



AOM INTERNATIONAL GROUP COMPANY LIMITED

權識國際集團股份有限公司

(formerly known as Kiu Hung International Holdings Limited *)

(Incorporated in the Cayman Islands with limited liability and continued in Bermuda with limited liability)

(Stock Code: 00381)

INTERIM REPORT
2025

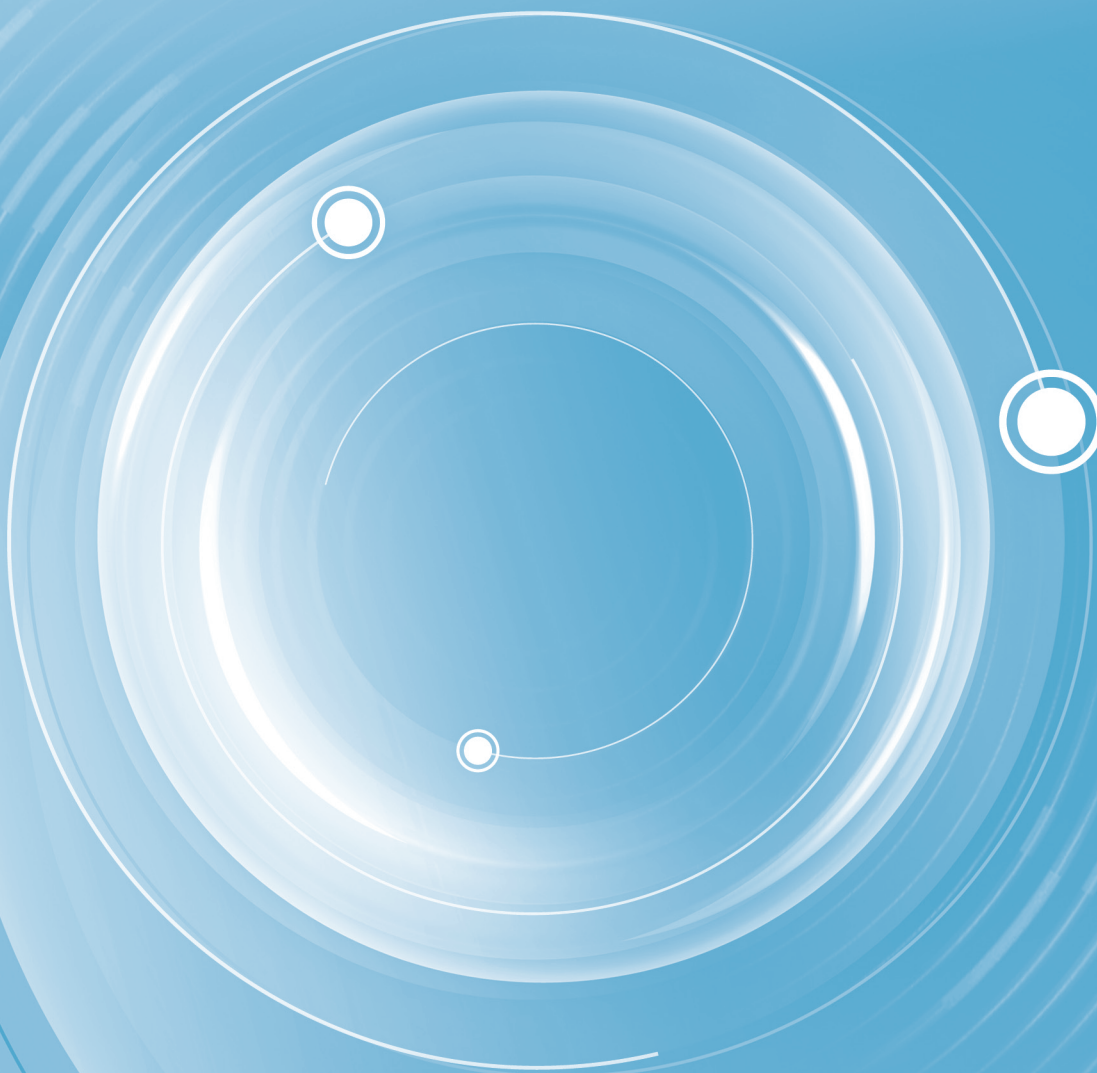
LEADING THE WAY TOWARDS

**A BRIGHT
FUTURE**

* For identification purposes only

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS:

Mr. Yang Ling (*Chairman*)
Mr. Yang Bincheng
Mr. Li Lizhong (*Co-chairman*)
Mr. Liu Mingqing
Mr. Fan Xuefei

