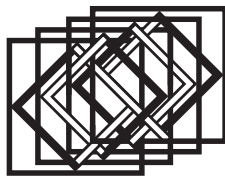


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PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Pak Tak International Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Interim Results**”) together with the unaudited comparative figures for the corresponding period in 2024 as follows:

** for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Note	HKD'000	HKD'000
		(unaudited)	(unaudited)
Revenue	3	444,541	378,542
Other revenue	4	1,215	315
Other net loss	4	(619)	(5,130)
Fair value loss on investment properties	12	(30,612)	(11,364)
(Provision for)/reversal of impairment losses under expected credit loss model, net	16	(4,773)	3,163
Direct costs and operating expenses		(421,628)	(361,464)
Administrative expenses		<u>(70,979)</u>	<u>(23,980)</u>
Loss from operations	5	(82,855)	(19,918)
Finance costs	6	<u>(33,046)</u>	<u>(16,758)</u>
Loss before taxation		(115,901)	(36,676)
Income tax credit/(expense)	7	<u>392</u>	<u>(132)</u>
Loss for the period		<u>(115,509)</u>	<u>(36,808)</u>
Attributable to:			
— Equity shareholders of the Company		(113,790)	(36,808)
— Non-controlling interest		<u>(1,719)</u>	<u>—</u>
Loss for the period		<u>(115,509)</u>	<u>(36,808)</u>
Loss per share	8		
— Basic and diluted (in HK cents)		<u>(2.02)</u>	<u>(0.79)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		At 30 June 2025	At 31 December 2024
	Note	HKD'000 (unaudited)	HKD'000 (audited)
Non-current assets			
Property, plant and equipment	10	603,361	591,556
Right-of-use assets	11	118,470	117,471
Investment properties	12	233,562	255,974
Goodwill		2,824	2,824
Intangible assets	13	209,043	206,402
Deferred tax assets		6,904	9,077
Financial assets at fair value through other comprehensive income		<u>30,315</u>	<u>162</u>
		<u>1,204,479</u>	<u>1,183,466</u>
Current assets			
Inventories		33,864	34,901
Trade and other receivables	14	558,798	568,362
Finance lease receivables	15	—	—
Financial assets at fair value through profit or loss		31	29
Restricted cash		7,237	6,996
Cash and cash equivalents		<u>20,674</u>	<u>21,723</u>
		<u>620,604</u>	<u>632,011</u>
Current liabilities			
Trade payables	17	240,919	194,450
Other payables and accrued charges		148,962	101,663
Contract liabilities		50,021	56,772
Borrowings	18	737,390	490,321
Lease liabilities		3,239	2,979
Tax payable		<u>1,230</u>	<u>1,873</u>
		<u>1,181,761</u>	<u>848,058</u>
Net current liabilities		<u>(561,157)</u>	<u>(216,047)</u>
Total assets less current liabilities		<u>643,322</u>	<u>967,419</u>

		At 30 June 2025	At 31 December 2024
	<i>Note</i>	<i>HKD'000</i>	<i>HKD'000</i>
		(unaudited)	(audited)
Non-current liabilities			
Borrowings	18	9,644	254,366
Lease liabilities		10,381	11,690
Deferred tax liabilities		85,043	86,243
Provision for rehabilitation		<u>22,492</u>	<u>10,917</u>
		<u>127,560</u>	<u>363,216</u>
NET ASSETS		<u>515,762</u>	<u>604,203</u>
CAPITAL AND RESERVES			
Share capital		112,600	112,600
Reserves		<u>393,806</u>	<u>481,177</u>
Total equity attributable to equity shareholders of the Company		506,406	593,777
Non-controlling interest		<u>9,356</u>	<u>10,426</u>
TOTAL EQUITY		<u>515,762</u>	<u>604,203</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. BASIS OF PRESENTATION

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

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of changes in accounting policies and new accounting policies are set out in Note 2.

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

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

Going concern assumption

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

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

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

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

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

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

The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2025. The directors of the Company are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, since the execution of the above plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issuance of the condensed consolidated financial statements, material uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as mentioned above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the following:

- (i) Successful negotiation with Hua Xia Bank for reaching an agreement on withdrawing the civil ruling, not demanding immediate repayment of existing bank borrowings due to the defaults and revising the repayment terms to allow for instalments over an extended period over three years;
- (ii) Successfully obtaining fundings from the substantial shareholder of the Company by way of shareholders' loan to finance the full repayment of the Outstanding Amounts;
- (iii) Successfully collecting substantial payments from customers;

- (iv) Successfully obtaining additional banking facilities by pledging certain of the Group's commercial properties;
- (v) Successfully generating profits and cash inflows from the new business segment in iron ore mining and milling; and
- (vi) Successfully exploring various fund-raising options, including equity financing and/or debt financing, to further strengthen its financial position and support ongoing business operations.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that might have become onerous, where appropriate. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKAS 21, Lack of Exchangeability

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

3. REVENUE AND SEGMENT REPORTING

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

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

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

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

(a) **Disaggregation of revenue**

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 3(b).

