in the Corporate Governance Code (the “**Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. During the year ended 31 December 2024, save as disclosed below, the Company has complied with all applicable code provisions set out in the Code.

Pursuant to code provision C.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. However, due to the nature and extent of the Group's operations and Mr. Chan Yu Ling, Abraham's in-depth knowledge and experience in Chinese medicine and healthcare products and his familiarity with the operations of the Group, the Board considers that it is not preferable to find an alternative candidate to replace Mr. Chan Yu Ling, Abraham and serve in either of the positions at this stage. As such, the roles of the chairman and chief executive officer of the Company are not being separated pursuant to the requirement under code provision C.2.1 of the Code during the year ended 31 December 2024. Further, the Board believes that the current structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. Besides, all major decisions have been made in consultation with members of the Board and appropriate committees, as well as the senior management team. There have been three Independent non-executive Directors in the Board during the year ended 31 December 2024 that the independence element was sufficient in the Board.

The Board is therefore of the view that there are adequate balance of power and safeguards in place. Nevertheless, the Board will continue to monitor and review the Company's current structure and to make changes at an appropriate time in the future if necessary.

## **REVIEW BY AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules and the Code. The Audit Committee comprises three Independent non-executive Directors as follows:

Mr. Ho Kwok Wah, George (*Chairman, Independent non-executive Director*)

Dr. Leung Lim Kin, Simon (*Independent non-executive Director*)

Prof. Tsui Lap Chee (*Independent non-executive Director*)

The chairman of the Audit Committee, Mr. Ho Kwok Wah, George, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary roles and functions of the Audit Committee include, but not limited to: (i) reviewing and monitoring the relationship of the external auditor and the Group, particularly the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standard; (ii) reviewing the Company's financial information; (iii) reviewing the financial controls, internal control and risk management systems of the Group; and (iv) reviewing financial and accounting policies and practices of the Group.

The Audit Committee has, among others, considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management. The Audit Committee has reviewed the annual financial results for the year ended 31 December 2024 and considers that the annual results are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. The Audit Committee has also reviewed the effectiveness and performance of the Group's risk management and internal control systems and internal audit plan.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS**

The figures in respect of the Group's results for the year ended 31 December 2024 as set out in this preliminary announcement of results have been agreed by the Group's independent auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Group's independent auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by the Group's independent auditors on this preliminary announcement of results.

## **MODEL CODE FOR SECURITIES**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by Directors. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the required standards of dealing as set out in the Model Code during the year ended 31 December 2024 and the Board was of the view that the Model Code has been fully complied with during the year ended 31 December 2024.

## **PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including treasury shares (as defined under the Listing Rules)) during the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

## **IMPORTANT EVENTS SINCE THE END OF THE REPORTING PERIOD**

The Board is not aware any significant event affecting the Company or any of its subsidiaries after 31 December 2024 and up to the date of this announcement.

## **DIVIDEND**

The Board resolved not to recommend the payment of final dividend for the year ended 31 December 2024 to the shareholders of the Company (2023: nil).

## **ANNUAL GENERAL MEETING**

The annual general meeting (“**AGM**”) will be held on Tuesday, 27 May 2025 and the notice of AGM will be published and issued in the manner as required by the Listing Rules and articles of association of the Company in due course.



## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 22 May 2025 to Tuesday 27 May 2025, both dates inclusive, during which no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 27 May 2025 or their proxies or duly authorised corporate representatives are entitled to attend the AGM. In order to qualify for attending and voting at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 pm on Wednesday, 21 May 2025.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.purapharm.com](http://www.purapharm.com). The annual report of the Company for the year ended 31 December 2024 will also be issued and made available on the above websites according to the Listing Rules in April 2025.

## **FORWARD LOOKING STATEMENTS**

This announcement contains certain forward looking statements with respect to the financial condition, result of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

By Order of the Board  
**PuraPharm Corporation Limited**  
**Chan Yu Ling, Abraham**  
*Chairman*

Hong Kong, 31 March 2025

*As at the date of this announcement, the executive Directors of the Company are Mr. Chan Yu Ling, Abraham and Ms. Man Yee Wai, Viola; the non-executive Director of the Company is Mr. Leung Stephen Kwok Keung; and the independent non-executive Directors of the Company are Mr. Ho Kwok Wah, George, Dr. Leung Lim Kin, Simon and Prof. Tsui Lap Chee.*