NON-EXECUTIVE DIRECTOR:

Mr. Tang Sing Hing, Kenny

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Wang Xiao Ning
Ms. Chen Yuxin
Mr. Chak Ching Long

REGISTERED OFFICE

The Penthouse Level
5 Reid Street
Hamilton, HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Flat E, 20th Floor
Lucky Plaza
315–321 Lockhart Road
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Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Cohort Limited
The Penthouse Level
5 Reid Street
Hamilton, HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

KTC Partners CPA Limited
Room 1305–07, 13/F
New East Ocean Centre
9 Science Museum Road
Tsim Sha Tsui East
Kowloon, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road Central
Hong Kong

OCBC Wing Hang Bank Limited
Head office
161 Queen's Road Central Hong Kong

COMPANY'S WEBSITE

www.AOM381.com

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of AOM International Group Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries and associated companies (the “**Group**”) for the six months ended 30 June 2025.

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2025 (the “**Period**”), the Group recorded turnover of approximately HK\$203.3 million (2024: approximately HK\$143.4 million), representing an increase of approximately 41.7% as compared with the same period last year. The Group’s loss attributable to equity holders of the Company for the Period was approximately HK\$6.0 million (2024: profit of approximately HK\$17.6 million). The decrease in profit attributable to equity holders of the Company for the Period was mainly attributable to share of loss from the Group’s investments in associates, no gain on extinguishment of financial liability by issue of ordinary shares in 2025, and a decrease in segment profit from Chinese herbs. Basic loss per share for the Period was 0.76 HK cents (2024: earnings per share 18.54 HK cents). The Board has resolved not to pay any interim dividend for the Period (2024: Nil).

BUSINESS AND OPERATIONAL REVIEW

Segmental Information Analysis

During the Period, the Group has seven reportable segments, namely “Manufacturing and trading of toys and gifts items”, “Exploration of natural resources”, “Fruit plantation”, “Leisure”, “Culture”, “Chinese herbs” and “Wines”.

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business has different economic characteristics.

Manufacturing and Trading of Toys and Gifts Items

Turnover from toys and gifts business for the Period was approximately HK\$82.3 million (2024: approximately HK\$86.5 million). Gross profit ratio for the Period was 57.8% (2024: 42.2%). The increase in gross profit ratio was mainly due to a decrease in the material costs during the Period. The segment profit of the manufacturing and trading of toys and gifts items was approximately HK\$1.31 million (2024: loss of approximately HK\$0.67 million).

Chinese herbs

Hubei Jincaotang Pharmaceutical Co., Ltd. (湖北金草堂藥業有限公司), 51% equity interest of which was acquired by the Group, is principally engaged in the business of Chinese herbs and the decoction business in Mainland China. Turnover from the Chinese herbs related business for the Period was approximately HK\$42.4 million (2024: approximately HK\$57.0 million).

Wines

On 5 June 2024, the Group acquired 60% of the equity interest in Fujian Laojiu Investment Co., Ltd (“**Fujian Laojiu**”). Fujian Laojiu is principally engaged in the wine trading business in Mainland China. Turnover from the Wines business for the Period was approximately HK\$78.6 million (2024: Nil). The segment profit from the wines segment was approximately HK\$2.65 million for the period (2024: Nil).

Exploration of Natural Resources

The Group owns the minor interest of exploration rights of Bayanhushuo Coal Field and Guerbanhada Coal Mine, all located in Inner Mongolia Autonomous Region (the “**Inner Mongolia**”), the PRC with total estimated coal resources of approximately 500.05 million tonnes under the JORC Code.

The retained equity interest was regarded as financial assets at FVTOCI since the Group has no significant influence to participate in the financial and operating policy decisions of the Investment Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

(continued)

Exploration of Natural Resources (continued)

In the opinion of the directors of the Company as at 30 June 2025, the Investment Group is still unable to generate cash flows to the Group due to the absence of the mining rights of coal mines concerned. Hence, fair value of approximately HK\$3,435,000 was recognised to fully write down the carry amount of the investment in the year ended 31 December 2020.

Fruit Plantation

(a) Multijoy Group

Multijoy Developments Limited, 40% equity interest of which was acquired by the Group, together with its subsidiaries (the **"Multijoy Group"**) is principally engaged in the business of holding of forestry concession rights in relation to a parcel of forest land situated in Nanfeng County, Fuzhou City, Jiangxi Province, the PRC with an aggregate site area of approximately 1,765.53 Chinese mu (the **"Forest Land"**).