(b) Information about profit or loss

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

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

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

(c) Information about assets and liabilities

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

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

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

4. OTHER REVENUE AND OTHER NET (LOSS)/GAIN

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

5. LOSS FROM OPERATIONS

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

6. FINANCE COSTS

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

7. INCOME TAX EXPENSE

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

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

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

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2025 <i>HKD'000</i> (unaudited)	2024 <i>HKD'000</i> (unaudited)
Loss		
Loss attributable to equity shareholders of the Company	<u>(113,790)</u>	<u>(36,808)</u>

	Six months ended 30 June	
	2025 <i>'000</i> (unaudited)	2024 <i>'000</i> (unaudited)
Number of shares		
Weighted average number of ordinary shares in issue	<u>5,630,000</u>	<u>4,680,000</u>

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

9. DIVIDEND

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

10. PROPERTY, PLANT AND EQUIPMENT

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

11. RIGHT-OF-USE ASSETS

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

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

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

12. INVESTMENT PROPERTIES

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

The investment properties are situated in the PRC and are held under medium-term leases.

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

As at 30 June 2025 and 31 December 2024, certain investment properties were pledged to bank for loans granted to the Group (Note 18).

13. INTANGIBLE ASSETS

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

As at 30 June 2025 and 31 December 2024, entire mining rights were pledged to bank for loans granted to the Group (Note 18).

14. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

15. FINANCE LEASE RECEIVABLES

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

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

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

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

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

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

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

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

17. TRADE PAYABLES

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

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

18. BORROWINGS

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

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

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

Note:

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

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

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

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

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

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

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

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

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

19. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

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

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

(b) Other related party transactions

Apart from the financial arrangements dealt with certain related parties as disclosed in Note 18, the Group did not enter into other significant related party transactions during both interim periods.

(c) Related party balances

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

20. LITIGATION AND CLAIM

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

Supply Chain Business

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

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

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

Hotel Management & Catering Services

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

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

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

Property Investment

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

FINANCIAL REVIEW

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

Revenue

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

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

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

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

Expenses

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

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

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

Loss for the period

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

Investment properties

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

Intangible assets

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

Financial assets at fair value through other comprehensive income

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

Trade and other receivables

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

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

Restricted cash

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

Trade payables

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

The Group principally satisfies its demand for operating capital with cash inflow from its operations and borrowings. The Group is currently facing significant liquidity challenges and the material uncertainty regarding its ability to continue as a going concern as stated in note 1 to the interim financial information. As at 30 June 2025, the gearing ratio, which is calculated on the basis of total debts (including interest-bearing borrowings and lease liabilities) over total equity attributable to equity shareholders of the Company, was 150.2% (31 December 2024: 127.9%). The gearing ratio increased in comparison to 31 December 2024 mainly due to the significant loss for the period, which have reduced the amount of equity attributable to equity shareholders of the Company. The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 0.53 (31 December 2024: 0.75). This decline in the liquidity ratio compared to 31 December 2024 is primarily attributable to a substantial increase in borrowings due within one year or repayable on demand, which rose from HKD490.3 million as at 31 December 2024 to HKD737.4 million as at 30 June 2025.

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

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

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

PLEDGES ON GROUP ASSETS

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

FINANCIAL GUARANTEES PROVIDED

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

CAPITAL EXPENDITURES AND COMMITMENTS

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

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

SIGNIFICANT INVESTMENTS HELD

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

INTERIM DIVIDEND

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

EVENTS AFTER THE REPORTING PERIOD

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

FUTURE PROSPECTS

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

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

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

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

OTHER INFORMATION

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions (the “**Model Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Having made a specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the six months ended 30 June 2025.

AUDIT COMMITTEE

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

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

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

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's interim report containing all information required by the Listing Rules will be despatched to the shareholders of the Company and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.paktakintl.com in due course.

On behalf of the Board
Pak Tak International Limited
Wu Zongchuan
Chairman and Chief Executive Officer

Hong Kong, 28 August 2025

As at the date of this announcement, the Board comprises Mr. Wu Zongchuan, Mr. Liu Weixiong, Mr. Lyu Zhengjun and Mr. Hang Chu Kwong as executive Directors; and Ms. Chan Ching Yi, Ms. Li Yun and Mr. Li Wubo as independent non-executive Directors.