(b) USO Management & Holding Co. Ltd

USO entered into a development cooperation agreement with Plantation Construction & Development Co Ltd. (the **"Development Company"**), pursuant to which USO and the Development Company will jointly develop the leased properties. The management expected that the leased properties will be mainly developed for commercial purposes such as residential properties and hotels, residential villas, high-end hotel and casino, and ancillary public amenities. Under the impact of weak global economic environment, the begin construction date of the luxury hotel and casino, as well as the first 100 residential villas is delayed, and expected to be taken place in January 2026. The management of the Group is assessing the operational and financial impacts of the proposed arrangements to the Group.

Leisure

(a) Tea related business

In the recent years, competition in the tea industry becomes more fierce as the traditional sales model is facing a keen competition from those online business platform. During the Period, Fujian Yuguo has begun to fine-tune its operation model to meet its customers' needs, including but not limited to provide more attractive terms to its selected customers to increase its competitiveness in the markets.

(b) Wine related business

Wine culture forms an important part and has a long history in the Chinese culture. In view of the increase in the living standard of the Chinese people in the recent years, the Group is optimistic about the future growth in the wine industry and has intention to invest in the wine business, especially for the yellow wine products. Since the end of 2016, the Group has invested in the yellow base wine.

As stated in the Company's announcement dated 18 March 2020, the acquisition of 20% equity interest in Anhui Fu Lao was completed on 31 May 2018. However, due to the lack of cooperation from the administrator of the deceased vendor of Anhui Fu Lao (the **"Administrator"**), the transfer procedures of 20% equity to the Group remains incomplete. Based on the legal opinion, the directors of the Company believe that the Group could obtain a court order to enforce the transfer of 20% equity from the Administrator to the Group. Details of the updated case, please refer to the Company's announcement dated 14 March 2023.

The Company filed an enforcement of judgement with the court in January 2025. The court approved the application in April 2025 and formally commenced enforcement proceedings. The court has imposed a freezing order on 20% of the shares, pending further verification of the judgement debtor's asset position, before determining the specific enforcement measures.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

(continued)

Culture

Turnover from culture business for the Period was Nil (2024: Nil).

Selling and Distribution Costs

The amount of selling and distribution costs for the Period increased by approximately 1.35% to approximately HK\$15.0 million as compared to approximately HK\$14.8 million in the same period last year. The increase was mainly attributable to the new wine business.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow and facilities provided by its bankers in Hong Kong and in the PRC. As at 30 June 2025, the Group had bank and cash balances of approximately HK\$117.0 million (31 December 2024: approximately HK\$135.9 million). The Group's bank and cash balances were mostly held in Hong Kong dollars and Renminbi.

As at 30 June 2025, the Group's borrowings amounted to approximately HK\$160.2 million (31 December 2024: approximately HK\$139.4 million). The Group's borrowings were mainly denominated in Hong Kong dollars and Renminbi.

The Group monitors its capital using a gearing ratio, which is the Group's net debt (comprising trade payables, accruals and other payables, lease liabilities, borrowings, amount due to an associate and convertible bonds less bank and cash balances) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 30 June 2025 was 76% (31 December 2024: 68%).

As the majority of the Group's transactions and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, the Group's exposure to exchange rate fluctuation was relatively insignificant, and the Group had not used any financial instruments for hedging during the Period.

As at 30 June 2025, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK\$53 million (31 December 2024: approximately HK\$53 million), were pledged to secure other loan granted to the Group.

As at 30 June 2025, the Group had no significant capital commitments (31 December 2024: Nil).

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

MANAGEMENT DISCUSSION AND ANALYSIS

DEPOSIT PAID FOR ACQUISITION OF PROPERTY

On 24 October 2024, Kiu Hung (Fujian) Investment Co., Ltd, a wholly-owned subsidiary of the Group in the PRC entered into a sales and purchase agreement with, an independent third party not connected with the Group for the purchase of 2,580.39 squares metres of office space in Beijing, the PRC for a consideration of RMB51,608,000 (equivalent to approximately HK\$56,283,000) as its new headquarters in the PRC for the wine segment. The original real estate ownership certificates (房產證) have been held by an independent lawyer 福建乾順律師事務所 as security until the completion of the sale. A refundable deposit of RMB45,000,000 (equivalent to approximately HK\$48,423,000) was paid to the seller on 25 October 2024 and included as a deposit at 30 June 2025 (31 December 2024: approximately HK\$48,423,000). The acquisition is expected to be completed within the next 12 months. At the date of issuance of the condensed consolidated interim financial statements, the acquisition is not yet completed.

BUSINESS PROSPECTS AND FUTURE PLAN FOR MATERIAL INVESTMENTS

The Group has been reviewing its operations and exploring other investment opportunities that have earning potentials in order to expand its existing operations and diversify its businesses and income base to maximize the interests of the Group and the shareholders as a whole.

CAPITAL STRUCTURE

As at 30 June 2025, the capital structure of the Company was constituted of 789,324,526 ordinary shares of HK\$0.1 each. Apart from the ordinary shares in issue, the capital instruments in issue of the Company include the convertible bonds to subscribe for the Company's shares.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 30 June 2025, the Group had a total of 368 employees (31 December 2024: 365 employees). The Group maintains good working relations with its employees and has committed itself to staff training and development. Remuneration packages are maintained at a competitive level and are being reviewed on a periodical basis. Bonus and share options are awarded to employees according to the assessment of individual performance and industrial practice.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance. During the Period, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 “Corporate Governance Code and Corporate Governance Report” to the Listing Rules, except for the deviation from code provisions A.6.7 of the Corporate Governance Code as described below.

Code Provision A.6.7

Under code provision A.6.7 of the Corporate Governance Code, the independent non-executive Directors should attend the general meetings. However, the executive directors, Mr. Liu Mingqing, Mr. Sun Weiwei and Mr. Yang Bincheng, and the non-executive director, Mr. Tang Sing Hing Kenny, and the independent non-executive directors, Mr. Chak Ching Long, Mr. Wang Xiao Ning and Ms. Chen Yuxin did not attend the annual general meeting of the Company held on 18 June 2025 due to their respective personal business.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 “Model Code for Securities Transactions by Directors of Listed Issuers” to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry of the Directors of the Company, all Directors confirmed that they had complied with the required standards as set out in the Model Code during the Period.

AUDIT COMMITTEE

The audit committee assists the Board in meeting its responsibilities for ensuring effect systems of financial reporting process, risk management, internal control and compliance, and in meeting its external financial reporting objectives. The audit committee of the Company comprises Mr. Chak Ching Long, Mr. Wang Xiao Ning and Ms. Chen Yuxin, the independent non-executive Directors of the Company. The audit committee members have reviewed the unaudited condensed consolidated interim financial statements and the interim report of the Group for the six months ended 30 June 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2025, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

Long position in the shares of the Company

Names of Directors	Number of shares or underlying shares held	Capacity		Beneficial owner	Approximate percentage of shareholding
		Interest of controlled corporation	Interest of child under 18 or spouse		
Li Lizhong	70,200,000	–	–	70,200,000	8.89%

Save as disclosed above, as at 30 June 2025, none of the directors and the chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code contained in the Listing Rules to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the headings “Directors’ Interests in Shares” above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue	4	203,267	143,434
Cost of sales		(139,776)	(74,380)
Gross profit		63,491	69,054
Other income		624	2,230
Selling and distribution costs		(15,029)	(14,751)
Administrative expenses		(31,496)	(32,704)
Finance costs		(1,500)	(1,628)
Share of results of associates		(2,754)	(3,875)
Gain on extinguishment of financial liabilities by issue of ordinary shares	12	–	16,355
Profit before income tax		13,336	34,681
Income tax expense	5	(6,603)	(4,404)
Profit for the period	6	6,733	30,277
(Loss)/profit attributable to:			
— owners of the Company		(6,013)	17,613
— non-controlling interests		12,746	12,664
		6,733	30,277
		HK cents	HK cents
(Loss)/earnings per share attributable to the owners of the Company	8		
— Basic		(0.76)	18.54
— Diluted		(0.76)	18.54

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Profit for the period	6,733	30,277
Other comprehensive income/(loss):		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange difference arising from translation of foreign operations	9,658	(10,920)
Other comprehensive income/(loss) for the period, net of tax	9,658	(10,920)
Total comprehensive income for the period	16,391	19,357
Total comprehensive (loss)/income attributable to:		
— owners of the Company	(833)	9,513
— non-controlling interests	17,224	9,844
	16,391	19,357

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	9	99,423	99,722
Right-of-use assets		29,029	29,275
Investment properties		11,526	11,251
Goodwill		50,667	50,199
Other intangible assets		5,431	5,897
Investments in associates		209,040	204,894
Deposit paid for acquisition of property		48,423	48,423
Deferred income tax assets		70	70
Prepayment		14,381	13,900
		467,990	463,631
Current assets			
Inventories		139,761	97,643
Biological assets		7,878	7,615
Trade and bills receivables	10	66,414	57,429
Prepayments, deposits and other receivables		43,656	33,206
Tax recoverable		1,191	1,186
Bank balances and cash		116,985	135,901
		375,885	332,980
Current liabilities			
Trade payables	11	21,498	27,362
Accruals and other payables		137,205	125,693
Income tax payable		9,386	3,183
Lease liabilities		4,217	2,064
Borrowings		160,234	139,386
Amount due to an associate		173	167
Convertible bonds		97,975	61,553
		430,688	359,408
Net current liabilities		(54,803)	(26,428)
Total assets less current liabilities		413,187	437,203

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Non-current liabilities			
Lease liabilities		1,106	4,168
Deferred income tax liabilities		12,041	12,964
Convertible bonds		–	36,422
		13,147	53,554
Net assets		400,040	383,649
Equity			
Share capital	12	78,924	78,924
Reserves		169,400	170,233
Equity attributable to owners of the Company		248,324	249,157
Non-controlling interests		151,716	134,492
Total equity		400,040	383,649

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus HK\$'000	Contributed surplus HK\$'000	Foreign currency translation reserve HK\$'000	Property revaluation reserve HK\$'000	Fair value reserve for financial assets at FVTOCI HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024 (Audited)	9,667	1,785,068	18,290	303	8,758	87,258	55,383	(1,750,519)	214,208	125,768	339,976
Profit for the period	-	-	-	-	-	-	-	17,613	17,613	12,664	30,277
Other comprehensive loss for the period	-	-	-	-	(8,100)	-	-	-	(8,100)	(2,820)	(10,920)
Issue of shares upon conversion of convertible bonds (Note 12)	15,000	30,000	-	-	-	-	-	-	45,000	-	45,000
Loan capitalisation (Note 12)	1,935	910	-	-	-	-	-	-	2,845	-	2,845
At 30 June 2024 (Unaudited)	26,602	1,815,978	18,290	303	658	87,258	55,383	(1,732,906)	271,566	135,612	407,178
At 1 January 2025 (Audited)	78,924	1,856,854	18,299	303	(10,272)	84,820	55,383	(1,835,154)	249,157	134,492	383,649
(Loss)/profit for the period	-	-	-	-	-	-	-	(6,013)	(6,013)	12,746	6,733
Other comprehensive income for the period	-	-	-	-	5,180	-	-	-	5,180	4,478	9,658
At 30 June 2025 (Unaudited)	78,924	1,856,854	18,299	303	(5,092)	84,820	55,383	(1,841,167)	248,324	151,716	400,040

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Net cash outflow from operating activities	(42,074)	(47,557)
Net cash outflow from investing activities	(12)	(3,091)
Net cash inflow from financing activities	18,052	38,716
Net decrease in cash and cash equivalents	(24,034)	(11,932)
Cash and cash equivalents at 1 January	135,901	111,867
Effect of foreign exchange rate changes	5,118	(1,406)
Cash and cash equivalents at 30 June	116,985	98,529

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the Companies Act 1981 of the Bermuda. The address of its registered office is The Penthouse Level, 5 Reid Street, Hamilton HM11, Bermuda. The address of its principal place of business is Flat E, 20/F., Lucky Plaza, 315–321 Lockhart Road, Wan Chai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Group is principally engaged in (i) the manufacturing and trading of toys and gifts items, (ii) development, processing and trading of Chinese herbs products, (iii) the investment in various potential businesses including fruit plantation, leisure and culture and (iv) trading of wines.

These unaudited condensed consolidated interim financial statements are presented in thousands of units of Hong Kong dollars ("**HK\$**"), unless otherwise stated. These unaudited condensed consolidated interim financial statements have been approved for issue by the Board on 29 August 2025.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

Except as described below, the accounting policies used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those set out in the annual report for the year ended 31 December 2024.

Going concern basis

As at 30 June 2025, the Group had net current liabilities of approximately HK\$54,803,000 and secured other borrowings of approximately HK\$67,845,000 together with accrued interest of approximately HK\$30,650,000 that has been defaulted. As at the date of issuance of the condensed consolidated interim financial statements, no assets of the Group have been seized/frozen or restricted. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(continued)

Going concern basis *(continued)*

In order to improve the Group's financial position, the Directors are implementing various plans and measures, as follows:

- (1) the Group is negotiating with the lender of the defaulted loans for settlement/extension; and
- (2) the Group is considering to raise new capital by carrying out fund raising activities including but not limited to right issue, open offer, placing of new shares and issuance of convertible bonds.

These condensed consolidated interim financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation and outcome of the abovementioned plans and measures to be undertaken by the Group. The Directors are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 30 June 2025. The Directors are therefore of the opinion that it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated interim financial statements to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

Application of Amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2025 for the preparation of the Group's condensed consolidated interim financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

4 SEGMENT INFORMATION

The Group has seven reportable segments as follows:

Exploration	—	Exploration of natural resources
Toys and gifts items	—	Manufacturing and trading of toys and gifts items
Fruit plantation	—	Investment in business related to fruit plantation through associates of the Group
Leisure	—	Investment in the PRC outbound tourism, Chinese herbs business, and tea products related business through associates or subsidiaries of the Group
Culture	—	Investment in cultural items
Chinese herbs	—	Trading of Chinese herbs business
Wines	—	Trading of wines

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business has different economic characteristics.

Segment results do not include corporate finance costs and other corporate income and expenses. Segment assets do not include assets at corporate level. Segment liabilities do not include liabilities at corporate level.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4 SEGMENT INFORMATION (continued)

(a) The segment results for the six months ended 30 June 2025 and 2024:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amounts included in the measure of segment profit or loss																
Six months ended 30 June																
Revenue from external customers	-	-	82,324	86,484	-	-	-	-	-	-	42,356	56,950	78,587	-	203,267	143,434
Segment profit/(loss)	-	-	1,313	(670)	(2,853)	(3,435)	99	(440)	-	-	16,652	25,081	2,652	-	17,863	20,536
Unallocated amount:																
Gain on extinguishment of financial liabilities by issue of ordinary shares															-	16,355
Other corporate income and expenses															(11,130)	(6,614)
Profit for the period															6,733	30,277

Notes:

(i) There were no inter-segment sales during the years.

(b) Segment assets:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines		Total	
	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	2	2	213,171	213,413	126,923	125,974	93,134	89,917	-	-	326,845	295,213	25,150	22,137	785,225	746,656
Unallocated corporate assets																
Bank and cash balances															-	68
Prepayments, deposits and other receivables															58,488	49,604
Right-of-use assets															162	283
Total assets															843,875	796,611

(c) Segment liabilities:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines		Total	
	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment liabilities	(91)	(88)	(173,891)	(176,145)	(1,005)	(1,005)	(17,112)	(16,540)	-	-	(11,754)	(5,892)	(22,679)	(22,807)	(226,532)	(222,477)
Unallocated corporate liabilities																
Borrowings															(40,187)	(23,327)
Accruals and other payables															(78,972)	(68,894)
Convertible bonds															(97,975)	(97,975)
Lease liabilities															(169)	(289)
Total liabilities															(443,835)	(412,962)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5 INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Other subsidiaries of the Company are subject to Hong Kong Profits Tax at the rate of 16.5% for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxations on overseas profits have been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Current tax — Overseas	6,643	4,201
Deferred income tax	(40)	203
Income tax expense	6,603	4,404

6 PROFIT FOR THE PERIOD

Profit for the period is arrived after charging the following:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Amortisation of intangible assets	195	1,362
Depreciation of property, plant and equipment	374	2,994
Depreciation on right-of-use assets	1,197	371
Staff costs (including directors' remuneration):		
— Salaries, bonus and allowance	22,896	21,914
— Retirement benefits scheme contributions	1,685	1,534
Legal and professional fees	644	1,425
Interest expenses on borrowings wholly repayable within 5 years	1,500	1,628

7 DIVIDEND

The Board has resolved not to pay any interim dividend for the period (2024: Nil).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

8 (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
(Loss)/profit		
(Loss)/profit for the purpose of basic and diluted (loss)/earnings per share	(6,013)	17,613
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue	789,325	94,999
(Loss)/profit per share		
Basic (loss)/earnings per share (HK cents)	(0.76)	18.54

Note: The weighted average number of ordinary shares for the six months ended 30 June 2024 has been adjusted for the two-to-one share consolidation ("2024 Share Consolidation") of the Company which became effective on 18 January 2024.

Diluted (loss)/earnings per share

For the six months ended 30 June 2025, the computation of the basic and diluted loss per share are the same as the convertible bonds are anti-dilutive.

For the six months ended 30 June 2024, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds because the convertible price of those bonds was higher than the market price for the shares.

9 PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group has acquired property, plant and equipment of approximately HK\$12,000 (2024: HK\$161,000).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10 TRADE AND BILLS RECEIVABLES

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Trade receivables — contract with customers	85,641	70,173
Less: Allowance for credit losses	(19,227)	(18,846)
Trade receivables, net	66,414	51,327
Bills receivables	—	6,102
	66,414	57,429

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally for a period of 1 month, extending up to 3 months 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 department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

At 30 June 2025 and 31 December 2024, the aging analysis of trade receivables, based on invoice date, net of allowance, are as follows:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Within 30 days	53,105	22,844
31 days to 90 days	12,657	22,327
91 days to 180 days	652	6,156
181 days to 360 days	—	—
Over 360 days	—	—
	66,414	51,327

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11 TRADE PAYABLES

At 30 June 2025 and 31 December 2024, the aging analysis of trade payables, based on invoice date, are as follows:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Within 30 days	15,840	19,692
31 days to 90 days	3,243	2,901
91 days to 180 days	53	1,138
181 days to 360 days	14	1,841
Over 360 days	2,348	1,790
	21,498	27,362

12 SHARE CAPITAL

	Notes	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each			
Authorised:			
At 1 January 2024 (audited)		39,721,140,615	1,986,056
2024 share consolidation	(b)	(19,860,570,308)	–
At 31 December 2024 (audited) and 30 June 2025 (unaudited)		19,860,570,307	1,986,056
Issued and fully paid:			
At 1 January 2024 (audited)		193,507,544	9,675
Issue of shares			
— 2024 share consolidation	(b)	(96,753,772)	–
— conversion of convertible bonds	(c)	150,000,000	15,000
— placement of shares	(d)	470,000,000	47,000
— 2024 loan capitalisation	(e)	72,570,754	7,257
At 31 December 2024 (audited) and 30 June 2025 (unaudited)		789,324,526	78,932

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12 SHARE CAPITAL (continued)

	Note	Number of shares		Amount	
		As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Classified as:					
Share capital		789,244,526	789,244,526	78,924	78,924
Obligation under share repurchase arrangement	(a)	80,000	80,000	8	8
		789,324,526	789,324,526	78,932	78,932

Note:

- (a) On 21 May 2019, the Company issued and allotted 80,000,000 ordinary shares of the Company at HK\$0.10 per share (the "Shares") as settlement sum for HK\$8,000,000 as partial settlement of Mr. Guo's debt of HK\$17,600,000. As there is a buy-back clause for the Shares by the Company contained in the Settlement Deed, the Shares for HK\$8,000,000 are classified as financial liabilities and presented as obligation under share repurchase arrangement instead of equity under share capital as at 30 June 2025 and 31 December 2024.

On 15 May 2020, the Company received a writ of summons from Mr. Guo demanding an order that the Company buy back the shares from Mr. Guo. As at the date of this report, the Company is liaising with Mr. Guo about the buy-back of the shares.

On 27 June 2022, the Company completed the share consolidation, refer to note (b), as a result of the share consolidation, total number of ordinary shares due to Mr. Guo was adjusted from 4,000,000 ordinary shares to 800,000 ordinary shares. Also, total amount of ordinary shares due to the Mr. Guo was adjusted from HK\$40,000 to HK\$8,000 effect by the capital reduction.

On 28 April 2023, the Company completed the 2023 Share Consolidation, as a result of the 2023 Share Consolidation, total number of ordinary shares due to Mr. Guo was adjusted from 800,000 ordinary shares to 160,000 ordinary shares to reflect the 2023 Share Consolidation.

On 18 January 2024, the Company completed the 2024 Share Consolidation, refer to note (b), as a result of the 2024 Share Consolidation, the total number of ordinary shares due to Mr. Guo was adjusted from 160,000 ordinary shares to 80,000 ordinary shares to reflect the 2024 Share Consolidation.

- (b) Pursuant to the special resolution passed on 16 January 2024 and became effective on 18 January 2024, the Company implemented the share consolidation on the basis of every two (2) issued and unissued existing shares of HK\$0.05 each will be consolidated into one (1) consolidated share of HK\$0.1 each (the "2024 Share Consolidation"). Details of 2024 Share Consolidation is disclosed in the circular of the Company dated 27 December 2024 and announcement of the Company dated 16 January 2024.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12 SHARE CAPITAL *(continued)*

Note: *(continued)*

- (c) Between 2 May 2024 to 23 May 2024, 150,000,000 ordinary shares was issued and allotted to the convertible bond holders upon conversion of the 2024 Convertible Bonds with a principal amount of HK\$45,000,000.
- (d) On 30 September 2024, the Company completed the placement of 470,000,000 ordinary shares to not less than six places at the placing price of HK\$0.111 per placing share. The net proceeds from the Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK\$51,300,000. HK\$51,000,000 of the net proceeds from the placement will be utilised to repay the outstanding amount of the Hubei CB in full and the remaining net proceeds from the placement of HK\$300,000 for general working capital of the Company. Details of the placement is set out in the circular of the Company dated 19 August 2024 and in the announcements of the Company on 16 August 2024, 9 September 2024 and 30 September 2024.
- (e) On 17 May 2024, the Company issued and allotted 19,350,000 ordinary shares at the subscription price of HK\$0.147 per share to a creditor in settlement of the amount due to her of approximately HK\$19,200,000 which was included in other loan and a gain on extinguishment of financial liabilities by issue of ordinary shares of approximately HK\$16,343,000 was recognised. Details of loan capitalisation is disclosed in the announcements of the Company dated 3 May 2024 and 17 May 2024. In addition, on 10 October 2024, the Company issued and allotted 53,220,754 ordinary shares at the market price of HK\$0.78 each to a creditor in settlement of the amount due to her of approximately HK\$7,980,000 which was included in other loan and a loss on extinguishment of financial liabilities by issue of ordinary shares of approximately HK\$33,529,000 was recognised. Details of the loan capitalisation is disclosed in the announcements of the Company dated 9 June 2023 and 23 June 2023. Details are set out in the announcement of the Company dated 2 October 2024 and 10 October 2024 ("**2024 Loan Capitalisation**"). The excess of the fair value of the shares issued to the creditors as at the date of settlement over the carrying amount of the liability owed to the creditor is recognised as loss on extinguishment of the financial liability in the consolidated statement of profit or loss.

13 RELATED PARTY TRANSACTIONS

	Note	Six months ended 30 June	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Product development, sales & marketing, and other services fee paid to a related company	(a)	3,531	2,958

Note:

- (a) The sole owner of the related company is also the director and beneficial owner of 49% (2024: 49%) equity interest in the Company's subsidiary paying for the services.

14 CAPITAL COMMITMENTS

The Group had no material capital commitments at the end of the reporting period (2024: Nil).

15 CONTINGENT LIABILITIES

The Group had no material contingent liability at the end of the reporting period (2024: Nil).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

16 LITIGATIONS

Guo Jingsheng

On 8 June 2016 and 19 July 2016, the Company and a director of the Company received from Mr. Guo Jingsheng (“**Mr. Guo**”) a writ of summons and an indorsement of claim issued by the High Court, respectively, against the Company as borrower and the director of the Company as guarantor for the outstanding amount of borrowing including interests of approximately HK\$13,921,000.

A deed of settlement (the “**Settlement Deed**”) was made between the Company, the director of the Company and Mr. Guo on 29 April 2019. Pursuant to the Settlement Deed, the Company would issue 80,000,000 ordinary shares of the Company at HK\$0.10 per share (the “**Shares**”) for the settlement of HK\$8,000,000 as partial settlement of Mr. Guo’s debt of approximately HK\$17,600,000 as at 29 April 2019. The Settlement Deed contains a buy-back clause for the Shares by the Company should the quoted market price of the Company’s shares fail to reach at least HK\$0.10 per share within one year from the date of issue of the Shares. The Company issued and allotted the Shares to Mr. Guo on 21 May 2019. On 15 May 2020 and 8 June 2020, the Company received a writ of summons from Mr. Guo demanding an order that the Company buy back the Shares from Mr. Guo.

As at the date of this report, the Company is liaising with Mr. Guo about the buy-back of the Shares and the outstanding amount of borrowings of approximately HK\$9,538,000 (2024: HK\$9,538,000), which is included in accruals and other payables as at 30 June 2025.

17 EVENTS AFTER THE REPORTING PERIOD

Issue of new shares under general mandate

On 4 July 2025, the Company and the subscriber entered into the subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue and the subscriber has conditional agreed to subscribe for the 157,800,000 subscription shares at the subscription price of approximately HK\$0.4309 per subscription share. The subscription money payable by the subscriber of approximately HK\$68 million under the subscription agreement shall be satisfied by way of (i) off-setting against the principal amount of the Second Hubei CB of HK\$34 million payable by the Company to the subscriber; and (ii) early redemption of the Third Hubei CB by the Company, whereupon the redemption money payable by the Company to the Subscriber in respect of the Third Hubei CB in the principal amount of HK\$34 million be set off against the subscription money payable by the subscriber. The shares was issued on 22 July 2025. Details of the issue of shares is disclosed in the announcement of the Company dated 4 July 2025 and 22 July 2025.